

**KENTUCKY UTILITIES COMPANY**

**CASE NO. 2003-00434**

**Response to First Data Request of Commission Staff Dated December 19, 2003**

**Question No. 56**

**Responding Witness: Valerie L. Scott**

Q-56. Provide complete details of KU's financial reporting and rate-making treatment of SFAS No. 143, including:

- a. The date that KU adopted SFAS No. 143.
- b. All accounting entries made at the date of adoption.
- c. All studies and other documents used to determine the level of SFAS No. 143 cost recorded by KU.
- d. A schedule comparing the depreciation rates utilized by KU prior to and after the adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.

- A-56.
- a. KU adopted SFAS No. 143 as of January 1, 2003.
  - b. See attached. for accounting entries made to adopt SFAS No. 143.
  - c. See attached for documents used to determine the level of SFAS No. 143 cost recorded by KU. Please note that information protected from disclosure by the attorney-client privilege has been redacted.
  - d. See attached for a schedule comparing the depreciation rates utilized by KU prior to and after the adoption of SFAS No. 143. For underlying assets Kentucky Utilities Company utilized the depreciation rates approved by the Commission in Case No. 2001-140 both prior to and after the adoption of SFAS No 143. For ARO assets set up pursuant to SFAS No. 143, Kentucky Utilities Company utilized the rates approved by the Commission in Case No. 2001-140 excluding the net salvage component.

LG&E Energy Corp.  
Supporting Papers  
SFAS 143 Implementation

December 30, 2002

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## Executive Summary

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations. LG&E Energy Corp. and associated Companies (the Company) intend to adopt Statement 143 as of January 1, 2003.

Statement 143 results in significant accounting change for the Company and its regulated utilities. The standard changes the way companies recognize and measure legal retirement obligations that result from the acquisition, construction and normal operation of tangible long-lived assets. A legal obligation is an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance, or contract.

Prior to Statement 143, the Company's regulated utilities accrued retirement and removal costs as a component of depreciation expense. SFAS 143 prohibits this approach for assets within its scope. Asset retirement obligations (AROs) must now be recognized as a liability and measured at fair value. The cost associated with the recognition of the asset retirement obligation is capitalized as part of the related asset's book cost and is depreciated over the expected life of the asset.

The asset retirement obligation is initially recorded at fair value. In each subsequent period, the liability is increased through the recognition of accretion expense. Much as depreciation expense allocates the cost of installing an asset over its useful life, accretion expense allocates the cost of removing an asset over its useful life. Accretion expense appears as an operating expense in the income statement.

At adoption the Company must recognize the cumulative effect of applying the statement as a change in accounting principle. The amount reported as a cumulative effect adjustment in the statement of operations is the difference between the amounts recognized in the statement of financial position prior to the application of Statement 143 and the net amount that is recognized in the financial statements by applying the standard. Asset retirement obligations that are currently recorded by the regulated utilities as part of accumulated depreciation will be reversed as part of the cumulative effect adjustment.

The Company expects to book significant ARO assets and liabilities related to its regulated utilities. However the Company expects the standard to be revenue neutral for its utility operations through the application of SFAS 71, Accounting for the affects of Certain Types of Regulation. (See Appendix H, pg. 21)

## Planning

The Company began planning for SFAS 143 in the 4<sup>th</sup> quarter of 2001. A four-stage implementation timeline was developed consisting of analysis, planning, implementation and adoption stages.

The planning stage involved developing the proper approach, reactions and strategies. It also involved communication with regulators, outside auditors and industry members and associations to evaluate consistency with the industry.

During 2001 and 2002 the Company participated in numerous industry and regulatory forums to gain an understanding of the standard and to ensure consistency with the industry. These forums included:

EEI Asset Retirement Obligations Seminar – October 2001

EEI Roundtable Discussion on Accounting for AROs – March 2002

EEI – FERC Accounting Liaison meeting April 2002

FERC Technical Conference – May 2002

AGA/EEI ARO Seminar – July 2002

EEI – FERC Accounting Liaison meeting October 2002

Through its participation in these forums the Company has developed an understanding of the standards' technical requirements consistent with the industry. The Company advocated this understanding before the Federal Energy Regulatory Commission at the EEI – FERC Accounting Liaison meetings in April and October 2002. On April 9, 2003 the FERC issued Final Order No.631 'Accounting Reporting and Rate Filing Requirements for Asset Retirement Obligations" in Docket No. RMO2-7-000. The Final rule was consistent in all material respects with the company's understanding of SFAS 143.

The Final Rule in effect revises the FERC chart of accounts to accommodate FAS 143 accounting. Specifically it establishes new balance sheet accounts for the ARO assets and liabilities. It also establishes new income statement accounts for accretion and depreciation expense. In addition, the NOPR grants utilities the authority to transfer removal costs previously accrued under regulatory accounting practices to the new liability accounts. Thus, all ARO assets within the scope of SFAS 143 will be subject to the new FERC accounting procedures. Current regulatory depreciation practices remain in place for all non-ARO assets. Because the Final Rule provides for the establishment of regulatory assets and liabilities when companies meet the requirements of SFAS 71, the Company expects SFAS 143 to be revenue neutral for its regulated entities.

## Analysis

The analysis stage, which also began in first quarter 2002, was a coordinated effort of accounting, legal, environmental, operations and senior management personnel. The determination of whether assets are within the scope of Statement 143 is essentially a review of legal documents past and present that relate to the purchase, construction, development, or normal operation of the asset. The Company has numerous tangible long-lived assets that were constructed over many decades. Thus, significant effort and resources were required to identify the legal obligations associated with plant assets.

The Company addressed the analysis stage from both a legal and operations perspective. First, a working group was assembled representing legal, accounting, environmental and operating personnel. This group was trained on the standard, including what qualified as an ARO and how to identify qualifying AROs, prior to the identification process

The legal department was then asked to perform a review of legal documents including laws, statutes, contracts, permits, certificates of need and right of way agreements. Operations personnel were asked to identify and quantify known retirement and removal activities undertaken within their group for review as a potential ARO. The environmental group was asked to identify any environmental regulation that obligated the company upon disposal of an asset.

Through this process, a preliminary inventory of ARO assets was quantified for each functional group and the relevant legal requirement was documented. Preliminary results by functional group are as follows.

### **Generation**

Neither LG&E nor KU identified a legal obligation to demolish steam generating plants or restore the land to “green field condition” when a power plant is decommissioned. The utilities’ past practice has been to secure retired generating sites in a safe manner and abandon the plant in place. Although no legal obligation exists for the generating units as a whole, both utilities identified AROs associated with component assets when a generating plant is decommissioned. These AROs primarily arise from environmental regulation.

The preliminary inventory of steam generation obligations were identified, in part, based on the Company’s recent experience with the retirement of its Pineville generating unit. The Pineville generating unit failed in early 2002 and was retired from the Company’s’ books. Because the failure and retirement occurred prior to the implementation of SFAS 143 it was not within the scope of the statement. However, based on that experience, operating personnel developed an inventory of potential AROs and actual third party decommissioning costs related to steam generating assets. Potential AROs identified included:

Holding pond remediation  
Coal and limestone storage pile remediation  
Boiler water remediation  
Oil storage tank remediation  
Removal and disposal of underground storage tanks  
Empty and remediate all above ground hazardous material storage  
Remove and remediate all mercury sources  
Drain generation step up transformers and wrap in nitrogen blanket  
Ground water monitoring

In addition to the potential AROs suggested by the Pineville experience, the evaluation included a search for potential AROs that were not pertinent to Pineville, but might relate to another facility. Each power plant manager was asked to evaluate the retirement activities necessary at their location to identify potential AROs specific to that location.

Once generation personnel developed the inventory of potential AROs, the Environmental Department was asked to document the regulatory requirement giving rise to the obligation. When no environmental obligation was found the legal department was asked to review the potential ARO to determine if any legal obligation existed. Through this process, the Company was able to establish a definitive legal/regulatory obligation for each ARO included in the final inventory.

The Company's findings based on actual experience at Pineville and the input of power plant managers are consistent with the industry white paper published by the Edison Electric Institute (EEI) in August 2002.

### ***Hydro Generation***

LG&E operates its Ohio Falls plant under a 30-year licensing agreement with the U.S. Army Corps of Engineers. This agreement requires the dam to be restored to the Corps' specifications upon abandonment of the plant. The cost of this restoration is estimated at \$8 million. The Company has renewed the licensing agreement with the Corps of Engineers continually since the plants' construction and expects to renew the agreement continually at each expiration date. Therefore, because the hydro plant has an indeterminate retirement date no ARO liability is being established at this time.

KU owns two hydro facilities, Dix Dam and Lock 7. Estimated decommissioning costs for these plants are \$1.3 million and \$3.4 million respectively. However, a legal review the hydro licenses found no specific legal obligation upon the final decommissioning of these plants. It should be noted, however, that permitting authorities, particularly FERC, have significant inherent discretion in setting conditions to permit a surrender of a permit. These conditions are based upon the specific facts, issues and concerns at the time of

decommissioning. In the case of Lock 7, a study determined that it was likely that surrender of the FERC permit would involve both removal of generation equipment and demolition of station down to water line. Because no specific legal liability was identified and the retirement date is indeterminate no ARO liability is being established at this time.

### ***Electric Transmission and Distribution Plant***

In general, the Company and the industry operate its transmission and distribution (T&D) lines as if the assets will be operated into perpetuity. Even if the utility were to cease business, it is more likely than not that another energy company would simply takeover the lines.

LG&E and KU own transmission and distribution lines that operate under perpetual property easement agreements. These easements do not generally require restoration of the right of way or removal of the property. If an easement were to be released, the company would retire the equipment in place and maintain it in a safe manner.

However, there are components of T&D that have retirement obligations associated with them due to environmental or other contractual agreements. KU and LG&E have certain electrical equipment containing PCBs, such as transformers and capacitors, which require special disposal. Both companies undertook a program in the 1980's to replace this PCB impaired equipment. Thus the companies have few if any obligations related to PCB contamination. The retirements related to these assets were addressed for frequency and materiality to determine if the interim retirement would fall within the scope of SFAS 143 as described below.

Per Mike Toll Manager Transmission Planning and Substations, there are no legal or environmental requirements for disposal of station transformers. Other substation equipment such as bushings may have some obligation related to PCB contaminants. If so, this equipment must be disposed of per EPA regulation. However the cost, less than \$20K per year, is immaterial. In 2002, the Company disposed of four assets at a cost of \$17K. The 2002 activity was higher than normal according to Mike Toll. In addition, specific assets impacted are not identifiable until failure or replacement.

Per Andre Johnson, Team Leader Environmental and Transformer Services, PCB contaminated line transformers must be disposed of per environmental regulation. The company disposes of PCB contaminated line transformers through a third party vendor. LG&E costs were approximately \$10K in 2002. KU costs were approximately \$42K in 2002. Based on 2002 disposals the cost of this activity on an annual basis is immaterial. In addition, specific assets impacted are not identifiable until failure or replacement.

Both utilities determined that the retirement of T&D generation step up transformers are within the scope of SFAS 143 since a final retirement date and decommissioning costs could be reasonably estimated. These transformers are located at the generating stations and subject to certain environmental requirements upon final retirement of the generating units. No other AROs were identified related to interim T&D retirements.



In summary, LG&E and KU have identified certain T&D obligations related to the final retirement of generating units. No other material retirement obligations were identified for Electric Transmission and Distribution. In addition, the Company's T&D system as a whole is being operated as a perpetual asset. Therefore, the retirement date is indeterminate and no ARO can be calculated. This position is consistent with both the EEI white paper and industry practice.

### ***Gas Transmission and Distribution Plant***

LG&E owns a gas transmission and distribution system that operates under perpetual property easement agreements. If an easement were to be released, the Company does not have an obligation to remove the system but retires it in place. The Company operates the gas transmission and distribution system as if the assets will be operated into perpetuity. Even if the utility were to cease business, it is more likely than not that another energy company would takeover the lines.

However, LG&E operates wells in its gas storage system that must be plugged if abandoned, per Kentucky mines & minerals law/regulations. Because LG&E intends to operate the wells perpetually and the retirement date is indeterminate, no ARO has been established. The estimated cost of plugging the 546 wells is \$17 thousand per well or \$9.2 million in total.

LG&E also operates 4 above ground gas compressor stations under perpetual lease agreements. The ground leases for the Muldraugh KY, Cedar Fields IN, and Brandenburg KY (Riggs and Doe Run sites) were reviewed for contractual obligations. A 1946 letter of agreement to the Brandenburg KY (Riggs site) lease requires LG&E to "return it to lessor on the expiration of the this lease in approximately the same condition as found at the present time." The estimated cost to dismantle and remove the Brandenburg station is \$48 thousand.

Beyond the above, the leases did not contain any required actions upon abandonment except an obligation to pay \$1 to terminate the lease itself. (Additionally, under the Muldraugh lease, LG&E is permitted, but not required to remove equipment. Facilities left after termination become government property.)

Because the review of the agreements revealed no legal obligations, other than for the Brandenburg/Riggs site, no AROs are being established. In addition because the Brandenburg/Riggs site is operated as a perpetual asset with an indeterminate retirement date no ARO is being established for that site. However the estimated costs of the Brandenburg/Riggs contractual obligation is being disclosed in the footnotes to the financial statements.

In summary, LG&E has identified certain immaterial obligations related to the abandonment of its gas storage wells and the Brandenburg compressor station. No other AROs have been identified for Gas Transmission and Distribution. Because the system is being operated as a perpetual asset and the retirement date is indeterminate no AROs are being established. The amount of the potential obligation at the Brandenburg site is being disclosed in the footnotes to the financial statements. This position is consistent with both the EEI white paper and industry practice.

### **Cash Flow Modeling**

Concurrent with the identification of potential AROs, the company has developed a cash flow model to calculate and comply with the various recognition and measurement provisions of the standard. (See Appendix A) The model calculates:

1. The amount of the ARO asset and liability to be established as of the original in service date
2. Annual accretion expense from the original in service date
3. The cumulative ARO liability at the transition date
4. Depreciation expense on ARO asset from the original in service date
5. Cumulative depreciation on ARO asset at the transition date
6. Depreciation and Removal cost related to underlying asset from the original in service date
7. Regulatory asset/liability due to the difference between regulatory and GAAP accounting methods

Inputs to the model are as follows:

1. Asset original cost – Original installation costs per company fixed asset records. This is the basis for determining removal costs previously accrued through regulatory depreciation.
2. Regulatory depreciation rate- Depreciation rate established in Company's most recent depreciation study.
3. Salvage rate- Calculated rate based on net salvage data from Company's most recent depreciation study. This represents the removal cost component of regulatory depreciation rates.
4. GAAP depreciation rate- the regulatory depreciation rate less the salvage rate. This represents depreciation allowable under SFAS 143. This rate is applied to the ARO asset and the underlying tangible asset going forward.
5. In service date- Original asset in service date per company fixed asset records.
6. Retirement date- Estimated retirement date based on Company's most recent depreciation study.
7. Discount rate-Current corporate utility bond index rate for A rated issuers as reported by Bloomberg. 6.61 % as of December 2002.
8. Inflation rate- 30-year Treasury bond rate less 30-year inflation adjusted bond rate as reported by Bloomberg. 2.1% as of November 2002.

9. ARO in Current \$- Estimated fair market cost to settle obligation today

Accounting Systems

Based on the guidance issued in the FERC Final Order, the Company believes that significant software modifications are not necessary to implement SFAS 143. Because the number of AROs is limited, the company expects to track AROs with its current accounting system and spreadsheet applications. The Company's chart of accounts and accounting systems were modified to reflect the new income statement and balance sheet accounts established in the FERC NOPR.

Accounting Procedures

The FERC Final Order on SFAS 143 requires that the Company keep subsidiary records and supporting documentation for each asset retirement obligation. The Company must record the identity and nature of the legal obligation, the year incurred, the underlying asset giving rise to the obligation and supporting computations related to the measurement of the obligation. The Company has revised its accounting procedures to comply with the FERC requirements as follows.

Initial ARO Establishment-

1. ARO Asset-Upon establishment of an ARO, an asset equivalent to the present value of the retirement obligation is established in the appropriate FERC plant account of the ORACLE fixed asset module. The fixed asset records shall include a description of the ARO asset including the underlying tangible asset #, the amount of the asset, the FERC plant account, the location code, the original in service date and the estimated retirement date
2. Underlying Tangible Asset-The ARO asset is linked to the underlying tangible asset in existing records by referencing the asset number of the underlying asset in the description field of the ARO asset.
3. ARO Liability-An offsetting liability is established in account 230 by creating a distinct and separate project for each ARO liability in the ORACLE project accounting module. The project accounting records shall include a description of the ARO liability, the related ARO asset #, the underlying tangible asset #, the amount of the original liability, the location code, the ARO inception date and the expected settlement date

Depreciation

1. ARO Asset - Depreciation expense related to the intangible ARO asset is charged to account 403.1, "Depreciation for Asset Retirement Costs". A corresponding credit is charged to Account 108.1 "Accumulated Reserve for Depreciation of ARO Assets"
2. Underlying Tangible Asset - Depreciation expense related to the underlying tangible asset is charged to account 403 "Depreciation Expense." A corresponding credit is charged to Account 108 "Accumulated Provision for Depreciation of Electric Utility Plant".

3. Depreciation rates – The depreciation rate approved by the Public Service Commission for regulatory accounting purposes is applied to the underlying asset. However, because SFAS No. 143 does not allow the accrual of removal costs through depreciation for assets within its scope and because the Company qualifies for SFAS 71 treatment, a regulatory asset or liability will be established to record the difference between depreciation allowed by regulators and that allowed by GAAP.

The depreciation rate allowed by GAAP is applied to the ARO asset going forward. The GAAP rate is the rate approved in the Company's most recent depreciation study less the net salvage component.

#### Accretion

1. Accretion expense – Accretion expense is charged to account 411.10, "Accretion Expense". A corresponding credit is charged to Account 230 "Asset Retirement Obligations"

#### Cumulative Effect adjustment

1. The cumulative effect adjustment is established by a debit to account 435 "Extraordinary Deductions". Offsetting credits are charged to account 230, "Asset Retirement Obligations" for the accumulated accretion and to Account 108.1, "Accumulated Reserve for Depreciation of ARO Assets" for accumulated depreciation. (The cumulative effect adjust is equivalent to the total accumulated accretion and depreciation expense that would have been accrued if the liability had been established at the time the liability was originally incurred, less any removal costs accrued through regulatory depreciation)

#### Regulatory Assets and Liabilities

1. Regulatory Assets – Pursuant to SFAS 71, depreciation and accretion expense related to the ARO asset and liability is offset with a regulatory asset. The regulatory asset is established by a debit to account 182.3, "Regulatory Assets". A corresponding regulatory credit is established in account 407.4 "Other Regulatory Credits". (See Appendix I)
2. Regulatory Liabilities – Pursuant to SFAS 71 previously accrued removal costs in excess of that allowed under SFAS 143 is offset with a regulatory liability. The regulatory liability is established by a credit to account 254, "Regulatory Liabilities". A corresponding debit is established in account 407.3 "Other Regulatory Debits"

#### Settlement

1. Gain on Settlement – Gains resulting from the settlement of an asset retirement obligation are charged to account 411.6, "Gains from Disposition of Utility Plant"
2. Loss on Settlement - Losses resulting from the settlement of an asset retirement obligation are charged to account 411.7, "Losses from Disposition of Utility Plant"(see Appendix H)

## Identifying Removal Costs Currently Recorded

The Company estimated the amount of removal costs related to AROs recorded in its accumulated reserve. The estimate is based on data from the Company's most recent depreciation study. Based on that study the Company determined the removal cost component inherent in each depreciate rate. That removal cost component is applied to the original cost and in-service date of the underlying asset to estimate the removal cost accrued for the specific asset. The estimated removal costs related to ARO assets was removed from the accumulated reserve pursuant to the FERC Final Order No.631 'Accounting Reporting and Rate Filing Requirements for Asset Retirement Obligations'.

Subsequent to the Company's implementation of SFAS 143 the FERC issued its Final Order No. 631. The order required Companies to estimate the cost of removal embedded in the accumulated reserve for non-ARO assets and to segregate those cost within Account 108 for reporting purposes.

Pursuant to that Order, the Company contracted for an independent analysis of non-ARO removal costs to be performed in conjunction with its 2003 depreciation study. That analysis was completed and in December 2003 a journal entry was prepared segregating those removal costs within FERC Account 108 "Accumulated Provision for Depreciation of Electric Utility Plant".

## Implementation

In the implementation stage which began in the 3<sup>rd</sup> quarter 2002, t the company;

1. Identified removal cost previously accrued
2. Determined ARO asset write-ups
3. Quantified regulatory assets/liabilities
4. Modified accounting Systems
5. Revised Accounting Policies
6. Communicated with Regulatory Agencies
7. Discussed implications with the Tax Department
8. Drafted required financial footnotes and disclosures
9. Obtained final management approval
10. Obtained final verification that all regulatory requirements have been identified
11. Verified consistent application across all assets
12. Verified that all obligations identified are included in the calculations
13. Verified that obligations exist for all assets included
14. Ensured compliance with the final FERC order
15. Reviewed final product with PriceWaterhouseCoopers

### Adoption

The company adopted SFAS 143 effective January 1, 2003.

## Appendix A

### SFAS 143 Cash Flow Model Summary (See cash flow binder for detail by location)







Appendix B  
Transition and Post implementation Journal entries

Total Utility Operations  
ARO Journal Entries  
(\$000's)

DESCRIPTION	Annual Amount	
	DEBIT	CREDIT
<b>JOURNAL ENTRIES REQUIRED AT IMPLEMENTATION</b>		
Long Lived Assets - ARO - (New Account)	10,045	
COR Liability Accrued to Date	4,283	
Regulatory Asset	11,290	
Cumulative effect	11,290	
Regulatory Credits		11,290
Regulatory Liability (New Account)		1,930
Accumulated Depreciation of ARO Asset - (New Account)		2,433
ARO Liability - (New Account)		21,255
	36,908	36,908
<i>To record the implementation of FAS 143</i>		
Long Lived Assets - ARO - BS Account 317	10,045	
ARO Liability - BS Account 230		10,045
<i>To record the initial present value of ARO liability</i>		
<p>Upon implementation of FAS 143, the ARO liability (in current dollars) must be future valued at the anticipated inflation rate. The ARO liability must then be present valued back to when the liability was incurred using risk free rate plus risk premium at the time the liability was incurred.</p> <p>The ARO asset is valued at the present value of the liability at the time the liability is incurred.</p>		
Cumulative Effect Adjustment - IS Account 435	2,433	
Accumulated Depreciation of ARO Asset - BS Account 108		2,433
<i>To record accumulated depreciation on ARO assets</i>		
<p>Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Cumulative Effect Adjustment - IS Account 435	11,210	
ARO Liability - BS Account 230		11,210
<i>To record accumulated accretion on ARO liability</i>		
<p>The total accretion expense that would have been incurred if the liability was accreted from the time the liability was incurred to date.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Accumulated Depreciation- BS Account 108	4,283	
Regulatory Liability - BS Account 254		1,930
Cumulative Effect Adjustment - IS Account 435		2,352
<i>To reclassify existing Cost of Removal</i>		
<p>The COR liability currently reflected on the Balance Sheet must be fully reversed from the reserve.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Regulatory Assets - BS Account 182.3	11,290	
Regulatory Credits - IS Account 407		11,290
<i>Because ARO costs qualify for SFAS 71 treatment The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</i>		

Louisville Gas and Electric Company  
ARO Journal Entries  
(\$000's)

DESCRIPTION	Annual Amount	
	DEBIT	CREDIT
<b>JOURNAL ENTRIES REQUIRED AT IMPLEMENTATION</b>		
Long Lived Assets - ARO - (New Account)	2,746	
COR Liability Accrued to Date	631	
Regulatory Asset	5,064	
Cumulative effect	5,064	
Regulatory Credits		5,064
Regulatory Liability (New Account)		104
Accumulated Depreciation of ARO Asset - (New Account)		861
ARO Liability - (New Account)		7,475
	13,503	13,503
<i>To record the implementation of FAS 143</i>		
Long Lived Assets - ARO - BS Account 317	2,746	
ARO Liability - BS Account 230		2,746
<i>To record the initial present value of ARO liability</i>		
<p>Upon implementation of FAS 143, the ARO liability (in current dollars) must be future valued at the anticipated inflation rate. The ARO liability must then be present valued back to when the liability was incurred using risk free rate plus risk premium at the time the liability was incurred.</p> <p>The ARO asset is valued at the present value of the liability at the time the liability is incurred.</p>		
Cumulative Effect Adjustment - IS Account 435	861	
Accumulated Depreciation of ARO Asset - BS Account 108		861
<i>To record accumulated depreciation on ARO assets</i>		
<p>Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Cumulative Effect Adjustment - IS Account 435	4,729	
ARO Liability - BS Account 230		4,729
<i>To record accumulated accretion on ARO liability</i>		
<p>The total accretion expense that would have been incurred if the liability was accreted from the time the liability was incurred to date.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Accumulated Deprecation- BS Account 108	631	
Regulatory Liability - BS Account 254		104
Cumulative Effect Adjustment - IS Account 435		527
<i>To reclassify existing Cost of Removal</i>		
<p>The COR liability currently reflected on the Balance Sheet must be fully reversed from the reserve.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Regulatory Assets - BS Account 182.3	5,064	
Regulatory Credits - IS Account 407		5,064
<i>Because ARO costs qualify for SFAS 71 treatment The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</i>		

Louisville Gas and Electric Company  
ARO Journal Entries  
(\$000's)

DESCRIPTION	Annual Amounts	
	DEBIT	CREDIT
<b>JOURNAL ENTRIES SUBSEQUENT TO IMPLEMENTATION</b>		
Depreciation Expense - IS Account 403.1 Accumulated Depreciation of ARO Asset - BS Account 108.1 <u>To record monthly depreciation expense</u>  Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.	42.35	42.35
Regulatory Asset Account- BS Account 182.3 Regulatory Credits - IS Account 407 <u>To reverse monthly depreciation to regulatory asset/liability (Utility is I/S Neutral)</u>  The monthly depreciation expense must be reflected against a Regulatory Asset so that all effects of FAS 143 are Income Statement neutral.	42.35	42.35
Accretion Expense - IS Account 411.1 ARO Liability - BS Account 230 <u>To record monthly accretion expense on ARO liability</u>  The liability at implementation must be accreted to the anticipated cash outlay.	366.49	366.49
Regulatory Asset Account- BS Account 182.3 Regulatory Credits - IS Account 407 <u>To reverse monthly accretion expense to regulatory asset/liability (Utility is I/S neutral)</u>  The monthly depreciation expense must be reflected against a Regulatory Asset so that all effects of FAS 143 are Income Statement neutral.	366.49	366.49
Depreciation Expense Accumulated Depreciation <u>To record monthly depreciation expense on underlying asset to which ARO related</u>  The underlying asset to which the ARO is attached is already in G/L systems and is shown for illustrative purposes. The original asset must somehow be linked to the ARO asset, the ARO Liability and the Regulatory Asset / Liability.	xxxx	xxxx

Kentucky Utilities Company  
ARO Journal Entries  
(\$000's)

DESCRIPTION	Annual Amount	
	DEBIT	CREDIT
<b>JOURNAL ENTRIES REQUIRED AT IMPLEMENTATION</b>		
Long Lived Assets - ARO - (New Account)	7,299	
COR Liability Accrued to Date	3,652	
Regulatory Asset	6,227	
Cumulative effect	6,227	
Regulatory Credits		6,227
Regulatory Liability (New Account)		1,826
Accumulated Depreciation of ARO Asset - (New Account)		1,572
ARO Liability - (New Account)		13,780
	23,405	23,405
<i>To record the implementation of FAS 143</i>		
Long Lived Assets - ARO - BS Account 317	7,299	
ARO Liability - BS Account 230		7,299
<i>To record the initial present value of ARO liability</i>		
<p>Upon implementation of FAS 143, the ARO liability (in current dollars) must be future valued at the anticipated inflation rate. The ARO liability must then be present valued back to when the liability was incurred using risk free rate plus risk premium at the time the liability was incurred.</p> <p>The ARO asset is valued at the present value of the liability at the time the liability is incurred.</p>		
Cumulative Effect Adjustment - IS Account 435	1,572	
Accumulated Depreciation of ARO Asset - BS Account 108		1,572
<i>To record accumulated depreciation on ARO assets</i>		
<p>Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Cumulative Effect Adjustment - IS Account 435	6,480	
ARO Liability - BS Account 230		6,480
<i>To record accumulated accretion on ARO liability</i>		
<p>The total accretion expense that would have been incurred if the liability was accreted from the time the liability was incurred to date.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Accumulated Depreciation- BS Account 108	3,652	
Regulatory Liability - BS Account 254		1,826
Cumulative Effect Adjustment - IS Account 435		1,826
<i>To reclassify existing Cost of Removal</i>		
<p>The COR liability currently reflected on the Balance Sheet must be fully reversed from the reserve.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Regulatory Assets - BS Account 182.3	6,227	
Regulatory Credits - IS Account 407		6,227
<i>Because ARO costs qualify for SFAS 71 treatment The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</i>		

Kentucky Utilities Company  
ARO Journal Entries  
(\$000's)

DESCRIPTION	Annual Amounts	
	DEBIT	CREDIT
<b>PART II JOURNAL ENTRIES SUBSEQUENT TO IMPLEMENTATION</b>		
Depreciation Expense - IS Account 403.1 Accumulated Depreciation of ARO Asset - BS Account 108.1 <u>To record monthly depreciation expense.</u>  Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.	188	188
Regulatory Asset Account- BS Account 182.3 Regulatory Credits - IS Account 407 <u>To reverse monthly depreciation to regulatory asset/liability (Utility is I/S Neutral)</u>  The monthly depreciation expense must be reflected against a Regulatory Asset so that all effects of FAS 143 are Income Statement neutral.	188	188
Accretion Expense - IS Account 411.1 ARO Liability - BS Account 230 <u>To record monthly accretion expense on ARO liability</u>  The liability at implementation must be accreted to the anticipated cash outlay.	786	786
Regulatory Asset Account- BS Account 182.3 Regulatory Credits - IS Account 407 <u>To reverse monthly accretion expense to regulatory asset/liability (Utility is I/S neutral)</u>  The monthly depreciation expense must be reflected against a Regulatory Asset so that all effects of FAS 143 are Income Statement neutral.	786	786
Depreciation Expense Accumulated Depreciation <u>To record monthly depreciation expense on underlying asset to which ARO related</u>  The underlying asset to which the ARO is attached is already in G/L systems and is shown for illustrative purposes. The original asset must somehow be linked to the ARO asset, the ARO Liability and the Regulatory Asset / Liability.	xxxx	xxxx

Louisville Gas and Electric Company  
Probability Weighted Estimated Remaining Life  
Generating Units

Probability of occurrence	Current Depreciation Study		Optimistic Assumption	Probability Weighted Remaining Life	Current Depreciation Study Retirement Date	Probability Weighted Retirement Date	In-Service Date	Current Age	Pessimistic Age Projection	Current Depreciation Study Age Projection	Optimistic Age Projection
	10.00%	80.00%									
Cane Run 4	4.0	19.0	24.0	18	2018	2017	May-62	41	45	60	65
Cane Run 5	4.0	19.0	24.0	18	2018	2017	May-66	37	41	56	61
Cane Run 6	4.3	19.3	24.3	18.3	2018	2017	May-69	34	38	53	58
CR SDRS 4	4	13.0	24	13.2	2012	2012					
CR SDRS 5	4	13.0	24	13.2	2012	2012					
CR SDRS 6	4.3	12.9	24.3	13.18	2012	2012					
Mill Creek 1	4.9	19.9	24.9	18.9	2019	2018	Oct-72	31	36	51	56
Mill Creek 2	6.0	21.0	26.0	20	2020	2019	Jul-74	29	35	50	55
Mill Creek 3	10.3	25.3	30.3	24.3	2024	2023	Aug-78	25	35	50	55
Mill Creek 4	14.7	29.7	34.7	28.7	2029	2028	Sep-82	21	36	51	56
MC SDRS 1	4.9	13.4	24.9	13.7	2012	2013					
MC SDRS 2	6	13.5	26	14	2013	2013					
MC SDRS 3	10.3	13.5	30.3	14.86	2013	2014					
MC SDRS 4	14.7	15.8	34.7	17.58	2015	2017					
Trimble County 1	24.3	34.3	44.3	34.3	2033	2033	Oct-90	13	37	47	57
Trimble County SDRS	24.3	17.1	44.3	20.54	2016	2020					

System Averages

2018

2018



Kentucky Utilities Company  
Probability Weighted Estimated Remaining Life  
Generating Units

Probability of occurrence	Pessimistic Assumption		Current Depreciation Study		Optimistic Assumption		Probability Weighted Remaining Life	Current Depreciation Study Retirement Date	Probability Weighted Retirement Date	In-Service Date	Current Age	Pessimistic Age Projection		Current Depreciation Study Age Projection		Optimistic Age Projection
	10.00%	80.00%	10.00%	80.00%	10.00%	80.00%						Study Age	Projection	Study Age	Projection	
E. W. BROWN UNIT #1	4.5	19.5	24.5	18.5	2019	2018	18.5	2018	2018	May-57	46	51	66	71	66	71
E. W. BROWN UNIT #2	9.4	19.4	29.4	19.4	2018	2018	19.4	2018	2018	Jun-63	40	49	59	69	59	69
E. W. BROWN UNIT #3	8.6	19.6	28.6	19.6	2019	2019	19.6	2019	2019	Jul-71	32	42	52	62	52	62
GHEENT UNIT #1	11.4	21.4	31.4	21.4	2020	2020	21.4	2020	2020	Feb-74	29	40	50	60	50	60
GHEENT UNIT #2	14.5	24.5	34.5	24.5	2024	2024	24.5	2024	2024	Apr-77	26	41	51	61	51	61
GHEENT UNIT #3	18.7	28.7	38.7	28.7	2028	2028	28.7	2028	2028	May-81	22	41	51	61	51	61
GHEENT UNIT #4	21.9	31.9	41.9	31.9	2031	2031	31.9	2031	2031	Aug-84	19	41	51	61	51	61
GHEENT UNIT #1 Scrubber	21.9	16.0	41.9	19.18	2015	2018	19.18	2018	2018							
GREEN RIVER UNITS #1 & #2	3.2	18.2	23.2	17.2	2017	2016	17.2	2016	2016	Mar-50	53	56	71	76	71	76
GREEN RIVER UNIT #3	3.4	18.4	23.4	17.4	2017	2016	17.4	2016	2016	Apr-54	49	52	67	72	67	72
GREEN RIVER UNIT #4	4.3	19.3	24.3	18.3	2018	2017	18.3	2017	2017	Jul-59	44	48	63	68	63	68
TYRONE UNIT #3	3.2	18.2	23.2	17.2	2017	2016	17.2	2016	2016	Jul-53	50	53	68	73	68	73
DIX DAM	7.5	22.5	27.5	21.5	2022	2021	21.5	2021	2021	Nov-25	78	86	101	106	101	106
LOCK 7	7.5	22.5	27.5	21.5	2022	2021	21.5	2021	2021	Apr-27	76	84	89	104	89	104
E. W. BROWN #6	23.5	28.5	38.5	29	2028	2028	29	2028	2028	Jun-01	2	26	31	41	31	41
E. W. BROWN #7	24.5	29.5	39.5	30	2029	2029	30	2029	2029	Jun-01	2	27	32	42	32	42
E. W. BROWN #8	19.5	24.5	34.5	25	2024	2024	25	2024	2024	Feb-95	8	28	33	43	33	43
E. W. BROWN #9	19.5	24.5	34.5	25	2024	2024	25	2024	2024	Aug-94	9	29	34	44	34	44
E. W. BROWN #10	19.5	24.5	34.5	25	2024	2024	25	2024	2024	Dec-85	8	28	33	43	33	43
E. W. BROWN #11	20.5	25.5	35.5	26	2025	2025	26	2025	2025	May-96	7	28	33	43	33	43

System Averages

2022

2022

Asset Retirement Obligation  
Probability Weighted Settlement Estimates

Probability of Occurrence	Location Description	Legal Requirement	Cost (\$000s)			Weighted Cost	Comment
			5.00%	85%	10%		
MC	Ash Pond	Resource Conservation and Recovery Act	\$ 4,034	\$ 4,482	\$ 4,930	\$ 4,504	Support Based on Pineville \$83k/acre estimate from FMSM engineering study
MC	Landfill	Resource Conservation and Recovery Act	\$ 7,321	\$ 8,134	\$ 8,947	\$ 8,175	Based on Pineville \$83k/acre estimate from FMSM engineering study
MC	Storage Pile Remediation (Coal Pile)	Clean Water Act	\$ 270	\$ 300	\$ 330	\$ 302	Assumes maximum fuel utilization (zero tons of usable coal) - not unit specific 20 acres Acreage verified by Delbert Billitter-Fuels Dept.
MC	Drain all oil storage tanks	Clean Water Act	\$ 15	\$ 17	\$ 19	\$ 17	16 tanks - Allocate evenly across units
MC	Empty & Remediate above ground haz mat storage	Clean Water Act	\$ 27	\$ 30	\$ 33	\$ 30	Asbestos, mercury, used oil, chemicals - allocate evenly across units. This is a building which contains waste material that has already been removed for disposal. This is not associated with an asset. The cost is for disposal of the material, not the building
MC	Mercury Switch Removal	Resource Conservation and Recovery Act	\$ -	\$ -	\$ -	\$ -	Due to immaterial costs of \$ 268 no ARO is being established
MC	Drain transformers	Clean Water Act Toxic Substances Control Act	\$ 14	\$ 15	\$ 17	\$ 15	Including OCB (oil current breaker) - 28 transformers - Allocate evenly across units
MC	Lab Chemical disposal	Resource Conservation and Recovery Act	\$ 3	\$ 3	\$ 3	\$ 3	Not unit specific
MC	Chemical Tank clean up	Clean Water Act	\$ 5	\$ 6	\$ 7	\$ 6	Not unit specific
MC	Radiation Sources	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	\$ 22	\$ 24	\$ 26	\$ 24	Allocate evenly across units
Total			\$ -	\$ 13,011	\$ -	\$ 13,076	

Total

Asset Retirement Obligation  
Probability Weighted Settlement Estimates

Probability of Occurrence	Location	Description	Legal Requirement	Cost (\$000s)	5.00%	85%	10%	Weighted Cost	Comment	Support
CR	CR	Ash Pond Closure	Resource Conservation and Recovery Act	\$ 3,212	\$ 3,569	\$ 3,926	\$ 3,587	43 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study	
CR	CR	Landfill Closure	Resource Conservation and Recovery Act	\$ 1,078	\$ 1,198	\$ 1,318	\$ 1,204	110 acres Acreage verified by Paul Puckett-Environmental Dept.	Based on Permit Consultant detailed estimate. See attached.	
CR	CR	Coal Pile	Clean Water Act	\$ 230	\$ 255	\$ 281	\$ 256	\$15k/acre at 17 acres Acreage verified by Delbert Billiter-Fuels Dept.	Based on Pineville \$15k/acre from PMR Construction Invoice	
CR	CR	Mercury Removal	Resource Conservation and Recovery Act	\$ 5	\$ 5	\$ 6	\$ 5	Allocate evenly across 3 units	Based on Pineville estimate increased due to size of plant. Estimate provided from Mike Winkler based on ENSCO price per lb.	
CR	CR	Nuclear Source Removal	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	\$ 40	\$ 44	\$ 48	\$ 44	50 cesium sources - allocate evenly across 3 units - \$870/source	Current telephone estimate from nuclear disposal company (Ohmart called by Ghent 12/02). Supported by email from OHMART	
CR	CR	Station Oil Reservoirs (including transformers)	Clean Water Act Toxic Substances Control Act	\$ 11	\$ 12	\$ 13	\$ 12	420,000 gallons on site - Cost of \$0.60 per gallon for 20,000 gallons of contaminated oils at the time of closure. Allocate evenly across 3 units (there will likely be some contaminated oils on site that will require a charge). Most oil will be recycled at no cost.	American Enviro Services invoice for similar work. AES will reclaim some oils at \$0.60 per gallon if contaminated, including up to 50 ppm of PCB (based on work performed in Dec. 2002 & confirming telephone interview). For uncontaminated oil there is no charge. We have estimated a portion of the oils will be contaminated, some with non-PCB oil at < 50 ppm.	
CR	CR	Sewage Treatment Plant	Clean Water Act	\$ 5	\$ 5	\$ 6	\$ 5	Estimated cost to pump out tank, fill tank with soil, and grade land.	Based on PMR Invoice for Pineville. Pineville estimate of \$1k for 50 people, assumed \$3k for 150 people and additional fee for equipment use.	
Total				\$ 5,086		\$ 5,113				

Asset Retirement Obligation  
 Probability Weighted Settlement Estimates

Probability of Occurrence	Location	Description	Legal Requirement	Cost (\$000s)			Weighted Cost	Comment	Support
				5.00%	85%	10%			
	TC1	Ash Pond Closure	Resource Conservation and Recovery Act	\$ 6,443	\$ 7,159	\$ 7,875	\$ 7,195	\$83k/acre at 115 acres * 75% Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement
	TC1	Coal storage area	Clean Water Act	\$ 223	\$ 248	\$ 273	\$ 249	\$15k/acre at 22 acres * 75% Acreage verified by Delbert Blittler-Fuels Dept.	Pineville estimate of \$15k/acre
	TC1	Mercury Removal - Level Instrumentation	Resource Conservation and Recovery Act	\$ -	\$ -	\$ -	\$ -	Since the \$ 80 estimate is immaterial no aro will be established	Per Mike Winkler in Environmental \$4.50/lb. Supported by ENSCO quote.
	TC1	Nuclear Source Removal - Coal Flow indicators	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	\$ 15	\$ 17	\$ 19	\$ 17	Cesium source removal - 25 boxes attached to outside of ductwork and above coal feeders. Tie to conveyors on TC1.	Used estimate of \$900 * 75% per source based on Ghent's estimate from call to Chimart 12002. Supported by OHMART email
	TC1	Sewage Treatment Plant	Clean Water Act	\$ 3	\$ 4	\$ 4	\$ 4	Estimated cost to pump out tank, fill tank with soil, and grade land.	Supported by PMR Invoice
	TC1	Hazardous Material Disposal	Toxic Substances Control Act	\$ 2	\$ 2	\$ 2	\$ 2	\$480 per drum for 6 drums	Supported by faxed estimate provided by ENSCO Inc.
	TCCTs	Transformer Oil	Clean Water Act Toxic Substances Control Act	\$ -	\$ -	\$ -	\$ -	Marketable - no PCBs	
	<b>Total</b>			<b>\$ 7,430</b>	<b>\$ 7,467</b>	<b>\$ 7,467</b>	<b>\$ 7,467</b>		

Asset Retirement Obligation  
Probability Weighted Settlement Estimates

Probability of Occurrence	Probability Weighted Settlement Estimates				Weighted Cost	Comment	Support	
	5.00%	10%	85%	10%				
GH	Ash Pond ATB I & II	Resource Conservation and Recovery Act	20,617	22,908	25,199	23,023	\$83k/acre at 276 acres Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement
GH	Gypsum Stack	Clean Water Act	747	830	913	834	Assume closure similar to ash pond - \$83k/acre at 10 acres Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement
GH	Radiation Sources - Cesium	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	121	134	147	135	Cesium Sources - 154 - Cesium sources - 154, Unit 1 - 15%, Unit 2 - 24%, Unit 3 - 16%, Unit 4 - 19%, Scrubber - 9%, Coal Yard - 17%	Cost based on phone conversations with vendors (Ohmart 12/02) and physical counts. Supported by email from OHMART.
GH	Radiation Sources - Radium	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	44	49	54	49	Radium Sources - 42, Unit 1 - 6, Unit 2 - 12, Unit 3 - 12, Unit 4 - 12	Cost based on phone conversations with vendors (Ohmart 12/02) and physical counts. Supported by email from OHMART.
GH	Removal of 10,000 Gallon underground tank	Comprehensive Emergency Response and Liability Act	12	13	14	13	Common to the plant in the Coal Yard.	Supported by email from Evergreen USA
GH	Remediation of underground fuel oil piping	Comprehensive Emergency Response and Liability Act	4	4	4	4	Common to the plant or divide equally among the 4 units	Supported by email from Evergreen USA
GH	Station Oil Reservoirs (including transformers)	Clean Water Act	11	12	13	12	226,000 gallons on site - Cost of \$0.60 per gallon for approx. 20,000 gallons of contaminated oils at the time of closure. Allocate evenly across all units (there will likely be some contaminated oils on site that will require a charge). Most oil will be recycled at no cost.	American Enviro Services will reclaim some oils at \$0.60 per gallon if contaminated, including up to 50 ppm of PCB (based on work performed in 12/02 & confirming phone interview). There is no charge for uncontaminated oil. It is estimated a portion of the oils will be contaminated, some with non-PCB oil at <50 ppm. Supported by Enviro-Services invoice.
GH	Mercury Removal	Resource Conservation and Recovery Act					Since the \$ 214 estimate is immaterial no are will be established	Supported by ENSCO quote provided by Mike Winkler
GH	Chemical Tank clean up	Clean Water Act	12	13	14	13	Anticipate needing to work with 1 40,000 gallon acid tank and 2 10,000 gallon caustic tanks.	Supported by email from Evergreen USA
GH	Sewage Plant	Clean Water Act	9	10	11	10	Estimated cost to pump out tank, fill tank with soil, and grade land.	Based on Pineville estimate of \$1k for 50 people, assumed \$4k for 200 people and additional fee for equipment use. Supported by PMR Invoice
GH	Coal Yard covering	Clean Water Act	608	675	743	678	Not unit specific	Based on Pineville estimate - \$15k/acre for 45 acres Acreage verified by Delbert Billiter-Fuels Dept.
Total			\$ 24,648	\$ 24,648	\$ 24,648	\$ 24,771		

Asset Retirement Obligation  
Probability Weighted Settlement Estimates

Probability of Occurrence Location Description	Legal Requirement Resource Conservation and Recovery Act	Asset Retirement Obligation Probability Weighted Settlement Estimates			Weighted Cost	Comment
		5%	85% Cost (\$000s)	10%		
BR ST Ash Pond		\$ 8,591	\$ 9,545	\$ 9,628	\$ 9,506	Not unit specific - Steam units only 1,2,3 Support Puckett-Environmental Dept
BR3 Radiation Sources - BR3	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	\$ 14	\$ 16	\$ 18	\$ 16	Sources located with the following 10 assets w/UOP 5676, 3-1,3-2,3-3,4,4,3-5 Feeders Upper & Lower. Also, the assets with UOP 5025 Hoppers A26 A22 A25 A21 A24 A20 A23 A19 B26, B22, B25 B21, B24, B20, B23 B19 OHMART email
BR ST GSU, transformer oil, lubricating oils, etc fluid	Clean Water Act Toxic Substances Control Act	\$ -	\$ -	\$ -	\$ -	Not unit specific - include BR 1, 2, 3. Transformers only. This oil has no PCBs (non-hazardous). Should be able to sell for reuse. Tie to BR3
BR CT GSU, transformer oil, lubricating oils, etc fluid	Clean Water Act Toxic Substances Control Act	\$ -	\$ -	\$ -	\$ -	Not unit specific - include BR 5, 6, 7, 8, 9, 10,11. Transformers only. This oil has no PCBs (non-hazardous). Should be able to sell for reuse. Tie to BR 7.
BR ST Removal of Fuel Oil Tanks - BR Steam units 1, 2, 3	Clean Water Act, Comprehensive Emergency Response and Liability Act	\$ 126	\$ 140	\$ 154	\$ 141	Tanks are not unit specific - for BR 1, 2, 3 - Supported by email from Somerset Environmental
BR CT Removal of Fuel Oil Tanks - BR CTs	Clean Water Act	\$ 252	\$ 280	\$ 308	\$ 281	Tanks are not unit specific - include BR 5, 6, 7, 8, 9, 10, 11 - flat fee paid to contractor for removal. ESTIMATE
BR ST Remediation of underground fuel oil piping - Steam	Clean Water Act, Comprehensive Emergency Response and Liability Act	\$ 15	\$ 17	\$ 19	\$ 17	Estimate - Not unit specific - include BR 1, 2,3
BR CT Remediation of underground fuel oil piping - CTs	Clean Water Act	\$ 29	\$ 32	\$ 35	\$ 32	Not unit specific - include BR 5, 6, 7, 8, 9, 10,11.
BR ST/CT Mercury Removal	Resource Conservation and Recovery Act	\$ -	\$ -	\$ -	\$ -	Due to immaterial costs of \$305 no ARO is being established
BR Lab Chemical disposal	Resource Conservation and Recovery Act	\$ 16	\$ 18	\$ 20	\$ 18	BR1 - Lab Equipment UOP 5389 Supported by estimate from GE Betz Inc.
BR Sewage Plant	Clean Water Act	\$ 9	\$ 10	\$ 11	\$ 10	Based on Pineville estimate of \$1k for 50 people, assumed \$4k for 200 people and additional fee for equipment use. Supported by BMR
BR ST Coal Yard covering	Clean Water Act	\$ 54	\$ 60	\$ 66	\$ 60	Invoice Based on Pineville estimate - \$15/acre for 4 acres. Acreage verified by Delbert Billiter- Fuels Dept. Supported by engineering estimate provided by Barry Currans
BR ST Coal pile retention pond closing	Clean Water Act	\$ 166	\$ 184	\$ 202	\$ 185	Estimate - Not unit specific - Steam units 1, 2,3.
<b>Total</b>		<b>\$ 10,302</b>	<b>\$ 10,266</b>			

Asset Retirement Obligation  
Probability Weighted Settlement Estimates

Probability of Occurrence	Location	Description	Legal Requirement	Cost (\$000s)	Weighted Cost	Comment	Support
			Resource Conservation and Recovery Act	5% 85% 10%			
				\$ 672 \$ 747 \$ 822	\$ 751	Not unit specific.	\$63k/acre at 9 acres based on Pineville estimate Acreage verified by Paul Puckett-Environmental Dept
TY	Asht Pond						
TY	Demolition Service structures	Water Pump	Corps of Engineers	\$ 162 \$ 180 \$ 198	\$ 181	2 structures which have asbestos and lead paint issues - Not unit specific.	Flat fee for contractor removal. Supported by estimate from Evans Construction Co
TY	GSU, transformer oils, etc fluid		Clean Water Act Toxic Substances Control Act	\$ - \$ - \$ -	\$ -	Not unit specific - Tie to transformer on TY3. This oil has no PCBs (non-hazardous). Should be able to sell for reuse.	8 oil-field transformers at \$5,000. Based upon estimate from Somerset Environmental (contractor) received on 12/23/02.
TY	Removal of Fuel Oil Tanks		Clean Water Act, Comprehensive Emergency Response and Liability Act	\$ 90 \$ 100 \$ 110	\$ 101	One underground and one above ground - Not unit specific.	Flat fee for contractor removal. Based upon estimate from Somerset Environmental (contractor) received on 12/23/02.
TY	Remediation of underground fuel oil piping		Clean Water Act, Comprehensive Emergency Response and Liability Act	\$ 13 \$ 14 \$ 15	\$ 14	Not unit specific.	Engineering estimate provided by Barry Currens
TY	Mercury Removal		Resource Conservation and Recovery Act	\$ 2 \$ 3 \$ 3	\$ 3	Not unit specific - allocable among units UOP 5373 - Instrument or measuring device (instrumentation) Tie to TY3	Supported by ENSCO quote provided by Mike Winkler
TY	Sewage Plant		Clean Water Act	\$ 5 \$ 5 \$ 6	\$ 5	Estimated cost to pump out tank, fill tank with soil, and grade land.	Based on Pineville estimate of \$1k for 50 people and additional fee for equipment use. Supported by PMR Invoice
TY	Coal Yard covering		Clean Water Act	\$ 27 \$ 30 \$ 33	\$ 30	Assuming that we would be required to close similar to the ash pond - Not unit specific	2 acres at \$15k per acre Pineville estimate Acreage verified by Delbert Bliffner-Fuels Dept.
Total				\$ 1,079	\$ 1,084		

Asset Retirement Obligation  
Probability Weighted Settlement Estimates

Probability of Occurrence	Location Description	Legal Requirement	Cost (\$000s)			Weighted Cost	Comment	Support
			5%	85%	10%			
GR	Ash Pond Remediation	Clean Water Act	\$ 8,740	\$ 9,711	\$ 10,882	\$ 9,760	\$83k/acre at 117 acres. Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement
GR	Coal Storage Pile Remediation	Clean Water Act	\$ 81	\$ 90	\$ 99	\$ 90	Coal pile is 6 acres. Common to the plant divide evenly among the units. Acreage verified by Delbert Billiter-Fuels Dept.	Based on Pineville estimate - \$15k/acre
GR	Oil Storage Tanks	Clean Water Act	\$ 9	\$ 10	\$ 11	\$ 10	Based on \$0.22 gallon (41,700 gallons) plus removal of underground line \$1K/100 feet.	Based on Ghent estimate. Supported by email from Evergreen USA
GR	Underground Storage Tanks	Comprehensive Emergency Response and Liability Act	\$ 12	\$ 13	\$ 14	\$ 13	Based on Ghent estimate.	Supported by email from Evergreen USA
GR 1/2	Mercury Switches - All Units	Resource Conservation and Recovery Act	\$ 2	\$ 2	\$ 2	\$ 2	Based on approx. 100 mercury sources (total) and some pre-existing on-site mercury storage from years past	Supported by ENSCO quote provided by Mike Winkler
GR	Sewage Treatment Plant	Clean Water Act	\$ 5	\$ 5	\$ 6	\$ 5	Common - divide evenly among the units. Estimated cost to pump out tank, fill tank with soil, and grade land	Based on Pineville estimate of \$1k for 50 people, assumed \$1k for 50 people and additional fee for equipment use. Supported by PMR Invoice
GR	Switchyard transformers, OCBs, etc.	Clean Water Act Toxic Substances Control Act	\$ 23	\$ 25	\$ 28	\$ 25	41,700 gallons at \$0.60 per gallon. Allocate evenly across all units	Supported by Invoice from American Enviro Services
GR	Acid Tank Disposal	Clean Water Act Toxic Substances Control Act	\$ 3	\$ 3	\$ 3	\$ 3	Common to the plant divide evenly among the units	\$75/hr company employee to neutralize chemicals and dispose of in ash pond. (\$3,000) Tank removal for scrap \$0. Supported by Shannon Charnas email
GR	Caustic Tank Disposal	Clean Water Act Toxic Substances Control Act	\$ 3	\$ 3	\$ 3	\$ 3	Common to the plant divide evenly among the units	\$75/hr company employee to neutralize chemicals and dispose of in ash pond. (\$3,000) Tank removal for scrap \$0. Supported by Shannon Charnas email
GR	Lime Storage Silo	Clean Water Act	\$ 5	\$ 6	\$ 7	\$ 6		80 manhours at \$75 per hour internal burdened labor rate. Supported by Shannon Charnas email
GR	Nuclear Source	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100	\$ 1	\$ 1	\$ 1	\$ 1	Plant has one nuclear source at the scrubber.	\$1k/nuclear source based on Ghent's 12/02 phone estimate from nuclear disposal co. Supported by email from OHMART
<b>Total</b>			<b>\$ 9,869</b>			<b>\$ 9,918</b>		



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Appendix C  
ARO Asset Inventory

Utility  
Asset Retirement Obligations  
Underlying Asset Inventory

Asset Retirement Obligation Summary		Original Cost	In Service Date	Asset Number	Notes	Legal/Regulatory Requirement
CR6	Ash Pond Closure	580,956.24	1973	1135412	Combined assets for ARO assumption with in service date of 1973	Resource Conservation and Recovery Act
CR6	Ash Pond	1,034,853.81	1978	1149033	See above	Resource Conservation and Recovery Act
CR6	Landfill Closure	766,897.47	1992	1134814		Resource Conservation and Recovery Act
CR1	Coal Pile	5,430.96	1955	1131509		Clean Water Act
CR6	Mercury Removal	na	1969	na	Not related to specific asset # used in service date for unit 6	Resource Conservation and Recovery Act
CR6	Nuclear Source Removal	na	1969	na		Resource Conservation and Recovery Act
CR	Station Oil Reservoirs/GSU					The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100
	Cane Run 4	355,520.97	1964	1108207	500K/4	
	Cane Run 5	234,861.80	1967	1108207	500K/5	
	Cane Run 6	1,580,388.52	1999	500K/6	500K/6	
	Cane Run Spare	1,449,356.01	1996	1142644	500K/7	
CR6	Sewage Treatment Plant	38,052.60	1977	1132399	3 Sewage treatment assets combined into single ARO w in service date of 1977	Clean Water Act
CR6		14,491.54	1977	1132404	See above	
CR6		52,270.95	1998	1141767	See above	
MC3	Ash Ponds & Landfill	827,214.41	1982	1127657		Resource Conservation and Recovery Act
MC3	Storage Pile Remediation	1,136,032.82	2001	1755793		Clean Water Act
MC1		137,187.57	1965	1126696	25% of asset per Greg Jones. Need to separate asset in FA books	Clean Water Act
MC3	Drain off oil storage tanks	299,504.80	1982	1127837		Clean Water Act
MC	Empty & Remediate above ground haz mat storage	na	1982	na	Not related to specific asset # used in service date for unit 4	Clean Water Act
MC	Mercury Switch Removal	na	1982	na	Not related to specific asset # used in service date for unit 4	Resource Conservation and Recovery Act
MC	Drain transformers	na	1982	na	GSU's	Clean Water Act
	Mill Creek 1	819,763.01	1974	1121129		Resource Conservation and Recovery Act
	Mill Creek 2	610,284.79	1975	121561		Toxic Substances Control Act
	Mill Creek 3	1,304,057.10	1982	1122727	1650 Transformer costs spread evenly over GSUs	
	Mill Creek 4	2,134,007.29	1984	1123008		
	Mill Creek Spare	974,142.83	1975	1135331		
MC	Lab Chemical disposal	na	1982	na	Not related to specific asset # used in service date for unit 4	Resource Conservation and Recovery Act
MC4502	Chemical Tank clean up	339,428.92	1984	1127083		Clean Water Act
MC	Radiation Sources	na	1982	na	Not related to specific asset # used in service date for unit 4	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100

Utility  
 Asset Retirement Obligations  
 Underlying Asset Inventory

Asset Retirement Obligation Summary						
Location	Description	Original Cost	In Service Date	Asset Number	Notes	Legal/Regulatory Requirement
TC1	Ash Pond Closure	2,289,000.51	1990	1130302		Resource Conservation and Recovery Act
TC1	Coal storage area	2,294,960.32	1990	1130206		Clean Water Act
TC1	Mercury Removal - Level Instrumentation	na	1990	na	Not related to specific asset #	Resource Conservation and Recovery Act
TC1	Nuclear Source Removal - Coal Flow Indicators	na	1990	na	Not related to specific asset #	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100
TC1	Sewage Treatment Plant	236,060.08	1990	1132257		Clean Water Act
TC1	Generation Step Up Transformer	3,061,000.00	1997	1119143		Clean Water Act Toxic Substances Control Act

Asset Retirement Obligations  
 Underlying Asset Inventory

Asset Retirement Obligation Summary						
Location	Description	Original Cost	In Service Date	Asset Number	Notes	Legal/Regulatory Requirement
GH4	Ash Pond ATB I & II	16,344,368.66	1994	133391		Resource Conservation and Recovery Act
GH scrub	Gypsum Stack	9,792,715.17	1994	133299		Clean Water Act
GH	Radiation Sources	na	1984	na	Not related to specific asset # used in service date for unit 4	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100
GH	Radiation Sources	na	1984	na	Not related to specific asset # used in service date for unit 4	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100
GH	GSU, transformer oil, lubricating oils, ehc fluid					Clean Water Act
	Chemt 1	639,635.42	1976	064114	6005-120	Toxic Substances Control Act
	Chemt 2	869,693.72	1978	064115	6005-120	
	Chemt 3	4,301,009.46	2000	1732740	6005-120	
	Chemt 4	2,109,842.77	1984	063991	6005-120	
	Chemt Storage	2,481,837.47	2000	1732720	6005-120	
GH1	Removal of 10,000 Gallon underground tank	95,050.42	1974	104400		Comprehensive Emergency Response and Liability Act
GH2	Remediation of underground fuel oil piping	185,151.21	1977	104973		Comprehensive Emergency Response and Liability Act
GH4	Chemical Tank Clean up	48,018.91	1984	105544		Clean Water Act
GH1	Sewage Plant	23,299.41	1974	104352		Clean Water Act
GH1	Coal Yard covering	74,987.60	1994	104329		Clean Water Act

Utility  
Asset Retirement Obligations  
Underlying Asset Inventory

Asset Retirement Obligation Summary		Original Cost	In Service Date	Asset Number	Notes	Legal/Regulatory Requirement
Location	Description					
BR ST1	Ash Pond	13,208,176.67	1995	114424		Resource Conservation and Recovery Act
BR3	Radiation Sources - BR3	na	1971	na	Not related to specific asset # used in service date for unit 3	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100 Clean Water Act Toxic Substances Control Act
BR ST	GSM, transformer oil, lubricating oils, etc fluid					Clean Water Act Toxic Substances Control Act
	Brown 1	283,272.59	1958	058941		
	Brown 2	231,371.50	1963	059009		
	Brown 3	600,432.47	1972	062433		
BR CT	GSM, transformer oil, lubricating oils, etc fluid					Clean Water Act Toxic Substances Control Act
	Brown 5	933,475.00	2001	1763547		
	Brown 6	575,469.31	1999	142246		
	Brown 7	572,445.86	1999	142247		
	Brown 8	921,294.17	1993	137939		
	Brown 9	940,073.23	1993	137940		
	Brown 10	875,400.43	1995	114313		
	Brown 11	946,726.87	1996	123128		
BR ST3	Removal of Fuel Oil Tanks - BR Steam units 1, 2, 3	9,047.51	1972	102462		Clean Water Act, Comprehensive Emergency Response and Liability Act
BR CT9	Removal of Fuel Oil Tanks - BR CTs	424,021.64	1995	114355		Clean Water Act
BR ST	Remediation of underground fuel oil piping - Steam	na	1971	na	Not related to specific asset # used in service date for unit 3	Clean Water Act, Comprehensive Emergency Response and Liability Act
BR CT	Remediation of underground fuel oil piping - CTs	na	1999	na	Not related to specific asset # used in service date for unit 6	Clean Water Act
BR	Lab Chemical disposal	na	1971	na	Not related to specific asset # used in service date for unit 3	Resource Conservation and Recovery Act
BR3	Sewage Plant	85,362.37	1997	132692		Clean Water Act
BR ST1	Coal Yard covering	75,015.23	1956	101524		Clean Water Act
BR ST	Coal pile retention pond closing	na	na	na		Clean Water Act

Asset Retirement Obligations  
Underlying Asset Inventory

Asset Retirement Obligation Summary		Original Cost	In Service Date	Asset Number	Notes	Legal/Regulatory Requirement
TY1B2	Ash Pond	575,000.00	1977	101281		Resource Conservation and Recovery Act
TY3	Demolition Service Water Pump structures	60,940.44	1954	101358		Resource Conservation and Recovery Act
TY	GSM, transformer oil, lubricating oils, etc fluid					Corps of Engineers Clean Water Act Toxic Substances Control Act
TY	Lyrone 1	24,100.71	1950	051481		
TY	Lyrone 1	24,100.71	1950	051482		
TY	Lyrone 1	24,100.71	1950	051480		
TY	Lyrone 2	33,622.07	1950	051477		
TY	Lyrone 2	33,622.06	1950	051476		
TY	Lyrone 3	33,622.06	1950	051478		
TY	Lyrone Spare	104,187.16	1954	051486		
TY	Removal of Fuel Oil Tanks	36,468.24	1954	051487		
TY1B2	Fuel oil Tank	1,610.73	1948	100959		Clean Water Act, Comprehensive Emergency Response and Liability Act
TY3	Fuel oil Tank	2,046.12	1996	122567		
TY	Remediation of underground fuel oil piping	na	1953	na	Not related to specific asset # used in service date for unit 3	Clean Water Act, Comprehensive Emergency Response and Liability Act
TY	Mercury Removal	na	1953	na	Not related to specific asset # used in service date for unit 3	Resource Conservation and Recovery Act
TY3	Sewage Plant	1,457.52	1973	101251		Clean Water Act
TY3	Coal Yard covering	15,060.54	1948	101197		Clean Water Act

Asset Retirement Obligations  
 Underlying Asset Inventory

Asset Retirement Obligation Summary		Original Cost	In Service Date	Asset Number	Notes	Local/Regulatory Requirement
Location	Description					
GR1&2	Holding Pond Remediation	152,243.76	1975	102983		Clean Water Act
GR1&2	Coal Storage Pile Remediation	29,437.83	1975	103022		Clean Water Act
GR4	Oil Storage Tanks	58,475.33	1978	103939		Clean Water Act
GR1&2	Underground Storage Tanks	22,796.26	2000	1706389		Comprehensive Emergency Response and Liability Act
GR4	Mercury Switches - Unit 4	na	na	na	Not related to specific asset # Mercury sources combined used in service date for unit 4	Resource Conservation and Recovery Act
GR4	Hazardous Material Disposal	na	na	na	Not related to specific asset # used in service date for unit 4	
GR 1-2	Limestone Silo	206,000.00	na	103234		
GR4	Nuclear Sources	na	na	na		
GR 1/2	Generator Transformers - Units 1/2	220,263.33	1950	045207	Not related to specific asset # used in service date for unit 4	
GR3	Generator Transformers - Unit 3	219,568.53	1954	045084		Clean Water Act
GR4	Generator Transformers - Unit 4	691,268.96	1987	045281		Toxic Substances Control Act
						Clean Water Act
GR4	Green River Spire	168,758.50	1954	045085		Toxic Substances Control Act
						Clean Water Act
GR4	Sewage Treatment Plant	98,051.42	1997	132623		Toxic Substances Control Act
						Clean Water Act
<b>Total Utility</b>						



## RETIREMENT AND ABANDONMENT ESTIMATE RIGGS JUNCTION GAS TRANSMISSION FACILITY

**Description:**

This estimate is being developed at the request of Property Accounting in compliance with new FERC rules that require the expenses to restore sites after facilities are abandoned be accounted. The lease for the facilities at Riggs Junction requires that LG&E restore the facility to greenspace if the area is ever abandoned.

The Riggs Junction facility contains a valve nest that interconnects two gas transmission pipelines to three Doe Run Upper Storage Field gathering mains and one high-pressure gas distribution main that feeds the City of Brandenburg. The facility also contains two pressure regulating stations; Brandenburg High Pressure Station and Riggs Junction Regulator Assembly. In 1998, a shale recovery compressor, named the Riggs Junction Compressor, was relocated from the site to a new shale recovery site in Laconia, IN. The existing building was demolished, but the building foundation remains. The foundation has not been demolished as it could possibly be used as a foundation for pig traps for the two transmission pipelines.

This estimate is developed solely for the purpose of meeting the new FERC rules. There are no plans to abandon this site to date.

**Scope:**

1. Demolish existing concrete foundation from Riggs Junction Shale Compressor.
2. Remove existing Brandenburg HP Regulator Station.
3. Remove all of the aboveground piping of the existing valve nest at Riggs Junction. Cap all pipe below grade. The 12" and/or 16" Doe Run Lines, the 3 - 12" Storage Field Gathering Mains, and the 12" Distribution Main will be abandoned in place.
4. The Riggs Junction Regulator Assembly will be removed. The 2" Thin-Mill Steel inlet piping and the 4" PE outlet piping will be capped and abandoned in place.

**MATERIALS**

50	lbs, Electrodes, Welding, E6010, 5P, 1/8", SFA 5.1	\$1.19	\$	59.50
3	Anode, 9 lb, Magnesium	\$25.65	\$	76.95
70	pkg, Wax Tape	\$11.01	\$	770.70
24	gallons, Wax Tape Primer	\$20.22	\$	485.28
2	Caps, 2" Forged Steel	\$4.86	\$	9.72
1	Caps, 4" PE	\$6.30	\$	6.30
4	Caps, 12", Steel	\$56.53	\$	226.12
2	Caps, 16", Steel	\$68.28	\$	136.56
2	Bags, Seed, 50 lbs	\$85.16	\$	170.32
25	Bails, Straw	\$5.67	\$	141.75
20	yds, Clean backfill	\$25.00	\$	500.00
1	lot, Miscellaneous Materials	\$250.00	\$	250.00

Subtotal =	\$	2,833.20
Consumables =	\$	141.66
Miscellaneous =	\$	141.66

Subtotal = \$ 3,116.52

G & A Overheads = \$ 31.17

KY Sales Tax = \$ 186.99

Total Materials = \$ 3,334.68

**COMPANY LABOR**

80	hr, Inspector (Assume PG-12)	\$25.67	\$	2,053.60
4	hr, Records Coordinator	\$21.53	\$	86.12
16	hr, Distribution Mechanic A	\$23.73	\$	379.68

Unloaded Total Company Labor = \$ 2,519.40

97% Co. Labor Loading = \$ 2,443.82

Total Company Labor = \$ 4,963.22

**TRANSPORTATION AND EQUIPMENT**

Transportation and Equipment Costs = \$ 992.64

Total T & E Expense = \$ 992.64

**CONTRACT LABOR**

4	hrs, Supervisor	\$45.34	\$	181.36
80	hrs, Foreman	\$35.79	\$	2,863.20
40	hrs, Welder	\$36.05	\$	1,442.00
80	hrs, Laborer	\$19.55	\$	1,564.00
80	hrs, Equipment Operator	\$30.58	\$	2,446.40
80	hrs, Dump Truck Driver	\$22.48	\$	1,798.40
40	hrs, Equipment Charge, Welding Truck	\$10.00	\$	400.00
80	hrs, Equipment Charge, Backhoe	\$17.31	\$	1,384.80
40	hrs, Equipment Charge, Excavator with hoe ram	\$180.25	\$	7,210.00
40	hrs, Equipment Charge, Compressor	\$54.11	\$	2,164.40
80	hrs, Equipment Charge, Dump Truck	\$32.47	\$	2,597.60
1	lot, Contractor consumables, safety supplies, misc. materials	\$1,000.00	\$	1,000.00
16	crew hrs, NDT Contractor Expense	\$88.00	\$	1,408.00
500	miles, NDT Contractor Travel Expense	\$0.70	\$	350.00
1	lot, NDT Contractor Material Expense	\$280.00	\$	280.00

Subtotal = \$ 27,090.16

G & A Overheads = \$ 270.90

Total Contract Labor = \$ 27,361.06

**MISCELLANEOUS**

6	IBEW 2100 Meal Tickets	\$6.00	\$	36.00
630	mscf, lost gas during blowdowns	\$4.00	\$	2,520.00
1	lot, Construction Debris Disposal	\$500.00	\$	500.00
1	lot, PCB Analysis	\$350.00	\$	350.00
1	lot, Asbestos Pipe Disposal.	\$1,000.00	\$	1,000.00

Subtotal = \$ 4,406.00

G & A Overheads = \$ 44.06

Total Miscellaneous = \$ 4,450.06

Subtotal = \$ 41,101.66

LOCAL ENGINEERING = \$ 3,288.13

10% CONTINGENCY = \$ 4,110.17

**TOTAL PROJECT COSTS = \$ 48,499.96**

**Assumptions:**

1. T&E charges are based upon 20% of Company Labor Charges.
2. Local Engineering will cover LG&E supervision labor and is based upon 8% of the total project subtotal.
3. BU Capital overheads are assumed to be 97% of base labor.
4. Assume that disposal is required for asbestos pipe coating.
5. Assume that there are no disposal costs for PCB contamination or any other hazardous materials.
6. The 12" and 16" Doe Run Lines, the 3 - 12" Storage Field Gathering Mains, and the 12" Distribution Main will be abandoned in place. Ignore all customer service requirement issues. Assume service will be provided via another means.
7. Assume there will be no scrap value from the recovered pipe, valves and fittings.

Asset Retirement Obligation Summary Gas Distribution Operations						
Location	Description	Original Cost	In Service Date	Asset Number	Cost	Comment
Various	<u>Mains</u> Gas Distribution & Transmission Pipelines	Various	Various	Various	\$3,000/ Cut-out	Cutting, Capping, Purging Requirements. Requirement usually involves (2) cutouts per job. Cost estimate provided by P. Stratman.
	<u>Services</u> Not aware of any Asset Retirement Obligations					
	<u>Regulator Stations</u> Not aware of any Asset Retirement Obligations.					
	<u>City Gate Stations</u> Not aware of any Asset Retirement Obligations					
	<u>Storage Operations</u> Rigg's Junction Facility	?	?	?	\$50,000	Per Legal Dept., legal requirement calls for returning sight to greenspace. Cost estimate provided by S. Beatty.
Brandenburg, KY	Capping of Gas Well Heads	Various	Various	Various	\$15,000/ Well	Per Legal Dept., legal requirement. Cost estimate provided by G. Sundheimer.

Appendix D

Depreciation and Net Salvage Rates

Table 1a - KY

Kentucky Utilities  
Electric Division  
Kentucky

Calculation of Cost of Removal in Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters

Account No. (a)	Loc. Code (b)	Description (c)	Original Cost 12/31/02 (c)	Total Book Depr Reserve 12/31/02 (d)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (l)	Cost of Removal Depr Reserve 12/31/02
<b>DEPRECIABLE PLANT</b>							
<b>STEAM PLANT</b>							
<b>KU Generation-Common</b>							
311.00	5591	Structures and Improvements	805,715.82	373,841.85		337,926.85	35,915.00
316.00	5591	Misc. Power Plant Equipment	1,330,284.07	244,560.51		215,132.51	29,428.00
		Total KU Gen.-Common	2,135,999.89	618,402.36	0.00	553,059.36	65,343.00
<b>Tyrone Unit 3</b>							
311.60	5603	Structures and Improvements	5,293,882.85	5,722,687.36		4,929,429.36	793,258.00
312.00	5603	Boiler Plant Equipment	8,663,220.42	8,867,763.82		7,824,472.82	1,043,291.00
312.00	5603	Mandated NOX Proj.-2004 Closing	1,502,053.00			0.00	0.00
314.00	5603	Turbogenerator Units	2,649,841.16	3,039,367.81		2,653,065.81	386,302.00
315.00	5603	Accessory Electric Equipment	570,736.22	835,229.41		548,104.41	87,125.00
316.00	5603	Misc. Power Plant Equipment	403,549.14	245,719.29		214,760.29	30,959.00
		Total Tyrone Unit 3	19,083,282.79	18,510,767.69	0.00	16,169,832.69	2,340,935.00
<b>Tyrone Units 1 &amp; 2</b>							
311.60	5604	Structures and Improvements	589,405.14	676,047.70		566,941.70	109,106.00
312.00	5604	Boiler Plant Equipment	3,549,368.50	4,048,571.36		3,306,109.36	742,462.00
314.00	5604	Turbogenerator Units	1,592,029.04	1,813,795.27		1,478,911.27	334,884.00
315.00	5604	Accessory Electric Equipment	828,016.44	881,009.49		707,589.49	173,420.00
316.00	5604	Misc. Power Plant Equipment	47,552.54	49,787.51		39,804.51	9,983.00
		Total Tyrone Units 1 & 2	6,606,371.66	7,469,211.32	0.00	6,099,356.32	1,369,855.00
<b>Green River Unit 3</b>							
311.40	5613	Structures and Improvements	2,809,804.71	3,228,465.61		2,945,216.61	283,249.00
312.00	5613	Boiler Plant Equipment	9,061,059.76	8,870,130.27		8,096,688.27	773,442.00
312.00	5613	Mandated NOX Proj.-2004 Closing	1,731,984.00			0.00	0.00
314.00	5613	Turbogenerator Units	2,651,645.58	3,041,437.48		2,755,705.48	285,732.00
315.00	5613	Accessory Electric Equipment	696,352.89	761,113.71		697,346.71	63,767.00
316.00	5613	Misc. Power Plant Equipment	70,833.53	53,321.13		48,341.13	4,980.00
		Total Green River Unit 3	17,021,680.47	15,954,468.20	0.00	14,543,298.20	1,411,170.00
<b>Green River Unit 4</b>							
311.40	5614	Structures and Improvements	4,099,390.94	3,630,655.71		3,381,760.71	248,895.00
312.00	5614	Boiler Plant Equipment	18,776,499.07	14,845,967.78		13,624,266.78	1,221,701.00
314.00	5614	Turbogenerator Units	8,323,622.30	6,365,139.77		5,843,012.77	522,127.00
315.00	5614	Accessory Electric Equipment	809,269.35	907,190.94		834,325.94	72,865.00
316.00	5614	Misc. Power Plant Equipment	1,961,965.76	1,134,997.25		1,034,887.25	100,110.00
		Total Green River Unit 4	33,970,747.42	26,883,951.46	0.00	24,718,253.46	2,165,698.00
<b>Green River Units 1&amp;2</b>							
311.40	5615	Structures and Improvements	3,797,160.20	4,226,239.30		3,682,695.30	543,544.00
312.00	5615	Boiler Plant Equipment	12,249,873.99	11,781,983.55		10,164,249.55	1,597,734.00
314.00	5615	Turbogenerator Units	2,762,747.30	2,769,226.60		2,390,366.60	378,860.00
315.00	5615	Accessory Electric Equipment	584,072.29	649,488.39		564,622.39	84,866.00
316.00	5615	Misc. Power Plant Equipment	190,224.48	180,211.55		153,691.55	26,520.00
		Total Green River Units 1&2	19,584,078.26	19,587,149.39	0.00	16,955,625.39	2,631,524.00
<b>Brown Unit 1</b>							
311.10	5621	Structures and Improvements	4,088,137.49	4,518,000.24		4,179,478.24	338,522.00
312.00	5621	Boiler Plant Equipment	32,815,581.55	19,517,750.44		17,766,421.44	1,751,329.00
312.00	5621	Mandated NOX Proj.-2004 Closing	221,421.00			0.00	0.00
314.00	5621	Turbogenerator Units	4,694,847.01	4,801,992.34		4,372,650.34	429,342.00
315.00	5621	Accessory Electric Equipment	2,663,640.09	2,136,179.18		1,960,528.18	175,651.00
316.00	5621	Misc. Power Plant Equipment	293,859.48	201,466.86		181,882.86	19,584.00
		Total Brown Unit 1	44,777,486.62	31,175,389.07	0.00	28,460,961.07	2,714,428.00

Table 1a - KY

**Kentucky Utilities  
Electric Division  
Kentucky**

**Calculation of Cost of Removal in Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

Account No. (a)	Loc. Code (b)	Description (c)	Original Cost 12/31/02 (c)	Total Book Depr Reserve 12/31/02 (d)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (l)	Cost of Removal Depr Reserve 12/31/02
<b>Brown Unit 2</b>							
311.10	5622	Structures and Improvements	1,452,821.22	1,685,381.25		1,550,088.25	135,293.00
312.00	5622	Boiler Plant Equipment	26,010,201.59	16,848,811.36		15,229,650.36	1,619,161.00
312.00	5622	Mandated NOX Proj.-2004 Closing	2,237,589.00			0.00	0.00
314.00	5622	Turbogenerator Units	8,729,916.37	6,056,772.92		5,476,396.92	580,376.00
315.00	5622	Accessory Electric Equipment	970,596.10	912,287.58		832,032.58	80,255.00
316.00	5622	Misc. Power Plant Equipment	85,647.82	69,823.47		62,557.47	7,266.00
		<b>Total Brown Unit 2</b>	<b>39,486,772.10</b>	<b>25,573,076.58</b>	<b>0.00</b>	<b>23,150,725.58</b>	<b>2,422,351.00</b>
<b>Brown Unit 3</b>							
311.10	5623	Structures and Improvements	12,078,731.61	11,558,765.60		10,589,507.60	969,258.00
312.00	5623	Boiler Plant Equipment	71,536,455.78	49,316,382.34		44,368,891.34	4,947,491.00
312.00	5623	Mandated NOX Proj.-2004 Closing	1,305,198.00			0.00	0.00
312.00	5623	Mandated NOX Proj.-2005 Closing	4,004,000.00			0.00	0.00
314.00	5623	Turbogenerator Units	22,985,210.48	13,723,542.56		12,349,015.56	1,374,527.00
315.00	5623	Accessory Electric Equipment	5,076,639.52	4,577,463.36		4,156,038.36	421,425.00
316.00	5623	Misc. Power Plant Equipment	3,695,436.94	1,904,428.84		1,699,247.84	205,181.00
		<b>Total Brown Unit 3</b>	<b>120,681,672.33</b>	<b>81,080,582.70</b>	<b>0.00</b>	<b>73,162,700.70</b>	<b>7,917,882.00</b>
<b>Pineville Unit 3</b>							
311.50	5643	Structures and Improvements	0.00	0.00		0.00	0.00
312.00	5643	Boiler Plant Equipment	226,832.50	1,782,011.42		1,750,876.42	31,135.00
314.00	5643	Turbogenerator Units	0.00	0.00		0.00	0.00
315.00	5643	Accessory Electric Equipment	0.00	0.00		0.00	0.00
316.00	5643	Misc. Power Plant Equipment	0.00	0.00		0.00	0.00
		<b>Total Pineville Unit 3</b>	<b>226,832.50</b>	<b>1,782,011.42</b>	<b>0.00</b>	<b>1,750,876.42</b>	<b>31,135.00</b>
<b>Pineville Units 1 &amp; 2</b>							
311.50	5644	Structures and Improvements	0.00	0.00		0.00	0.00
312.00	5644	Boiler Plant Equipment	0.00	254,230.51		254,230.51	0.00
314.00	5644	Turbogenerator Units	0.00	0.00		0.00	0.00
315.00	5644	Accessory Electric Equipment	0.00	0.00		0.00	0.00
316.00	5644	Misc. Power Plant Equipment	0.00	0.00		0.00	0.00
		<b>Total Pineville Units 1 &amp; 2</b>	<b>0.00</b>	<b>254,230.51</b>	<b>0.00</b>	<b>254,230.51</b>	<b>0.00</b>
<b>Ghent 1 Pollution Control Equip.</b>							
311.30	5650	Structures and Improvements	24,352,142.19	10,966,983.04		10,274,287.04	692,696.00
312.00	5650	Boiler Plant Equipment	86,308,756.05	34,816,239.80		32,375,570.80	2,440,669.00
315.00	5650	Turbogenerator Units	3,016,784.27	1,319,776.32		1,234,173.32	85,603.00
316.00	5650	Accessory Electric Equipment	985,410.01	371,392.72		343,404.72	27,988.00
		<b>Total Ghent 1 Pollution Control Equip.</b>	<b>114,663,092.52</b>	<b>47,474,391.89</b>	<b>0.00</b>	<b>44,227,435.89</b>	<b>3,246,956.00</b>
<b>Ghent Unit 1</b>							
311.20	5651	Structures and Improvements	16,838,431.28	16,551,200.35		15,670,282.35	880,918.00
312.00	5651	Boiler Plant Equipment	88,268,090.96	58,633,236.77		54,906,380.77	3,726,856.00
312.00	5623	Mandated NOX Proj.-2004 Closing	38,235,757.00			0.00	0.00
312.00	5623	Mandated NOX Proj.-2005 Closing	38,980,000.00			0.00	0.00
314.00	5651	Turbogenerator Units	22,672,666.15	17,547,331.79		16,436,757.79	1,110,574.00
315.00	5651	Accessory Electric Equipment	7,456,587.14	6,385,744.31		6,385,744.31	0.00
316.00	5651	Misc. Power Plant Equipment	1,683,635.89	1,107,233.96		1,031,489.96	75,744.00
		<b>Total Ghent Unit 1</b>		<b>100,224,747.18</b>	<b>0.00</b>	<b>94,430,655.18</b>	<b>5,794,092.00</b>

Table 1a - KY

**Kentucky Utilities  
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**Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

Account No. (a)	Loc. Code (b)	Description (c)	Original Cost 12/31/02 (c)	Total Book Depr Reserve 12/31/02 (d)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (f)	Cost of Removal Depr Reserve 12/31/02
<b>Ghent Unit 2</b>							
311.20	5652	Structures and Improvements	16,012,536.37	14,520,990.15		13,763,216.15	757,774.00
312.00	5652	Boiler Plant Equipment	86,733,989.30	58,712,497.52		55,065,177.52	3,647,320.00
312.00	5652	Mandated NOX Proj.-2004 Closing	4,735.00			0.00	0.00
312.00	5652	Mandated NOX Proj.-2005 Closing	3,016,000.00			0.00	0.00
314.00	5652	Turbogenerator Units	28,358,360.55	18,546,227.18		17,401,567.18	1,144,660.00
315.00	5652	Accessory Electric Equipment	10,785,959.50	8,840,614.25		8,840,614.25	0.00
316.00	5652	Misc. Power Plant Equipment	1,478,017.69	1,038,436.36		969,123.36	69,313.00
		<b>Total Ghent Unit 2</b>	<b>146,389,598.41</b>	<b>101,658,765.45</b>	<b>0.00</b>	<b>96,039,698.45</b>	<b>5,619,067.00</b>
<b>Ghent Unit 3</b>							
311.20	5653	Structures and Improvements	40,539,913.20	29,396,596.88		27,779,408.88	1,617,188.00
312.00	5653	Boiler Plant Equipment	169,648,430.42	102,664,063.36		95,978,667.36	6,685,396.00
312.00	5653	Mandated NOX Proj.-2004 Closing	73,887,596.00			0.00	0.00
312.00	5653	Mandated NOX Proj.-2005 Closing	1,976,000.00			0.00	0.00
314.00	5653	Turbogenerator Units	38,111,389.85	23,633,415.76		22,109,025.76	1,524,390.00
315.00	5653	Accessory Electric Equipment	25,961,221.84	17,808,728.79		17,808,728.79	0.00
316.00	5653	Misc. Power Plant Equipment	3,135,971.64	1,849,696.44		1,720,838.44	128,858.00
		<b>Total Ghent Unit 3</b>	<b>353,260,522.95</b>	<b>175,352,501.24</b>	<b>0.00</b>	<b>165,396,669.24</b>	<b>9,955,832.00</b>
<b>Ghent Unit 4</b>							
311.20	5654	Structures and Improvements	21,953,259.20	12,923,736.93		12,202,326.93	721,410.00
312.00	5654	Boiler Plant Equipment	168,701,912.41	83,355,028.86		77,875,705.86	5,479,323.00
312.00	5654	Mandated NOX Proj.-2004 Closing	52,148,251.00			0.00	0.00
312.00	5654	Mandated NOX Proj.-2005 Closing	15,424,000.00			0.00	0.00
314.00	5654	Turbogenerator Units	48,190,569.27	26,306,716.71		24,595,210.71	1,711,506.00
315.00	5654	Accessory Electric Equipment	21,869,238.82	12,749,802.99		12,749,802.99	0.00
316.00	5654	Misc. Power Plant Equipment	5,356,692.15	1,998,833.97		1,859,015.97	139,818.00
		<b>Total Ghent Unit 4</b>	<b>333,643,922.85</b>	<b>137,334,119.46</b>	<b>0.00</b>	<b>129,282,062.46</b>	<b>8,052,057.00</b>
<b>Ghent 4 Rail Cars</b>							
312.20	5659	Boiler Plant Equipment	7,647,232.19	3,920,826.86		3,722,898.86	197,928.00
		<b>Total Ghent 4 Rail Cars</b>	<b>7,647,232.19</b>	<b>3,920,826.86</b>	<b>0.00</b>	<b>3,722,898.86</b>	<b>197,928.00</b>
		<b>Total Steam Production</b>	<b>1,333,494,917.96</b>	<b>794,854,592.77</b>	<b>0.00</b>	<b>738,918,339.77</b>	<b>55,936,253.00</b>
<b>HYDRAULIC PLANT</b>							
<b>Dix Dam</b>							
330.10	5691	Land Rights	879,311.47	879,311.47		879,311.47	0.00
331.10	5691	Structures and Improvements	429,524.71	328,160.22		301,863.22	26,297.00
332.10	5691	Reservoirs, Dams and Waterways	7,818,030.36	5,639,672.93		5,129,939.93	509,733.00
333.10	5691	Waterwheel, Turbines and Generators	418,543.74	526,528.02		496,732.02	29,796.00
334.10	5691	Accessory Electric Equipment	85,383.13	69,663.35		63,571.35	6,092.00
335.10	5691	Misc. Power Plant Equipment	97,031.59	50,788.41		46,453.41	4,335.00
336.10	5691	Roads, Railroads and Bridges	46,976.12	41,111.69		37,545.69	3,566.00
		<b>Total Dix Dam</b>	<b>9,774,801.12</b>	<b>7,535,236.10</b>	<b>0.00</b>	<b>6,955,417.10</b>	<b>579,819.00</b>
<b>Lock #7</b>							
330.10	5692	Land Rights	0.00			0.00	0.00
331.20	5692	Structures and Improvements	67,902.49	69,837.66		49,951.66	19,886.00
332.20	5692	Reservoirs, Dams and Waterways	324,145.88	288,220.44		195,327.44	92,893.00
333.20	5692	Waterwheel, Turbines and Generators	114,085.49	126,064.47		92,780.47	33,284.00
334.20	5692	Accessory Electric Equipment	264,485.91	245,974.54		172,287.54	73,687.00
335.20	5692	Misc. Power Plant Equipment	66,094.89	57,509.70		39,348.70	18,161.00
336.20	5692	Roads, Railroads and Bridges	1,169.79	1,061.33		718.33	343.00
		<b>Total Lock #7</b>	<b>837,884.45</b>	<b>788,668.13</b>	<b>0.00</b>	<b>550,414.13</b>	<b>238,254.00</b>
		<b>Total Hydraulic Plant</b>	<b>10,612,685.57</b>	<b>8,323,904.23</b>	<b>0.00</b>	<b>7,505,831.23</b>	<b>818,073.00</b>

Table 1a - KY

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Calculation of Cost of Removal in Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters

Account No. (a)	Loc. Code (b)	Description (c)	Original Cost 12/31/02 (c)	Total Book Depr Reserve 12/31/02 (d)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (l)	Cost of Removal Depr Reserve 12/31/02
<b>OTHER PRODUCTION PLANT</b>							
<b>Paddy's Run GT 13</b>							
341.00	0432	Structures and Improvements	1,910,327.76	92,928.55		92,928.55	0.00
342.00	0432	Fuel Holders, Producers and Access.	1,975,977.95	111,401.17		111,401.17	0.00
343.00	0432	Prime Movers	17,355,293.47	808,034.94		808,034.94	0.00
344.00	0432	Generators	5,185,636.11	307,414.14		307,414.14	0.00
345.00	0432	Accessory Electric Equipment	2,456,320.01	125,405.92		125,405.92	0.00
346.00	0432	Misc. Power Plant Equipment	1,089,550.03	53,681.91		53,681.91	0.00
		<b>Total Paddy's Run GT 13</b>	<b>29,973,105.33</b>	<b>1,498,866.63</b>	<b>0.00</b>	<b>1,498,866.63</b>	<b>0.00</b>
<b>Trimble Co 5</b>							
341.00	0470	Structures and Improvements	3,566,217.06	56,544.29		56,544.29	0.00
342.00	0470	Fuel Holders, Producers and Access.	237,747.79	4,376.02		4,376.02	0.00
343.00	0470	Prime Movers	29,842,502.10	452,882.82		452,882.82	0.00
344.00	0470	Generators	3,734,423.83	72,278.13		72,278.13	0.00
345.00	0470	Accessory Electric Equipment	1,664,234.64	27,740.69		27,740.69	0.00
		<b>Total Trimble Co 5</b>	<b>39,045,125.42</b>	<b>613,821.94</b>	<b>0.00</b>	<b>613,821.94</b>	<b>0.00</b>
<b>Trimble Co 6</b>							
341.00	0471	Structures and Improvements	3,564,353.91	56,515.17		56,515.17	0.00
342.00	0471	Fuel Holders, Producers and Access.	237,623.60	4,373.11		4,373.11	0.00
343.00	0471	Prime Movers	29,826,880.91	452,646.01		452,646.01	0.00
344.00	0471	Generators	3,732,468.71	72,240.28		42,240.28	30,000.00
345.00	0471	Accessory Electric Equipment	1,663,365.15	27,726.13		27,726.13	0.00
		<b>Total Trimble Co 6</b>	<b>39,024,692.28</b>	<b>613,500.69</b>	<b>0.00</b>	<b>583,500.69</b>	<b>30,000.00</b>
<b>Trimble Co Pipeline</b>							
342.00	0473	Trimble Co Pipeline	4,474,853.28	95,855.07		95,855.07	0.00
		<b>Trimble Co Pipeline</b>	<b>4,474,853.28</b>	<b>95,855.07</b>	<b>0.00</b>	<b>95,855.07</b>	<b>0.00</b>
<b>Brown 5</b>							
341.00	5635	Structures and Improvements	755,148.65	37,043.69		37,043.69	0.00
342.00	5635	Fuel Holders, Producers and Access.	727,929.28	41,384.06		41,384.06	0.00
343.00	5635	Prime Movers	12,440,942.32	584,099.27		584,099.27	0.00
344.00	5635	Generators	2,831,528.33	169,269.40		169,269.40	0.00
345.00	5635	Accessory Electric Equipment	2,265,166.84	116,618.79		116,618.79	0.00
346.00	5635	Misc. Power Plant Equipment	2,085,163.17	103,598.68		103,598.68	0.00
		<b>Total Brown 5</b>	<b>21,105,878.59</b>	<b>1,052,013.88</b>	<b>0.00</b>	<b>1,052,013.88</b>	<b>0.00</b>
<b>Brown 6</b>							
341.00	5636	Structures and Improvements	133,678.33	15,683.87		15,683.87	0.00
342.00	5636	Fuel Holders, Producers and Access.	146,514.66	19,731.26		19,731.26	0.00
343.00	5636	Prime Movers	31,591,711.55	3,471,602.03		3,471,602.03	0.00
344.00	5636	Generators	3,712,619.52	526,458.34		526,458.34	0.00
345.00	5636	Accessory Electric Equipment	1,354,816.11	165,517.84		165,517.84	0.00
346.00	5636	Misc. Power Plant Equipment	18,003.82	1,852.51		1,852.51	0.00
		<b>Total Brown 6</b>	<b>36,957,343.99</b>	<b>4,200,845.85</b>	<b>0.00</b>	<b>4,200,845.85</b>	<b>0.00</b>
<b>Brown 7</b>							
341.00	5637	Structures and Improvements	488,353.77	54,782.80		54,782.80	0.00
342.00	5637	Fuel Holders, Producers and Access.	145,745.15	18,790.39		18,790.39	0.00
343.00	5637	Prime Movers	39,071,447.54	3,762,389.64		3,762,389.64	0.00
344.00	5637	Generators	3,722,788.46	506,168.50		506,168.50	0.00
345.00	5637	Accessory Electric Equipment	1,347,700.35	157,809.63		157,809.63	0.00
346.00	5637	Misc. Power Plant Equipment	15,776.54	1,774.61		1,774.61	0.00
		<b>Total Brown 7</b>	<b>44,791,811.81</b>	<b>4,501,715.56</b>	<b>0.00</b>	<b>4,501,715.56</b>	<b>0.00</b>



Table 1a - KY

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**Calculation of Cost of Removal in Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

Account No. (a)	Loc. Code	Description (b)	Original Cost 12/31/02 (c)	Total Book Depr Reserve 12/31/02 (l)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (j)	Cost of Removal Depr Reserve 12/31/02
<b>Brown 8</b>							
341.00	5638	Structures and Improvements	2,012,654.95	551,147.81		551,147.81	0.00
342.00	5638	Fuel Holders, Producers and Access.	19,612.88	6,197.13		6,197.13	0.00
343.00	5638	Prime Movers	18,625,319.58	4,649,763.68		4,649,763.68	0.00
344.00	5638	Generators	4,953,960.72	1,657,115.05		1,657,115.05	0.00
345.00	5638	Accessory Electric Equipment	1,797,053.82	516,223.20		516,223.20	0.00
346.00	5638	Misc. Power Plant Equipment	230,068.72	63,080.90		63,080.90	0.00
Total Brown 8			27,638,670.67	7,443,527.78	0.00	7,443,527.78	0.00
<b>Brown 9</b>							
341.00	5639	Structures and Improvements	4,641,054.86	1,283,383.52		1,283,383.52	0.00
342.00	5639	Fuel Holders, Producers and Access.	1,943,454.44	587,787.17		587,787.17	0.00
343.00	5639	Prime Movers	20,674,801.66	5,251,127.97		5,251,127.97	0.00
344.00	5639	Generators	5,452,040.97	1,849,282.53		1,849,282.53	0.00
345.00	5639	Accessory Electric Equipment	3,226,186.26	926,881.86		926,881.86	0.00
346.00	5639	Misc. Power Plant Equipment	760,255.37	208,250.52		208,250.52	0.00
Total Brown 9			36,697,793.56	10,106,713.57	0.00	10,106,713.57	0.00
<b>Brown 10</b>							
341.00	5640	Structures and Improvements	1,865,718.20	450,116.53		450,116.53	0.00
342.00	5640	Fuel Holders, Producers and Access.	31,737.96	8,861.24		8,861.24	0.00
343.00	5640	Prime Movers	18,800,096.69	4,229,904.20		4,229,904.20	0.00
344.00	5640	Generators	4,944,422.71	1,447,725.28		1,447,725.28	0.00
345.00	5640	Accessory Electric Equipment	1,804,419.47	455,008.19		455,008.19	0.00
346.00	5640	Misc. Power Plant Equipment	241,523.31	54,067.02		54,067.02	0.00
Total Brown 10			27,687,918.34	6,645,682.47	0.00	6,645,682.47	0.00
<b>Brown 11</b>							
341.00	5641	Structures and Improvements	1,802,595.65	381,497.12		381,497.12	0.00
342.00	5641	Fuel Holders, Producers and Access.	52,429.84	12,597.47		12,597.47	0.00
343.00	5641	Prime Movers	33,050,028.28	5,018,851.36		5,018,851.36	0.00
344.00	5641	Generators	5,187,040.30	1,365,544.57		1,365,544.57	0.00
345.00	5641	Accessory Electric Equipment	916,326.28	207,761.39		207,761.39	0.00
346.00	5641	Misc. Power Plant Equipment	204,854.53	39,269.61		39,269.61	0.00
Total Brown 11			41,213,274.88	7,025,521.52	0.00	7,025,521.52	0.00
<b>Brown 9 Pipeline</b>							
340.10	5645	Land Rights	176,409.31	49,181.12		49,181.12	0.00
342.00	5645	Fuel Holders, Producers and Access.	8,151,131.81	2,181,651.65		2,181,651.65	0.00
Total Brown 9 Pipeline			8,327,541.12	2,230,832.77	0.00	2,230,832.77	0.00
<b>Hafeling</b>							
341.00	5696	Structures and Improvements	434,853.46	109,355.00		109,355.00	0.00
342.00	5696	Fuel Holders, Producers and Access.	181,132.61	160,069.45		160,069.45	0.00
344.00	5696	Generators	4,023,002.37	3,495,007.49		3,495,007.49	0.00
345.00	5696	Accessory Electric Equipment	621,206.80	492,390.44		492,390.44	0.00
346.00	5696	Misc. Power Plant Equipment	35,805.20	27,184.63		27,184.63	0.00
Total Hafeling			23,432,497.79	4,284,007.02	0.00	4,284,007.02	0.00
Total Other Production Plant			380,370,507.06	50,312,904.75	0.00	50,282,904.75	30,000.00
Total Production Plant			1,724,478,110.59	853,491,401.75	0.00	796,707,075.75	56,784,326.00
<b>TRANSMISSION PLANT</b>							
350.10		Land Rights	22,991,433.46	11,658,723.90		11,658,723.90	0.00
<b>Structures and Improvements</b>							
352.10		Struct. and Improve. - Non Sys. Control/Com.	6,426,546.76	2,832,052.15		1,983,470.72	848,581.43
352.20		Struct. and Improve. - Sys. Control/Com.	1,166,434.25	711,936.94	17,975.03	586,774.60	107,187.31
Total Account 352			7,592,981.01	3,543,989.09	17,975.03	2,570,245.32	955,768.74

Table 1a - KY

**Kentucky Utilities  
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**Calculation of Cost of Removal in Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

Account No. (a)	Loc. Code	Description (b)	Original Cost 12/31/02 (c)	Total Book Depr Reserve 12/31/02 (i)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (l)	Cost of Removal Depr Reserve 12/31/02
<b>Station Equipment</b>							
353.10		Station Equipment - Non Sys. Control/Com.	146,527,337.37	50,453,773.27		45,266,416.75	5,187,356.52
353.20		Station Equip - Sys.Control/Com. (Microwave)	14,284,914.20	8,038,391.66		7,295,042.92	743,348.74
		<b>Total Account 353</b>	<b>160,812,251.57</b>		<b>0.00</b>	<b>52,561,459.67</b>	<b>5,930,705.26</b>
354.00		Towers and Fixtures	60,533,459.11	35,842,997.16		11,870,207.08	23,972,790.08
355.00		Poles and Fixtures	74,915,940.37	39,080,978.14		17,254,044.30	21,826,933.84
356.00		Overhead Conductors and Devices	122,030,093.52	80,292,060.35		50,843,072.07	29,448,988.28
357.00		Underground Conduit	435,926.80	87,891.34		79,267.50	8,623.84
358.00		Underground Conductors and Devices	1,114,761.90	610,385.26		585,756.22	24,629.04
		<b>Total Transmission Plant</b>	<b>588,247,665.85</b>	<b>229,609,190.17</b>	<b>17,975.03</b>	<b>147,422,776.06</b>	<b>82,168,439.08</b>
<b>DISTRIBUTION PLANT</b>							
360.10		Land Rights	1,423,182.13	871,665.37		871,665.37	0.00
361.00		Structures and Improvements	3,798,329.41	1,297,363.29		1,100,515.13	196,848.16
362.00		Station Equipment	92,514,069.32	26,913,724.72		21,992,348.35	4,921,376.37
364.00		Poles, Towers and Fixtures	167,558,546.62	71,525,016.94		47,259,930.85	24,265,086.09
365.00		Overhead Conductors and Devices	160,511,631.53	79,079,691.18		42,030,013.30	37,049,677.88
366.00		Underground Conduit	1,551,966.69	790,660.29		730,114.37	60,545.92
367.00		Underground Conductors and Devices	49,804,065.26	11,589,403.43		10,870,627.02	718,776.41
368.00		Line Transformers	209,705,230.76	66,818,337.52		55,671,009.35	11,147,328.17
369.00		Services	81,680,930.54	46,743,901.54		34,607,411.07	12,136,490.47
370.00		Meters	61,133,035.49	17,892,318.35	1,456,792.77	13,832,427.00	2,603,098.58
371.00		Installations on customers' Premises	18,270,303.32	6,925,709.76		6,925,709.76	0.00
373.00		Street Lighting and Signal Systems	45,406,623.49	13,863,494.93		10,782,787.90	3,080,707.03
		<b>Total Distribution Plant</b>	<b>893,357,914.56</b>	<b>344,311,287.31</b>	<b>1,456,792.77</b>	<b>246,674,559.46</b>	<b>96,179,935.08</b>
<b>GENERAL PLANT</b>							
<b>Structures and Improvements</b>							
390.10		Struct. And Improve. To Owned Property	28,987,368.24	10,718,145.14		10,718,145.14	0.00
390.20		Improvements to Leased Property	694,489.17	427,336.62		427,336.62	0.00
		<b>Total Account 390</b>	<b>29,681,857.41</b>		<b>0.00</b>	<b>11,145,481.77</b>	<b>0.00</b>
<b>Office Furniture and Equipment</b>							
391.10		Office Equipment	6,168,471.98	2,154,796.89		2,154,796.89	0.00
391.30		Cash Processing Equipment	369,383.94	250,365.99		250,365.99	0.00
		<b>Total Account 391</b>	<b>6,537,855.92</b>		<b>0.00</b>	<b>2,405,162.88</b>	<b>0.00</b>
393.00		Stores Equipment	571,858.05	347,614.14		347,614.14	0.00
394.00		Tools, Shop and Garage Equipment	3,700,720.83	1,499,979.76		1,499,979.76	0.00
395.00		Laboratory Equipment	3,306,885.77	1,752,921.21		1,752,921.21	0.00
396.00		Power Operated Equipment	200,677.14	126,436.76		126,436.76	0.00
<b>Communication Equipment</b>							
397.10		Carrier Communication Equipment	3,093,194.70	1,276,444.53		1,276,444.53	0.00
397.20		Remote Control Communication Equipment	3,889,910.58	1,237,153.86		1,237,153.86	0.00
397.30		Mobile Communication Equipment	4,579,895.62	1,132,687.81		1,132,687.81	0.00
		<b>Total Account 397</b>	<b>11,563,000.90</b>		<b>0.00</b>	<b>3,646,286.21</b>	<b>0.00</b>
398.00		Miscellaneous Equipment	457,348.94	213,335.55		213,335.55	0.00
		<b>Total General Plant</b>	<b>56,020,204.96</b>	<b>47,579,179.53</b>	<b>0.00</b>	<b>21,137,218.27</b>	<b>0.00</b>
		<b>Sub-Total Depreciable Plant</b>	<b>3,262,103,895.96</b>	<b>1,474,991,058.76</b>	<b>1,474,767.80</b>	<b>1,211,941,629.54</b>	<b>235,132,700.16</b>
<b>Other Plant (Not Studied)</b>							
391.20		Non PC Computer Equipment	9,611,731.44	3,963,686.38		3,963,686.38	0.00
391.40		Personal Computers	9,814,322.00	8,735,674.86		8,735,674.86	0.00
392.00		Transportation Equipment - Cars & Trucks	23,749,238.51	13,742,600.02		13,742,600.02	0.00
		<b>Total Other Plant (Not Studied)</b>	<b>43,175,291.95</b>	<b>0.00</b>	<b>0.00</b>	<b>26,441,961.26</b>	
		<b>Total Depreciable Plant</b>	<b>3,305,279,187.91</b>	<b>1,474,991,058.76</b>	<b>1,474,767.80</b>	<b>1,238,383,590.80</b>	<b>235,132,700.16</b>

Table 1a - KY

**Kentucky Utilities  
Electric Division  
Kentucky**

**Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

Account No. (a)	Loc. Code	Description (b)	Original Cost 12/31/02 (c)	Total Book Depr Reserve 12/31/02 (j)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (l)	Cost of Removal Depr Reserve 12/31/02
<b>NON-DEPRECIABLE PLANT</b>							
<b>INTANGIBLE PLANT</b>							
301.00		Organization					
302.00		Franchises and Consents	44,455.58	0.00		0.00	
303.00		Miscellaneous Intangible Plant	81,350.32	0.00		0.00	
			17,297,387.08	0.00		0.00	
		Total Intangible Plant	17,423,192.98	0.00	0.00	0.00	
<b>LAND &amp; LAND RIGHTS</b>							
310.20		Production Land	10,478,524.55	0.00		0.00	
330.20		Hydraulic Plant	13,479.47	0.00		0.00	
340.20		Other Production Land	98,602.74	0.00		0.00	
350.20		Transmission Land	1,162,528.04	0.00		0.00	
360.20		Distribution Land	1,584,825.82	0.00		0.00	
389.20		Land	2,826,347.43	0.00		0.00	
		Total Land	16,164,308.05	0.00	0.00	0.00	
		Total Non-Depreciable Plant	33,587,501.03	0.00	0.00	0.00	
		Total Electric Plant In Service	3,338,866,688.94	1,474,991,058.76	1,474,767.80	1,238,383,590.80	
		(1) Life Span Method Utilized. Interim Retirement Rate. Service Lives Vary.					

<b>Summary</b>		<b>% of Adj'd Resv Depr Reserve</b>
Total Book Depr Reserve 12-31-02	\$1,474,991,058.76	
Adjustment for Omitted Retirements	<u>1,474,767.80</u>	
Adjusted Book Depr Reserve 12-31-02	1,473,516,290.96	
Plant & Gross Salvage Depr Reserve 12-31-02	1,238,383,590.80	84.0%
Cost of Removal Depr Reserve 12-31-02	235,132,700.16	16.0%

Table 1a - VA

**Kentucky Utilities  
Electric Division  
Virginia**

**Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

Account No. (a)	Description (b)	Original Cost 12/31/02 (c)	Total Book Depr Reserve 12/31/02 (g)	Plant Depr Reserve 12/31/02	Cost of Removal Depr Reserve 12/31/02
<b><u>DEPRECIABLE PLANT</u></b>					
<b>TRANSMISSION PLANT</b>					
350.10	Land Rights	1,782,030.88	1,282,804.80	1,282,804.80	0.00
<b>Structures and Improvements</b>					
352.10	Struct. and Improve. - Non Sys. Control/Com.	1,050,280.78	501,590.05	360,507.47	141,082.58
352.20	Struct. and Improve. - Sys. Control/Com.	0.00	0.00	0.00	0.00
	Total Account 352	1,050,280.78		360,507.47	141,082.58
<b>Station Equipment</b>					
353.10	Station Equipment - Non Sys. Control/Com.	13,943,172.45	4,808,386.94	4,346,731.70	461,655.24
353.20	Station Equip - Sys Control/Com. (Microwave)	0.00	0.00	0.00	0.00
	Total Account 353	13,943,172.45		4,346,731.70	461,655.24
354.00	Towers and Fixtures	6,739,096.01	3,343,877.02	1,244,469.45	2,099,407.57
355.00	Poles and Fixtures	5,246,663.42	2,671,893.76	1,266,261.97	1,405,631.79
356.00	Overhead Conductors and Devices	11,605,472.16	7,164,742.76	4,681,186.31	2,483,556.45
357.00	Underground Conduit	0.00	0.00	0.00	0.00
358.00	Underground Conductors and Devices	0.00	0.00	0.00	0.00
	Total Transmission Plant	40,366,715.70	19,773,295.33	13,181,961.70	6,591,333.63
<b>DISTRIBUTION PLANT</b>					
360.10	Land Rights	83,580.13	49,087.98	49,087.98	0.00
361.00	Structures and Improvements	367,467.51	138,922.33	120,242.43	18,679.90
362.00	Station Equipment	6,294,362.38	1,857,713.58	1,556,161.58	301,552.00
364.00	Poles, Towers and Fixtures	12,133,206.90	6,062,010.91	4,236,660.23	1,825,350.68
365.00	Overhead Conductors and Devices	12,306,434.76	6,905,462.62	4,037,289.81	2,868,172.81
366.00	Underground Conduit	0.00	0.00	0.00	0.00
367.00	Underground Conductors and Devices	519,618.44	161,218.31	152,286.52	8,931.79
368.00	Line Transformers	12,035,778.33	5,011,031.05	4,268,982.75	742,048.30
369.00	Services	4,905,735.94	3,410,040.37	2,622,607.31	787,433.06
370.00	Meters	3,616,919.29	1,389,229.45	1,209,680.65	179,548.80
371.00	Installations on customers' Premises	867,302.80	437,931.20	437,931.20	0.00
373.00	Street Lighting and Signal Systems	1,229,044.76	489,084.71	392,844.17	96,240.54
	Total Distribution Plant	54,359,451.24	25,911,732.50	19,083,774.62	6,827,957.88
<b>GENERAL PLANT</b>					
<b>Structures and Improvements</b>					
390.10	Struct. And Improve. To Owned Property	643,848.85	381,131.81	381,131.81	0.00
390.20	Improvements to Leased Property	75,980.87	65,901.46	65,901.46	0.00
	Total Account 390	719,829.72		447,033.26	0.00
<b>Office Furniture and Equipment</b>					
391.10	Office Equipment	39,094.49	31,967.61	31,967.61	0.00
391.30	Cash Processing Equipment	0.00	0.00	0.00	0.00
	Total Account 391	39,094.49		31,967.61	0.00

Table 1a - VA

**Kentucky Utilities  
Electric Division  
Virginia**

**Calculation of Cost of Removal in Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

Account No. (a)	Description (b)	Original Cost 12/31/02 (c)	Total Book Depr Reserve 12/31/02 (g)	Plant Depr Reserve 12/31/02	Cost of Removal Depr Reserve 12/31/02
393.00	Stores Equipment	8,103.30	5,283.48	5,283.48	0.00
394.00	Tools, Shop and Garage Equipment	275,731.08	69,256.48	69,256.48	0.00
395.00	Laboratory Equipment	37,683.18	27,624.58	27,624.58	0.00
396.00	Power Operated Equipment	0.00	0.00	0.00	0.00
Communication Equipment					
397.10	Carrier Communication Equipment	153,447.99	150,248.86	150,248.86	0.00
397.20	Remote Control Communication Equipment	160,272.74	72,452.57	72,452.57	0.00
397.30	Mobile Communication Equipment	240,853.23	58,275.04	58,275.04	0.00
	Total Account 397	554,573.96		280,976.47	0.00
398.00	Miscellaneous Equipment	16,363.42	11,025.57	11,025.57	0.00
	Total General Plant	1,651,379.15	1,752,006.96	873,167.45	0.00
	Sub-Total Depreciable Plant	96,377,546.09	47,437,034.79	33,138,903.77	13,419,291.51
Other Plant (Not Studied)					
391.20	Non PC Computer Equipment	0.00	0.00	0.00	
391.40	Personal Computers	0.00	0.00	0.00	
392.00	Transportation Equipment - Cars & Trucks	1,315,837.37	878,839.51	878,839.51	
	Total Other Plant (Not Studied)	1,315,837.37	0.00	878,839.51	0.00
	<b>Total Depreciable Plant</b>	<b>97,693,383.46</b>	<b>47,437,034.79</b>	<b>34,017,743.28</b>	<b>13,419,291.51</b>
<b><u>NON-DEPRECIABLE PLANT</u></b>					
INTANGIBLE PLANT					
301.00	Organization	5,338.69	0.00		
302.00	Franchises and Consents	0.00	0.00		
303.00	Miscellaneous Intangible Plant	0.00	0.00		
	Total Intangible Plant	5,338.69	0.00	0.00	0.00
LAND & LAND RIGHTS					
310.20	Production Land	0.00	0.00		
330.20	Hydraulic Plant	0.00	0.00		
340.20	Other Production Land	0.00	0.00		
350.20	Transmission Land	68,167.96	0.00		
360.20	Distribution Land	96,439.08	0.00		
389.20	Land	91,571.48	0.00		
	Total Land	256,178.52	0.00	0.00	0.00
	<b>Total Non-Depreciable Plant</b>	<b>261,517.21</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Electric Plant in Service</b>	<b>97,954,900.67</b>	<b>47,437,034.79</b>	<b>34,017,743.28</b>	<b>13,419,291.51</b>

Table 1a - VA

**Kentucky Utilities  
Electric Division  
Virginia**

**Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

Account No. (a)	<u>Description</u> (b)	Original Cost <u>12/31/02</u> (c)	Total Book Depr Reserve <u>12/31/02</u> (g)	Plant Depr Reserve <u>12/31/02</u>	Cost of Removal Depr Reserve <u>12/31/02</u>
<b><u>Summary</u></b>					
	Total Book Depr Reserve 12-31-02	\$47,437,034.79			
	Adjustment for Omitted Retirements	<u>0.00</u>			
	Adjusted Book Depr Reserve 12-31-02	47,437,034.79			
	Plant & Gross Salvage Depr Reserve 12-31-02	34,017,743.28	71.7%		
	Cost of Removal Depr Reserve 12-31-02	13,419,291.51	28.3%		

Louisville Gas and Electric  
Electric Division

Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters

Account No. (a)	Description (d)	Cost 12/31/02 (e)	Total Book Depr Reserve 12/31/02 (j)	Cost of Removal Depr Reserve 12/31/02	Adjusted Book Reserve-w/o COR 12/31/2002
<b>DEPRECIABLE PLANT</b>					
<b>STEAM PRODUCTION PLANT</b>					
<b>Cane Run Locomotive &amp; Rail Cars</b>					
312.00	Boiler Plant Equipment	51,549.42	49,217.02	3,348.00	
312.00	Boiler Plant Equipment	1,501,772.81	767,268.58	49,375.00	
	Total Cane Run Locomotive & Rail Cars	1,553,322.23	816,485.60	52,723.00	763,762.60
<b>Cane Run Unit 1</b>					
311.00	Structures and Improvements	4,182,197.33	5,007,364.88	307,040.00	
312.00	Boiler Plant Equipment	1,053,742.53	1,212,428.34	75,031.00	
314.00	Turbogenerator Units	106,008.55	135,990.09	7,959.00	
315.00	Accessory Electric Equipment	1,891,012.53	2,361,744.12	141,923.00	
316.00	Misc. Power Plant Equipment	151,638.76	183,908.16	8,962.00	
	Total Cane Run Unit 1	7,384,599.70	8,901,435.58	540,915.00	8,360,520.58
<b>Cane Run Unit 2</b>					
311.00	Structures and Improvements	2,102,941.66	2,104,456.36	152,621.00	
312.00	Boiler Plant Equipment	132,836.82	133,304.91	9,770.00	
314.00	Turbogenerator Units	19,998.97	20,838.93	1,493.00	
315.00	Accessory Electric Equipment	1,277,223.20	1,340,996.08	95,322.00	
	Total Cane Run Unit 2	3,533,000.65	3,599,596.28	259,206.00	3,340,390.28
<b>Cane Run Unit 3</b>					
311.00	Structures and Improvements	3,532,140.77	5,863,328.73	252,855.00	
312.00	Boiler Plant Equipment	716,616.30	1,119,078.61	48,495.00	
314.00	Turbogenerator Units	581,177.52	1,030,902.17	42,526.00	
315.00	Accessory Electric Equipment	767,324.52	1,326,714.57	56,033.00	
316.00	Misc. Power Plant Equipment	11,664.48	20,567.80	738.00	
	Total Cane Run Unit 3	5,608,923.59	9,360,591.88	400,647.00	8,959,944.88
<b>Cane Run Unit 4</b>					
311.00	Structures and Improvements	3,547,227.06	3,145,648.04	230,175.00	
312.00	Boiler Plant Equipment	25,980,016.48	14,936,101.51	1,059,047.00	
312.00	Mandated NOX Proj.-2004 Closing	2,442,926.00		0.00	
314.00	Turbogenerator Units	8,432,342.78	6,415,903.06	449,834.00	
315.00	Accessory Electric Equipment	5,490,677.18	2,589,321.48	182,569.00	
316.00	Misc. Power Plant Equipment	54,253.32	17,147.80	1,110.00	
	Total Cane Run Unit 4	45,947,442.82	27,104,121.89	1,922,735.00	25,181,386.89
<b>Cane Run Unit 4 Scrubber</b>					
311.00	Structures and Improvements	760,360.00	1,142,221.25	40,775.00	
312.00	Boiler Plant Equipment	16,701,761.03	19,987,932.17	710,292.00	
315.00	Accessory Electric Equipment	987,949.29	1,066,985.23	55,200.00	
316.00	Misc. Power Plant Equipment	6,464.30	6,464.30	375.00	
	Total Cane Run Unit 4 Scrubber	18,456,534.62	22,203,602.95	806,642.00	21,396,960.95
<b>Cane Run Unit 5</b>					
311.00	Structures and Improvements	5,416,846.93	4,223,751.15	319,923.00	
312.00	Boiler Plant Equipment	21,717,140.89	11,680,384.07	862,365.00	
312.00	Mandated NOX Proj.-2004 Closing	2,318,975.00		0.00	
314.00	Turbogenerator Units	6,985,593.95	5,632,062.00	409,643.00	
315.00	Accessory Electric Equipment	6,846,848.21	3,094,934.16	225,458.00	
316.00	Misc. Power Plant Equipment	42,867.49	7,894.99	537.00	
	Total Cane Run Unit 5	43,328,272.47	24,639,026.36	1,817,926.00	22,821,100.36
<b>Cane Run Unit 5 Scrubber</b>					
311.00	Structures and Improvements	1,696,435.28	1,705,086.49	85,459.00	
312.00	Boiler Plant Equipment	27,928,602.90	25,440,779.02	1,246,622.00	
315.00	Accessory Electric Equipment	2,173,037.73	2,390,465.99	115,499.00	

**Louisville Gas and Electric  
Electric Division**

**Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

Account No. (a)	Description (d)	Cost 12/31/02 (e)	Total Book Depr Reserve 12/31/02 (f)	Cost of Removal Depr Reserve 12/31/02	Adjusted Book Reserve-w/o COR 12/31/2002
316.00	Misc. Power Plant Equipment	47,299.47	60,158.06	2,590.00	
	Total Cane Run Unit 5 Scrubber	31,845,375.38	29,596,489.56	1,450,170.00	28,146,319.56
<b>Cane Run Unit 6</b>					
311.00	Structures and Improvements	18,149,961.41	11,310,161.61	915,740.00	
312.00	Boiler Plant Equipment	35,613,831.67	18,613,062.65	1,474,838.00	
312.00	Mandated NOX Proj.-2004 Closing	384,664.00		0.00	
314.00	Turbogenerator Units	11,274,211.57	8,027,114.38	626,983.00	
315.00	Accessory Electric Equipment	8,173,345.07	3,909,387.88	306,596.00	
316.00	Misc. Power Plant Equipment	1,806,951.04	915,533.28	64,548.00	
	Total Cane Run Unit 6	75,402,964.76	42,775,259.80	3,388,705.00	39,386,554.80
<b>Cane Run Unit 6 Scrubber</b>					
311.00	Structures and Improvements	1,859,591.50	1,559,237.99	85,926.00	
312.00	Boiler Plant Equipment	30,524,761.84	22,372,713.66	1,198,527.00	
315.00	Accessory Electric Equipment	2,124,667.29	2,144,382.93	113,141.00	
316.00	Misc. Power Plant Equipment	31,568.91	38,278.10	1,785.00	
	Total Cane Run Unit 6 Scrubber	34,540,589.54	26,114,612.68	1,399,379.00	24,715,233.68
<b>Mill Creek Locomotive &amp; Rails Cars</b>					
312.00	Boiler Plant Equipment	613,424.43	558,573.13	30,205.00	
312.00	Boiler Plant Equipment	3,631,645.61	1,862,746.59	93,830.00	
	Total Mill Creek Locomotive & Rails Cars	4,245,070.04	2,421,319.72	124,035.00	2,297,284.72
<b>Mill Creek Unit 1</b>					
311.00	Structures and Improvements	18,350,957.82	15,111,640.28	937,617.00	
312.00	Boiler Plant Equipment	40,579,264.08	25,156,522.44	1,544,604.00	
312.00	Mandated NOX Proj.-2004 Closing	298,528.00		0.00	
312.00	Mandated NOX Proj.-2005 Closing	250,000.00		0.00	
314.00	Turbogenerator Units	13,449,713.81	10,984,999.07	653,059.00	
315.00	Accessory Electric Equipment	14,520,069.59	6,128,517.94	368,445.00	
316.00	Misc. Power Plant Equipment	654,992.48	458,697.92	23,744.00	
	Total Mill Creek Unit 1	88,103,525.78	57,840,377.64	3,527,469.00	54,312,908.64
<b>Mill Creek Unit 1 Scrubber</b>					
311.00	Structures and Improvements	1,697,743.03	1,217,072.74	64,460.00	
312.00	Boiler Plant Equipment	33,874,404.57	21,426,853.04	1,107,154.00	
315.00	Accessory Electric Equipment	5,541,694.53	4,273,045.26	218,367.00	
	Total Mill Creek Unit 1 Scrubber	41,113,842.13	26,916,971.04	1,389,981.00	25,526,990.04
<b>Mill Creek Unit 2</b>					
311.00	Structures and Improvements	10,703,506.13	8,178,641.31	494,660.00	
312.00	Boiler Plant Equipment	33,397,635.49	17,698,958.31	1,054,317.00	
312.00	Mandated NOX Proj.-2004 Closing	243,288.00		0.00	
312.00	Mandated NOX Proj.-2005 Closing	250.00		0.00	
314.00	Turbogenerator Units	14,801,053.25	10,895,295.62	631,471.00	
315.00	Accessory Electric Equipment	7,420,343.06	4,450,450.07	261,234.00	
316.00	Misc. Power Plant Equipment	105,299.47	82,497.03	4,145.00	
	Total Mill Creek Unit 2	66,671,375.40	41,305,842.35	2,445,827.00	38,860,015.35
<b>Mill Creek Unit 2 Scrubber</b>					
311.00	Structures and Improvements	1,393,403.67	947,198.37	49,691.00	
312.00	Boiler Plant Equipment	34,412,558.24	17,978,498.46	910,681.00	
315.00	Accessory Electric Equipment	4,451,153.72	3,467,839.40	173,338.00	
	Total Mill Creek Unit 2 Scrubber	40,257,115.63	22,393,336.23	1,133,708.00	21,259,628.23
<b>Mill Creek Unit 3</b>					
311.00	Structures and Improvements	24,487,440.44	15,892,174.24	880,176.00	
312.00	Boiler Plant Equipment	65,259,053.22	41,186,363.84	2,209,150.00	
312.00	Mandated NOX Proj.-2004 Closing	65,597,028.00		0.00	
312.00	Mandated NOX Proj.-2005 Closing	3,198,000.00		0.00	



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314.00	Turbogenerator Units	26,232,206.52	17,259,343.05	899,415.00	
315.00	Accessory Electric Equipment	13,482,711.35	9,003,881.35	476,383.00	
316.00	Misc. Power Plant Equipment	318,625.29	274,298.72	11,945.00	
	<b>Total Mill Creek Unit 3</b>	<b>198,575,064.82</b>	<b>83,616,061.20</b>	<b>4,477,069.00</b>	<b>79,138,992.20</b>
	<b>Mill Creek Unit 3 Scrubber</b>				
311.00	Structures and Improvements	362,866.58	230,008.75	12,763.00	
312.00	Boiler Plant Equipment	52,369,621.74	21,983,261.31	1,180,426.00	
315.00	Accessory Electric Equipment	2,531,772.82	1,845,000.66	95,297.00	
	<b>Total Mill Creek Unit 3 Scrubber</b>	<b>55,264,261.14</b>	<b>24,058,270.72</b>	<b>1,288,486.00</b>	<b>22,769,784.72</b>
	<b>Mill Creek Unit 4</b>				
311.00	Structures and Improvements	56,594,172.78	26,766,630.73	1,650,939.00	
312.00	Boiler Plant Equipment	154,787,100.00	62,421,714.83	3,674,173.00	
312.00	Mandated NOX Proj.-2004 Closing	63,382,718.00		0.00	
312.00	Mandated NOX Proj.-2005 Closing	1,402,000.00		0.00	
312.00	Mandated NOX Proj.-2006 Closing	3,000,000.00		0.00	
314.00	Turbogenerator Units	40,475,497.49	20,964,672.43	1,197,214.00	
315.00	Accessory Electric Equipment	21,428,489.73	11,328,525.97	659,167.00	
316.00	Misc. Power Plant Equipment	3,926,266.27	1,564,750.41	75,580.00	
	<b>Total Mill Creek Unit 4</b>	<b>344,996,244.27</b>	<b>123,046,294.36</b>	<b>7,257,073.00</b>	<b>115,789,221.36</b>
	<b>Mill Creek Unit 4 Scrubber</b>				
311.00	Structures and Improvements	5,079,085.65	2,164,530.50	157,301.00	
312.00	Boiler Plant Equipment	105,450,790.06	31,729,807.81	2,150,481.00	
315.00	Accessory Electric Equipment	5,811,079.36	3,142,825.39	205,013.00	
316.00	Misc. Power Plant Equipment	41,441.04	26,572.02	1,486.00	
	<b>Total Mill Creek Unit 4 Scrubber</b>	<b>116,382,396.11</b>	<b>37,063,735.72</b>	<b>2,514,281.00</b>	<b>34,549,454.72</b>
	<b>Trimble County Unit 1</b>				
311.00	Structures and Improvements	161,248,919.71	47,758,039.32	1,424,072.00	
312.00	Boiler Plant Equipment	235,442,385.84	62,456,671.60	1,737,965.00	
312.00	Mandated NOX Proj.-2004 Closing	2,832,801.00		0.00	
314.00	Turbogenerator Units	66,236,375.14	21,515,114.70	587,435.00	
315.00	Accessory Electric Equipment	56,332,123.79	18,070,820.41	500,288.00	
316.00	Misc. Power Plant Equipment	2,332,701.72	831,971.41	18,544.00	
	<b>Total Trimble County Unit 1</b>	<b>524,425,307.20</b>	<b>150,632,617.44</b>	<b>4,268,304.00</b>	<b>146,364,313.44</b>
	<b>Total Trimble County Unit 1 Scrubber</b>				
311.00	Structures and Improvements	450,053.78	199,877.35	4,369.00	
312.00	Boiler Plant Equipment	54,528,851.05	30,321,313.03	578,706.00	
315.00	Accessory Electric Equipment	2,736,920.21	1,557,453.07	29,683.00	
	<b>Total Trimble County Unit 1 Scrubber</b>	<b>57,715,825.04</b>	<b>32,078,643.45</b>	<b>612,758.00</b>	<b>31,465,885.45</b>
	<b>Total Steam Production Plant</b>	<b>1,805,351,053.32</b>	<b>796,484,692.45</b>	<b>41,078,039.00</b>	<b>755,406,653.45</b>
	<b>HYDRAULIC PLANT</b>				
	<b>Project 289</b>				
	<b>Ohio Falls Plant - Project 289</b>				
331.10	Structures and Improvements	4,995,148.82	4,989,034.51	341,482.00	
332.10	Reservoirs, Dams and Waterways	303,530.35	237,807.60	55,773.00	
333.10	Waterwheel, Turbines and Generators	2,316,031.31	2,528,445.62	214,972.00	
334.10	Accessory Electric Equipment	1,304,908.02	1,052,232.67	129,905.00	
335.10	Miscellaneous Power Plant Equipment	151,460.96	173,144.02	27,979.00	
336.10	Roads, Railroads and Bridges	178,846.99	169,665.39	0.00	
	<b>Total Ohio Falls Plant - Project 289</b>	<b>9,249,926.45</b>	<b>9,150,329.81</b>	<b>770,111.00</b>	<b>8,380,218.81</b>
	<b>Other Than Project 289</b>				
	<b>Ohio Falls Plant - Non Project 289</b>				

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331.00	Structures and Improvements	65,796.14	26,465.65	1,596.00	
335.00	Miscellaneous Power Plant Equipment	7,813.67	6,014.78	1,338.00	
336.00	Roads, Railroads and Bridges	1,133.98	592.79	0.00	
	Total Ohio Falls Plant - Non Project 289	74,743.79	33,073.22	2,934.00	30,139.22
	Total Hydraulic Plant	9,324,670.24	9,183,403.03	773,045.00	8,410,358.03
<b>OTHER PRODUCTION PLANT</b>					
<b>Cane Run CT's</b>					
341.00	Structures and Improvements	68,931.71	59,101.41	4,340.00	
342.00	Fuel Holders, Producers and Accessory	123,338.90	84,856.13	7,458.00	
344.00	Generators	2,492,496.42	1,590,838.99	120,701.00	
345.00	Accessory Electric Equipment	113,683.82	98,154.10	3,180.00	
	Cane Run CT's	2,798,450.85	1,832,950.64	135,679.00	1,697,271.64
<b>Zorn CT's</b>					
341.00	Structures and Improvements	8,241.14	8,360.08	552.00	
342.00	Fuel Holders, Producers and Accessory	12,801.77	13,202.27	1,044.00	
344.00	Generators	1,827,580.88	1,688,469.30	115,203.00	
345.00	Accessory Electric Equipment	40,936.08	39,733.30	1,158.00	
	Zorn CT's	1,889,559.87	1,749,764.95	117,957.00	1,631,807.95
<b>Waterside CT's</b>					
341.00	Structures and Improvements	411,977.94	392,074.27	28,279.00	
342.00	Fuel Holders, Producers and Accessory	124,163.26	115,527.66	9,974.00	
343.00	Prime Movers	2,671,305.84	2,140,319.74	62,459.00	
344.00	Generators	451,117.33	432,486.53	32,232.00	
345.00	Accessory Electric Equipment	342,628.38	167,133.97	5,319.00	
346.00	Misc. Power Plant Equipment	24,766.29	22,894.93	708.00	
	Waterside CT's	4,025,959.04	3,270,437.09	138,971.00	3,131,466.09
<b>Paddys 11 CT</b>					
342.00	Fuel Holders, Producers and Accessory	9,237.57	9,613.48	753.00	
344.00	Generators	1,523,115.56	1,415,850.36	95,729.00	
345.00	Accessory Electric Equipment	68,109.35	56,264.89	1,625.00	
	Paddys 12 CT	1,600,462.48	1,481,728.73	98,107.00	1,383,621.73
<b>Paddys 12 CT</b>					
341.00	Structures and Improvements	42,864.53	45,293.55	2,871.00	
342.00	Fuel Holders, Producers and Accessory	12,197.11	12,814.41	972.00	
344.00	Generators	2,991,745.77	2,898,337.55	189,838.00	
345.00	Accessory Electric Equipment	114,337.63	98,654.90	2,759.00	
346.00	Accessory Electric Equipment	1,140.74	1,155.82	31.00	
	Paddys 12 CT	3,162,285.78	3,056,256.24	196,471.00	2,859,785.24
<b>Paddys 13 CT</b>					
341.00	Structures and Improvements	2,158,698.12	111,886.17	9,087.00	
342.00	Fuel Holders, Producers and Accessory	2,233,773.85	117,701.76	11,443.00	
343.00	Prime Movers	19,627,845.35	969,405.90	31,854.00	
344.00	Generators	5,859,857.93	304,558.38	25,558.00	
345.00	Accessory Electric Equipment	2,778,992.60	141,142.47	5,058.00	
346.00	Misc. Power Plant Equipment	1,260,054.85	66,713.68	2,324.00	
	Paddys 13 CT	33,919,222.70	1,711,408.36	85,324.00	1,626,084.36
<b>Brown 5 CT</b>					
341.00	Structures and Improvements	858,538.64	44,387.35	3,514.00	
342.00	Fuel Holders, Producers and Accessory	822,580.92	43,235.24	4,214.00	
343.00	Prime Movers	14,126,417.74	695,947.72	22,926.00	
344.00	Generators	3,219,205.40	166,895.19	14,041.00	

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(a)	(d)	(e)	(f)	(g)	(h)
345.00	Accessory Electric Equipment	2,575,301.42	130,470.02	4,688.00	
346.00	Misc. Power Plant Equipment	2,370,656.38	125,200.80	4,374.00	
	Brown 5 CT	23,972,700.50	1,206,136.32	53,857.00	1,152,279.32
<b>Brown 6 CT</b>					
341.00	Structures and Improvements	69,733.40	5,427.49	522.00	
342.00	Fuel Holders, Producers and Accessory	363,762.04	28,779.79	3,313.00	
343.00	Prime Movers	19,890,998.18	1,475,064.65	57,398.00	
344.00	Generators	2,417,994.54	188,695.05	18,752.00	
345.00	Accessory Electric Equipment	942,589.47	71,661.01	3,041.00	
346.00	Misc. Power Plant Equipment	11,034.25	866.20	36.00	
	Brown 6 CT	23,696,111.88	1,770,494.18	83,062.00	1,687,432.18
<b>Brown 7 CT</b>					
341.00	Structures and Improvements	105,588.33	18,897.37	764.00	
342.00	Fuel Holders, Producers and Accessory	102,065.03	18,571.39	899.00	
343.00	Prime Movers	20,023,957.45	3,414,831.32	55,870.00	
344.00	Generators	2,421,079.26	434,489.81	18,155.00	
345.00	Accessory Electric Equipment	943,792.03	165,275.71	2,949.00	
346.00	Misc. Power Plant Equipment	11,048.30	2,008.95	35.00	
	Brown 7 CT	23,607,530.40	4,054,074.55	78,672.00	3,975,402.55
<b>Trimble County CT5</b>					
341.00	Structures and Improvements	1,458,614.33	23,800.76	2,051.00	
342.00	Fuel Holders, Producers and Accessory	97,240.96	1,613.28	166.00	
343.00	Prime Movers	12,205,907.18	189,785.32	6,617.00	
344.00	Generators	1,527,420.57	24,992.49	2,225.00	
345.00	Accessory Electric Equipment	680,686.68	10,867.85	413.00	
	Trimble County CT5	15,969,869.72	251,059.70	11,472.00	239,587.70
<b>Trimble County CT6</b>					
341.00	Structures and Improvements	1,457,842.69	23,804.36	2,050.00	
342.00	Fuel Holders, Producers and Accessory	97,189.52	1,612.27	166.00	
343.00	Prime Movers	12,199,437.94	189,670.95	6,613.00	
344.00	Generators	1,526,610.88	24,977.32	2,224.00	
345.00	Accessory Electric Equipment	680,326.59	10,861.72	413.00	
	Trimble County CT6	15,961,407.62	250,926.61	11,466.00	239,460.61
<b>Trimble County Pipeline</b>					
342.00	Fuel Holders, Producers and Accessory	1,835,164.93	39,264.86	2,954.00	
	Trimble County Pipeline	1,835,164.93	39,264.86	2,954.00	36,310.86
<b>Total Other Production Plant</b>		152,438,725.77	20,674,502.23	1,013,992.00	19,660,510.23
<b>Total Production Plant</b>		1,967,114,449.33	826,342,597.71	42,865,076.00	783,477,521.71
<b>TRANSMISSION PLANT</b>					
Project 289					
353.10	Station Equipment - Non Sys. Control/Com.	0.00	0.00	0.00	
356.10	Overhead Conductors and Devices	0.00	0.00	0.00	
	Total Project 289	0.00			
Other Than Project 289					
350.10	Land Rights	2,592,773.81	1,862,138.53	0.00	
352.10	Struct. and Improve. - Non Sys. Control/Com.	2,907,082.83	1,319,755.12	101,723.53	
353.10	Station Equipment - Non Sys. Control/Com.	116,591,836.76	58,783,885.97	0.00	
354.00	Towers and Fixtures	23,879,707.58	21,296,311.23	5,507,834.14	
355.00	Poles and Fixtures	26,398,367.92	13,173,697.14	3,046,488.45	
356.00	Overhead Conductors and Devices	33,372,312.49	15,162,638.38	5,302,734.30	
357.00	Underground Conduit	1,868,318.57	273,390.24	0.00	
358.00	Underground Conductors and Devices	5,312,495.53	1,675,296.39	0.00	
	Total Other Than Project 289	212,922,895.49		13,958,780.42	
<b>Total Transmission Plant</b>		212,922,895.49	113,547,113.00	13,958,780.42	99,588,332.58

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<b>DISTRIBUTION PLANT</b>					
361.00	Structures and Improvements	5,969,141.37	2,810,349.10	263,364.37	
362.00	Station Equipment	77,088,050.08	25,191,883.20	2,707,221.30	
364.00	Poles, Towers and Fixtures	92,365,173.96	52,705,237.56	51,574,413.02	
365.00	Overhead Conductors and Devices	141,726,406.02	67,131,787.38	33,232,448.85	
366.00	Underground Conduit	52,616,554.86	9,688,016.23	1,442,689.56	
367.00	Underground Conductors and Devices	77,051,441.80	38,273,266.16	8,847,369.95	
Line Transformers					
368.10	Line Transformers	86,278,030.41	30,721,515.99	2,712,659.47	
368.20	Line Transformers Installations	8,778,300.38	2,574,339.21	227,309.93	
	Total Account 368	95,056,330.79		2,939,969.40	
Services					
369.10	Underground Services	2,342,286.94	1,563,578.81	112,301.01	
369.20	Overhead Services	20,427,859.34	12,732,459.31	7,605,077.07	
	Total Account 369	22,770,146.28		7,717,378.08	
Meters & installations					
370.10	Meters	25,219,577.02	12,282,632.27	925,469.15	
370.20	Meter Installations	8,352,742.98	3,425,757.97	258,237.30	
	Total Account 370	33,572,320.00		1,183,706.45	
Street Lighting					
373.10	Overhead Street Lighting	22,600,470.37	10,854,699.83	1,858,955.61	
373.20	Underground Street Lighting	32,156,589.32	11,484,555.55	1,545,162.17	
373.40	Street Lighting Trannsformers	87,546.43	63,128.93	0.00	
	Total Account 373	54,844,606.12		3,404,117.78	
	Total Distribution Plant	653,060,171.28	281,503,207.50	113,312,678.76	168,190,528.74
<b>GENERAL PLANT</b>					
392.20	Transportation Equipment - Trailers	590,217.25	289,107.58	0.00	
394.00	Tools, Shop and Garage Equipment	2,687,990.96	1,172,580.84	0.00	
395.00	Laboratory Equipment	1,548,796.71	914,919.83	0.00	
396.20	Power Operated Equipment - Other	145,466.83	145,466.83	0.00	
	Total General Plant	4,972,471.75	14,464,912.06	0.00	14,464,912.06
	Sub-Total Depreciable Plant	2,838,069,987.85	1,235,857,830.27	170,136,535.18	1,065,721,295.09
Other Plant (Not Studied)					
392.10	Transportation Equipment - Cars & Trucks	12,069,086.02	9,473,237.14	0.00	
396.10	Power Operated Equipment - Hourly Rated	2,337,037.87	2,469,599.85	0.00	
	Total Other Plant (Not Studied)	14,406,123.89	0.00	0.00	
	Total Depreciable Plant	2,852,476,111.74	1,235,857,830.27	170,136,535.18	1,065,721,295.09
<b>NON-DEPRECIABLE PLANT</b>					
<b>INTANGIBLE PLANT</b>					
301.00	Organization	2,240.29	0.00		
302.00	Franchises and Consents	100.00	100.00		
	Total Intangible Plant	2,340.29	100.00	0.00	100.00
<b>LAND</b>					
310.20	Production Land	5,053,819.49	-30,023.89	0.00	
330.20	Hydraulic Plant	13.00	0.00	0.00	
340.20	Other Production Land	41,125.94	0.00	0.00	
350.20	Transmission Land	888,237.78	0.00	0.00	
360.20	Distribution Land	2,629,414.76	-126,985.13	0.00	
	Total Land	8,612,610.97	-157,009.02	0.00	(157,009.02)
	Total Non-Depreciable Plant	8,614,951.26	-156,909.02	0.00	-156,909.02

**Louisville Gas and Electric  
Electric Division**

**Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters**

Account No. (a)	Description (d)	Cost 12/31/02 (e)	Total Book Depr Reserve 12/31/02 (f)	Cost of Removal Depr Reserve 12/31/02	Adjusted Book Reserve-w/o COR 12/31/2002
	<b>Total Utility Plant in Service</b>	<b>2,861,091,063.00</b>	<b>1,235,700,921.25</b>	<b>170,136,535.18</b>	<b>1,065,564,386.07</b>
	<b>Plant Held for Future Use</b>				
360.20	Substation Land	685,389.54			
362.00	Substation Equipment	11,382.12			
	<b>Total Plant Held for Future Use</b>	<b>696,771.66</b>	<b>0.00</b>		
	<b>Total Electric Plant in Service</b>	<b>2,861,787,834.66</b>	<b>1,235,700,921.25</b>		

(1) Life Span Method Utilized. Interim Retirement Rate. Service Lives Vary.

Table 1a

Louisville Gas and Electric  
Gas Division

Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters

Account No. (a)	Description (d)	Original Cost 12/31/02 (e)	Total Book Depr Reserve 12/31/02 (j)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (l)	Cost of Removal Depr Reserve 12/31/02
<b>DEPRECIABLE PLANT</b>						
<b>NATURAL GAS STORAGE PLANT</b>						
350.20	Rights of Ways	63,678.14	9,891.16		9,691.16	0.00
Structures						
351.20	Compressor Station Structures	1,011,754.95	481,954.58		443,937.90	38,016.68
351.30	Measuring and Regulating Station Structures	10,879.61	9,783.40		8,943.57	839.83
351.40	Other Structures	1,148,713.70	627,983.27		579,166.76	48,816.51
	Total Account 351	2,171,348.26		0.00	1,032,048.23	87,673.02
Wells						
352.20	Reservoirs	400,511.40	420,536.97		420,536.97	0.00
352.30	Nonrecoverable Natural Gas	9,648,855.00	6,989,872.90		6,989,872.90	0.00
352.40	Well Drilling	2,549,654.96	2,360,349.18		2,104,890.64	255,458.54
352.50	Well Equipment	5,037,990.48	2,872,807.26		2,506,210.96	366,596.30
	Total Account 352	17,637,011.84		0.00	12,021,511.47	622,054.84
353.00	Lines	10,349,000.14	6,095,915.63			
354.00	Compressor Station Equipment	13,404,078.82	6,689,546.37	32,116.18	5,547,182.74	516,616.71
355.00	Measuring and Regulating Equipment	370,320.90	164,482.43		6,689,546.37	0.00
356.00	Purification Equipment	9,314,575.58	3,420,245.60		164,482.43	0.00
357.00	Other Equipment	961,279.76	214,121.80		3,000,445.28	419,800.32
	Total Natural Gas Storage Plant	54,271,293.44	30,357,290.55	32,116.18	28,679,029.48	1,646,144.89
<b>TRANSMISSION PLANT</b>						
365.20	Rights of Way	220,659.05	203,173.96		203,173.96	0.00
367.00	Mains	12,193,974.86	10,763,203.94		8,497,366.02	2,265,837.92
	Total Transmission Plant	12,414,633.91	10,966,377.90	0.00	8,700,539.98	2,265,837.92
<b>DISTRIBUTION PLANT</b>						
374.22	Other Distribution Land Rights	74,018.23	41,329.75		41,329.75	0.00
Structures and Improvements						
375.10	City Gate Check Station Struct. and Improve.	133,639.45	68,371.51		56,081.25	12,290.26
375.20	Other Distribution Struct. and Improve.	788,487.48	259,447.97		232,118.15	27,329.82
	Total Account 375	922,126.93		0.00	288,199.40	39,620.08
376.00	Mains	213,002,709.24	60,821,356.04		47,638,638.35	13,182,717.69
378.00	Measuring and Regulating Station Equip. - Gen.	4,590,719.10	1,143,819.63		912,694.45	231,125.18
379.00	Measuring and Reg. Station Eq. - City Gate	2,947,888.13	497,944.10	83,859.07	414,085.03	0.00
380.00	Services	103,680,138.72	42,281,968.92		23,448,692.49	18,833,276.43
381.00	Meters	18,573,635.12	5,672,639.18	1,019,847.12	4,257,616.39	395,175.67
382.00	Meter Installations	7,218,670.36	1,574,182.49	271,757.58	1,128,796.02	173,628.89
383.00	House Regulators	3,106,054.85	1,252,849.08	39,100.59	1,090,958.63	122,789.86
384.00	House Regulator Installations	970,849.46	307,336.05	35,789.97	271,546.08	0.00
385.00	Industrial Measuring and Reg. Station Equip.	142,801.65	61,409.10		61,409.10	0.00
387.00	Other Equipment	65,051.59	12,672.24		12,672.24	0.00
	Total Distribution Plant	355,294,663.38	113,995,328.07	1,450,354.33	79,566,637.94	32,978,333.80
<b>GENERAL PLANT</b>						
392.20	Transportation Equipment - Trailers	354,261.36	105,520.57		105,520.57	0.00
394.00	Tools, shop and Garage Equipment	2,896,361.96	936,258.93		936,258.93	0.00
395.00	Laboratory Equipment	435,068.27	251,764.70		251,764.70	0.00
Power Operated Equipment						
396.20	Power Operated Equipment - Other	58,118.72	36,688.40		36,688.40	0.00
	Total Account 396	58,118.72		0.00	36,688.40	0.00
	Total General Plant	3,743,810.31	5,031,608.83	0.00	1,330,232.60	0.00
	Sub-Total Depreciable Plant	425,724,401.04	180,350,603.35	1,482,470.51	118,276,440.00	36,890,316.61

Louisville Gas and Electric  
Gas Division

Table 1a

Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters

Account No. (a)	Description (d)	Original Cost 12/31/02 (e)	Total Book Depr Reserve 12/31/02 (j)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (i)	Cost of Removal Depr Reserve 12/31/02
	Other Plant (Not Studied)					
392.10	Transportation Equipment - Cars & Trucks	3,209,727.45	2,192,855.87		2,192,655.87	0.00
396.10	Power Operated Equipment - Hourly Rated	2,029,908.51	1,508,720.36		1,508,720.36	0.00
	Total Other Plant (Not Studied)	5,239,635.96	0.00	0.00	3,701,376.23	0.00
	<b>Total Depreciable Plant</b>	<b>430,964,037.00</b>	<b>160,350,603.35</b>	<b>1,482,470.51</b>	<b>121,977,816.23</b>	<b>36,890,316.61</b>
	<b>NON-DEPRECIABLE PLANT</b>					
	<b>INTANGIBLE PLANT</b>					
302.00	Franchises and Consents	1,187.49	800.00		800.00	
352.10	Storage Leaseholds and Rights	552,045.10	573,393.92		573,393.92	
	Total Intangible Plant	553,232.59	574,193.92	0.00	574,193.92	
	<b>LAND</b>					
350.10	Land	32,864.07	3,154.64		3,154.64	
374.11	City Gate Check Station Land	0.00	0.00		0.00	
374.12	Other Distribution Land	62,043.73	-586.44		-586.44	
	Total Land	94,907.80	2,568.20	0.00	2,568.20	
	Total Non-Depreciable Plant	648,140.39	576,762.12	0.00	576,762.12	
	Total Gas Plant in Service	431,612,177.39	160,927,365.47	1,482,470.51	122,554,578.35	

(1) Life Span Method Utilized. Interim Retirement Rate. Service Lives Vary.

<u>Summary</u>		% of Adj'd Resv Depr Reserve
Total Book Depr Reserve 12-31-02	\$160,350,603.35	
Adjustment for Omitted Retirements	<u>1,482,470.51</u>	
Adjusted Book Depr Reserve 12-31-02	158,868,132.84	
Plant & Gross Salvage Depr Reserve 12-31-02	121,977,816.23	76.8%
Cost of Removal Depr Reserve 12-31-02	36,890,316.61	23.2%

Table 1a

Louisville Gas and Electric  
Common Plant

Calculation of Cost of Removal in Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters

Account No. (a)	Description (d)	Cost 12/31/02 (e)	Total Book Depr Reserve 12/31/02 (f)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (l)	Cost of Removal Depr Reserve 12/31/02
<b>DEPRECIABLE PLANT</b>						
<b>GENERAL PLANT</b>						
389.20	Land Rights	202,094.94	59,152.70		59,152.70	0.00
Structures and Improvements						
390.10	Structures & Improvements - G.O.	44,852,641.93	12,331,415.90	3,428.37	11,779,055.21	548,932.32
390.20	Structures & Improvements - Trans.	1,803,773.44	429,010.82		405,676.80	23,334.02
390.30	Structures & Improvements - Stores	10,918,534.46	3,921,748.91		3,705,442.11	216,306.80
390.40	Structures & Improvements - Shops	379,370.51	148,753.01		140,073.97	8,679.04
390.60	Structures & Improvements - Micro	694,996.39	91,039.63		87,167.80	3,871.83
	Total Account 390	58,649,316.73	16,921,968.26	3,428.37	16,117,415.88	801,124.01
391.00	Office Furniture & Equipment	16,068,584.97	10,448,071.99		10,448,071.99	0.00
392.20	Transportation Equipment - Trailers	63,404.28	10,771.79	3,112.35	7,659.44	0.00
393.00	Stores Equipment	1,229,701.73	272,869.12		272,869.12	0.00
394.00	Tools, Shop and Garage Equipment	1,928,936.72	558,696.04		558,696.04	0.00
395.00	Laboratory Equipment	22,281.50	11,531.93		11,531.93	0.00
Power Operated Equipment						
396.20	Power Operated Equipment - Other	14,147.08	6,555.71		6,555.71	0.00
	Total Account 396	14,147.08	6,555.71	0.00	6,555.71	
Communication Equipment						
397.00	Communication Equipment	29,922,166.57	9,915,062.42		9,915,062.42	0.00
397.10	Communication Equipment - Computer	5,189,546.51	1,514,083.95		1,514,083.95	0.00
	Total Account 397	35,111,713.08	11,429,146.37	0.00	11,429,146.37	0.00
398.00	Miscellaneous Equipment	1,012,231.71	244,741.40		244,741.40	0.00
	TOTAL General Plant	114,302,412.74	55,289,741.92	6,540.72	39,155,840.58	801,124.01
	Sub-Total Depreciable Plant	114,302,412.74	55,289,741.92	6,540.72	39,155,840.58	801,124.01
Other Plant (Not Studied)						
390.11	Struct & Improv.-G.O. (LG&E Bldg & Actors)	2,409,305.82	1,455,764.48		1,431,945.38	23,819.10
391.30	Computer Equipment	16,385,046.53	8,277,681.43		8,277,681.43	0.00
391.31	Personal Computers	9,794,521.46	5,300,087.10		5,300,087.10	0.00
392.10	Transportation Equipment - Cars & Trucks	223,351.84	121,852.82		121,852.82	0.00
396.10	Power Operated Equipment - Hourly Rated	261,447.33	170,850.79		170,850.79	0.00
	Total Other Plant (Not Studied)	29,073,672.98	0.00		15,302,417.51	23,819.10
	Total Depreciable Plant	143,376,085.72	55,289,741.92	6,540.72	54,458,258.09	824,943.11



Table 1a

Louisville Gas and Electric  
Common Plant

Calculation of Cost of Removal In Book Depreciation Reserve as of December 31, 2002 Based Upon  
Theoretical Depreciation Reserves (By Location and Account) Using Existing Depreciation Parameters

Account No. (a)	Description (d)	Cost 12/31/02 (e)	Total Book Depr Reserve 12/31/02 (i)	Adjustment For Omitted Retirements (k)	Plant Depr Reserve 12/31/02 (l)	Cost of Removal Depr Reserve 12/31/02
<b>NON-DEPRECIABLE PLANT</b>						
<b>INTANGIBLE PLANT</b>						
301.00	Organization	83,782.29	0.00	0.00	0.00	
302.00	Franchises and Consents	4,200.00	4,700.00		4,700.00	
303.00	Miscellaneous Intangible Plant - Soft	24,365,948.39	18,018,454.53		18,018,454.53	
303.20	Miscellaneous Intangible Plant - Law	78,799.60	78,799.60		78,799.60	
	<b>TOTAL Intangible Plant</b>	<b>24,532,730.28</b>	<b>18,101,954.13</b>	<b>0.00</b>	<b>18,101,954.13</b>	
<b>LAND</b>						
389.10	General Land	1,661,503.17	0.00		0.00	
	<b>TOTAL Land</b>	<b>1,661,503.17</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
	<b>TOTAL Non-Depreciable Plant</b>	<b>26,194,233.45</b>	<b>18,101,954.13</b>	<b>0.00</b>	<b>18,101,954.13</b>	
	<b>TOTAL Common Utility Plant in Service</b>	<b>169,570,319.17</b>	<b>73,391,696.05</b>	<b>6,540.72</b>	<b>72,560,212.22</b>	
	(1) Life Span Method Utilized. Interim Retirement Rate. Service Lives Vary.					

<u>Summary</u>		<u>% of Adj'd Resv Depr Reserve</u>
Total Book Depr Reserve 12-31-02	\$55,289,741.92	
Adjustment for Omitted Retirements	<u>6,540.72</u>	
Adjusted Book Depr Reserve 12-31-02	55,283,201.20	
Plant & Gross Salvage Depr Reserve 12-31-02	54,458,258.09	98.5%
Cost of Removal Depr Reserve 12-31-02	824,943.11	1.5%

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**DETERMINATION OF NET SALVAGE COMPONENT DEPRECIATION RATES**  
**BASED ON DEPRECIATION STUDY AS OF 12/31/99**

**Depreciation Rates per Depreciation Study Dated February 2001**

ACCOUNT NUMBER	DESCRIPTION	PLANT BALANCE @12/31/99	NET SALVAGE AMOUNT	12/31/99 DEPRECIATION BOOK RESERVE	BALANCE TO BE RECOVERED	EST REM LIFE	ANN DEP AMOUNT	ACCURAL RATE	RECOVERABLE BALANCE Excl Net Salvage	ANN DEP AMOUNT Excl Net Salvage	ACCURAL RATE Excl Net Salvage	Net salvage Rate	Salv/Depr Ratio
<b>SITAM PRODUCTION PLANT</b>													
<b>CANE RUN EXCLUDING S.D.R.S.</b>													
	<b>CANE RUN UNIT #4</b>	42,468,316	-4,246,832	23,256,595	23,458,553	19.0	1,234,661	2.91	19,211,721	1,011,143	2.38	0.53	0.18
	NOx Projects												
	2000	300,000					18,500		16,500				
	2001	200,000					11,579		11,579				
	<b>SUBTOTAL CANE RUN #4</b>	42,968,316					1,262,740	2.94	1,039,222		2.42	0.52	0.18
	<b>CANE RUN UNIT #5</b>	37,061,501	-3,708,150	21,408,211	19,361,440	19.0	1,019,023	2.75	15,655,290	823,983	2.22	0.53	0.19
	NOx Projects												
	2000	200,000					11,000		11,000				
	2001	300,000					17,368		17,368				
	2002	900,000					55,000		55,000				
	<b>SUBTOTAL CANE RUN #5</b>	38,461,501					1,102,391	2.87	907,331		2.36	0.51	0.18
	<b>CANE RUN UNIT #6</b>	70,841,348	-7,084,135	38,244,619	41,460,865	19.3	2,148,231	3.04	34,396,730	1,782,214	2.52	0.52	0.17
	NOx Projects												
	2001	500,000					28,947		28,947				
	<b>SUBTOTAL CANE RUN #6</b>	71,141,349					2,177,178	3.06	1,811,161		2.55	0.51	0.17
	<b>SUBTOTAL CANE RUN EXCL. S.D.R.S.</b>	152,571,188					4,542,310	2.98	3,757,715		2.48	0.51	0.17
	<b>CANE RUN STATION - S.D.R.S.</b>												
	<b>CANE RUN UNIT #4</b>	16,364,208	-1,836,421	26,200,629	FULLY DEPRECIATED				4,077,352	313,642	1.00	0.77	0.43
	NOx Projects												
	2001	31,250,742	-3,125,074	27,173,390	7,202,428	13.0	554,033	1.77	541,369	419,680	1.41	0.78	0.35
	2002	28,778,214	-2,977,821	24,364,345	8,351,690	12.9	650,519	2.18	7,654,800	733,322	0.92	0.59	
	<b>SUBTOTAL CANE RUN - S.D.R.S.</b>	79,393,164	-7,939,316	71,738,364	15,594,116		1,204,552	1.52					
	<b>TOTAL CANE RUN</b>	231,964,330					5,746,862	2.48	4,491,037		1.94	0.54	0.22
	<b>MILL CREEK STATION</b>												
	<b>MILL CREEK STATION EXCLUDING S.D.R.S.</b>												
	<b>MILL CREEK UNIT #1</b>	79,004,270	-5,925,320	48,711,263	36,218,327	19.9	1,620,016	2.30	30,293,007	1,522,262	1.93	0.38	0.16
	NOx Projects												
	2000	200,000					10,750		10,750				
	2001	300,000					16,974		16,974				
	2002	1,500,000					89,583		89,583				
	<b>SUBTOTAL MILL CREEK #1</b>	81,004,270					1,937,323	2.39	1,638,569		2.02	0.37	0.15
	<b>MILL CREEK UNIT #2</b>	62,517,114	-4,868,784	38,495,530	28,710,368	21.0	1,387,160	2.19	24,021,584	1,143,885	1.83	0.36	0.18
	NOx Projects												
	2000	200,000					10,750		10,750				
	2001	1,800,000					101,842		101,842				
	<b>SUBTOTAL MILL CREEK #2</b>	64,517,114					1,479,752	2.29	1,256,477		1.95	0.35	0.15

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**DETERMINATION OF NET SALVAGE COMPONENT DEPRECIATION RATES**  
**BASED ON DEPRECIATION STUDY AS OF 12/31/99**

**Depreciation Rates per Depreciation Study Dated February 2001**

ACCOUNT NUMBER	DESCRIPTION	PLANT BALANCE @ 12/31/99	NET SALVAGE AMOUNT	DEPRECIATION BOOK RESERVE	BALANCE TO BE RECOVERED	EST REM LIFE	ANN DEP AMOUNT	ACCRUAL RATE	Recoverable Balance Excl Net Salvage	ANN DEP AMOUNT Excl Net Salvage	ACCRUAL RATE Excl Net Salvage	Net salvage Rate	Salv/Depr Ratio
MILL CREEK UNIT #3		129,452,951	-9,708,971	72,394,062	66,767,860	25.3	2,639,046	2.04	57,058,889	2,255,292	1.74	0.30	0.15
NOx Projects													
2000		2,000,000					107,500			107,500			
2001		21,000,000					1,188,158			1,188,158			
2002		23,000,000					1,373,611			1,373,611			
SUBTOTAL MILL CREEK #3		175,452,951					5,308,315	3.03		4,924,561	2.81	0.22	0.07
MILL CREEK UNIT #4		249,236,600	-18,892,745	101,813,573	166,315,772	29.7	5,598,858	2.25	147,623,027	4,970,472	1.99	0.25	0.11
NOx Projects													
2000		3,500,000					188,125			188,125			
2001		43,000,000					2,432,895			2,432,895			
2002		4,000,000					238,869			238,869			
SUBTOTAL MILL CREEK #4		299,736,600					8,459,787	2.82		7,830,381	2.61	0.21	0.07
SUBTOTAL MILL CREEK EXCL. S.D.R.S.		620,710,935					17,185,157	2.77		15,950,988	2.52	0.25	0.09
MILL CREEK STATION - S.D.R.S.													
MILL CREEK STATION UNIT #1		40,265,952	-3,019,946	22,251,408	21,034,480	13.4	1,589,738	3.90	18,014,544	1,344,369	3.34	0.56	0.14
MILL CREEK STATION UNIT #2		35,126,006	-2,634,450	18,852,860	18,907,596	13.5	1,400,963	3.99	16,273,146	1,205,418	3.43	0.58	0.14
MILL CREEK STATION UNIT #3		43,847,093	-3,288,531	20,250,765	26,884,819	13.5	1,951,468	4.54	23,596,288	1,747,873	3.89	0.56	0.12
MILL CREEK STATION UNIT #4		113,801,807	-8,520,136	25,550,492	96,571,451	15.8	6,112,117	5.38	88,051,315	5,572,868	4.91	0.47	0.09
SUBTOTAL MILL CREEK STATION - S.D.R.S.		232,840,848	-17,463,063	86,905,555	163,398,356		11,073,886	4.76	145,935,293	9,870,528	4.24	0.52	0.11
TOTAL MILL CREEK STATION		853,551,783					28,259,043	3.31	145,935,293	25,521,518	2.99	0.32	0.10
TRIMBLE COUNTY													
TRIMBLE COUNTY - UNIT #1		465,195,999	-14,555,880	115,753,922	383,997,957	34.3	11,195,276	2.31	369,442,077	10,770,906	2.22	0.09	0.04
NOx Projects													
2000		4,200,000					144,200			144,200			
2001		30,000,000					1,065,517			1,065,517			
2002		2,800,000					103,000			103,000			
SUBTOTAL TRIMBLE COUNTY UNIT #1		522,195,999					12,507,993	2.40	522,195,999	12,083,623	2.31	0.08	0.03
TRIMBLE COUNTY - S.D.R.S.		57,722,882	-1,731,687	25,217,887	34,236,892	17.1	2,002,146	3.47	32,505,005	1,900,877	3.29	0.18	0.05
TOTAL TRIMBLE COUNTY		579,918,881					14,510,139	2.50	554,701,004	13,984,501	2.41	0.09	0.04
TOTAL DEPREC. STEAM PROD. PLANT		1,865,435,004					48,516,044	2.91	700,636,297	43,997,054	2.64	0.27	0.09
OTHER PRODUCTION PLANT													
WATERSIDE		3,559,828	0	3,074,982	484,667	10.5	46,159	1.30	484,667	46,159	1.30	0.00	0.00
ZORN AND RIVER ROAD		1,889,580	0	1,644,039	245,521	10.5	23,383	1.24	245,521	23,383	1.24	0.00	0.00
PADDY'S RUN UNIT 11		1,592,575	0	1,382,409	210,166	10.5	20,016	1.26	210,166	20,016	1.26	0.00	0.00
PADDY'S RUN UNIT 12		3,161,146	0	2,714,827	446,319	10.5	42,507	1.34	446,319	42,507	1.34	0.00	0.00
CANE RUN		2,061,814	0	1,955,790	106,024	10.5	10,088	0.49	106,024	10,088	0.49	0.00	0.00
E.W. BROWN UNIT 6		22,207,671	0	388,507	21,819,164	28.5	765,585	3.45	21,819,164	765,585	3.45	0.00	0.00
E.W. BROWN UNIT 7		22,371,850	0	376,333	21,993,517	29.5	745,543	3.33	21,993,517	745,543	3.33	0.00	0.00
E.W. BROWN UNIT PIPELINE UNIT 11		248,122	0	4,198	243,926	29.5	8,289	3.33	243,926	8,289	3.33	0.00	0.00
TOTAL OTHER PRODUCTION PLANT		57,092,367	0	11,543,063	45,549,304		1,661,580	2.91	45,549,304	1,661,580	2.91	0.00	0.00

LOUISVILLE GAS AND ELECTRIC COMPANY  
 DETERMINATION OF NET SALVAGE COMPONENT DEPRECIATION RATES  
 BASED ON DEPRECIATION STUDY AS OF 12/31/99

Depreciation Rates per Depreciation Study Dated February 2001

ACCOUNT NUMBER	DESCRIPTION	PLANT BALANCE @12/31/99	NET SALVAGE AMOUNT	12/31/99 DEPRECIATION BOOK RESERVE	BALANCE TO BE RECOVERED	EST REM LIFE	ANN DEP AMOUNT	ACCRUAL RATE
<u>TRANSMISSION PLANT</u>								
350.40	LINES LAND RIGHTS	2,127,674	0	1,081,238	1,046,436	37.5	27,905	1.31
352.10	SUBSTATION STRUCTURES	1,956,161	-195,616	1,082,608	1,069,169	27.0	39,599	2.02
353.20	SUBSTATION EQUIPMENT	94,874,337	0	47,351,479	47,522,858	23.9	1,988,404	2.10
354.20	TOWERS & FIXTURES	17,608,805	-4,402,201	14,137,690	17,873,316	18.6	423,297	2.40
355.20	POLES & FIXTURES	21,962,778	-4,392,555	9,189,615	17,155,716	26.5	647,366	2.95
356.20	OH CONDUCTORS & DEVICES	23,156,372	-5,784,093	13,738,240	13,182,225	19.8	672,563	2.91
357.00	UNDERGROUND CONDUIT	1,351,011	0	143,260	1,207,751	45.2	26,720	1.98
358	UG CONDUCTORS & DEVICES	4,874,292	0	589,907	4,304,385	35.7	120,571	2.47
	<b>TOTAL DEPREC. TRANSMISSION PLANT</b>	<b>167,891,428</b>	<b>-14,774,465</b>	<b>88,304,037</b>	<b>93,361,856</b>		<b>3,946,445</b>	<b>2.35</b>

<u>DISTRIBUTION PLANT</u>								
361.10	SUBSTATION STRUCTURES - A	5,303,823	-530,382	2,874,073	2,960,132	25.3	117,001	2.21
361.30	OTHER STRUCTURES	349,798	-34,890	173,397	211,361	27.2	7,771	2.22
362.10	SUBSTATION EQUIPMENT - A	71,298,623	-3,564,931	26,525,718	48,337,836	26.4	1,830,979	2.57
362.20	SUBSTATION EQUIPMENT - B	2,582,044	-128,102	1,863,287	826,849	10.0	82,685	3.23
364.00	POLES, TOWERS, & FIXTURES	82,950,558	-37,327,751	42,633,320	77,644,989	26.4	2,941,098	3.55
365.00	OH CONDUCTORS	108,597,728	-27,149,432	48,768,063	85,981,075	20.7	4,153,675	3.82
366.00	UNDERGROUND CONDUIT	45,391,880	-2,269,594	7,848,812	40,012,862	59.2	875,890	1.49
367.00	UG CONDUCTORS & DEVICES	60,520,829	-6,052,063	22,586,092	43,986,820	23.6	1,863,848	3.08
368.00	LINE TRANSFORMERS	85,618,247	-8,561,825	29,828,097	64,351,975	27.8	2,314,819	2.70
369.20	OVERHEAD SERVICES	2,340,944	-117,047	900,630	1,557,361	20.7	75,235	3.21
370.00	METERS	20,165,987	-12,089,592	12,662,690	19,602,889	21.8	899,215	4.46
373.10	OVERHEAD STREET LIGHTING	30,301,868	-3,030,187	11,654,478	21,677,575	21.2	1,022,527	3.37
373.20	UNDERGROUND STREET LIGHTING	20,938,271	-2,093,627	9,623,080	13,406,818	10.8	1,241,372	5.93
373.40	STREET LIGHTING TRANSFORMERS	24,234,877	-2,423,488	7,945,534	18,712,831	17.8	1,051,283	4.34
373.5	STREET LIGHTING TRANS INSTL	84,847	0	84,847	0	0	0	0.00
	<b>TOTAL DEPREC. DISTR. PLANT</b>	<b>560,681,019</b>	<b>-105,383,021</b>	<b>226,772,847</b>	<b>439,271,183</b>		<b>18,277,386</b>	<b>3.26</b>

<u>GENERAL PLANT</u>								
392.20	TRANSPORTATION EQUIP-TRAILERS	509,511	50,951	151,447	307,113	23.2	13,238	2.60
394.10	SHOP EQUIPMENT	83,952	0	30,119	33,833	19.0	1,781	2.78
394.30	OTHER EQUIPMENT	1,778,454	177,845	394,407	1,206,202	19.4	62,175	3.50
395.00	LABORATORY EQUIPMENT	1,552,488	77,824	580,979	893,885	21.3	41,966	2.70
396.2	POWER OPERATED EQUIPMENT-TRAILERS	145,467	14,547	78,627	52,293	17.0	3,076	2.11
	<b>TOTAL DEPREC. GENERAL PLANT</b>	<b>4,049,872</b>	<b>320,987</b>	<b>1,235,579</b>	<b>2,493,326</b>		<b>122,236</b>	<b>3.02</b>

<u>TOTAL DEPREC. ELECTRIC PLANT</u>								
		<b>2,465,129,680</b>					<b>72,523,683</b>	<b>2.95</b>

Calculated Net Salvage Rates

Recoverable Balance Excl Net Salvage	ANN DEP AMOUNT Excl Net Salvage	ACCRUAL RATE Excl Net Salvage	Net salvage Rate	Salv/Depr Ratio
1,046,436	27,905	1.31	0.00	0.00
873,553	32,354	1.65	0.37	0.18
47,522,858	1,988,404	2.10	0.00	0.00
3,471,115	186,819	1.08	1.34	0.56
12,763,161	481,629	2.19	0.75	0.28
7,398,132	377,456	1.63	1.28	0.44
1,207,751	26,720	1.98	0.00	0.00
4304385	120,571	2.47	0.00	0.00
<b>78,587,391</b>	<b>3,241,658</b>	<b>1.93</b>	<b>0.42</b>	<b>0.18</b>

2,429,750	96,038	1.81	0.40	0.18
176,401	6,485	1.65	0.37	0.17
44,772,905	1,695,943	2.38	0.19	0.07
698,747	69,875	2.73	0.50	0.15
40,317,238	1,527,168	1.84	1.70	0.48
58,831,643	2,842,108	2.62	1.21	0.32
37,743,068	837,552	1.40	0.08	0.08
37,934,737	1,607,404	2.66	0.42	0.14
55,790,150	2,008,840	2.34	0.38	0.13
1,440,314	69,590	2.97	0.24	0.08
7,503,297	344,188	1.71	2.75	0.92
18,847,388	879,594	2.90	0.47	0.14
11,313,191	1,047,518	5.00	0.83	0.16
16,289,343	915,132	3.78	0.58	0.13
0	0	0.00	0.00	0.00
333,888,172	13,745,425	2.45	0.81	0.25

358,064	15,434	3.03	-0.43	-0.17
33,833	1,781	2.78	0.00	0.00
1,384,047	71,343	4.01	-0.52	-0.15
871,509	45,811	2.94	-0.23	-0.09
66840	3,932	2.70	-0.58	-0.28
<b>2,814,293</b>	<b>138,100</b>	<b>3.41</b>	<b>-0.39</b>	<b>-0.13</b>

1,161,475,457	62,783,793	2.56	0.40	0.13
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THIS SCHEDULE WAS CREATED FOR KENTUCKY UTILITIES  
CREATED ON 10/05/00 BY MARCY STEFAN  
REV. 1/23/01 CHANGED GHENT SALV% TO .9%

KENTUCKY UTILITIES COMPANY  
DEPRECIATION STUDY AS OF 12/31/99  
SCHEDULE OF INDICATED REMAINING LIFE ACCRUAL RATES

ACCOUNT NUMBER	DESCRIPTION	PLANT BALANCE @12/31/99	NET SALVAGE AMOUNT	DEPRECIATION BOOK RESERVE	BALANCE TO BE RECOVERED	EST REM LIFE	ANN DEP AMOUNT	ACCRUAL RATE	Calculated Net Salvage Rates				
									Recoverable Balance Excl Net Salvage	ANN DEP AMOUNT Excl Net Salvage	ACCRUAL RATE Excl Net Salvage	Net salvage Rate	Salv/Depr Ratio
<b>STEAM PRODUCTION PLANT</b>													
<b>E. W. BROWN PLANT</b>													
E. W. BROWN UNIT #1		50,695,819	-7,097,415	28,402,110	28,391,124	19.5	1,507,237	2.87	22,293,709	1,143,267	2.28	0.65	0.22
NOx Projects													
2001		1,200,000					0						
SUBTOTAL E.W. BROWN UNIT #1		51,895,819					1,507,237	2.90	1,143,267	2.28	0.65	0.22	
E. W. BROWN UNIT #2		35,834,794	-5,016,871	20,270,986	20,580,879	19.4	1,060,860	2.96	15,563,808	802,259			
NOx Projects													
2002		1,300,000					82,333						
Other Mandatory Projects													
2002		2,500,000					0						
SUBTOTAL E.W. BROWN UNIT #2		39,634,794					1,143,193	2.88	884,591	2.38	0.50	0.17	
E. W. BROWN UNIT #3		114,565,653	-18,038,191	66,052,189	84,552,645	18.8	3,293,502	2.87	48,513,454	2,475,178			
NOx Projects													
2002		2,000,000					126,687						
2003		17,200,000					1,153,412						
2004		23,000,000					1,638,750						
Other Mandatory Projects													
2002		500,000					0						
2003		800,000					0						
2004		700,000					0						
SUBTOTAL E.W. BROWN UNIT #3		156,865,653					6,212,330	3.91	5,394,005	3.40	0.52	0.13	
TOTAL E.W. BROWN PLANT		250,396,266					8,862,761	3.54					
<b>GHENT PLANT</b>													
<b>GHENT PLANT EXCL S.D.R.S.</b>													
GHENT UNIT #1		129,982,729	-11,689,446	86,617,929	54,863,246	21.4	2,563,703	1.97	43,164,800	2,017,047			
NOx Projects													
2001		2,000,000					114,737						
2002		7,000,000					423,889						
2003		40,000,000					2,564,706						
Other Mandatory Projects													
2004		1,800,000					0						
2005		700,000					0						
SUBTOTAL GHENT UNIT #1		181,482,729					5,667,035	3.12	43,164,800	5,120,378	2.82	0.30	0.10
GHENT UNIT #2		138,193,639	-12,437,428	91,661,162	56,949,905	24.5	2,406,119	1.74	46,512,477	1,898,468			
NOx Projects													
2003		4,000,000					258,471						
Other Mandatory Projects													
2001		120,000					0						

**KENTUCKY UTILITIES COMPANY**  
**DEPRECIATION STUDY AS OF 12/31/99**  
**SCHEDULE OF INDICATED REMAINING LIFE ACCRUAL RATES**

ACCOUNT NUMBER	DESCRIPTION	PLANT BALANCE @12/31/99	NET SALVAGE AMOUNT	DEPRECIATION BOOK RESERVE	BALANCE TO BE RECOVERED	EST REM LIFE	ANN DEP AMOUNT	ACCRUAL RATE	RECOVERABLE BALANCE EXCL NET SALVAGE	ANN DEP AMOUNT EXCL NET SALVAGE	ACCRUAL RATE EXCL NET SALVAGE	NET SALVAGE RATE	SAV/DEPR RATIO
2002		730,000					0						
2003		910,000					0						
2004		750,000					0						
	<b>SUBTOTAL GHENT UNIT #2</b>	144,703,639					2,662,590	1.84		2,154,938	1.49	0.35	0.19
	<b>GHENT UNIT #3</b>	279,724,512	-25,175,206	170,180,684	134,709,034	28.7	4,693,695	1.66		3,816,510			
2000	NOx Projects	120,000					6,540			6,540			
2001		4,000,000					229,474			229,474			
2002		32,000,000					1,937,778			1,937,778			
2003		5,000,000					320,588			320,588			
	Other Mandatory Projects	980,000					0			0			
2002		240,000					0			0			
2003		860,000					0			0			
2004		280,000					0			0			
	<b>SUBTOTAL GHENT UNIT #3</b>	323,314,512					7,186,075	2.22		6,310,869	1.95	0.27	0.12
	<b>GHENT UNIT #4</b>	259,939,578	-23,394,562	142,438,606	140,864,534	31.9	4,416,757	1.70		3,683,385			
2001	NOx Projects	2,000,000					114,737			114,737			
2002		12,500,000					756,944			756,944			
2003		26,500,000					1,699,118			1,699,118			
	Other Mandatory Projects	2,960,000					0			0			
2002		6,960,000					0			0			
2003		10,680,000					0			0			
2004		860,000					0			0			
2005		860,000					0			0			
	<b>SUBTOTAL GHENT UNIT #4</b>	322,959,578					8,967,556	2.16		6,254,164	1.94	0.23	0.10
	<b>TOTAL GHENT PLANT EXCL S.D.R.S.</b>	972,460,458					22,505,255	2.31		5,840,821	5.11	0.56	0.10
	<b>GHENT PLANT S.D.R.S.</b>	114,258,493	-10,283,264	20,605,355	103,736,402	16.0	6,483,525	5.67					
	<b>GHENT UNIT #1</b>												
	<b>GHENT UNIT #2</b>												
2001		3,200,000					183,579	5.74					
2002		12,800,000					775,111	6.06					
2003		14,400,000					923,294	6.41					
2004		1,600,000					109,000	6.81					
	<b>SUBTOTAL GHENT#2</b>	32,000,000					1,990,984	6.22					
	<b>TOTAL GHENT PLANTS D.R.S.</b>	146,258,493					8,474,509	5.79					
	<b>TOTAL GHENT PLANT</b>	1,116,718,951					30,978,764	2.77					
	<b>GREEN RIVER PLANT</b>												
	<b>GREEN RIVER UNITS #1 &amp; #2</b>	17,856,942	-2,678,541	14,962,034	5,573,449	18.2	306,233	1.71		159,061	0.89	0.82	0.46
	<b>GREEN RIVER UNIT #3</b>	14,843,567	-2,196,535	12,503,983	4,336,119	18.4	235,659	1.61		116,282			

KENTUCKY UTILITIES COMPANY  
DEPRECIATION STUDY AS OF 12/31/99  
SCHEDULE OF INDICATED REMAINING LIFE ACCRUAL RATES

ACCOUNT NUMBER	DESCRIPTION	PLANT BALANCE @ 12/31/99	NET SALVAGE AMOUNT	DEPRECIATION BOOK RESERVE	BALANCE TO BE RECOVERED	EST REM LIFE	ANN DEP AMOUNT	ACCRUAL RATE	RECOVERABLE Balance Excl Net Salvage	ANN DEP AMOUNT Excl Net Salvage	ACCRUAL RATE Excl Net Salvage	Net salvage Rate	Salv/D depr Ratio
<b>NOx Projects</b>													
2000		10,000					575			575			
2002		1,090,000					69,639			69,639			
	<b>SUBTOTAL GREEN RIVER UNIT #3</b>	15,743,567					305,673	1.94	2,139,584	186,496	1.18	0.76	0.39
	<b>GREEN RIVER UNIT #4</b>	32,918,992	-4,937,849	18,166,744	19,690,097	19.3	1,020,212	3.10	14,752,248	784,365	2.32	0.78	0.25
	<b>TOTAL GREEN RIVER PLANT</b>	66,519,501					1,632,318	2.45					
<b>PINEVILLE UNIT #3</b>													
	<b>NOx Projects</b>	8,131,876	-1,138,463	6,516,894	2,753,445	17.6	156,446	1.92	1,614,992	91,760			
2000		10,000					570			570			
2002		700,000					44,333			44,333			
	<b>SUBTOTAL PINEVILLE UNIT #3</b>	8,641,876					201,349	2.28	136,664	136,664	1.55	0.73	0.32
<b>SYSTEM LAB</b>													
		1,895,312	0	615,007	1,080,305	15.1	71,543	4.22					
<b>TYRONE UNIT #3</b>													
	<b>NOx Projects</b>	17,321,691	-3,610,772	15,038,059	6,094,404	18.2	334,657	1.93	2,283,692	125,474			
2000		30,000					1,830			1,830			
2001		1,070,000					68,705			68,705			
2001	Other Mandatory Projects	600,000					0			0			
	<b>SUBTOTAL TYRONE UNIT #3</b>	19,021,691					405,392	2.13	198,010	198,010	1.03	1.10	0.52
<b>TOTAL DEPREC. STEAM PRODUCTION PLANT</b>		1,465,193,597					42,153,127	2.88					
<b>HYDRAULIC PRODUCTION PLANT</b>													
	<b>DIX DAM</b>	9,774,892	-889,558	7,168,550	3,485,900	22.5	155,373	1.59					
	<b>LOCK 7</b>	831,782	-251,338	626,233	492,897	22.5	20,573	2.46					
	<b>TOTAL DEPREC. HYDRAULIC PRODUCTION PLANT</b>	10,612,684	-1,140,896	7,794,783	3,958,797		175,946	1.66					
<b>OTHER PRODUCTION PLANT</b>													
<b>E. W. BROWN PLANT</b>													
	<b>E. W. BROWN #6</b>	36,250,643	0	1,230,724	35,019,919	28.5	1,228,769	3.39					
	<b>E. W. BROWN #7</b>	37,455,942	0	1,229,257	36,226,685	29.5	1,228,023	3.29					
	<b>E. W. BROWN #8</b>	27,610,211	0	3,897,919	23,712,292	24.5	967,848	3.51					
	<b>E. W. BROWN #9</b>	36,721,763	0	6,242,262	30,479,501	24.5	1,744,061	3.39					
	<b>E. W. BROWN #10</b>	27,658,729	0	4,105,124	23,553,605	24.5	961,412	3.48					
	<b>E. W. BROWN #11</b>	34,693,336	0	3,312,496	31,380,840	25.5	1,230,621	3.55					
	<b>TOTAL E. W. BROWN PLANT</b>	200,381,624	0	20,017,782	180,373,842		6,960,735	3.42					
<b>TRANSMISSION PLANT</b>													
	<b>350 10 LAND RIGHTS</b>	22,921,429	0	7,918,958	15,002,471	46.8	307,428	1.34	15,002,471	307,428	1.34	0.00	0.00
	<b>352.00 STRUCTURES &amp; IMPROVEMENTS</b>	7,376,773	-3,319,548	3,377,418	7,318,905	37.4	195,693	2.65	3,999,357	106,935	1.45	1.20	0.45

KENTUCKY UTILITIES COMPANY  
DEPRECIATION STUDY AS OF 12/31/89  
SCHEDULE OF INDICATED REMAINING LIFE ACCRUAL RATES

Calculated Net Salvage Rates

ACCOUNT NUMBER	DESCRIPTION	PLANT		NET SALVAGE		DEPRECIATION		BALANCE TO BE RECOVERED	EST REM LIFE	ANN DEP AMOUNT	ACCRUAL RATE	Recoverable Balance Excl Net Salvage	ANN DEP AMOUNT Excl Net Salvage	ACCRUAL RATE Excl Net Salvage	Net salvage Rate	Salv/Deptr Ratio
		BALANCE @12/31/89	BALANCE	AMOUNT	DEPRECIATION BOOK RESERVE	12/31/89	RECOVERED									
353.10	SUBSTATION EQUIPMENT	134,181,987		-13,418,197	53,200,640	94,399,524	31.8	2,968,538	2.21	80,981,327	1.90	2,546,583	0.31	0.14		
353.20	MICROWAVE EQUIPMENT	11,419,299		-1,141,930	6,567,090	5,994,139	8.5	705,193	6.18	4,852,209	5.00	570,848	1.18	0.19		
354.00	TOWERS & FIXTURES	60,000,913		-33,000,502	33,399,995	59,601,420	35.0	1,702,898	2.84	28,600,918	1.27	760,026	1.57	0.55		
355.00	POLES & FIXTURES	68,210,779		-40,928,467	39,378,846	69,760,400	25.4	2,746,472	4.03	28,833,833	1.66	1,135,194	2.38	0.59		
356.00	OH CONDUCTORS & DEVICES	115,897,447		-52,153,851	69,128,108	98,925,190	26.3	3,761,414	3.25	48,771,339	1.53	1,778,378	1.71	0.53		
357.00	UNDERGROUND CONDUIT	432,475		-43,248	69,719	406,004	2.01	8,675	2.01	362,758	1.79	7,751	0.21	0.11		
358.00	UG CONDUCTORS & DEVICES	1,114,762		-55,738	449,037	721,463	18.4	39,210	3.52	665,725	3.25	96,181	0.27	0.08		
	TOTAL DEPREC. TRANSMISSION PLANT	421,555,844		-144,059,481	213,485,809	352,129,516		12,435,521	2.95							
<b>DISTRIBUTION PLANT</b>																
360.10	LAND RIGHTS	1,418,333		0	653,369	762,964	47.1	16,199	1.14	762,964	1.14	16,199	0.00	0.00		
361.00	STRUCTURES & IMPROVEMENTS	3,122,843		-312,264	1,179,098	2,255,809	38.3	58,898	1.89	1,943,545	1.63	50,745	0.26	0.14		
362.00	STATION EQUIPMENT	81,068,044		-8,108,804	28,317,713	60,878,135	33.5	1,817,288	2.24	52,770,331	1.94	1,575,234	0.30	0.13		
364.00	POLES, TOWERS, & FIXTURES	148,608,993		-66,874,047	65,143,879	150,339,161	28.7	5,238,298	3.52	83,485,114	1.96	2,908,192	1.57	0.44		
365.00	OH CONDUCTORS & DEVICES	140,791,529		-63,356,188	85,641,365	138,506,352	32.6	4,248,661	3.02	75,150,164	1.84	2,305,220	1.38	0.46		
366.00	UNDERGROUND CONDUIT	1,545,108		-154,511	723,065	976,554	36.1	27,051	1.75	822,043	1.47	22,771	0.28	0.16		
367.00	UG CONDUCTORS & DEVICES	31,999,710		-3,199,971	6,323,554	28,876,127	27.4	1,053,873	3.29	25,676,156	2.93	937,086	0.36	0.11		
368.00	LINE TRANSFORMERS	185,510,785		-18,551,079	63,859,611	140,202,253	31.4	4,465,040	2.41	121,651,174	2.09	3,874,241	0.32	0.13		
369.00	SERVICES	72,773,393		-32,748,027	28,827,439	76,893,981	28.1	2,729,323	3.75	43,945,954	2.15	1,563,913	1.60	0.43		
370.00	METERS	56,089,039		-5,608,904	24,100,086	37,575,857	24.0	1,565,681	2.79	31,968,953	2.38	1,332,040	0.42	0.15		
371.00	INSTALL. ON CUSTOMERS' PREM.	17,944,245		0	4,873,887	13,270,358	11.8	1,124,607	6.27	13,270,358	6.27	1,124,607	0.00	0.00		
373.00	STREET LIGHTING & SIG. SYSTEM	38,888,082		-3,888,809	13,435,454	27,141,447	19.1	1,421,018	3.85	23,452,638	3.33	1,227,887	0.52	0.14		
	TOTAL DEPREC. DISTR. PLANT	777,757,914		-202,600,604	302,878,520	677,478,998		23,765,917	3.06							
<b>GENERAL PLANT</b>																
390.10	IMPROVEMENTS TO OWNED PROPERTY	31,138,784		0	10,089,805	21,068,989	38.4	548,872	1.76	548,872	1.76	548,872	0.00	0.00		
391.10	OFFICE EQUIPMENT	2,811,209		0	977,765	1,833,444	11.2	163,700	5.82	1,633,444	5.82	163,700	0.00	0.00		
393.00	STORES EQUIPMENT	631,744		31,587	348,442	253,715	14.0	18,123	2.87	285,302	3.23	20,379	-0.36	-0.12		
394.00	TOOLS, SHOP, & GARAGE EQUIPMENT	2,835,759		141,788	971,102	1,722,869	22.2	77,807	2.74	1,884,857	2.96	83,994	-0.23	-0.08		
395.00	LABORATORY EQUIPMENT	3,150,709		94,521	997,880	2,058,308	20.7	99,435	3.16	2,152,829	3.30	104,001	-0.14	-0.05		
396.00	POWER OPERATED EQUIPMENT	203,917		40,783	96,429	66,705	9.2	7,251	3.56	107,488	5.73	11,883	-2.17	-0.81		
397.00	COMMUNICATION EQUIPMENT	3,998,630		0	2,677,579	1,321,051	9.3	142,048	3.55	1,321,051	3.55	142,048	0.00	0.00		
398.00	MISC. EQUIPMENT	542,522		0	274,191	270,381	9.6	28,165	5.19	270,381	5.19	28,165	0.00	0.00		
	TOTAL DEPREC. GENERAL PLANT	45,313,334		308,679	19,409,193	28,595,462		1,085,001	2.39							
<b>TOTAL DEPREC. ELECTRIC PLANT</b>																
310.00	LAND & LAND RIGHTS	11,996,315		0	19,717	11,976,598		86,476,247	2.96							
310.00	LAND & LAND RIGHTS	10,198,525		0	19,717	10,178,808										
310.00	LAND & LAND RIGHTS	1,673,670		0	1,907,984	1,673,670										
310.00	LAND & LAND RIGHTS	6,482,245		0	7,908,339	6,482,245										
310.00	LAND & LAND RIGHTS	4,683,527		0	4,983,527	4,683,527										
330.00	LAND	13,480		0	0	13,480										
340.00	LAND	98,803		0	0	98,803										
350.00	LAND	1,163,118		0	0	1,163,118										
360.00	LAND	1,426,948		0	0	1,426,948										
388.00	LAND & LAND RIGHTS	3,456,077		0	0	3,456,077										
390.00	STRUCTURES	583,404		0	432,406	583,404										
391.00	COMPUTER EQUIPMENT	7,487,186		0	194,197	7,487,186										
392.00	TRANSPORTATION EQUIPMENT	23,782,286		0	17,966,454	23,782,286										
	TOTAL ELECTRIC PLANT	2,983,810,379		0		2,983,810,379										



Louisville Gas and Electric Company  
Estimated Removal Cost in Reserve  
at December 2002

Property Group	Reserve Balance 12-31-02	Salv/Dep Ratio	Estimated Net Salvage	% of Reserve
<b>LG&amp;E</b>				
Total Steam Production Plant	796,484,692.45	-	81,279,833.36	10%
Ohio Falls Hydraulic Production Plant	9,183,403.03	-	-	0%
Total Other Production Plant	20,674,502.23	-	-	0%
Total Transmission Plant	113,547,113.18	-	20,025,125.45	18%
Total Distribution Plant	281,376,222.37	-	66,721,682.50	24%
Total General Plant	14,464,912.06	-	(2,532,915.75)	-18%
<b>TOTAL ELECTRIC</b>	<u>1,235,730,845.32</u>		<u>165,493,725.56</u>	<u>13%</u>
<b>TOTAL GAS *</b>	158,773,492.53	-	41,317,003.31	26%
<b>TOTAL COMMON</b>	73,242,363.78	-	1,963,218.31	3%
<b>TOTAL LG&amp;E</b>	<u>1,467,746,701.63</u>		<u>208,773,947.17</u>	<u>14%</u>
<b>KU</b>				
Total Steam Production Plant	794,854,592.78	-	81,279,833.36	10%
Ohio Falls Hydraulic Production Plant	8,323,904.23	-	-	0%
Total Other Production Plant	50,312,904.75	-	-	0%
Total Transmission Plant	249,396,208.57	-	20,025,125.45	8%
Total Distribution Plant	371,679,811.83	-	66,721,682.50	18%
Total General Plant	49,485,369.49	-	(2,532,915.75)	-5%
<b>TOTAL KU</b>	<u>1,235,730,845.32</u>		<u>165,493,725.56</u>	<u>13%</u>
<b>TOTAL UTILITY</b>	<u>2,703,477,546.95</u>		<u>374,267,672.73</u>	<u>14%</u>

Louisville Gas and Electric Company  
Estimated Removal Cost in Reserve  
at December 2002

Property Group	Reserve Balance 12-31-02	Salv/Dep Ratio	Estimated Removal Cost
Intangible Plant			
302 Franchises and Consents	100	0%	-
303 Misc Intangible Plant	-		-
Total Intangible Plant	100		-
Steam Production Plant			
Cane Run 1	9,717,921	0%	-
Cane Run 2	3,599,596	0%	-
Cane Run 3	9,360,592	0%	-
Cane Run 4	27,104,122	18%	4,878,741.94
Cane Run 5	24,639,026	18%	4,435,024.74
Cane Run 6	42,775,260	17%	7,271,794.17
Cane Run 4 FGD	22,203,603	0%	-
Cane Run 5 FGD	29,596,490	43%	12,726,490.51
Cane Run 6 FGD	26,114,613	35%	9,140,114.44
Mill Creek 1	60,261,697	15%	9,039,254.60
Mill Creek 2	41,305,842	15%	6,195,876.35
Mill Creek 3	83,616,061	7%	5,853,124.28
Mill Creek 4	123,046,294	7%	8,613,240.61
Mill Creek 1 FGD	26,916,971	14%	3,768,375.95
Mill Creek 2 FGD	22,393,336	14%	3,135,067.07
Mill Creek 3 FGD	24,058,271	12%	2,886,992.49
Mill Creek 4 FGD	37,063,736	9%	3,335,736.21
Trimble County 1	150,632,617	3%	4,518,978.52
Trimble County 1 FGD	32,078,643	5%	1,603,932.17
Total Steam Production Plant	796,484,692		81,279,833
Ohio Falls Hydraulic Production Plant	9,183,403	0%	-
Other Production Plant			
Cane Run 11	1,832,951	0%	-
Zorn	1,749,765	0%	-
Waterside	3,270,437	0%	-
Paddys 11	1,481,729	0%	-
Paddys 12	3,056,256	0%	-
Paddys 13	1,711,408	0%	-
Brown 5	1,206,136	0%	-
Brown 6	1,770,494	0%	-
Brown 7	4,054,075	0%	-
Trimble County 5	251,060	0%	-
Trimble County 6	250,927	0%	-
TC Pipeline	39,265	0%	-
Total Other Production Plant	20,674,502		-
Transmission Plant			
350.1 Land Rights	1,328,614	0%	-
352 Structures and Improvements	1,552,050	18%	279,369.07
353.1 Station Equipment	65,044,509	0%	-

354 Towers & Fixtures	17,988,442	56%	10,073,527.73	
355 Poles & Fixtures	10,493,122	26%	2,728,211.62	
356 Overhead Conductors and Devices	15,781,857	44%	6,944,017.02	
357 Underground Conduit	296,505	0%	-	
358 Underground Conductors & Devices	1,062,014	0%	-	
Total Transmission Plant	<u>113,547,113</u>		<u>20,025,125</u>	
Distribution Plant				
360.1 Land Rights	(126,985)	0	-	
361 Structures and Improvements	4,271,725	0.18	768,910.43	
362 Station Equipment	38,785,067	0.07	2,714,954.67	
364 Poles Towers & Fixtures	45,059,307	0.48	21,628,467.18	
365 Overhead Conductors and Devices	58,580,199	0.32	18,745,663.78	
366 Underground Conduit	18,971,047	0.06	1,138,262.82	
367 Underground Conductors & Devices	29,087,262	0.14	4,072,216.74	
368 Line Transformers	41,798,461	0.13	5,433,799.98	
369 Services	12,741,426	0.62	7,899,684.10	
370 Meters	13,259,006	0.14	1,856,260.77	
373 Street Lighting & Signal Systems	18,949,708	0.13	2,463,462.02	
Total Distribution Plant	<u>281,376,222</u>		<u>66,721,682</u>	
General Plant				
392.0 Transportation Equipment	10,924,780	-17%	(1,857,213)	
394 Tool, Shop & Garage Equipment	665,248	0%	-	
395 Laboratory Equipment	680,339	-9%	(61,230)	
396 Power Operated Equipment	2,194,545	-28%	(614,473)	
Total General Plant	<u>14,464,912</u>		<u>(2,532,916)</u>	
Total Electric Reserve	1,235,730,945		165,493,726	13%

**Louisville Gas and Electric Company**  
**Estimated Removal Cost in Reserve**  
**at December 2002**

<u>Property Group</u>	<u>Reserve Balance 12-31-02</u>	<u>Salv/Dep Ratio</u>	<u>Estimated Removal Cost</u>
<u>GAS PLANT</u>			
<u>INTANGIBLE PLANT</u>	574,194	0%	-
<u>UNDERGROUND STORAGE</u>			
350.10 LAND	2,657	0%	-
350.20 RIGHTS OF WAY	17,227	0%	-
351.20 COMPRESSOR STATION STRUCTURES	612,216	19%	113,919.54
351.30 MEAS. & REG. STATION STRUCTS.	14,190	0%	-
351.40 OTHER STRUCTURES	702,549	36%	255,063.41
352.20 RESERVOIRS	435,216	0%	(4.04)
352.30 NONRECOVERABLE NATURAL GAS	6,498,004	0%	2.79
352.40 WELL DRILLING	2,284,122	54%	1,234,368.43
352.50 WELL EQUIPMENT	2,490,213	38%	939,950.73
353.00 LINES	5,303,771	13%	713,679.40
354.00 COMPRESSOR STATION EQUIPMENT	6,416,288	0%	12.78
355.00 MEAS. & REG. EQUIPMENT	241,547	0%	22.90
356.00 PURIFICATION EQUIPMENT	3,000,444	26%	765,652.11
357.00 OTHER EQUIPMENT	188,129	0%	2.64
TOTAL UNDERGROUND	<u>28,206,572</u>		<u>4,022,671</u>
<u>TRANSMISSION PLANT</u>			
365.20 RIGHTS OF WAY	184,549	0%	-
367.00 MAINS	10,781,829	49%	5,238,918.44
	<u>10,966,378</u>		<u>5,238,918.44</u>
<u>DISTRIBUTION PLANT</u>			
374.00 Land Rights	63,454	0%	-
375.10 CITY GATE CHECK STATION STRUCTS.	84,620	43%	36,456.99
375.20 OTHER DISTRIBUTION STRUCTURES	278,034	16%	44,944.73
376.00 MAINS	72,244,897	22%	15,616,723.17
378.00 MEAS. & REG. STATION EQUIP.-GEN.	1,714,716	7%	125,687.14
379.00 MEAS. & REG. STATION EQUIP.-CITY GT	1,009,276	0%	(6.28)
380.00 SERVICES	29,680,885	54%	16,072,643.62
381.00 METERS	5,556,038	7%	397,624.24
382.00 METER INSTALLATIONS	1,395,746	12%	170,171.88
383.00 HOUSE REGULATORS	1,442,672	7%	101,570.53
384.00 HOUSE REGULATOR INSTALLATIONS	413,586	0%	0.73
385.00 IND. MEAS. REG. & STATION EQUIPMEN	92,036	0%	(10.00)
387.00 OTHER EQUIPMENT	18,779	0%	(2.03)
TOTAL DISTRIBUTION	<u>113,994,740</u>		<u>32,565,805</u>
<u>GENERAL PLANT</u>			
392.10 TRANSPORTATION EQUIP-TRUCKS	2,136,820.64	0%	-
392.20 TRANSPORTATION EQUIP-TRAILERS	78,755	-13%	(10,257.04)
394.10 SHOP EQUIPMENT	787,585	-19%	(149,242.27)
395.00 LABORATORY EQUIPMENT	210,471	-8%	(17,182.08)
396.20 POWER OPERATED EQUIPMENT	1,817,977	-18%	(333,709.16)
TOTAL GENERAL PLANT	<u>5,031,609</u>		<u>(510,391)</u>
TOTAL GAS PLANT	158,773,493		41,317,003

Louisville Gas and Electric Company  
Estimated Removal Cost in Reserve  
at December 2002

<u>Property Group</u>	<u>Reserve Balance 12-31-02</u>	<u>Salv/Dep Ratio</u>	<u>Estimated Removal Cost</u>
<u>COMMON PLANT</u>			
<u>GENERAL PLANT</u>			
390.10 STRUCTS. & IMPROVES. - MISC.	14,643,039	10%	1,394,045.60
390.20 STRUCTS. & IMPROVES. - TRANSP.	582,428	10%	60,377.62
390.30 STRUCTS. & IMPROVES. - STORES	5,877,424	12%	690,342.93
390.40 STRUCTS. & IMPROVES. - OTHER	258,257	15%	39,606.55
390.60 STRUCTS. & IMPROVES. - MICROWAVE	75,498	12%	8,842.73
391.00 OFFICE EQUIPMENT - EXCL. COMPUTER	5,258,703	-4%	(190,421.33)
392.20 TRANSPORTATION EQUIP. - TRAILERS	25,213	-19%	(4,713.03)
393.00 STORES EQUIPMENT	301,474	-7%	(19,924.16)
394.20 GARAGE EQUIPMENT	399,478	12%	47,673.05
395.00 LAB EQUIPMENT	6,221	-13%	(803.81)
396.20 POWER OPERATED EQUIPMENT	266,994	-23%	(61,805.03)
397.00 COMMUNICATION EQUIPMENT	10,120,015	0%	(2.82)
398.00 MISC. EQUIPMENT	147,136	0%	-
TOTAL DEPREC. GENERAL PLANT	<u>37,961,880</u>		<u>1,963,218.31</u>
COMPUTER EQUIPMENT	9,559,023	0%	-
PC EQUIPMENT	7,038,487	0%	-
389.20 LAND RIGHTS	85,682	0%	-
391.1 TRANSP. CARS & TRUCKS	495,338	0%	-
	-	0%	-
<u>TOTAL GENERAL PLANT</u>	<u>55,140,410</u>		<u>1,963,218</u>
INTANGIBLE PLANT	18,101,954	0%	-
<u>TOTAL COMMON PLANT IN SERVICE</u>	<u>73,242,364</u>		<u>1,963,218</u>

Kentucky Utilities Company  
Estimated Removal Cost in Reserve  
at December 2002

Property Group	Reserve Balance 12-31-02	Salv/Dep Ratio	Estimated Removal Cost
<b>Intangible Plant</b>			
302 Franchises and Consents	30,161		
303 Misc Intangible Plant	9,098,856		
<b>Total Intangible Plant</b>	<u>9,129,016</u>		
<b>Steam Production Plant</b>			
Brown Unit 1	31,175,389	22%	6,858,585.60
Brown Unit 2	25,573,077	17%	4,347,423.02
Brown Unit 3	81,080,583	13%	10,540,475.75
Ghent Unit 1	100,224,747	10%	10,022,474.72
Ghent Unit 2	101,658,765	19%	19,315,165.44
Ghent Unit 3	175,352,501	12%	21,042,300.15
Ghent Unit 4	141,254,946	10%	14,125,494.63
Green River Units 1&2	19,587,149	48%	9,401,831.71
Green River Unit 3	15,954,468	39%	6,222,242.60
Green River Unit 4	26,883,951	25%	6,720,987.87
Pineville Unit 3	2,036,242	32%	651,597.42
Tyrone Unit 3	25,979,979	52%	13,509,589.09
System Laboratory	618,402	0%	-
Pollution Control Equipment	47,474,392	10%	4,747,439.19
<b>Total Steam Production Plant</b>	<u>794,854,593</u>		<u>127,505,607</u>
<b>Hydraulic Production Plant</b>			
Dix Dam	7,535,236	25%	1,883,809.03
Lock # 7	788,668	54%	425,880.79
<b>Total Hydraulic Production Plant</b>	<u>8,323,904</u>		<u>2,309,689.82</u>
<b>Other Production Plant</b>			
Brown 5	1,052,014	0%	-
Brown 6	4,200,846	0%	-
Brown 7	4,501,716	0%	-
Brown 8	7,443,528	0%	-
Brown 9	10,106,714	0%	-
Brown 9 Pipeline	2,230,833	0%	-
Brown 10	6,645,682	0%	-
Brown 11	7,025,522	0%	-
Haefling	4,284,007	0%	-
Paddys 13	1,498,867	0%	-
TC 5	613,822	0%	-
TC 6	613,501	0%	-
TC Pipeline	95,855	0%	-
<b>Total Other Production Plant</b>	<u>50,312,905</u>		
<b>Transmission Plant</b>			
350.1 Land Rights	13,791,158	0%	-
352 Structures and Improvements	3,753,177	45%	1,688,929.50
353.1 Station Equipment	48,523,476	14%	6,793,286.66
353.2 Syst Control/Microwave Equip	12,319,025	19%	2,340,614.82
354 Towers & Fixtures	35,979,699	55%	19,788,834.20
355 Poles & Fixtures	50,576,279	59%	29,840,004.41
356 Overhead Conductors and Devices	83,709,013	53%	44,365,776.65
357 Underground Conduit	98,612	11%	10,847.28
358 Underground Conductors & Devices	645,771	8%	51,661.68
<b>Total Transmission Plant</b>	<u>249,396,209</u>		<u>104,879,955</u>
<b>Distribution Plant</b>			
360.1 Land Rights	951,241	0	-
361 Structures and Improvements	1,196,111	0.14	167,455.57
362 Station Equipment	24,988,144	0.13	3,248,458.72
364 Poles Towers & Fixtures	83,400,337	0.44	36,696,148.39
365 Overhead Conductors and Devices	86,113,585	0.46	39,612,249.22
366 Underground Conduit	595,503	0.16	95,280.46
367 Underground Conductors & Devices	10,039,190	0.11	1,104,310.92
368 Line Transformers	74,145,010	0.13	9,638,851.32
369 Services	40,675,621	0.43	17,490,516.97
370 Meters	23,665,574	0.15	3,549,836.08
371 Installations on Customer Premises	9,433,568	0	-
373 Street Lighting & Signal Systems	16,473,489	0.14	2,306,288.50
<b>Total Distribution Plant</b>	<u>371,679,812</u>		<u>113,909,396</u>
<b>General Plant</b>			
389.1 Land Rights	154,183	0%	-
390.1 Structures & Improvements	7,705,511	0%	-
391.1 Office Furniture & Equipment	15,345,624	0%	-
392.0 Transportation Equipment	20,582,770	0%	-
393 Stores Equipment	253,419	-12%	(30,410)
394 Tool, Shop & Garage Equipment	1,130,302	-8%	(90,424)
395 Laboratory Equipment	1,219,542	-5%	(60,977)
396 Power Operated Equipment	117,318	-61%	(71,564)
397 Communication Equipment	2,718,367	0%	-
398 Misc Equipment	258,333	0%	-
<b>Total General Plant</b>	<u>49,485,369</u>		<u>(253,375)</u>
<b>Total Reserve</b>	<u>1,533,181,808</u>		<u>348,351,273</u> 23%
<b>RWIP</b>	<u>347,614,28</u>		
	<u>1,536,657,952</u>		

Appendix E  
Discount and Inflation Rates

Post-It® Fax Note 7671		Date	1-10-03	# of pages	2
To	Gerald Skaggs		From	D. Arbough	
Co./Dept.			Co.		
Phone #	2825		Phone #		
Fax #			Fax #		

2

Index HP

**CLOSE/MID/ YIELD**

SPWUA20 S&P Corp Ut1 Yld A 20 Year

Page 1 / 2

Range **1/15/02** to **12/31/02** Period  Weekly

6.610 % Per Annum  
HI 8.520 ON 3/19/02  
AVE 7.7435  
LOW 6.420 ON 12/24/02

DATE	YIELD	DATE	YIELD	DATE	YIELD
DEC 12/31	6.610	SEP 9/24	7.180	JUN 6/25	7.790
12/24 L	6.420	9/17	7.190	6/18	7.790
12/17	6.520	9/10	7.420	6/11	7.920
12/10	6.760	9/ 3	7.360	6/ 4	8.000
12/ 3	6.950				
NOV 11/26	6.900	AUG 8/27	7.660	MAY 5/28	8.200
11/19	6.890	8/20	7.530	5/21	8.220
11/12	6.810	8/13	7.550	5/14	8.340
11/ 5	7.150	8/ 6	8.170	5/ 7	8.080
OCT 10/29	7.100	JUL 7/30	8.270	APR 4/30	8.140
10/22	7.960	7/23	7.860	4/23	8.230
10/15	7.550	7/16	7.970	4/16	8.250
10/ 8	7.140	7/ 9	7.800	4/ 9	8.250
10/ 1	7.350	7/ 2	7.860	4/ 2	8.360

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<HELP> for explanation.

N161 Index **HP**

**CLOSE/MID/YIELD**

SPWUA20 S&P Corp Util Yld A 20 Year

Page 2 / 2

6.610 % Per Annum

HI 8.520 ON 3/19/02

AVE 7.7435

LOW 6.420 ON 12/24/02

Range **1/15/02** to **12/31/02** Period  Weekly

DATE	YIELD	DATE	YIELD	DATE	YIELD
MAR 3/26	8.410				
3/19 H	8.520				
3/12	8.510				
3/ 5	8.340				
FEB 2/26	8.250				
2/19	8.230				
2/12	8.330				
2/ 5	8.150				
JAN 1/29	8.200				
1/22	8.240				
1/15	8.240				

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**Skaggs, Gerald**

---

**From:** Arbough, Dan  
**Sent:** Monday, November 18, 2002 1:20 PM  
**To:** Skaggs, Gerald  
**Subject:** RE: Interest Rates

Gerald,

The 30 year treasury is now yielding 4.91% and the 30 year inflation adjusted bond is yielding 2.81% suggesting an inflation premium of 2.1%.

The utility bond index was most recently (Nov. 5) showing a yield of 7.15% while the 20 year treasury was trading at approximately 4.39% on Nov. 5. The risk premium is 3.24%. One of KU's bonds continues to trade at about 8%, but the issue is quite small and illiquid so I don't think it provides a very useful market gauge.

Dan

-----Original Message-----

**From:** Skaggs, Gerald  
**Sent:** Monday, November 18, 2002 9:21 AM  
**To:** Arbough, Dan  
**Subject:** FW: Interest Rates

Dan,

Attached are some rates you gave me in July for FAS 143. Given the drop in interest rates since then, I assume we need to revise our FAS 143 assumptions. Can you tell me the appropriate rates to use now.

Thanks

G

-----Original Message-----

**From:** Arbough, Dan  
**Sent:** Thursday, July 25, 2002 5:51 PM  
**To:** Skaggs, Gerald  
**Subject:** Interest Rates

Gerald,

I pulled some information from Bloomberg which I will summarize below, but would be happy to fax to you if you'd like.

#### FAS 143 Assumptions

The current 30 year treasury bond yield is 5.3% while the 30 year inflation adjusted treasury is yielding 2.99%. Based on this, the market's inflation expectation over the 30 year period is 2.31%.

The current corporate utility bond index yield for A rated issuers is 7.97% for 20 years (the longest quoted index). The 20 year treasury is yielding about 4.84% resulting in a risk premium of 3.13%. It is difficult to track a security for KU or LG&E specifically because all of the longer term bonds are either tax exempt or contain embedded call options, but one of KU's bonds maturing in 2027 was yielding 8% today.

#### City of Paris, KY sale

I checked the credit rating of Paris, KY and they have only one bond outstanding that is rated and

it is insured so I am not clear on the creditworthiness of Paris. However, I was able to find index rates for municipal power issuers. I would suggest using a maturity of 3 years or so because it is close to the average life of a mortgage style five year bond. The index for a 3 year AA municipal utility is 2.32% while a A rated utility is 2.55%. Most municipal issuers would be A or better. I would suggest using the 2.55% discount rate in your calculations.

Call me if you have questions.

Dan

**Skaggs, Gerald**

---

Response to PSC Question No. 56(c)  
Page 83 of 441  
Scott

From: Arbough, Dan  
Sent: Thursday, July 25, 2002 5:51 PM  
To: Skaggs, Gerald  
Subject: Interest Rates

Gerald,

I pulled some information from Bloomberg which I will summarize below, but would be happy to fax to you if you'd like.

**FAS 143 Assumptions**

The current 30 year treasury bond yield is 5.3% while the 30 year inflation adjusted treasury is yielding 2.99%. Based on this, the market's inflation expectation over the 30 year period is 2.31%.

The current corporate utility bond index yield for A rated issuers is 7.97% for 20 years (the longest quoted index). The 20 year treasury is yielding about 4.84% resulting in a risk premium of 3.13%. It is difficult to track a security for KU or LG&E specifically because all of the longer term bonds are either tax exempt or contain embedded call options, but one of KU's bonds maturing in 2027 was yielding 8% today.

**City of Paris, KY sale**

I checked the credit rating of Paris, KY and they have only one bond outstanding that is rated and it is insured so I am not clear on the creditworthiness of Paris. However, I was able to find index rates for municipal power issuers. I would suggest using a maturity of 3 years or so because it is close to the average life of a mortgage style five year bond. The index for a 3 year AA municipal utility is 2.32% while a A rated utility is 2.55%. Most municipal issuers would be A or better. I would suggest using the 2.55% discount rate in your calculations.

Call me if you have questions.

Dan

*use 7.97 discount rate*

Post-it Fax Note	7671	Date	7-26-02	# of pages	6
To	Gerald Skaggs	From	Dan Arbough		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #		Fax #			

<HELP> for explanation.

N160 Index BIL

Press # <GO> to select an index or <TAB> to change # of periods to look back

**S&P CORP UTILITY BOND YIELD**

SOURCE: Standard & Poor's MMS		<Indx>	CURRENT		PREVIOUS	PCT	
INDEX	TICKER		VALUE	DATE	VALUE	DATE	CHNG
1) S&P CORP UTL YLD AA 1Y	SPWUAA1		6.560	6/25	6.600	6/18	-0.61
2) S&P CORP UTL YLD AA 5Y	SPWUAA5		7.050	6/25	7.060	6/18	-0.14
3) S&P CORP UTL YLD AA 10Y	SPWUAA10		7.100	6/25	7.100	6/18	0.00
4) S&P CORP UTL YLD AA 15Y	SPWUAA15		7.250	6/25	7.270	6/18	-0.28
5) S&P CORP UTL YLD AA 20Y	SPWUAA20						
6) S&P CORP UTL YLD AA 25Y	SPWUAA25						
7) S&P CORP UTL YLD A 1Y	SPWUA1		2.960	7/16	2.990	7/ 9	-1.00
8) S&P CORP UTL YLD A 5Y	SPWUA5		5.710	7/16	5.670	7/ 9	0.71
9) S&P CORP UTL YLD A 10Y	SPWUA10		6.840	7/16	6.740	7/ 9	1.48
10) S&P CORP UTL YLD A 15Y	SPWUA15		7.640	7/16	7.510	7/ 9	1.73
11) S&P CORP UTL YLD A 20Y	SPWUA20		7.970	7/16	7.800	7/ 9	2.18
12) S&P CORP UTL YLD A 25Y	SPWUA25		.000	7/16	.000	7/ 9	
13) S&P CORP UTL YLD BBB 1Y	SPWU3B1		3.990	7/16	3.700	7/ 9	7.84
14) S&P CORP UTL YLD BBB 5Y	SPWU3B5		6.310	7/16	6.210	7/ 9	1.61
15) S&P CORP UTL YLD BBB 10	SPWU3B10		7.250	7/16	7.200	7/ 9	0.69
16) S&P CORP UTL YLD BBB 15	SPWU3B15		7.950	7/16	7.930	7/ 9	0.25
17) S&P CORP UTL YLD BBB 20	SPWU3B20						
18) S&P CORP UTL YLD BBB 25	SPWU3B25						

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6.61  
year end  
at year end

<HELP> for explanation.

N160 Govt C13

17:30

**YIELD CURVE (BLOOMBERG GENERIC-ASK)**

PAGE 2 OF 2

	CURR SECURITIES		PREVIOUS CLOSE	NOW	YLD CHN	PRI CHN
3 Mo -	10/24/02		1.65 ( 1.68)	1.65 ( 1.68)	0.00 +	0
6 Mo -	1/23/03		1.65 ( 1.69)	1.64 ( 1.68)	-0.01 -	1
-----						
2 Yr -	2 <sup>1</sup> / <sub>4</sub>	7/31/04	99-26 ( 2.35)	99-31+ ( 2.26)	-0.09 +	0-05+
5 Yr -	4 <sup>3</sup> / <sub>8</sub>	5/15/07	103-23+ ( 3.52)	104-06 ( 3.42)	-0.10 +	0-14+
* 10Yr -	4 <sup>7</sup> / <sub>8</sub>	2/15/12	103-00 ( 4.49)	103-26+ ( 4.38)	-0.11 +	0-26+
* 30Yr -	5 <sup>3</sup> / <sub>8</sub>	2/15/31	100-15+ ( 5.34)	101-04+ ( 5.30)	-0.04 +	0-21

*current yld*

INFLATION INDEXED TREASURY

5Yr -	3 <sup>3</sup> / <sub>8</sub>	1/15/07	105-18+ ( 2.06)	105-20 ( 2.05)	+ 0-01+
* 10Yr -	3	7/15/12	101-30+ ( 2.77)	102-13 ( 2.72)	+ 0-14+
* 30Yr -	3 <sup>3</sup> / <sub>8</sub>	4/15/32	107-07+ ( 3.01)	107-17+ ( 2.99)	+ 0-10

*inflation adjusted yld*

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*Expected inflation 2.31 per Dan Arbaugh email.*

*Credit adjusted risk Free rate = 5.3 + 3.13  
risk premium = 8.43*

4

Index MFVI

17:26  
94<GO> View News.

Power

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SECURITY	Ticker	CURRENT	DATE	PREVIOUS	% CHANGE
AA1					
3)	3 Month	POTT3M	1.20 17:00	1.24	-3.23
4)	6 Month	POTT6M	1.30 17:00	1.31	-.76
5)	1 Year	POTT01	1.55 17:00	1.56	-.64
6)	2 Year	POTT02	1.95 17:00	1.99	-2.01
7)	3 Year	POTT03	2.32 17:00	2.36	-1.69
8)	4 Year	POTT04	2.69 17:00	2.73	-1.47
9)	5 Year	POTT05	3.02 17:00	3.06	-1.31
10)	7 Year	POTT07	3.55 17:00	3.59	-1.11
11)	9 Year	POTT09	3.95 17:00	3.99	-1.00
12)	10 Year	POTT10	4.10 17:00	4.14	-.97
13)	12 Year	POTT12	4.35 17:00	4.38	-.68
14)	14 Year	POTT14	4.54 17:00	4.55	-.22
15)	15 Year	POTT15	4.62 17:00	4.63	-.22
16)	17 Year	POTT17	4.77 17:00	4.78	-.21
17)	19 Year	POTT19	4.90 17:00	4.91	-.20
18)	20 Year	POTT20	4.95 17:00	4.96	-.20
19)	25 Year	POTT25	5.00 17:00	5.01	-.20
20)	30 Year	POTT30	5.01 17:00	5.02	-.20

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94<GO> View News.

SECURITY	Ticker	CURRENT	DATE	PREVIOUS	% CHANGE
AA3					
3)	3 Month	POWR2A3M	1.22 17:00	1.26	-3.17
4)	6 Month	POWR2A6M	1.32 17:00	1.33	-.75
5)	1 Year	POWR2A01	1.57 17:00	1.58	-.63
6)	2 Year	POWR2A02	1.97 17:00	2.01	-1.99
7)	3 Year	POWR2A03	2.34 17:00	2.38	-1.68
8)	4 Year	POWR2A04	2.71 17:00	2.75	-1.45
9)	5 Year	POWR2A05	3.04 17:00	3.08	-1.30
10)	7 Year	POWR2A07	3.57 17:00	3.61	-1.11
11)	9 Year	POWR2A09	3.97 17:00	4.01	-1.00
12)	10 Year	POWR2A10	4.12 17:00	4.16	-.96
13)	12 Year	POWR2A12	4.37 17:00	4.40	-.68
14)	14 Year	POWR2A14	4.56 17:00	4.57	-.22
15)	15 Year	POWR2A15	4.64 17:00	4.65	-.22
16)	17 Year	POWR2A17	4.79 17:00	4.80	-.21
17)	19 Year	POWR2A19	4.92 17:00	4.93	-.20
18)	20 Year	POWR2A20	4.97 17:00	4.98	-.20
19)	25 Year	POWR2A25	5.02 17:00	5.03	-.20
20)	30 Year	POWR2A30	5.03 17:00	5.04	-.20

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SECURITY	Ticker	CURRENT	DATE	PREVIOUS	% CHANGE
<b>A1</b>					
3)	3 Month	POWRA13M	1.35 17:00	1.39	-2.88
4)	6 Month	POWRA16M	1.46 17:00	1.47	-.68
5)	1 Year	POWRA101	1.70 17:00	1.69	.59
6)	2 Year	POWRA102	2.15 17:00	2.15	.00
* 7)	3 Year	POWRA103	<b>2.55</b> 17:00	2.59	-1.54
8)	4 Year	POWRA104	2.90 17:00	2.94	-1.36
9)	5 Year	POWRA105	3.21 17:00	3.25	-1.23
10)	7 Year	POWRA107	3.67 17:00	3.71	-1.08
11)	9 Year	POWRA109	4.03 17:00	4.07	-.98
12)	10 Year	POWRA110	4.17 17:00	4.21	-.95
13)	12 Year	POWRA112	4.40 17:00	4.43	-.68
14)	14 Year	POWRA114	4.60 17:00	4.61	-.22
15)	15 Year	POWRA115	4.67 17:00	4.68	-.21
16)	17 Year	POWRA117	4.80 17:00	4.81	-.21
17)	19 Year	POWRA119	4.93 17:00	4.94	-.20
18)	20 Year	POWRA120	4.97 17:00	4.98	-.20
19)	25 Year	POWRA125	5.07 17:00	5.08	-.20
20)	30 Year	POWRA130	5.08 17:00	5.09	-.20

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use 2.55% for discount rate Paris sale transact.  
 per Don Arbough email dated July 25, 2002

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Index MFVI

17:26

**Power**

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94<GO> View News.

SECURITY	Ticker	CURRENT	DATE	PREVIOUS	% CHANGE
A3					
3	3 Month	POWR1A3M	1.40 17:00	1.44	-2.78
4	6 Month	POWR1A6M	1.50 17:00	1.51	-.66
5	1 Year	POWR1A01	1.77 17:00	1.76	.57
6	2 Year	POWR1A02	2.23 17:00	2.24	-.45
7	3 Year	POWR1A03	2.61 17:00	2.65	-1.51
8	4 Year	POWR1A04	2.97 17:00	3.01	-1.33
9	5 Year	POWR1A05	3.28 17:00	3.32	-1.20
10	7 Year	POWR1A07	3.74 17:00	3.78	-1.06
11	9 Year	POWR1A09	4.10 17:00	4.14	-.97
12	10 Year	POWR1A10	4.24 17:00	4.28	-.93
13	12 Year	POWR1A12	4.48 17:00	4.51	-.67
14	14 Year	POWR1A14	4.70 17:00	4.71	-.21
15	15 Year	POWR1A15	4.80 17:00	4.81	-.21
16	17 Year	POWR1A17	4.96 17:00	4.97	-.20
17	19 Year	POWR1A19	5.07 17:00	5.08	-.20
18	20 Year	POWR1A20	5.11 17:00	5.12	-.20
19	25 Year	POWR1A25	5.14 17:00	5.15	-.19
20	30 Year	POWR1A30	5.15 17:00	5.16	-.19

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Appendix F  
Environmental Regulations

## Clean Water Act

### 1. National Pollutant Discharge Elimination System

ash treatment basins

coal pile runoff basins (limestone) (gypsum) (any material storage pile)

sewage treatment plants

KYDOW 401 KAR Chapter 5

USEPA 40 CFR Part 122, 123, 124, 125, 129 & 423

### 2. Best Management Practices Plan

hazardous chemical storage (aboveground)

KYDOW 401 KAR Chapter 5

USEPA 40 CFR Part 125 Subpart K

### 3. Spill Prevention Control and Countermeasures Plan and Facility Response Plan

petroleum product storage (aboveground)

KYDOW 401 KAR Chapter 5

USEPA 40 CFR Part 112 Part 151

must properly close all wastewater treatment facilities under KPDES permit program

must remove all material storage piles (coal, limestone, gypsum, etc.) to eliminate the potential for "contaminated" stormwater runoff from the site

must drain/remove all hazardous chemicals/petroleum products from aboveground storage tanks/reservoirs and recycle/reuse or disposed of properly

## **FASB 143 Asset Retirement Obligations**

### **Clean Air Act**

1. Title III – Hazardous Air Pollutants

asbestos – only a concern if there is a “release” to the environment of 1 lb. or more – typically, asbestos can be left in place as long as it is in a non-friable state (i.e., encapsulated, covered with lagging, etc.)

USEPA asbestos NESHAPS = 40 CFR Part 63

KYDAQ asbestos = 401 KAR Chapter 58

2. Title VI – Stratospheric Ozone Protection

refrigerants – must be removed at the end of the useful life of a piece of refrigerant equipment – must be recycled or disposed of properly

USEPA refrigerant rule = 40 CFR Part 82

## **Resource Conservation and Recovery Act**

1. Hazardous Wastes: toxic, ignitable, corrosive

KYDWM 401 KAR Chapter 31 & 32  
USEPA 40 CFR Part 260, 261, 262, 263, 270 & 271

must be removed from the site and disposed of properly  
LQ hazardous wastes, mercury, laboratory chemicals, boiler water  
chemicals

2. Special Wastes: coal, ash, (bottom and fly), scrubber sludge

KYDWM 401 KAR Chapter 45  
USEPA 40 CFR Part 261

coal combustion by-product storage disposal facilities must be properly  
closed and monitored  
ash treatment basins  
scrubber sludge landfills

## **Toxic Substances Control Act**

1. PCBs  
USEPA 40 CFR Part 761

must be removed from electrical equipment (transmission and distribution  
substations GSUs) at the end of its useful life and disposed of properly

removed gas pipeline – wipe for PCBs and disposed of properly

## **Comprehensive Emergency Response and Liability Act**

### **1. Underground Storage Tank Program**

KYDWM 401 KAR Chapter 42  
USEPA 40 CFR Part 280 & 281

must properly "close" all USTs

### **Corps of Engineers**

barge mooring facilities / intake and discharge structures

### **Federal Aviation Administration**

striping (painted red/white stripes)

chimneys → lighting requirements on stacks of a certain height and/or distance  
from airports

**LG&E ENERGY**

Gerald —

Here is a marked up ARO  
list for you — I have put  
the statefe containing the  
requirement after each  
description.

Caryl

**Caryl M. Pfeiffer**  
Director, Environmental Affairs  
502-627-2774  
502-627-2930 FAX



Utility  
 Asset Retirement Obligations  
 Underlying Asset Inventory

Asset Retirement Obligation Summary	
Location	Description
MC4	River cell, work barge, and bridge removal
MC3	Ash Pond & Landfill
MC3	Storage Pile Remediation
MC1	Drain all oil storage tanks
MC3	Empty & Remediate above ground haz mat storage
MC	Mercury Switch Removal
MC	Drain transformers
	Mill Creek 1
	Mill Creek 2
	Mill Creek 3
	Mill Creek 4
	Mill Creek Spate
MC	Lab Chemical disposal
MC	Fill Underground Tunnel under 31W
MC4sc2	Chemical Tank clean up
MC	Radiation Sources
	Legal/Regulatory Requirement
	Corps of Engineers?
	Resource Conservation and Recovery Act
	Clean Water Act
	Clean Water Act
	Clean Water Act
	Resource Conservation and Recovery Act
	Clean Water Act
	Toxic Substances Control Act
	Resource Conservation and Recovery Act
	Legal reviewing
	Clean Water Act
	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100

CAA = Clean Air Act  
 CWA = Clean Water Act  
 RCRA = Resource Conservation & Recovery Act  
 CERCLA = Comprehensive Environmental Response, Compensation & Liability Act  
 TSCA = Toxic Substances Control Act

H. FER

Location	Description	Cost (\$000s)	Comment
CR	Ash Pond Closure RCRA (moves from CWA)	\$ 700	70 acres @ \$10k per acre - based on Pineville - not unit specific
CR	Landfill Closure RCRA	\$ 1,000	110 acres - based on 65 acre closure bond estimate
CR	Coal Pile CWA	\$ 100	100k for closure
CR	Mercury Removal RCRA	\$ 5	Based on Pineville estimate - allocate evenly across 3 units
CR	Nuclear Source Removal	\$ 50	50 cesium sources - allocate evenly across 3 units
CR	Station Oil Reservoirs CWA	\$ 500	420,000 gallons - allocate evenly across 3 units
CR	Sewage Treatment Plant CWA	\$ 50	Based on Pineville estimate
CR	Refrigerant Removal CWA	\$ 50	
OF	Total Cost	\$ 8,000	Developed from work done in conjunction with rehabilitation analyses - This assumes we would walk away from our FERC license and close the facility.
MC	Refrigerant Removal CWA	\$ 50	Not unit specific
MC	River cell, work barge, and bridge removal (CORPS)	\$ 800	Not unit specific
MC	Ash Pond & Landfill RCRA	\$ 5,000	Status of landfill unknown - need to hire consultant - not unit specific - Range of \$4M - \$6M was provided. An average was used.
MC	Storage Pile Remediation CWA	\$ 2,000	Assumes maximum fuel utilization (zero tons of usable coal) - not unit specific
MC	Drain Boiler Water	\$ 120	Allocate evenly across units
MC	Drain all oil storage tanks CWA	\$ 200	16 tanks - Allocate evenly across units
MC	Empty & Remediate above ground haz mat storage CWA	\$ 30	Asbestos, mercury, used oil, chemicals - Allocate evenly across units. This is a building which contains waste material that has already been removed for disposal. This is not associated with an asset. Only the material must go, not the building. The cost is for disposal of the material.
MC	Mercury Switch Removal RCRA	\$ 60	All encapsulated - Allocate evenly across units
MC	Drain transformers & wrap in nitrogen blanket CWA	\$ 1,650	Including OCB (oil current breaker) - 28 transformers - Allocate evenly across units
MC2	Demo Unit 2 Cooling Tower	\$ 150	
MC3	Asbestos Fill in Unit 3 Cooling towers CWA	\$ 600	
MC4	Asbestos Fill in Unit 4 Cooling towers CWA	\$ 600	
MC	Lab Chemical disposal RCRA	\$ 10	Not unit specific
MC	Fill Underground Tunnel under 31W	\$ 25	Not unit specific
MC	Chemical Tank clean up CWA	\$ 150	Not unit specific
MC	Radiation Sources	\$ 50	Allocate evenly across units
TC1	Ash Pond Closure RCRA	\$ 1,000	\$10k/acre at 100 acres
TC1	Coal storage area CWA	\$ 225	\$5k/acre at 45 acres
TC1	Mercury Removal - Level Instrumentation RCRA	\$ 2	Quote - 1 barrel - Located throughout the plant. Small 4" cube box. Used wherever level indication is needed. These are potentially used wherever there is water in the system that needs to be measured. - Tie to boiler asset on TC1.
TC1	Nuclear Source Removal - Coal Flow indicators	\$ 40	Cesium source removal - \$1,600 per 25 sources - 25 boxes attached to outside of ductwork and above coal feeders. Tie to conveyors on TC1.
TC1	Sewage Treatment Plant CWA	\$ 10	
	S:\Shannon\Generation\RO Consol.xls		
	Summary		

Asset Retirement Obligation Summary

Location	Description	Cost (\$000s)	Comment
GH	Ash Pond ATB I & II <i>RCRA</i>	\$ 1,950	Closure at \$10k per acre - 195 acres - \$1M for ATB 1 and \$1.5M for ATB II
GH	Gypsum Stack <i>CWA</i>	\$ 400	Closure at \$10k per acre - 40 acres
GH	Radiation Sources	\$ 140	Cesium Sources - 154 - Cesium sources - 154. Unit 1 - 15%; Unit 2 - 24%; Unit 3 - 16%; Unit 4 - 19%; Scrubber - 9%; Coal Yard - 17%
GH	Radiation Sources	\$ 300	Radium Sources - 42 - Radium Sources - 42; Unit 1 - 6; Unit 2 - 12; Unit 3 - 12; Unit 4 - 12
GH	GSU, transformer oil, lubricating oils, etc fluid <i>CWA, TOSCA</i>	\$ 600	Estimate - need to validate
GH	Demolition of Cooling Towers	\$ 500	\$125K per unit
GH	<del>Removal of 10,000 Gallon underground tank</del> <i>RCRA</i>	\$ 30	Common to the plant in the Coal Yard
GH	Remediation of underground fuel oil piping <i>RCRA</i>	\$ 75	Common to the plant or divide equally among the 4 units
GH	Remove railroad crossing from highway 42	\$ 50	Common to the plant
GH	Mercury Removal <i>RCRA</i>	\$ 50	12.5 per unit
GH	Lab Chemical disposal <i>RCRA</i>	\$ 10	Common to the plant
GH	Remove pipe bridge over highway 42	\$ 50	Unit 1 specific today - will ultimately servé unit 2 if it is a limestone FGD
GH	Fill underground tunnel for piping under highway 42	\$ 25	Common to the entire plant
GH	Chemical Tank clean up <i>CWA</i>	\$ 250	Common to the plant - divide equally among the units
GH	Sewage Plant <i>CWA</i>	\$ 50	Pineville Estimate
GH	Refrigeration gases <i>CAA</i>	\$ 50	Estimate - need to validate
GH	Coal Yard covering <i>CWA</i>	\$ 500	Assuming that we would be required to close in similar to the ash pond - Not unit specific
BR ST	Ash Pond <i>RCRA</i>	\$ 5,000	Closure at \$100,000 per acre - need to validate acreage - Not unit specific - Steam units only 1,2,3
BR3	Radiation Sources - BR3	\$ 135	Radiation Sources at \$7,500 per source (18) - Sources located with the following 10 assets with UOP 5676: 3-1 Feeder Upper; 3-1 Feeder Lower; 3-2 Feeder Upper; 3-2 Feeder Lower; 3-3 Feeder Upper; 3-3 Feeder Lower; 3-4 Feeder Upper; 3-4 Feeder Lower; 3-5 Feeder Upper; 3-5 Feeder Lower. Also, the following assets with UOP 5025: Hoppers A26 & A22; Hoppers A25 & A21; Hoppers A24 & A20; Hoppers A23 & A19; Hoppers B26 & B22; Hoppers B25 & B21; Hoppers B24 & B20; Hoppers B23 & B19
BR1	Demolition Service Water Pump structures - BR1	\$ 50	Estimate - need to validate
BR2	Demolition Service Water Pump structures - BR2	\$ 50	Estimate - need to validate
BR3	Demolition Service Water Pump structures - BR3	\$ 100	Estimate - need to validate
BR ST	GSU, transformer oil, lubricating oils, etc fluid <i>CWA, TOSCA</i>	\$ 450	3 Units at \$150,000 each - Not unit specific - include BR 1, 2, 3 Transformers only. Tie to BR3
BR CT	GSU, transformer oil, lubricating oils, etc fluid <i>CWA, TOSCA</i>	\$ 1,050	7 Units at \$150,000 each - Not unit specific - include BR 5, 6, 7, 8, 9, 10, 11 Transformers only. Tie to BR 7.
BR1	Demolition of Cooling Towers - Unit 1	\$ 250	Estimate - need to validate 1 tower at \$250k
BR2	Demolition of Cooling Towers - Unit 2	\$ 250	Estimate - need to validate 1 tower at \$250k
BR3	Demolition of Cooling Towers - Unit 3	\$ 500	Estimate - need to validate 2 towers at \$250k each

Asset Retirement Obligation Summary

Location	Description	Cost (\$000s)	Comment
BR ST	<del>Close</del> Removal of Fuel Oil Tanks - BR Steam units 1, 2, 3 CWA CERCLA	\$ 600	Estimate - need to validate 3 tanks at \$200,000 each - Tanks are not unit specific - for BR 1, 2, 3
BR CT	<del>Close</del> Removal of Fuel Oil Tanks - BR CTs CWA	\$ 400	Estimate - need to validate 2 tanks at \$200,000 each - Tanks are not unit specific - include BR 5, 6, 7, 8, 9, 10, 11
BR ST	Remediation of underground fuel oil piping - Steam CWA CERCLA	\$ 40	Estimate - need to validate - Not unit specific - include BR 1, 2, 3
BR CT	Remediation of underground fuel oil piping - CTs CWA	\$ 35	Estimate - need to validate - Not unit specific - include BR 5, 6, 7, 8, 9, 10, 11
BR	Remove railroad crossing from highway 395	\$ 10	Estimate - need to validate - not unit specific
BR ST	Mercury Removal RCRA	\$ 15	Estimate - need to validate - Not unit specific - includes BR 1, 2, 3 - Tie to BR3 - UOP 5373 - Instrument or measuring device (Instrumentation)
BR CT	Mercury Removal RCRA	\$ 35	Estimate - need to validate - Not unit specific - includes BR 5, 6, 7, 8, 9, 10, 11 Not unit specific - Tie to BR7 - UOP 5373 - Instrument or measuring device (Instrumentation)
BR	Lab Chemical disposal RCRA	\$ 10	Estimate - need to validate - BR1 - Lab Equipment UOP 5389
BR ST	Chemical Tank clean up CWA	\$ 250	Estimate - need to validate - Steam units only - not unit specific
BR	Sewage Plant CWA	\$ 50	Pineville Estimate - Not unit specific
BR ST	Refrigeration gases CAA	\$ 15	Estimate - need to validate - Not unit specific - includes BR 1, 2, 3 - Tie to BR3 - 5008 UOP Air Conditioner, central install
BR CT	Refrigeration gases CAA	\$ 35	Estimate - need to validate - Not unit specific - includes BR 5, 6, 7, 8, 9, 10, 11 - Tie to BR7 - 5008 UOP Air Conditioner, central install
BR ST	Coal Yard covering CWA	\$ 500	Assuming that we would be required to close similar to the ash pond - Not unit specific - Steam units 1, 2, 3
BR ST	Coal pile retention pond closing CWA	\$ 100	Estimate - Not unit specific - Steam units 1, 2, 3
BR CT	Gas pipeline remediation	\$ 250	Estimate - For CT units only BR 5, 6, 7, 8, 9, 10, 11
Dix Dam Lock 7			
TY	Ash Pond RCRA	\$ 500	Closure at \$50,000 per acre - need to validate acreage - Not unit specific
TY	Radiation Sources	\$ -	none
TY	Demolition Service Water Pump structures CORPS	\$ 200	2 structures which have asbestos and lead paint issues - Not unit specific
TY	GSU, transformer oil, lubricating oils, etc fluid CWA, TOSEA	\$ 1,200	8 Units at \$150,000 - Not unit specific - Tie to transformer on TY3
TY	Demolition of Cooling Towers	\$ -	none
TY	Removal of Fuel Oil Tanks CWA CERCLA	\$ 100	one underground and one above ground - Not unit specific
TY	Remediation of underground fuel oil piping CWA CERCLA	\$ 75	could be less if no problems are found - Not unit specific
TY	Mercury Removal RCRA	\$ 100	Estimate - need to validate - Not unit specific - allocable among units. UOP 5373 - Instrument or measuring device (Instrumentation). Tie to TY3
TY	Lab Chemical disposal RCRA	\$ 1	Instrument or measuring device (Instrumentation). Tie to TY3
TY	Chemical Tank clean up CWA	\$ 20	very small amounts - Not unit specific - Lab Equipment UOP 5389. Tie to TY1/2
TY	Sewage Plant CWA	\$ 50	2 tanks \$10,000 each - Not unit specific
TY	Refrigeration gases CWA	\$ 5	Pineville Estimate - Not unit specific
			8 separate units - Not unit specific - Tie to TY3 - 5008 UOP Air Conditioner, central install
	Summary		Summary

Asset Retirement Obligation Summary

Location	Description	Cost (\$000s)	Comment
TY	Coal Yard covering CWA	\$ 500	Assuming that we would be required to close similar to the ash pond - Not unit specific
TY	Coal pile retention pond closing CWA	\$ 100	Estimate 2 ponds - Not unit specific
TY	Gas pipeline remediation	\$ -	none
GR	Holding Pond Remediation CWA	\$ 200	Not unit specific
GR	Coal Storage Pile Remediation CWA	\$ 150	Not unit specific
GR	Oil Storage Tanks CWA	\$ 50	Not unit specific
GR	Underground Storage Tanks CERCLA	\$ 50	Not unit specific
GR 1/2	Mercury Switches - Units 1/2	\$ 5	
GR3	Mercury Switches - Unit 3	\$ 5	
GR4	Mercury Switches - Unit 4	\$ 15	
GR 1/2	Generator Transformers - Units 1/2 CWA	\$ 40	
GR3	Generator Transformers - Unit 3 CWA	\$ 35	
GR4	Generator Transformers - Unit 4 CWA	\$ 25	
GR	Sewage Treatment Plant CWA	\$ 50	Not unit specific
	<b>Total</b>	<b>\$ 41,913</b>	

Appendix G

Legal Review

**MEMORANDUM**

**TO:** Gerald Skaggs  
Val Scott  
Shannon Charnas

**FROM:** John Fendig  
LG&E Energy Law Dept.

**DATE:** March 18, 2003

**RE:** FAS 143 – Legal Reviews

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Appendix H  
FERC NOPR



# Federal Register

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Monday,  
April 21, 2003

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Part II

## Department of Energy

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Federal Energy Regulatory Commission

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18 CFR Parts 35, et al.  
Accounting, Financial Reporting, and Rate  
Filing Requirements for Asset Retirement  
Obligations; Final Rule

**DEPARTMENT OF ENERGY**

**Federal Energy Regulatory  
Commission**

18 CFR Parts 35, 101, 154, 201, 346,  
and 352

[Docket No. RM02-7-000, Order No. 631]

**Accounting, Financial Reporting, and  
Rate Filing Requirements for Asset  
Retirement Obligations**

Issued April 9, 2003.

AGENCY: Federal Energy Regulatory  
Commission, DOE.

ACTION: Final rule.

**SUMMARY:** The Federal Energy  
Regulatory Commission (Commission) is  
amending its regulations to update the  
accounting and financial reporting  
requirements for asset retirement  
obligations under its Uniform Systems  
of Accounts for public utilities and  
licensees, natural gas and oil pipeline  
companies.

The Commission is establishing  
uniform accounting and financial  
reporting for the recognition and  
measurement of liabilities arising from  
retirement and decommissioning  
obligations of tangible long-lived assets,  
and related costs. More specifically, the  
Commission is adding new balance  
sheet accounts to record the liability  
and the related asset, new income  
statement accounts to record the  
accrual of the liability and the  
depreciation of the related asset, adding  
and revising as necessary the  
definitions, general and plant  
instructions contained in the Uniform  
Systems of Accounts. The Commission  
is also revising the following Annual  
Reports: FERC Form Nos. 1, 1-F, 2, 2-  
A, and 6 to include the new accounts  
contained in the Final Rule. Finally, the  
Commission is revising its rate filing  
requirements to address the above-  
mentioned changes.

An important objective of the rule is  
to provide sound and uniform  
accounting and financial reporting for  
the above types of transactions and  
events. The new accounts and changes  
to the FERC Forms will add visibility,  
completeness and consistency of the  
accounting and reporting of liabilities  
for asset retirement obligations and the  
related asset retirement costs, the  
accrual expense on the liability and  
the depreciation expense on the  
capitalized asset retirement costs.

**EFFECTIVE DATE:** The rule will become  
effective May 21, 2003.

**FOR FURTHER INFORMATION CONTACT:**  
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the Executive Director, Federal Energy

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Robert T. Catlin (Technical  
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Tariffs, and Rates, Federal Energy  
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Julia A. Lake (Legal Information), Office  
of the General Counsel, Federal  
Energy Regulatory Commission, 888  
First Street, NE., Washington, DC  
20426, (202) 502-8370.

**SUPPLEMENTARY INFORMATION:**

I. Introduction

II. Background

III. Discussion

A. Accounting for the Cumulative Effect  
Adjustment

B. Recognition of Regulatory Assets and  
Liabilities

C. Authority To Adjust Accumulated  
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D. Accounting for Cost of Removal That  
Does Not Constitute a Legal Obligation

E. Accounts Established for Recording  
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Obligations and Depreciation of Asset  
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G. Accounting for Gains and Losses for the  
Settlement of Asset Retirement  
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CFR part 35 and 18 CFR part 154

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CFR part 346

K. Implementation for Accounting and  
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IV. FERC Annual Report Forms

V. Regulatory Flexibility Act Certification

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VIII. Document Availability

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Regulatory Text  
Appendix A—List of Commenters

Appendix B—Summary of Changes to  
Schedules for Forms 1, 1-F, 2, 2-A, and  
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Appendix C—Revised Schedules for Forms 1,  
1-F, 2, 2-A, and 6

**I. Introduction**

1. The Federal Energy Regulatory  
Commission (Commission) is revising  
its regulations to update the accounting,  
reporting and rate filing requirements.

In a Notice of Proposed Rulemaking  
(NOPR) issued on October 30, 2002,<sup>1</sup> the  
Commission proposed to revise its  
Uniform Systems of Accounts<sup>2</sup> for  
public utilities and licensees,<sup>3</sup> natural  
gas companies<sup>4</sup> and oil pipeline  
companies<sup>5</sup> by establishing uniform  
accounting requirements for the  
recognition of liabilities for legal  
obligations associated with the  
retirement of tangible long-lived assets  
and the associated capitalization of  
these amounts as part of the cost of the  
asset giving rise to the obligation.

2. An asset retirement obligation is a  
liability resulting from a legal obligation  
to retire or decommission a plant asset.  
The types of work activities typically  
include removing or dismantling the  
asset. For example, public utilities have  
a legal liability to decommission nuclear  
plants under certain Nuclear Regulatory  
Commission (NRC) regulations. The  
type of activities may include the  
dismantlement and removal of the  
reactor vessel and the related  
contaminated facilities.

3. After carefully considering the  
comments received, the Commission  
has determined that a Final Rule  
revising its accounting regulations,  
Annual Report Forms (FERC Form Nos.  
1, 1-F, 2, 2-A and 6), and rate filing  
requirements for asset retirement  
obligations should be issued.

4. The purpose of this Final Rule is to  
improve the usefulness and  
transparency of financial information  
provided to the Commission and other  
users of the FERC Forms by establishing  
uniform accounting and reporting  
requirements for legal obligations  
associated with the retirement of  
tangible long-lived assets. The  
Commission is of the view that such

<sup>1</sup> 67 FR 69816 (Nov. 19, 2002) and 67 FR 70890  
(Nov. 27, 2002), IV FERC Stats. & Regs. ¶ 32,565  
(Oct. 30, 2002).

<sup>2</sup> Section 301(a) of the Federal Power Act (FPA),  
16 U.S.C. 825(a), section 8 of the Natural Gas Act  
(NGA), 15 U.S.C. 717g and section 20 of the  
Interstate Commerce Act (ICA) 49 App.U.S.C. 20  
(1988), authorize the Commission to prescribe rules  
and regulations concerning accounts, records and  
memoranda as necessary or appropriate for the  
purposes of administering the FPA, NGA and the  
ICA. The Commission may prescribe a system of  
accounts for jurisdictional entities and, after notice  
and opportunity for hearing, may determine the  
accounts in which particular outlays and receipts  
will be entered, charged or credited.

<sup>3</sup> Part 101 Uniform System of Accounts  
Prescribed for Public Utilities and Licensees Subject  
to the Provisions of the Federal Power Act. See 18  
CFR part 101 (2002).

<sup>4</sup> Part 201 Uniform System of Accounts  
Prescribed for Natural Gas Companies Subject to the  
Provisions of the Natural Gas Act. See 18 CFR part  
201 (2002).

<sup>5</sup> Part 352 Uniform System of Accounts  
Prescribed for Oil Pipeline Companies Subject to  
the Provisions of the Interstate Commerce Act. See  
18 CFR part 352 (2002).

requirements are needed because these types of transactions and events are not clearly or consistently reported. This rule is part of the Commission's ongoing effort to address emerging accounting developments within the context of the Uniform Systems of Accounts.

5. The accounting for asset retirement obligations in this rule is consistent with the accounting and reporting requirements that jurisdictional entities will use in their general purpose financial statements provided to shareholders and the Securities Exchange Commission (e.g., companies will separately account and report the liability for the asset retirement obligations, capitalize the asset retirement costs, charge earnings for depreciation of the asset and charge operating expense for the accretion of the liability).

6. The Commission is also revising its rate filing requirements to accommodate the above-mentioned changes. In that regard, the accounting for asset retirement obligations will not affect jurisdictional entities' ability to seek recovery of costs arising from asset retirement obligations in rates. However, if billings under formula rate tariffs are affected by the adoption of these accounting requirements, the jurisdictional entity must obtain approval from the Commission prior to implementing the change for tariff billing purposes.

7. Finally, the Commission is revising the following Annual Reports: FERC Form No. 1, Annual Report of Major Public Utilities, Licensees and Others (Form 1); FERC Form No. 1-F, Annual Report of Nonmajor Public Utilities and Licensees (Form 1-F); FERC Form No. 2, Annual Report of Major Natural Gas Companies (Form 2); FERC Form No. 2-A, Annual Report of Nonmajor Natural Gas Companies (Form 2-A); and FERC Form No. 6, Annual Report of Oil Pipeline Companies (Form 6) to include the new accounts and the revised schedules.<sup>6</sup>

## II. Background

8. The recognition and measurement of legal liabilities associated with the retirement and decommissioning of long-lived assets by various entities, including Commission jurisdictional entities, have been inconsistent over the years. Some jurisdictional entities do not recognize asset retirement

obligations in their accounts while other jurisdictional entities only recognize the amounts included in the rate setting process as a component of accumulated depreciation. The Commission, in an effort to eliminate the inconsistencies in accounting practices by jurisdictional entities for asset retirement obligations, issued its October 30, 2002 Notice of Proposed Rulemaking to revise the accounting regulations, FERC Annual Report Forms and rate filing requirements for asset retirement obligations.<sup>7</sup>

9. The scope of the NOPR covered certain legal obligations associated with the future retirement of long-lived assets. These obligations, generally referred to as asset retirement obligations, are legal obligations associated with the retirement of a tangible long-lived asset that an entity is required to settle as a result of an existing enacted law, statute, ordinance, or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel.<sup>8</sup>

10. In the NOPR, the Commission broadly set forth the proposed accounting framework for asset retirement obligations as follows:

11. An entity essentially recognizes a liability for the fair value of an asset retirement obligation at the time the asset is constructed, acquired, or when a change in the law creates a legal obligation to perform the retirement activities. Upon initial recognition of that liability, an entity also increases the cost of the related asset that gives rise to the legal obligation by the same amount. The liability is increased over time until the actual retirement activity commences. Additionally, the asset retirement cost capitalized is depreciated over the same life of the related asset giving rise to the obligation. An entity is required to re-measure the liability due to the passage of time and certain other changes in the estimate of the liability.

12. Entities will be required to recognize the liabilities for asset retirement obligations and the related costs as if the new standard had been in effect for all prior periods. The difference between the amounts at the date of adoption and the amounts previously recorded for these items are to be included in net income unless the criteria for recognition of regulatory

assets or liabilities are met under Order No. 552.<sup>9</sup>

## III. Discussion

13. The Commission received 16 comments concerning various aspects of the proposed rule.<sup>10</sup> The majority of the commenters were generally supportive of the Commission's effort to provide interpretative guidance on the application of generally accepted accounting principles to jurisdictional entities that presently file financial information with the Commission in Annual Report Forms 1, 1-F, 2, 2-A, and 6.<sup>11</sup>

14. After careful consideration of the comments received, the Commission is adopting the changes and revisions as proposed with certain modifications and clarifications as discussed below.

### A. Accounting for the Cumulative Effect Adjustment

15. Upon initial implementation of the new accounting requirements for asset retirement obligations the Commission proposed that jurisdictional entities establish in their accounts all of the amounts that would have been recorded therein had these new requirements always been in effect. The NOPR referred to the accounting entries required to implement this part of the proposal as "transition adjustments." In certain instances, the transition adjustments could result in a charge or credit to net income. This charge or credit is referred to as the "cumulative effect adjustment" because it represents the cumulative difference between all amounts charged to net income for asset retirement obligations in past periods under the prior accounting method and what would have been charged to net income in those periods had these new accounting requirements set forth in the NOPR always been in effect. For rate regulated entities the cumulative effect adjustment amounts will be recognized as a regulatory asset or liability if the requirements of Commission Order No. 552 are met.<sup>12</sup>

16. The Commission proposed to record the cumulative effect adjustment

<sup>9</sup> See Order No. 552, 58 FR 17982 (Apr. 7, 1993), FERC Stats. & Regs., Regulations Preambles January 1991-June 1996 ¶ 30,967 at pp. 30,823-26 (Mar. 31, 1993) for guidance on the recognition of regulatory assets and regulatory liabilities when certain conditions are met.

<sup>10</sup> See Appendix A for Listing of Commenters.

<sup>11</sup> See Arkansas PSC at p. 2, Deloitte & Touche at p. 1, FirstEnergy at p. 2, NASUCA at pp. 2-3, NRECA at pp. 3-4, Progress Energy at p. 1 and Southern at p. 1.

<sup>12</sup> See Order No. 552, *supra* note 9, for guidance on the recognition of regulatory assets and regulatory liabilities when certain conditions are met.

<sup>6</sup> The FERC Annual Reports bear the following OMB approval control numbers: Form 1 has OMB approval number 1902-0021; Form 1-F has OMB approval number 1902-0029; Form 2 has OMB approval number 1902-0028; Form 2-A has OMB approval number 1902-0030; and Form 6 has OMB approval number 1902-0622.

<sup>7</sup> See *supra* note 1.

<sup>8</sup> See Financial Accounting Standards Statement (FAS) No. 143, Accounting for Asset Retirement Obligations, issued in June 2001. The accounting publication may be obtained from FASB at <http://www.fasb.org/>. Appendix A, paragraphs A2 through A5, contains a discussion of legal obligations.



in two separate amounts. The first portion of the cumulative effect adjustment assumes that all amounts included in the accumulated depreciation accounts for previously recognized legal retirement obligations will be considered depreciation of the asset retirement costs capitalized under the proposed rule. The difference between the amount included in the accumulated depreciation for previously recognized legal retirement obligations and the accumulated depreciation on the capitalized asset retirement costs recognized under the new accounting requirements will be charged or credited, as appropriate, to net income or recognized as a regulatory asset or liability if the requirements of Order No. 552 are met. The second portion of the cumulative effect adjustment assumes that all amounts related to the accretion of the liability for the asset retirement obligation under the new requirements would be charged to net income or recognized as a regulatory asset if the requirements of Order No. 552 are met.

#### Comments Received

17. Two commenters assert that the NOPR was unclear as to the initial implementation details of the proposed accounting rules and seek clarification of this matter in the final rule.<sup>13</sup> The commenters request the Commission to clarify the components included in the cumulative effect adjustment. FirstEnergy asserts that the components of the cumulative effect adjustment may consist of the net of the cumulative accretion on the asset retirement obligation, the accumulated depreciation on the related capitalized asset retirement cost, and the reversal of any previously accrued legal retirement obligation.

18. FirstEnergy notes that the NOPR only addresses amounts included in accumulated depreciation for accruals of previously recognized legal retirement obligations of long-lived assets. The commenter submits that the Commission has permitted amounts related to legal liabilities associated with the retirement of assets to be recorded in a deferred credit or liability account rather than in accumulated depreciation. The commenter asserts further that accruals of previously recognized legal retirement obligations that were recorded in a deferred credit or in a liability account should be included in the computation of the cumulative effect adjustment in the final rule.

<sup>13</sup> See FirstEnergy at p. 2 and Progress Energy at p. 2.

#### Commission Response

19. The proposal to establish the cumulative effect adjustment was intended to simplify implementation of the accounting for asset retirement obligations. However, based on the comments received the Commission recognizes that the implementation proposal may have been confusing because the steps were somewhat different than the ones contained in FAS 143. However, the Commission notes that the cumulative effect determination under FAS 143 and this final rule will result in the use of the same components and produce the same cumulative effect adjustment amount.

20. The Commission finds that since both approaches produce the same cumulative effect adjustment for asset retirement obligations, jurisdictional entities may recognize the initial application of the new accounting rules for the cumulative effect adjustment as the difference between the amounts of previously accrued accumulated legal obligations associated with the retirement of the asset recognized in the balance sheet prior to adopting the new accounting requirements and the amount that will be recognized on the balance sheet under the new accounting requirements. The Commission also finds that in order to properly determine the proper cumulative effect adjustment, jurisdictional entities must include the amounts of previously accrued accumulated legal obligations associated with the retirement of assets recorded in other deferred credits accounts or other liability accounts in the computation of the cumulative effect adjustment.

#### B. Recognition of Regulatory Assets and Liabilities

21. The Commission proposed that public utilities, licensees and natural gas companies recognize regulatory assets and liabilities related to asset retirement obligations if the accounting requirements under Order No. 552 are met.<sup>14</sup>

#### Comments Received

22. Several commenters request that the Commission clarify in the final rule the accounting for the recognition of regulatory assets and liabilities for the effects on financial operations related to the initial implementation and the period-to-period accounting for any difference between amounts charged to net income for expenses related to asset retirement obligations and the amounts

<sup>14</sup> See Order No. 552, *supra* note 9, for guidance on the recognition of regulatory assets and regulatory liabilities when certain conditions are met.

recovered in rates for asset retirement obligation costs.<sup>15</sup> The commenters assert that the proposed accounting for the recognition of the debit cumulative effect adjustment in account 182.3, Other regulatory assets, as a regulatory asset is not consistent with the accounting for the recognition of the credit cumulative effect adjustment as a regulatory liability in account 254, Other regulatory liabilities.<sup>16</sup> The commenters suggest that inconsistency arises because the Commission required that a credit cumulative effect adjustment must be recorded as a regulatory liability in account 254, Other regulatory liabilities, while a debit cumulative effect adjustment must be charged to net income in account 435, Extraordinary deductions, or recorded as a regulatory asset in account 182.3, Other regulatory assets, for part or all of the cumulative effect adjustment if the requirements of Order No. 552 are met. One commenter suggests that the Commission should provide for the recording of regulatory assets for debit cumulative effect adjustments as being probable of recovery as a general rule consistent with the Commission's proposed treatment of recording credit cumulative effect adjustments as regulatory liabilities.

23. Additionally, one commenter recommends that the Commission incorporate the accounting for the recognition of regulatory assets and liabilities for the initial adoption and the period-to-period accounting for asset retirement obligations in the requirements of the Uniform Systems of Accounts under Parts 101 and 201.<sup>17</sup>

#### Commission Response

24. The Commission declines to adopt the commenter's recommendation to amend the Uniform System of Accounts under part 101 and part 201 of the Commission regulations to include specific accounting instructions for the recognition of regulatory assets and liabilities for the initial adoption and the period-to-period accounting for asset retirement obligations. The accounting instruction for regulatory assets and liabilities as prescribed in the Uniform Systems of Accounts in part 101 and part 201 adequately addresses the requirements for regulatory assets or liabilities related to differences in the timing of recognition of asset retirement obligation expenses for financial

<sup>15</sup> See Deloitte & Touche at p. 1, EEI at pp. 3-4, Progress Energy at p. 2, and RUS at p. 3.

<sup>16</sup> See Deloitte & Touche at p. 1, EEI at pp. 3-4, Progress Energy at p. 2, and RUS at p. 3.

<sup>17</sup> See EEI at p. 6.

accounting purposes and their recovery in rates.

25. The Commission established the accounting requirements for recording regulatory assets and liabilities as set forth in the Uniform Systems of Accounts in part 101 and part 201 pursuant to Commission Order No. 552.<sup>18</sup> Under these requirements regulatory assets and liabilities are defined as assets and liabilities that result from ratemaking actions of regulators.<sup>19</sup> Regulatory assets and liabilities generally arise from specific revenues, expenses, gains, or losses that would have been included in net income determinations in one period under the general requirements of the Uniform System of Accounts but for it being probable they will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services or in the case of regulatory liabilities, for refunds to customers, not provided for in other accounts, that will be required.<sup>20</sup> The term "probable," as used in Order No. 552 for the definition of regulatory assets or regulatory liabilities, refers to that which can be reasonably be expected or believed on the basis of available evidence or logic but is neither certain nor proved.<sup>21</sup>

26. Jurisdictional entities will initially recognize a cumulative effect adjustment and thereafter record the depreciation of the asset retirement costs in account 403.1, Depreciation expense for asset retirement costs, and the accretion of the liability for the asset retirement obligations in account 411.10, Accretion expense. The amounts for depreciation and accretion expense that will be recognized under the general requirements of the Uniform Systems of Accounts and the amount of asset retirement obligation costs included in cost of service for ratemaking purposes may be different. Recognition of such differences as regulatory assets and liabilities may be appropriate in some instances, but not in others. This determination however cannot be made in a generic accounting

<sup>18</sup> See Order No. 552, *supra* note 9, for guidance on the recognition of regulatory assets and regulatory liabilities when certain conditions are met.

<sup>19</sup> See paragraph A of account 182.3, Other regulatory assets, and paragraph A of account 254, Other regulatory liabilities, in 18 CFR part 101 (Public Utilities and Licensees), and paragraph A of account 182.3, Other regulatory assets, and paragraph A of account 254, Other regulatory liabilities, in 18 CFR part 201 (Natural Gas Companies).

<sup>20</sup> See Definition 30 in 18 CFR part 101 (Public Utilities and Licensees), and Definition 30 in 18 CFR part 201 (Natural Gas Companies).

<sup>21</sup> See FERC Stats. & Regs., Regulations Preambles January 1991-June 1996 ¶ 30,967 at 30,826 (1993).

rulemaking proceeding. It must instead be made by each individual entity taking into consideration the jurisdictional entity's rate setting bodies, the specific agreements entered into between the jurisdictional entity and certain customers regarding the manner in which costs will be allocated among the parties or other relevant evidence. Therefore, if the requirements of Order No. 552 are met, a jurisdictional entity must recognize regulatory assets and liabilities for the cumulative effect adjustment and any differences between the recognition of asset retirement obligation expenses for financial accounting purposes and their recovery in rates.

#### *C. Authority To Adjust Accumulated Depreciation (Accounts 108 and 110)*

27. The Commission proposed granting public utilities, licensees and natural gas companies the requisite authority to remove any excess amounts<sup>22</sup> from accounts 108 and 110 provided that the amounts were transferred to account 254, Other regulatory liabilities.<sup>23</sup>

#### *Comments Received*

28. Certain commenters request that the Commission clarify the authority granted to jurisdictional entities to adjust the balances in accounts 108 and 110 for existing long-lived assets with legal retirement obligations.<sup>24</sup> However, one commenter requests that the Commission provide explicit authority to remove all of the previously accrued amounts for legal obligations to retire or dispose of the long-lived assets recorded in accounts 108 and 110. Another commenter requests the Commission allow transferring from accounts 108 and 110 to the new proposed account 230, Asset retirement obligations, any remaining amounts for previously accrued legal obligations to retire or dispose of the long-lived assets.

29. Another commenter agrees with the Commission's pregranting authority to public utilities, licensees and natural gas companies for the removal of amounts from accumulated depreciation accounts associated with asset

<sup>22</sup> This excess amount results when the amount of accumulated depreciation recognized for prior accrued legal retirement obligations is greater than the accumulated depreciation recognized on the capitalized asset retirement costs under the new requirements.

<sup>23</sup> See paragraph E to account 108, Accumulated provision for depreciation of electric utility plant (Major only), and paragraph E to account 110, Accumulated provision for depreciation and amortization of electric utility plant (Nonmajor only), in 18 CFR part 101 (Public Utilities and Licensees).

<sup>24</sup> See EEI at pp. 2-3 and Progress Energy at p. 2.

retirement obligations. However, the commenter asserts that the Commission should still require public utilities, licensees and natural gas companies to notify the Commission by submitting a description and journal entries related to such adjustments to the Commission for amounts transferred from accounts 108 and 110 to account 254, Other regulatory liabilities, related to any existing asset with a legal retirement obligation.<sup>25</sup>

#### *Commission Response*

30. After considering the comments, the Commission will grant jurisdictional entities the authority to adjust accounts 108, 110 and 253 to properly recognize and record the liabilities for legal retirement obligations for existing assets, the asset retirement costs and related accumulated depreciation on the capitalized costs when the amounts that would otherwise be included in net income determinations meet the criteria for recognition as regulatory asset or liability.

31. The Commission notes that there may be instances where adjustments to accounts 108, 110 and 253 may be required as a result of this final rule but the criteria for the recognition of a regulatory asset or liability for the net income effect is not met. While we permit jurisdictional entities to make such adjustments our actions here should not be construed as approval.<sup>26</sup> Therefore, the Commission will require that jurisdictional entities file with the Commission their journal entries along with supporting information to record any adjustment that affects net income within 60 days of the effective date of this final rule. The filing must include a description and explanation of the full particulars for including the amounts in net income.

32. The filing must also include a statement by the public utility, licensee or natural gas company of the facts and circumstances and the explicit determinations made by the jurisdictional entity demonstrating that the amounts credited to net income are not required to be refunded to customers or required to be recorded as a regulatory liability and must be credited to net income and not included in account 254, Other regulatory liabilities.

<sup>25</sup> See MoPSC at p. 6.

<sup>26</sup> The income accounts used to record the cumulative effect adjustments are account 434, Extraordinary income, and account 435, Extraordinary deductions.

*D. Accounting for Cost of Removal That Does Not Constitute a Legal Obligation*

33. The Commission did not propose to change its accounting under parts 101, 201 and 352 for the cost of removal for amounts that result from other than asset retirement obligations.

*Comments Received*

34. Several commenters request that the Commission specify in the final rule that any cost of removal for non-legal retirement obligations remain in accumulated depreciation.<sup>27</sup> Certain other commenters suggest that the Commission should make certain modifications to the Uniform Systems of Accounts under part 101 and part 201 to include the amount of cost of removal for non-legal obligations as regulatory liabilities in account 254. Other regulatory liabilities, instead of accumulated depreciation for public utilities, licensees and natural gas companies.<sup>28</sup>

35. One commenter recommends that the Commission exclude the cost of removal that does not qualify as a legal retirement obligation from the depreciation accrual and instead capitalize any removal costs related to the asset replaced as part of the costs of replacing the utility plant and if no replacement of the asset occurs, the cost of removal for non-legal retirement obligations should be expensed in the income statement.<sup>29</sup>

*Commission Response*

36. As proposed in the NOPR, the rule applies to legal obligations associated with the retirement of tangible long-lived assets. Under the existing requirements of the Uniform Systems of Accounts removal costs that are not asset retirement obligations are included as a component of the depreciation expense and recorded in accumulated depreciation.<sup>30</sup> The Commission notes that certain jurisdictional entities may have been receiving specific allowances for cost of removal for non-legal retirement obligations as a specific component in their rates approved by their regulators. The Commission did not propose any changes to its existing accounting requirements for cost of removal for non-legal retirement obligations. Accordingly, jurisdictional entities are accounting for such costs consistent with the requirements of the

<sup>27</sup> See EEI at p. 3 and Southern at p. 2.

<sup>28</sup> See Deloitte & Touche at p. 2 and NASUCA at pp. 2-3.

<sup>29</sup> See NASUCA at pp. 15-17.

<sup>30</sup> See Definition 10 in 18 CFR part 101 (Public Utilities and Licensees), Definition 10 in 18 CFR part 201 (Natural Gas Companies), and Definition 12 in 18 CFR part 352 (Oil Pipeline Companies).

Uniform Systems of Accounts under part 101 for public utilities and licensees, part 201 for natural gas companies and part 352 for oil pipeline companies.

37. The purpose of this rule is to establish uniform accounting requirements for the recognition of liabilities for legal obligations associated with the retirement of tangible long-lived assets. The accounting for removal costs that do not qualify as legal retirement obligations falls outside the scope of this rule. The Commission is aware that there is an ongoing discussion in the accounting community as to whether the cost of removal should be considered as a component of depreciation. However, this issue is beyond the scope of this rule and we are not convinced that there is a need to fundamentally change accounting concepts at this time.

38. Instead we will require jurisdictional entities to maintain separate subsidiary records for cost of removal for non-legal retirement obligations that are included as specific identifiable allowances recorded in accumulated depreciation in order to separately identify such information to facilitate external reporting and for regulatory analysis, and rate setting purposes. Therefore, the Commission is amending the instructions of accounts 108 and 110 in parts 101, 201 and account 31. Accrued depreciation—Carrier property, in part 352 to require jurisdictional entities to maintain separate subsidiary records for the purpose of identifying the amount of specific allowances collected in rates for non-legal retirement obligations included in the depreciation accruals.

39. Jurisdictional entities must identify and quantify in separate subsidiary records the amounts, if any, of previous and current accrued accumulated removal costs for other than legal retirement obligations recorded as part of the depreciation accrual in accounts 108 and 110 for public utilities and licensees, account 108 for natural gas companies, and account 31 for oil pipeline companies. If jurisdictional entities do not have the required records to separately identify such prior accruals for specific identifiable allowances collected in rates for non-legal asset retirement obligations recorded in accumulated depreciation, the Commission will require that the jurisdictional entities separately identify and quantify prospectively the amount of current accruals for specific allowances collected in rates for non-legal retirement obligations.

*E. Accounts Established for Recording Accretion of Asset Retirement Obligations and Depreciation of Asset Retirement Costs*

40. The Commission proposed to add a new income statement account entitled account 411.10, Accretion expense, in the Uniform Systems of Accounts in part 101 and part 201 to record the accretion of the liability for the asset retirement obligation. The Commission also proposed to add a new income statement account entitled account 403.1, Depreciation expense for asset retirement costs, in part 101 and part 201 to identify the depreciation expense recorded for capitalized asset retirement costs.

*Comments Received*

41. Certain commenters recommend that the Commission's proposed new account 411.10, Accretion expense, should be renumbered as either account 411.11 or an account number within the range of account 405, Amortization of other electric plant, through account 407, Amortization of property losses, unrecovered plant and regulatory study costs, which relate to the amortization of utility plant.

42. Two commenters suggest that the Commission renumber its proposed new account 403.1 because it is already being used in the Rural Utilities Service's (RUS) Uniform System of Accounts.<sup>31</sup> The commenters suggest that the Commission use account 403.9 to accommodate the Uniform System of Accounts of RUS for its electric cooperatives.<sup>32</sup>

*Commission Response*

43. The Commission will not renumber the chart of accounts. The accounting structure of the Uniform Systems of Accounts in part 101 and part 201 is designed to meet the accounting and reporting needs of this Commission. Users are permitted to adapt the Commission's Uniform Systems of Accounts for their own needs by allowing them to create new accounts and subaccounts. Such company generated accounts however, must be reconciled if and when the Commission subsequently determines to use that account number for its regulatory purposes. Therefore, jurisdictional entities must reconcile their account numbers accordingly, to

<sup>31</sup> See RUS at p. 2 and NRECA at p. 6.

<sup>32</sup> See Rural Utilities Service of the United States Department of Agriculture (RUS) Uniform System of Accounts, 7 CFR part 1767, Accounting Requirements for RUS Electric Borrowers.

the account numbers established by this rule.<sup>33</sup>

*F. Accounts for Recording Asset Retirement Costs*

44. The Commission proposed to add new primary plant accounts within each plant function to record the asset retirement costs.

*Comments Received*

45. Certain commenters object to the Commission's proposed new primary plant accounts within account 101 in part 101 and part 201.<sup>34</sup> One commenter suggests the Commission create a new separate asset group called "Asset Retirement Costs" that separately identifies asset retirement costs in financial statements and would facilitate the exclusion of the asset retirement costs from the rate base in a rate change filing.

46. Another commenter suggests that capitalizing asset retirement costs in the new primary plant accounts could result in increasing personal property taxes for three of its utility operating companies that operate in one state. The commenter recommends that the asset retirement costs should be recorded as an intangible cost within account 101 under part 101 and part 201 in primary plant account 303, Miscellaneous intangible plant. As an alternative, the commenter also recommends that the Commission include the word "intangible" in the account instructions of the new asset retirement cost primary plant accounts proposed by the Commission.

47. One commenter suggests that the Commission's proposed new primary plant accounts entitled account 359.1, Asset retirement costs for transmission plant, and account 399.1, Asset retirement costs for general plant, should be renumbered to avoid leading users to expect these are subaccounts of account 359, Roads and trails, under the transmission plant function and 399, Other intangible plant, under the general plant function in part 101.<sup>35</sup> The commenter suggests that the Commission use account 351 which is currently a reserved account in the list of accounts for the transmission plant function. The commenter also suggests that the Commission use account 388 which is currently not an account used

<sup>33</sup> See General Instruction 3.C, Account Numbering System, in 18 CFR part 101 (Public Utilities and Licensees) and 18 CFR part 201 (Natural Gas Companies).

<sup>34</sup> See FirstEnergy at p. 1, MoPSC at pp. 4-5 and RUS at p. 2.

<sup>35</sup> See RUS at p. 2.

in the list of accounts for the general plant function.

*Commission Response*

48. The Commission finds that these recommendations are not consistent with the view that asset retirement costs are considered an integral part of the costs of the particular asset that gives rise to the asset retirement obligations, rather than separate and distinct assets.

49. The Commission notes that commenters' suggestions will not result in properly classifying asset retirement costs within the utility plant function associated with the actual plant assets that give rise to the legal retirement obligations. This result would be at odds with one of the objectives of the final rule, which is to provide proper accounting for legal obligations associated with the retirement costs.

*G. Accounting for Gains and Losses for the Settlement of Asset Retirement Obligations Related to Electric and Gas Utility Plant*

50. The Commission proposed to record gains or losses resulting from the settlement of asset retirement obligations for electric and gas utility plant in account 411.6, Gains from disposition of utility plant, and the account 411.7, Losses from disposition of utility plant, respectively.

*Comments Received*

51. Many of the commenters did not object the Commission's proposed treatment for gains and losses resulting from the settlement of asset retirement obligations for electric and gas utility plant.<sup>36</sup> Two commenters believe that the Commission's proposed treatment is inappropriate in the situation in which a jurisdictional entity has recorded, at the date of adoption of the final rule, a regulatory asset or liability for the full difference (including third party risk factor) between the asset retirement obligation determined for accounting purposes and the asset retirement obligation allowed for ratemaking purposes.<sup>37</sup> In this situation the commenters assert it is appropriate to offset any remaining regulatory asset or liability balance associated with the specific asset retirement obligation against the remaining asset retirement obligation liability balance before recording a gain or loss.

*Commission Response*

52. The Commission notes that the offsetting of any remaining regulatory

<sup>36</sup> See EEI at p. 6 and Southern at p. 2.

<sup>37</sup> See FAS 143, paragraph A20, for a discussion of third party risk.

asset or liability balance associated with the specific asset retirement obligation against the remaining associated asset retirement obligation liability balance before recording a gain or loss on the settlement is not appropriate because each of these transactions is a separate and distinct accounting transaction, and accordingly, should be accounted for as such. Therefore, the Commission will adopt the accounting as provided for in the NOPR.

*H. Accounting for Gains and Losses for the Settlement of Asset Retirement Obligations Related to Nonutility Plant*

53. The Commission proposed that any gains or losses relating to the settlement of asset retirement obligations for nonutility plant must be recorded directly in account 421, Miscellaneous nonoperating income, and account 426.5, Other deductions, respectively. The Commission also proposed to revise the text of accounts 421 and 426.5 in part 101 and part 201 of the Commission's regulations.

*Comments Received*

54. One commenter suggests that, although the use of these accounts are not necessarily objectionable, it would be more appropriate to record a gain or loss resulting from the settlement of asset retirement obligations for nonutility plant directly in account 421.1, Gain on disposition of property, or account 421.2, Loss on disposition of property, respectively.<sup>38</sup>

*Commission Response*

55. The instructions to Accounts 421.1 and 421.2 provide for gains or losses on the sale, conveyance, exchange, or transfer of utility or other property to another.<sup>39</sup> The settlement of an asset retirement obligation related to nonutility property does not result in the sale, conveyance, exchange, or transfer of such property to another party. Therefore, the Commission is of the view that the accounting for gains or losses resulting in the settlement of asset retirement obligations for nonutility property should be accounted for in accounts 421 and 426.5 as provided for in the NOPR.

*I. Other Accounting Matters*

56. Certain commenters raised concerns or seek Commission guidance concerning the use of group depreciation for asset retirement

<sup>38</sup> See EEI at p. 6.

<sup>39</sup> See account 421.1, Gain on disposition of property, or account 421.2, Loss on disposition of property, in 18 CFR part 101 (Public Utilities and Licensees) and 18 CFR part 201 (Natural Gas Companies).

obligations, and on how a jurisdictional entity should estimate a credit-adjusted risk-free rate where an entity has not found a need to obtain a credit rating.<sup>40</sup>

57. The Commission will not make policy calls in this final rule concerning the above matters. These matters are better resolved on a case-by-case basis based on the facts and circumstances of each jurisdictional entity. Additionally, jurisdictional entities may seek clarification from the Commission's Chief Accountant concerning the proper application or implementation of any accounting standard under the Commission's regulations.<sup>41</sup>

58. Finally, one commenter suggests that the NOPR does not address the current accounting for realized earnings from trust funds that have been established for the purpose of ultimately discharging the liability for asset retirement obligations.<sup>42</sup> The commenter notes that jurisdictional entities currently account for realized earnings on trust funds by crediting account 419, Interest and dividend income. The commenter recommends that the realized earnings on trust funds should be recorded to an appropriate above-the-line account.

59. The Commission notes that under certain circumstances jurisdictional entities have placed in a special fund amounts deposited with a trustee for future activities such as the decommissioning of a nuclear plant. Amounts placed in a special fund for this type of activity are recorded in account 128, Other special funds. Additionally, under the requirements of the Uniform Systems of Accounts, interest revenues on securities, special deposits, and all other interest bearing assets included in other special fund accounts are recorded in Account 419, Interest and dividend income. Realized earnings on trust funds are nonoperating in nature and are properly included in account 419. Therefore, the Commission declines to amend the Uniform Systems of Accounts.

#### *J. Tariff Filing Requirements*

##### **1. Tariff Filing Requirements Under 18 CFR Part 35 and 18 CFR Part 154**

60. In the NOPR, the Commission stated that the proposed rule will require public utilities, licensees or natural gas companies for accounting

<sup>40</sup> See Ferguson at p. 5 and NRECA at p. 6.  
<sup>41</sup> See General Instruction 5, Submittal of Questions, in 18 CFR part 101 (Public Utilities and Licensees), General Instruction 5, Submittal of Questions, in 18 CFR part 201 (Natural Gas Companies), and General Instruction 1-11, Interpretation of rules, in 18 CFR part 352 (Oil Pipeline Companies).

<sup>42</sup> See EEI at p. 5.

purposes to recognize asset retirement obligations. The Commission is not requiring jurisdictional entities with stated rate tariffs to make any tariff filings with the Commission due to this final rule at this time. However, public utilities, licensees and natural gas companies with formula rate tariffs must not include any cost components related to asset retirement obligations in their formula rate billing tariffs for automatic recovery in their billing determinations without obtaining Commission approval.

61. Various commenters have expressed support and concerns or asked for Commission decisions with respect to issues concerning the possible rate impact of the proposed rule. Two commenters state their support for the Commission's proposed rate treatment of asset retirement obligations.<sup>43</sup> Other commenters raised concerns or seek Commission policy calls concerning regulatory certainty for disposition of transition costs, external funds for amounts collected in rates for asset retirement obligations, adjustments to book depreciation rates for companies collecting cost of removal through current depreciation rates, the exclusion of accumulated depreciation and accretion for asset retirement obligations from rate base, recognizing previously established negative salvage allowances whether or not these retirement costs are recognized as asset retirement obligations, and the requirement of a detailed study in support of tariff filings reflecting asset retirement obligations.<sup>44</sup>

62. The Commission finds that the issue of whether, and to what extent, a particular asset retirement cost must be recovered through jurisdictional rates should be addressed on a case-by-case basis in the individual rate change filed by public utilities, licensees, and natural gas companies. To ensure that all rate base amounts related to asset retirement obligations can be identified and excluded from the rate base calculation in a rate change filing, the Commission adds §§ 35.18 and 154.315 to its rate change filing requirements. These new regulations require that public utilities, licensees, and natural gas companies who have recorded an asset retirement obligation on their books in accordance with this rule must, as part of any initial rate filing or general rate change filing, provide a schedule identifying all cost components related to the asset retirement obligation that are included

<sup>43</sup> See MoPSC at p. 4 and NRECA at p. 7.

<sup>44</sup> See Northern Natural at pp. 1-2, MoPSC at p. 5, Deloitte & Touche at pp. 1-2, EEI at p. 9, Southern at pp. 2-3, and Ferguson at pp. 5 and 8.

in the book balances of all accounts reflected in the cost of service computation supporting the proposed rates. In addition, the regulations require that all asset retirement obligations related rate base items be removed from the rate base computation through an adjustment. If the public utility, licensee or natural gas company is seeking recovery of an asset retirement obligation in rates, it must also provide a detailed study supporting the amounts proposed to be collected in rates. If the public utility, licensee or natural gas company is not seeking recovery of the asset retirement obligation in rates, then it must remove all asset retirement obligation related cost components from its cost of service.

63. For natural gas companies currently collecting a negative salvage allowance in jurisdictional rates, negative salvage allowances that are not established due to an asset retirement obligation must be identified for rate making purposes separately from asset retirement obligation allowances. The current rate change filing requirement for natural gas companies at § 154.312(d), Statement D, requires that any authorized negative salvage must be maintained in a separate subaccount of account 108, Accumulated provision for depreciation of gas utility plant. The Commission is amending this section to ensure that this subaccount does not include any amounts related to asset retirement obligations.

64. The Commission will decline to make policy calls concerning regulatory certainty for disposition of transition costs, external funds for amounts collected in rates for asset retirement obligations, adjustments to book depreciation rates, and the exclusion of accumulated depreciation and accretion for asset retirement obligations from rate base are matters that are not subject to a one size fits all approach and are better resolved on a case-by-case basis in rate proceedings. The Commission is of the view that utilities will have the opportunity to seek recovery of qualified costs for asset retirement obligations in individual rate proceedings. This rule should not be construed as pregranted authority for rate recovery in a rate proceeding.

65. Finally this rule requires nothing new and nothing more with respect to the requirement for a detailed study. Complex depreciation and negative salvage studies are routinely filed or otherwise made available for review in rate proceedings. When utilities perform depreciation studies, a certain amount of detail is expected. It is incumbent upon the utility to provide sufficient detail to support depreciation rates, cost

of removal, and salvage estimates included in rates.<sup>45</sup> To the extent a utility believes materials are entitled to be non-public, protective orders are available to preserve confidentiality.

#### 2. Tariff Filing Requirements Under 18 CFR Part 346

66. No comments were received objecting to the Commission's proposal to add a new § 346.3 to cost-of-service filing requirements for oil pipelines. Therefore, the Commission is implementing the provisions as noticed in the NOPR.

#### K. Implementation for Accounting and Reporting Purposes

67. The Commission proposed to implement the rule January 1, 2003, for accounting and reporting purposes for public utilities, licensees, natural gas companies and oil pipeline companies. This is the date jurisdictional entities that file FERC Forms 1, 1-F, 2, 2-A and 6, will measure the transition amounts for the asset retirement obligations.<sup>46</sup> The Commission also proposed that the reporting will be implemented for the FERC Forms 1, 1-F, 2, 2-A and 6 for the reporting year 2003.<sup>47</sup>

#### Comments Received

68. The majority of the commenters did not object to the Commission's proposed implementation date of January 1, 2003, for accounting and reporting purposes for public utilities, licensees, natural gas companies and oil pipeline companies. Two commenters assert that their fiscal year begins on April 1, 2003, rather than January 1, 2003. The commenters request the Commission clarify this requirement given that their fiscal year does not coincide with the calendar year, which they use for FERC reporting purposes. Both commenters request that the Commission consider allowing them to implement the proposed rule for accounting and reporting purposes on April 1, 2003, rather than the earlier

<sup>45</sup> When an electric utility files for a change in its jurisdictional rates, the Commission requires detailed studies in support of changes in annual depreciation rates if they are different from those supporting the utility's prior approved jurisdictional rate. (18 CFR 35.13(h)(10)(iv)).

<sup>46</sup> On February 20, 2002, the Commission's Chief Accountant issued interim guidance stating that jurisdictional entities may not adopt FAS 143 for financial accounting and reporting to the Commission before Commission action on this matter. See All Jurisdictional Public Utilities, Licensees, Natural Gas Companies, and Oil Pipeline Companies, 98 FERC ¶ 62,222 (2002).

<sup>47</sup> The FERC Forms 1-F and 2-A and 6 annual reports for the year 2003 are due on or before March 31, 2004. The FERC Forms 1 and 2 annual reports for the year 2003 are due on or before April 30, 2004.

date of January 1, 2003. The commenters assert that this would avoid the issue of retroactively applying the accounting rule to fiscal years prior to January 1, 2003.

69. One commenter recommends that the Commission allow jurisdictional entities to determine the differential in amounts between the two implementation dates, January 1, 2003 and the start of their fiscal year for FERC reporting purposes and footnote the difference in their FERC Annual Report.

#### Commission Response

70. The Commission is adopting the provisions in the NOPR for implementing the final rule for accounting and reporting purposes on January 1, 2003, except as clarified below for jurisdictional entities whose fiscal year begins after January 1, 2003. Upon considering the comments on this issue, the Commission will permit a jurisdictional entity for whose fiscal year begins after January 1, 2003, to apply the final rule on the first day of their fiscal year rather than on January 1, 2003 for accounting purposes and reporting in the FERC Forms 1, 1-F, 2, 2-A and 6 for the reporting year 2003. In adopting this provision, the Commission will require jurisdictional entities to determine the differential in amounts between the two implementation dates, January 1, 2003 and the jurisdictional entity's first day of their fiscal year of the adoption of the final rule in calendar year 2003 for accounting and FERC reporting purposes and footnote the difference in the FERC Annual Report for the reporting year 2003. Jurisdictional entities with fiscal years will continue to report to the Commission in FERC Annual Reports on a calendar year basis.

#### IV. FERC Annual Report Forms

71. The Commission proposed changes revising the existing schedules in the FERC Forms 1, 1-F, 2, 2-A, and 6 filed with the Commission. A table summarizing the changes to the various schedules is shown in Appendix B. The Commission also proposed that jurisdictional entities include certain disclosure for asset retirement obligations in the "Notes to Financial Statements" in the FERC Forms 1, 1-F, 2, 2-A and 6.<sup>48</sup>

72. No commenters object to the Commission's proposed revisions to the existing schedules in the FERC Annual

<sup>48</sup> See the instructions to the Notes to Financial Statements schedule for FERC Forms 1, 1-F, 2, 2-A and 6 that requires respondents to report important notes and information related to the financial statements.

Report and the proposed disclosure for asset retirement obligations in the "Notes to Financial Statements" in FERC Annual Reports. Therefore, the Commission will adopt the provisions as noticed.

#### V. Regulatory Flexibility Act Certification

73. The Regulatory Flexibility Act (RFA) requires agencies to prepare certain statements, descriptions, and analyses of rules that will have a significant economic impact on a substantial number of small entities.<sup>49</sup> The Commission is not required to make such analyses if a rule would not have such an effect.

74. The Commission does not believe that this rule will have such an impact on small entities. Most filing companies regulated by the Commission do not fall within the RFA's definition of a small entity.<sup>50</sup> Further, the Commission concludes that this reporting would not be a significant burden because the information jurisdictional entities will be required to report to the Commission specifically focuses on the activities of the jurisdictional entities that will be captured in their accounting systems and generally be reported to their shareholders and others at a company, or at a consolidated business level. Therefore, the Commission certifies that this rule will not have a significant economic impact on a substantial number of small entities.

75. However, if the reporting requirements represent an undue burden on small businesses, the entity affected may seek a waiver of the disclosure requirements from the Commission.

#### VI. Environmental Impact Statement

76. Commission regulations require that an environmental assessment or an environmental impact statement be prepared for any Commission action that may have a significant adverse effect on the human environment.<sup>51</sup> No environmental consideration is necessary for the promulgation of a rule that is clarifying, corrective, or procedural or does not substantially change the effect of legislation or regulation being amended,<sup>52</sup> and also

<sup>49</sup> 5 U.S.C. 601-612.

<sup>50</sup> 5 U.S.C. 601(3), citing to section 3 of the Small Business Act, 15 U.S.C. 632. Section 3 of the Small Business Act defines a "small-business concern" as a business which is independently owned and operated and which is not dominant in its field of operation.

<sup>51</sup> Regulations Implementing National Environmental Policy Act, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs. ¶ 30,783 (1987).

<sup>52</sup> 18 CFR 380.4(a)(2)(i).

for information gathering, analysis, and dissemination.<sup>53</sup> The rule updates the Parts 35, 101, 154, 201, 346 and 352 of the Commission's regulations, and does not substantially change the effect of the underlying legislation or the regulations being revised or eliminated. In addition, the final rule involves information gathering, analysis and dissemination. Therefore, this final rule falls within categorical exemptions provided in the Commission's regulations. Consequently, neither an environmental impact statement nor an environmental assessment is required.

**VII. Information Collection Statement**

77. The Office of Management and Budget's (OMB) regulations in 5 CFR 1320.11 require that it approve certain reporting and recordkeeping

requirements (collections of information) imposed by an agency. Upon approval of a collection of information, OMB will assign an OMB control number and an expiration date. Respondents subject to the filing requirements of this Rule will not be penalized for failing to respond to these collections of information unless the collections of information display a valid OMB control number.

78. The final rule will affect the following current data collections: FERC Form(s) 1, 1-F, 2, 2-A and 6, FERC-516 and FERC-545. In accordance with Section 3507(d) of the Paperwork Reduction Act of 1995,<sup>54</sup> the data requirements in the subject rule have been submitted to OMB for review.

*Public Reporting Burden:* The Commission provided burden estimates

in order to implement the proposed requirements. Of the 16 commenters who responded to the NOPR, only one made specific comment concerning the Commission's burden estimates. This one commenter has misconstrued the intent of the rule to impose more time consuming requirements (e.g., group depreciation method) than the final rule actually imposes. The Commission's responses to these comments are being addressed elsewhere in the final rule. The proposed requirements coincide with procedures already established by FAS 143 for companies to recognize a liability at fair value on their financial statements for a retirement obligation when it has occurred. The Commission is merely adjusting these industry standards to coordinate with its Uniform Systems of Accounts.

Data collection	No. of respondents	No. of responses per respondent	Hours per response	Total annual hours
Form 1 .....	216	216	17	3,672
Form 1-F .....	27	27	8	216
Form 2 .....	57	57	13	741
Form 2-A .....	53	53	8	424
Form 6 .....	159	159	10	1,590
Totals .....	512	512		6,643

The total annual hours for these collections is 6,643 hours.

*Information Collection Costs:* The Commission is projecting only the costs associated with implementing the requirements of this rule.

*Annualized Capital/Startup Costs:* 6,643 hours + 2,080 hours × \$117,041 = \$373,800.

*Annualized Costs (Operations & Maintenance):* It should be noted that the burden and corresponding costs of this final rule are to be implemented by jurisdictional entities to comply with the Commission's Uniform System of Accounts. These entities must already maintain much of this information in order to implement generally accepted accounting principles. The burden and corresponding costs are to account for only where there are differences between the generally accepted accounting principles and the Uniform System of Accounts.

79. FERC Information Collections FERC-516 and FERC-545 are also referenced because jurisdictional entities will be required to provide supporting documentation for the amounts to be collected in their rates when an asset retirement obligation has been recorded. This documentation is no different than jurisdictional entities

already prepare in their detailed studies as currently required by the Commission to support changes in annual depreciation rates. The Commission is not requiring additional information as jurisdictional entities already prepare this information when quantifying studies and analyses on the cost of removal of an asset retirement obligation. Therefore, the Commission does anticipate that additional burden will be imposed under these two information collections.

80. The Commission has assured itself, by means of internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

*Title:* FERC Form 1 "Annual Report of Major Electric Utilities, Licensees and Others"; FERC Form 1-F "Annual Report of Nonmajor Public Utilities and Licensees"; FERC Form 2 "Annual Report of Major Natural Gas Companies"; FERC Form 2-A "Annual Report of Nonmajor Natural Gas Companies"; FERC Form 6 "Annual Report of Oil Pipeline Companies"; FERC-516 "Electric Rate Schedule Filings"; FERC-545 "Gas Pipeline Rates: Rate Change."

*Action:* Proposed data collections.

*OMB Control Nos.:* 1902-0021; 1902-0029; 1902-0028; 1902-0030; 1902-0022, 1902-0016 and 1902-0154.

*Respondents:* Public Utilities; Natural Gas Companies; oil pipeline companies (Business or other for profit, including small businesses).

*Frequency of the information:* Annually.

*Necessity of the Information:* The final rule amends the Commission's regulations to revise parts 35, 101, 154, 201, 346 and 352 of its regulations. The final rule amends the Commission's Uniform System of Accounts to revise or create definitions, instructions, balance sheet and income statement accounts. The addition of new accounts and changes to FERC Forms will add visibility, completeness and consistency of the accounting and reporting of liabilities for asset retirement obligations and the related asset retirement costs capitalized. The implementation of these requirements will enable the Commission to carry out its responsibilities under the FPA, NGA and ICA to ensure the protection of ratepayers. The Commission is of the view that such requirements are needed because the disclosures of these lack uniformity. For example, jurisdictional

<sup>53</sup> 18 CFR 380.4(a)(5).

<sup>54</sup> 44 U.S.C. 3507(d).

entities subject to the Commission's requirements use different approaches for accounting for retirement costs. Public utilities perform depreciation studies to support changes in their rates for the decommissioning of a nuclear facility as periodic depreciation expense while oil pipeline companies have used depletion rates for abandonment and removal of offshore facilities. The final rule will improve the consistency in the accounting and reporting of legal obligations to retire tangible long-lived assets by requiring entities to recognize at the onset the fair value of the liability. This information will provide a more transparent financial statement disclosure of the costs related to the legal obligation in the FERC Annual Reports.

81. Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426 (Attention: Michael Miller, Office of the Executive Director, ED-30, (202) 502-8415, or [michael.miller@ferc.gov](mailto:michael.miller@ferc.gov)) or by sending comments on the collections of information to the Office of Management and Budget, Office of Information and Regulatory Affairs, Attention: Desk Officer for the Federal Energy Regulatory Commission, 725 17th Street, NW., Washington, DC 20503. The Desk Officer can also be reached at (202) 395-7856, or fax: (202) 395-7285.

#### VIII. Document Availability

82. In addition to publishing the full text of this document in the *Federal Register*, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through FERC's Home Page (<http://www.ferc.gov>) and in FERC's Public Reference Room during normal business hours (8:30 a.m., to 5 p.m. Eastern time) at 888 First Street, NE., Room 2A, Washington, DC 20426.

83. From FERC's Home Page on the Internet, this information is available in the Federal Energy Regulatory Records Information System (FERRIS). The full text of this document is available on FERRIS in PDF and WordPerfect format for viewing, printing, and/or downloading. To access this document in FERRIS, type the docket number of this document, excluding the last three digits in the docket number field. User assistance is available for FERRIS and the FERC's Web site during normal business hours from FERC Online Support at [FERCOnlineSupport@FERC.gov](mailto:FERCOnlineSupport@FERC.gov) or toll

free at (866) 208-3676 or for TTY, contact (202) 502-8659.

#### IX. Effective Date and Congressional Notification

84. This Final Rule will take effect May 21, 2003. The Commission has determined, with the concurrence of the Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget, that this rule is not a "major rule" within the meaning of section 251 of the Small Business Regulatory Enforcement Fairness Act of 1996.<sup>55</sup> The Commission will submit the Final Rule to both houses of Congress and the General Accounting Office.<sup>56</sup>

#### List of Subjects

##### 18 CFR Part 35

Electric power rates, Electric utilities, Electricity, Reporting and recordkeeping requirements.

##### 18 CFR Part 101

Electric power, Electric utilities, Reporting and recordkeeping requirements, Uniform System of Accounts.

##### 18 CFR Part 154

Alaska, Natural gas, Natural gas companies, Pipelines, Rate schedules and tariffs, Reporting and recordkeeping requirements.

##### 18 CFR Part 201

Natural gas, Reporting and recordkeeping requirements, Uniform System of Accounts.

##### 18 CFR Part 346

Pipelines, Reporting and recordkeeping requirements.

##### 18 CFR Part 352

Pipelines, Reporting and recordkeeping requirements, Uniform System of Accounts.

By the Commission.

Magalie R. Salas,  
Secretary.

In consideration of the foregoing, the Commission amends parts 35, 101, 154, 201, 346 and 352, Chapter I, Title 18, *Code of Federal Regulations*, as follows.

#### Regulatory Text

##### PART 35—FILING OF RATE SCHEDULES

■ 1. The authority citation for part 35 continues to read as follows:

<sup>55</sup> 5 U.S.C. 804(2).

<sup>56</sup> 5 U.S.C. 801(a)(1)(A).

Authority: 16 U.S.C. 791a-825r, 2601-2645; 31 U.S.C. 9701; 42 U.S.C. 7101-7352.

■ 2. Section 35.18 is added to read as follows:

##### § 35.18 Asset retirement obligations.

(a) A public utility that files a rate schedule under § 35.12 or § 35.13 and has recorded an asset retirement obligation on its books must provide a schedule, as part of the supporting work papers, identifying all cost components related to the asset retirement obligations that are included in the book balances of all accounts reflected in the cost of service computation supporting the proposed rates. However, all cost components related to asset retirement obligations that would impact the calculation of rate base, such as electric plant and related accumulated depreciation and accumulated deferred income taxes, may not be reflected in rates and must be removed from the rate base calculation through a single adjustment.

(b) A public utility seeking to recover nonrate base costs related to asset retirement costs in rates must provide, with its filing under § 35.12 or § 35.13, a detailed study supporting the amounts proposed to be collected in rates.

(c) A public utility that has recorded asset retirement obligations on its books, but is not seeking recovery of the asset retirement costs in rates, must remove all asset-retirement-obligations-related cost components from the cost of service supporting its proposed rates.

#### PART 101—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR PUBLIC UTILITIES AND LICENSEES SUBJECT TO THE PROVISIONS OF THE FEDERAL POWER ACT

■ 3. The authority citation for part 101 continues to read as follows:

Authority: 16 U.S.C. 791a-825r, 2601-2645; 31 U.S.C. 9701; 42 U.S.C. 7101-7352, 7651-7651c.

■ 4. In Definitions, Definition 10 is revised to read as follows:

#### Definitions

\* \* \* \* \*

10. *Cost of removal* means the cost of demolishing, dismantling, tearing down or otherwise removing electric plant, including the cost of transportation and handling incidental thereto. It does not include the cost of removal activities associated with asset retirement obligations that are capitalized as part of the tangible long-lived assets that give rise to the obligation. (See General Instruction 25).

\* \* \* \* \*



■ 5. In General Instructions, Instruction 20, paragraphs C. and D. are redesignated as paragraphs D. and E. and new paragraph C. is added; and a new Instruction 25 is added to read as follows:

**General Instructions**

\* \* \* \* \*  
20. Accounting for leases.  
\* \* \* \* \*

C. The utility, as a lessee, shall recognize an asset retirement obligation (See General Instruction 25) arising from the plant under a capital lease unless the obligation is recorded as an asset and liability under a capital lease. The utility shall record the asset retirement cost by debiting account 101.1, Property under capital leases, or account 120.6, Nuclear fuel under capital leases, or account 121, Nonutility property, as appropriate, and crediting the liability for the asset retirement obligation in account 230, Asset retirement obligations. Asset retirement costs recorded in account 101.1, account 120.6, or account 121 shall be amortized by charging rent expense (See Operating Expense Instruction 3), or account 518, Nuclear fuel expense (Major only), or account 421, Miscellaneous nonoperating income, as appropriate, and crediting a separate subaccount of the account in which the asset retirement costs are recorded. Charges for the periodic accretion of the liability in account 230, Asset retirement obligations, shall be recorded by a charge to account 411.10, Accretion expense, for electric utility plant, and account 421, Miscellaneous nonoperating income, for nonutility plant and a credit to account 230, Asset retirement obligations.

\* \* \* \* \*  
25. Accounting for asset retirement obligations.

A. An asset retirement obligation represents a liability for the legal obligation associated with the retirement of a tangible long-lived asset that a company is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel. An asset retirement cost represents the amount capitalized when the liability is recognized for the long-lived asset that gives rise to the legal obligation. The amount recognized for the liability and an associated asset retirement cost shall be stated at the fair value of the asset retirement obligation in the period in which the obligation is incurred.

B. The utility shall initially record a liability for an asset retirement

obligation in account 230, Asset retirement obligations, and charge the associated asset retirement costs to electric utility plant (including accounts 101.1 and 120.6), and nonutility plant, as appropriate, related to the plant that gives rise to the legal obligation. The asset retirement cost shall be depreciated over the useful life of the related asset that gives rise to the obligations. For periods subsequent to the initial recording of the asset retirement obligation, a utility shall recognize the period to period changes of the asset retirement obligation that result from the passage of time due to the accretion of the liability and any subsequent measurement changes to the initial liability for the legal obligation recorded in account 230, Asset retirement obligations, as follows:

(1) The utility shall record the accretion of the liability by debiting account 411.10, Accretion expense, for electric utility plant, account 413, Expenses of electric plant leased to others, for electric plant leased to others, and account 421, Miscellaneous nonoperating income, for nonutility plant and crediting account 230, Asset retirement obligations; and

(2) The utility shall recognize any subsequent measurement changes of the liability initially recorded in account 230, Asset retirement obligations, for each specific asset retirement obligation as an adjustment of that liability in account 230 with the corresponding adjustment to electric utility plant, electric plant leased to others, and nonutility plant, as appropriate. The utility shall on a timely basis monitor any measurement changes of the asset retirement obligations.

C. Gains or losses resulting from the settlement of asset retirement obligations associated with utility plant resulting from the difference between the amount of the liability for the asset retirement obligation included in account 230, Asset retirement obligations, and the actual amount paid to settle the obligation shall be accounted for as follows:

(1) Gains shall be credited to account 411.6, Gains from disposition of utility plant, and;

(2) Losses shall be charged to account 411.7, Losses from disposition of utility plant.

D. Gains or losses on the settlement of asset retirement obligations associated with nonutility plant resulting from the difference between the amount of the liability for the asset retirement obligation in account 230, Asset retirement obligations, and the amount paid to settle the obligation, shall be accounted for as follows:

(1) Gains shall be credited to account 421, Miscellaneous nonoperating income, and;

(2) Losses shall be charged to account 426.5, Other deductions.

E. Separate subsidiary records shall be maintained for each asset retirement obligation showing the initial liability and associated asset retirement cost, any incremental amounts of the liability incurred in subsequent reporting periods for additional layers of the original liability and related asset retirement cost, the accretion of the liability, the subsequent measurement changes to the asset retirement obligation, the depreciation and amortization of the asset retirement costs and related accumulated depreciation, and the settlement date and actual amount paid to settle the obligation. For purposes of analyses a utility shall maintain supporting documentation so as to be able to furnish accurately and expeditiously with respect to each asset retirement obligation the full details of the identity and nature of the legal obligation, the year incurred, the identity of the plant giving rise to the obligation, the full particulars relating to each component and supporting computations related to the measurement of the asset retirement obligation.

\* \* \* \* \*  
■ 6. In Electric Plant Instructions, paragraph 3.A.(17)(a) the W element is revised; and a new paragraph 3.A.(21) is added to read as follows:

**Electric Plant Instructions**

\* \* \* \* \*

3. Components of construction cost.

A. \* \* \* \* \*  
(17) \* \* \* \* \*  
(a) \* \* \* \* \*

W = Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment and fabrication, less asset retirement costs (See General Instruction 25) related to plant under construction.

\* \* \* \* \*  
(21) Asset retirement costs. The costs recognized as a result of asset retirement obligations incurred during the construction and testing of utility plant shall constitute a component of construction costs.

\* \* \* \* \*  
■ 7. Balance Sheet Accounts are amended as follows:

■ (a) Account 101.1 is amended by adding a sentence to the end of paragraph C.;

■ (b) Account 103 paragraph C. is revised;

■ (c) Account 108 paragraph A.(2) through A.(7) are redesignated as paragraphs A.(3) through A.(8), a new paragraph A.(2) is added, and paragraph C. is amended by adding a sentence to the end of the paragraph;

■ (d) Account 110 paragraph A.(2) through A.(4) are redesignated as paragraphs A.(3) through A.(5), a new paragraph A.(2) is added, and paragraph C. is amended by adding a sentence to the end of the paragraph;

■ (e) Account 121, paragraph A. is amended by adding a sentence to the end of the paragraph; and

■ (f) Account 230 is added.

The revision and additions read as follows:

**Balance Sheet Accounts**

\* \* \* \* \*

**101.1 Property under capital leases.**

\* \* \* \* \*

C. \* \* \* Records shall also be maintained for plant under a lease, to identify the asset retirement obligation and cost originally recognized for each lease and the periodic charges and credits made to the asset retirement obligations and asset retirement costs.

\* \* \* \* \*

**103 Experimental electric plant unclassified (Major only).**

\* \* \* \* \*

C. The depreciation on plant in this account shall be charged to account 403, Depreciation expense, and account 403.1, Depreciation expense for asset retirement costs, as appropriate, and credited to account 108, Accumulated provision for depreciation of electric utility plant (Major only). The amounts herein shall be depreciated over a period which corresponds to the estimated useful life of the relevant project considering the characteristics involved. However, when projects are transferred to account 101, Electric plant in service, a new depreciation rate based on the remaining service life and undepreciated amounts, will be established.

\* \* \* \* \*

**108 Accumulated provision for depreciation of electric utility plant (Major only).**

A. \* \* \*

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, for current depreciation expense related to asset retirement costs in electric plant in service in a separate subaccount.

\* \* \* \* \*

C. \* \* \* Separate subsidiary records shall be maintained for the amount of

accrued cost of removal other than legal obligations for the retirement of plant recorded in account 108, Accumulated provision for depreciation of electric utility plant (Major only).

\* \* \* \* \*

**110 Accumulated provision for depreciation and amortization of electric utility plant (Nonmajor only).**

A. \* \* \*

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, in electric utility plant in service in a separate subaccount.

\* \* \* \* \*

C. \* \* \* Separate subsidiary records shall be maintained for the amount of accrued cost of removal other than legal obligations for the retirement of plant recorded in account 110, Accumulated provision for depreciation of electric utility plant (Nonmajor only).

\* \* \* \* \*

**121 Nonutility property.**

A. \* \* \* This account shall also include, where applicable, amounts recorded for asset retirement costs associated with nonutility plant.

\* \* \* \* \*

**230 Asset retirement obligations.**

A. This account shall include the amount of liabilities for the recognition of asset retirement obligations related to electric utility plant and nonutility plant that gives rise to the obligations. This account shall be credited for the amount of the liabilities for asset retirement obligations with amounts charged to the appropriate electric utility plant accounts or nonutility plant account to record the related asset retirement costs.

B. The utility shall charge the accretion expense to account 411.10, Accretion expense, for electric utility plant, account 413, Expenses of electric plant leased to others, for electric plant leased to others, or account 421, Miscellaneous nonoperating income, for nonutility plant, as appropriate, and credit account 230, Asset retirement obligations.

C. This account shall be debited with amounts paid to settle the asset retirement obligations recorded herein.

D. The utility shall clear from this account any gains or losses resulting from the settlement of asset retirement obligations in accordance with the instructions prescribed in General Instruction 25.

\* \* \* \* \*

■ 8. In Electric Plant Accounts, new primary plant accounts, 317, 326, 337, 347,

359.1, 374, and 399.1 are added to read as follows:

**Electric Plant Accounts**

\* \* \* \* \*

**317 Asset retirement costs for steam production plant.**

This account shall include asset retirement costs on plant included in the steam production function.

\* \* \* \* \*

**326 Asset retirement costs for nuclear production plant (Major only).**

This account shall include asset retirement costs on plant included in the nuclear production function.

\* \* \* \* \*

**337 Asset retirement costs for hydraulic production plant.**

This account shall include asset retirement costs on plant included in the hydraulic production function.

\* \* \* \* \*

**347 Asset retirement costs for other production plant.**

This account shall include asset retirement costs on plant included in the other production function.

\* \* \* \* \*

**359.1 Asset retirement costs for transmission plant.**

This account shall include asset retirement costs on plant included in the transmission plant function.

\* \* \* \* \*

**374 Asset retirement costs for distribution plant.**

This account shall include asset retirement costs on plant included in the distribution plant function.

\* \* \* \* \*

**399.1 Asset retirement costs for general plant.**

This account shall include asset retirement costs on plant included in the general plant function.

\* \* \* \* \*

■ 9. Amend Income Accounts as follows:

■ a. Account 403.1 is added,

■ b. Accounts 411.6 and 411.7 are amended by designating the current paragraph as A., and adding a new paragraph B.,

■ c. Account 411.10 is added,

■ d. In account 421, paragraphs 4.

through 6. are added, and

■ e. In account 426.5 paragraph 6 is added.

The additions read as follows:

**Income Accounts**

\* \* \* \* \*

**403.1 Depreciation expense for asset retirement costs.**

This account shall include the depreciation expense for asset retirement costs included in electric utility plant in service.

**411.6 Gains from disposition of utility property.**

A. \* \* \* \*  
B. The utility shall record in this account gains resulting from the settlement of asset retirement obligations related to utility plant in accordance with the accounting prescribed in General Instruction 25.

**411.7 Losses from disposition of utility property.**

A. \* \* \* \*  
B. The utility shall record in this account losses resulting from the settlement of asset retirement obligations related to utility plant in accordance with the accounting prescribed in General Instruction 25.

**411.10 Accretion expense.**

This account shall be charged for accretion expense on the liabilities associated with asset retirement obligations included in account 230, Asset retirement obligations, related to electric utility plant.

**421 Miscellaneous nonoperating income.**

4. This account shall include the accretion expense on the liability for an asset retirement obligation included in account 230, Asset retirement obligations, related to nonutility plant.

5. This account shall include the depreciation expense for asset retirement costs related to nonutility plant.

6. The utility shall record in this account gains resulting from the settlement of asset retirement obligations related to nonutility plant in accordance with the accounting prescribed in General Instruction 25.

**426.5 Other deductions.**

6. The utility shall record in this account losses resulting from the settlement of asset retirement obligations related to nonutility plant in accordance with the accounting prescribed in General Instruction 25.

**PART 154—RATE SCHEDULES AND TARIFFS**

■ 10. The authority citation for part 154 continues to read as follows:

Authority: 15 U.S.C. 717–717w; 31 U.S.C. 9701; 42 U.S.C. 7102–7352.

■ 11. In § 154.312 paragraph (d), introductory text, is amended by removing the sentence “Any authorized negative salvage must be maintained in a separate subaccount of account 108,” and adding in its place the following sentence to read as follows:

**§ 154.312 Composition of Statements.**

(d) \* \* \* Any authorized negative salvage must be maintained in a separate subaccount of account 108, and shall not include any amounts related to asset retirement obligations. \* \* \*

■ 12. Section 154.315 is added to subpart D to read as follows:

**§ 154.315 Asset retirement obligations.**

(a) A natural gas company that files a tariff change under this part and has recorded an asset retirement obligation on its books must provide a schedule, as part of the supporting workpapers, identifying all cost components related to the asset retirement obligations that are included in the book balances of all accounts reflected in the cost of service computation supporting the proposed rates. However, all cost components related to asset retirement obligations that would impact the calculation of rate base, such as gas plant and related accumulated depreciation and accumulated deferred income taxes, may not be reflected in rates and must be removed from the rate base calculation through a single adjustment.

(b) A natural gas company seeking to recover nonrate base costs related to asset retirement obligations in rates must provide, with its filing under § 154.312 or § 154.313, a detailed study supporting the amounts proposed to be collected in rates.

(c) A natural gas company who has recorded asset retirement obligations on its books but is not seeking recovery of the asset retirement costs in rates, must remove all asset retirement obligations related cost components from the cost of service supporting its proposed rates.

**PART 201—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT**

■ 13. The authority citation for part 201 continues to read as follows:

Authority: 15 U.S.C. 717–717w, 3301–3432; 42 U.S.C. 7101–7352, 7651–7651o.

■ 14. In Definitions, Definition 10 is revised to read as follows:

**Definitions**

10. *Cost of removal* means the cost of demolishing, dismantling, tearing down or otherwise removing gas plant, including the cost of transportation and handling incidental thereto. It does not include the cost of removal activities associated with asset retirement obligations that are capitalized as part of the tangible long-lived assets that give rise to the obligation. (See General Instruction 24).

■ 15. In General Instructions, Instruction 20 paragraphs C. and D. are redesignated as paragraphs D. and E. and a new paragraph C. is added; and a new Instruction 24 is added to read as follows:

**General Instructions**

20. *Accounting for leases.*

C. The utility, as a lessee, shall recognize an asset retirement obligation (See General Instruction 24) arising from the plant under a capital lease unless the obligation is recorded as an asset and liability under a capital lease. The utility shall record the asset retirement cost by debiting account 101.1, Property under capital leases, or account 121, Nonutility property, as appropriate, and crediting the liability for the asset retirement obligation in account 230, Asset retirement obligations. Asset retirement costs recorded in account 101.1 or account 121 shall be amortized by charging rent expense (See Operating Expense Instruction 3) or account 421, Miscellaneous nonoperating income, as appropriate, and crediting a separate subaccount of the account in which the asset retirement costs are recorded. Charges for the periodic accretion of the liability in account 230, Asset retirement obligations, shall be recorded by a charge to account 411.10, Accretion expense, for gas utility plant, and account 421, Miscellaneous nonoperating income, for nonutility plant and a credit to account 230, Asset retirement obligations.

24. *Accounting for asset retirement obligations.*

A. An asset retirement obligation represents a liability for the legal obligation associated with the retirement of a tangible long-lived asset that a utility is required to settle as a result of an existing or enacted law,

statute, ordinance, or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel. An *asset retirement cost* represents the amount capitalized when the liability is recognized for the long-lived asset that gives rise to the legal obligation. The amount recognized for the liability and an associated asset retirement cost shall be stated at the fair value of the asset retirement obligation in the period in which the obligation is incurred.

B. The utility shall initially record a liability for an asset retirement obligation in account 230, Asset retirement obligations, and charge the associated asset retirement costs to gas utility plant and nonutility plant, as appropriate, related to the plant that gives rise to the legal obligation. The asset retirement cost shall be depreciated over the useful life of the related asset that gives rise to the obligations. For periods subsequent to the initial recording of the asset retirement obligation, a utility shall recognize the period to period changes of the asset retirement obligation that result from the passage of time due to the accretion of the liability and any subsequent measurement changes to the initial liability for the legal obligation recorded in account 230, Asset retirement obligations, as follows:

(1) The utility shall record the accretion of the liability by debiting account 411.10, Accretion expense, for gas utility plant, account 413, Expenses of gas plant leased to others, for gas plants leased to others, and account 421, Miscellaneous nonoperating income, for nonutility plant and crediting account 230, Asset retirement obligations; and

(2) The utility shall recognize any subsequent measurement changes of the liability initially recorded in account 230, Asset retirement obligations, for each specific asset retirement obligation as an adjustment of that liability in account 230 with the corresponding adjustment to gas utility plant, gas plant leased to others, and nonutility plant, as appropriate. The utility shall on a timely basis monitor any measurement changes of the asset retirement obligations.

C. Gains or losses resulting from the settlement of asset retirement obligations associated with utility plant resulting from the difference between the amount of the liability for the asset retirement obligation included in account 230, Asset retirement obligations, and the actual amount paid to settle the obligation shall be accounted for as follows:

(1) Gains shall be credited to account 411.6, Gains from disposition of utility plant, and;

(2) Losses shall be charged to account 411.7, Losses from disposition of utility plant.

D. Gains or losses on the settlement of the asset retirement obligations associated with nonutility plant resulting from the difference between the amount of the liability for the asset retirement obligation in account 230, Asset retirement obligations, and the amount paid to settle the obligation, shall be accounted for as follows:

(1) Gains shall be credited to account 421, Miscellaneous nonoperating income, and;

(2) Losses shall be charged to account 426.5, Other deductions.

E. Separate subsidiary records shall be maintained for each asset retirement obligation showing the initial liability and associated asset retirement cost, any incremental amounts of the liability incurred in subsequent reporting periods for additional layers of the original liability and related asset retirement cost, the accretion of the liability, the subsequent measurement changes to the asset retirement obligation, the depreciation and amortization of the asset retirement costs and related accumulated depreciation, and the settlement date and actual amount paid to settle the obligation. For purposes of analyses a utility shall maintain supporting documentation so as to be able to furnish accurately and expeditiously with respect to each asset retirement obligation the full details of the identity and nature of the legal obligation, the year incurred, the identity of the plant giving rise to the obligation, the full particulars relating to each component and supporting computations related to the measurement of the asset retirement obligation.

■ 16. In Gas Plant Instructions, paragraph 3.A.(17)(a) the W element is revised; and new paragraph 3.A.(23) is added to read as follows:

**Gas Plant Instructions**

3. Components of construction cost.  
A. \* \* \*

(17) \* \* \*

(a) \* \* \*

W = Average balance in construction work in progress less asset retirement costs (See General Instruction 24) related to plant under construction.

(23) "Asset retirement costs." The costs recognized as a result of asset

retirement obligations incurred during the construction and testing of utility plant shall constitute a component of construction costs.

■ 17. Balance Sheet Accounts are amended as follows:

■ (a) Account 101.1, is amended by adding a sentence to the end of paragraph C.;

■ (b) Account 103, paragraph C. is revised;

■ (c) Account 108, paragraphs A.(2) through A.(7) are redesignated as paragraphs A.(3) through A.(8), a new paragraph A.(2) is added, and paragraph C. is amended by adding a sentence to the end of the paragraph;

■ (d) Account 121, paragraph A. is amended by adding a sentence to the end of the paragraph; and

■ (e) Account 230 is added.

The additions and revisions read as follows:

**Balance Sheet Accounts**

\* \* \* \* \*

**101.1 Property under capital leases.**

\* \* \* \* \*

C. \* \* \* Records shall also be maintained for plant under a lease, to identify the asset retirement obligation and cost originally recognized for each lease and the periodic charges and credits made to the asset retirement obligations and asset retirement costs.

\* \* \* \* \*

**103 Experimental gas plant unclassified.**

\* \* \* \* \*

C. The depreciation on plant in this account shall be charged to account 403, Depreciation expense, and account 403.1, Depreciation expense for asset retirement costs, as appropriate, and credited to account 108, Accumulated provision for depreciation of gas utility plant. The amounts herein shall be depreciated over a period which corresponds to the estimated useful life of the relevant project considering the characteristics involved. However, when projects are transferred to account 101, Gas plant in service, a new depreciation rate based on the remaining service life and undepreciated amounts, will be established.

\* \* \* \* \*

**108 Accumulated provision for depreciation of gas utility plant.**

A. \* \* \*

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, for current

depreciation expense related to asset retirement costs in gas plant in service in a separate subaccount.  
\* \* \* \* \*

C. \* \* \* Separate subsidiary records shall be maintained for the amount of accrued cost of removal other than legal obligations for the retirement of plant recorded in account 108, Accumulated provision for depreciation of gas utility plant.  
\* \* \* \* \*

**121 Nonutility property.**

A. \* \* \* This account shall also include, where applicable, amounts recorded for asset retirement costs associated with nonutility plant.  
\* \* \* \* \*

**230 Asset retirement obligations.**

A. This account shall include the amount of liabilities for the recognition of asset retirement obligations related to gas utility plant and nonutility plant that gives rise to the obligations. This account shall be credited for the amount of the liabilities for asset retirement obligations with amounts charged to the appropriate gas utility plant accounts or nonutility plant accounts to record the related asset retirement costs.

B. This account shall also include the period to period changes for the accretion of the liabilities in account 230, Asset retirement obligations. The utility shall charge the accretion expense to account 411.10, Accretion expense, for gas utility plant, account 413, Expenses of gas plant leased to others, for gas plant leased to others, or account 421, Miscellaneous nonoperating income, for nonutility plant, as appropriate, and credit account 230, Asset retirement obligations.

C. This account shall be debited with amounts paid to settle the asset retirement obligations recorded herein.

D. The utility shall clear from this account any gains or losses resulting from the settlement of asset retirement obligations in accordance with the instructions prescribed in General Instruction 24.  
\* \* \* \* \*

■ 18. In Gas Plant Accounts, new primary plant accounts, 321, 339, 348, 358, 363.6, 372, 388, and 399.1 are added to read as follows:

**Gas Plant Accounts**  
\* \* \* \* \*

**321 Asset retirement costs for manufactured gas production plant.**

This account shall include asset retirement costs on plant included in

the manufactured gas production plant function.  
\* \* \* \* \*

**339 Asset retirement costs for natural gas production and gathering plant.**

This account shall include asset retirement costs on plant included in the natural gas production and gathering plant function.  
\* \* \* \* \*

**348 Asset retirement costs for products extraction plant.**

This account shall include asset retirement costs on plant included in the products extraction plant function.  
\* \* \* \* \*

**358 Asset retirement costs for underground storage plant.**

This account shall include asset retirement costs on plant included in the underground storage plant function.  
\* \* \* \* \*

**363.6 Asset retirement costs for other storage plant.**

This account shall include asset retirement costs on plant included in the other storage plant function.  
\* \* \* \* \*

**372 Asset retirement costs for transmission plant.**

This account shall include asset retirement costs on plant included in the transmission plant function.  
\* \* \* \* \*

**388 Asset retirement costs for distribution plant.**

This account shall include asset retirement costs on plant included in the distribution plant function.  
\* \* \* \* \*

**399.1 Asset retirement costs for general plant.**

This account shall include asset retirement costs on plant included in the general plant function.  
\* \* \* \* \*

■ 19. Income Accounts are amended as follows:

- a. Account 403.1 is added,
- b. Accounts 411.6 and 411.7 are amended by designating the current paragraph as A. and adding a new paragraph B.,
- c. Account 411.10 is added,
- d. In Account 421, paragraphs 4. through 6. are added, and
- e. In Account 426.5 paragraph 6. is added.

The additions read as follows:

**Income Accounts**  
\* \* \* \* \*

**403.1 Depreciation expense for asset retirement costs.**

This account shall include the depreciation expense for asset retirement costs included in gas utility plant in service.  
\* \* \* \* \*

**411.6 Gains from disposition of utility property.**

A. \* \* \*  
B. The utility shall record in this account gains resulting from the settlement of asset retirement obligations related to utility plant in accordance with the accounting prescribed in General Instruction 24.  
\* \* \* \* \*

**411.7 Losses from disposition of utility property.**

A. \* \* \*  
B. The utility shall record in this account losses resulting from the settlement of asset retirement obligations related to utility plant in accordance with the accounting prescribed in General Instruction 24.  
\* \* \* \* \*

**411.10 Accretion expense.**

This account shall be charged for accretion expense on the liabilities associated with asset retirement obligations included in account 230, Asset retirement obligations, related to gas utility plant.  
\* \* \* \* \*

**421 Miscellaneous nonoperating income.**  
\* \* \* \* \*

4. This account shall include the accretion expense on the liability for an asset retirement obligation included in account 230, Asset retirement obligations, related to nonutility plant.

5. This account shall include the depreciation expense for asset retirement costs related to nonutility plant.

6. The utility shall record in this account gains resulting from the settlement of asset retirement obligations related to nonutility plant in accordance with the accounting prescribed in General Instruction 24.  
\* \* \* \* \*

**426.5 Other deductions.**  
\* \* \* \* \*

6. The utility shall record in this account losses resulting from the settlement of asset retirement obligations related to nonutility plant in

accordance with the accounting prescribed in General Instruction 24.  
\* \* \* \* \*

**PART 346—OIL PIPELINE COST-OF-SERVICE FILING REQUIREMENTS**

■ 20. The authority citation for part 346 continues to read as follows:

Authority: 42 U.S.C. 7101-7352; 49 U.S.C. 60502; 49 App. U.S.C. 1-85.

■ 21. Section 346.3 is added to read as follows:

**§ 346.3 Asset retirement obligations.**

(a) A carrier that files material in support of initial rates or change in rates under § 346.2 and has recorded asset retirement obligations on its books must provide a schedule, as part of the supporting workpapers, identifying all cost components related to the asset retirement obligations that are included in the book balances of all accounts reflected in the cost of service computation supporting the proposed rates. However, all cost components related to asset retirement obligations that would impact the calculation of rate base, such as carrier property and related accumulated depreciation and accumulated deferred income taxes, may not be reflected in rates and must be removed from the rate base calculation through a single adjustment.

(b) A carrier seeking to recover nonrate base costs related to asset retirement costs in rates must provide, with its filing under § 346.2 of this part, a detailed study supporting the amounts proposed to be collected in rates.

(c) A carrier who has recorded asset retirement obligations on its books but is not seeking recovery of the asset retirement costs in rates, must remove all asset retirement obligations related cost components from the cost of service supporting its proposed rates.

**PART 352—UNIFORM SYSTEMS OF ACCOUNTS PRESCRIBED FOR OIL PIPELINE COMPANIES SUBJECT TO THE PROVISIONS OF THE INTERSTATE COMMERCE ACT**

■ 22. The authority citation for part 352 continues to read as follows:

Authority: 49 U.S.C. 60502; 49 App. U.S.C. 1-85 (1988).

■ 23. In List of Instructions and Accounts, under Definitions, Definition 12 is revised to read as follows:

**Definitions.** \* \* \*

12. *Cost of removal* means cost of demolishing, dismantling, tearing down, or otherwise removing property including costs of handling and transportation. It does not include the

cost of removal activities associated with asset retirement obligations that are capitalized as part of the tangible long-lived assets that give rise to the obligation. (See General Instruction 1-19).  
\* \* \* \* \*

■ 24. In General Instructions, paragraph 1-19 is added to read as follows:

**General Instructions**  
\* \* \* \* \*

**1-19 Accounting for asset retirement obligations.**

(a) An *asset retirement obligation* represents a liability for the legal obligation associated with the retirement of a tangible long-lived asset that a utility is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel. An *asset retirement cost* represents the amount capitalized when the liability is recognized for the long-lived asset that gives rise to the legal obligation. The amount recognized for the liability and an associated asset retirement cost shall be stated at the fair value of the asset retirement obligation in the period in which the obligation is incurred.

(b) The carrier shall initially record a liability for an asset retirement obligation in account 67, Asset retirement obligations, and charge the associated asset retirement costs to account 30, Carrier property, and account 34, Noncarrier property, as appropriate, related to the property that gives rise to the legal obligation. The asset retirement cost shall be depreciated over the useful life of the related asset that gives rise to the obligations. For periods subsequent to the initial recording of the asset retirement obligation, a carrier shall recognize the period to period changes of the asset retirement obligation that result from the passage of time due to the accretion of the liability and any subsequent measurement revisions to the initial liability for the legal obligation recorded in account 67, Asset retirement obligations, as follows:

(1) The carrier shall record the accretion of the liability by debiting account 591, Accretion expense, for carrier property, account 620, Income (net) from noncarrier property, for noncarrier property and crediting account 67, Asset retirement obligations; and

(2) The carrier shall recognize any subsequent measurement changes of the liability initially recorded in account 67, Asset retirement obligations, for each

specific asset retirement obligation as an adjustment of that liability in account 67 with the corresponding adjustment to carrier property and noncarrier property accounts, as appropriate. The utility shall on a timely basis monitor any measurement changes of the asset retirement obligations.

(c) Gains or losses resulting from the final settlement of asset retirement obligations for carrier plant resulting from the difference between the amount of the liability for the asset retirement obligation in account 67, Asset retirement obligations, and the actual amount to settle the obligation, shall be recorded in account 592, Gains or losses on asset retirement obligations.

(d) Gains or losses resulting from the final settlement of asset retirement obligations for noncarrier plant resulting from the difference between the amount of the liability for the asset retirement obligation in account 67, Asset retirement obligations, and the actual amount to settle the obligation, shall be recorded in account 620, Income (net) from noncarrier property.

(e) Separate subsidiary records shall be maintained for each asset retirement obligation showing the initial liability and associated asset retirement cost, any incremental amounts of the liability incurred in subsequent reporting periods for additional layers of the original liability and related asset retirement cost, the accretion of the liability, the subsequent measurement changes to the asset retirement obligation, the depreciation and amortization of the asset retirement costs and related accumulated depreciation, and the settlement date and actual amount paid to settle the obligation. For purposes of analyses a carrier shall maintain supporting documentation so as to be able to furnish accurately and expeditiously with respect to each asset retirement obligation the full details of the identity and nature of the legal obligation, the year incurred, the identity of the plant giving rise to the obligation, the full particulars relating to each component and supporting computations related to the measurement of the asset retirement obligation.  
\* \* \* \* \*

■ 25. In Instructions for Carrier Property Accounts, Instruction 3-3, paragraph (11)(iii) and paragraph (13) are added to read as follows:

**Instructions for Carrier Property Accounts**  
\* \* \* \* \*

3-3 *Cost of property constructed.*  
\* \* \*

(11) \* \* \*  
(iii) Interest during construction shall not be recognized on the asset retirement costs incurred during the construction of carrier and noncarrier property.

(13) Asset retirement costs that are recognized as a result of asset retirement obligations incurred during construction shall be included in the cost of construction costs.

■ 26. In Balance Sheet Accounts, account 31 is amended by adding a sentence to the end of paragraph, account 34 is amended by adding a sentence to the end of paragraph and account 67 is added to read as follows:

**Balance Sheet Accounts**

31 \* \* \* Separate subsidiary records shall be maintained for the amount of accrued cost of removal other than legal obligations for the retirement of property recorded in account 31. Accrued depreciation—Carrier property.

34 \* \* \* This account shall also include, amounts recorded for asset retirement costs associated with noncarrier property.

**67 Asset retirement obligations.**

(a) This account shall include liabilities arising from the recognition of asset retirement obligations. The carrier shall credit account 67, Asset retirement obligations, for the liabilities for asset retirement obligations and charge the appropriate carrier property accounts or noncarrier property accounts to record the related asset retirement costs.

(b) This account shall also include the period to period changes for the accretion of the liabilities in account 67, Asset retirement obligations. The carrier shall charge the accretion expense to account 591, Accretion expense, for carrier property, and account 620,

Income (net) from noncarrier property, for noncarrier property, as appropriate, and credit account 67, Asset retirement obligations.

(c) This account shall be debited with amounts paid to settle the asset retirement obligations recorded herein.

(d) The utility shall clear from this account any gains or losses resulting from the settlement of asset retirement obligations in accordance with the instructions prescribed in General Instruction 1–19.

■ 27. In Carrier Property Accounts, accounts 117, 167, and 186.1 are added to read as follows:

**Carrier Property Accounts**

117, 167, 186.1 *Asset retirement costs.*  
This account shall include asset retirement costs on plans included in carrier property.

■ 28. In Operating Expenses, accounts 541, 591 and 592 are added to read as follows:

**Operating Expenses**

541 **Depreciation expense for asset retirement costs.**

This account shall include charges for the depreciation of asset retirement costs related to transportation property.

591 **Accretion expense.**

This account shall be charged for accretion expense on the liabilities associated with asset retirement obligations included in account 67, Asset retirement obligations. The carrier shall record in this account the settlement amounts for asset retirement obligations related to carrier property in accordance with the accounting prescribed in General Instruction 1–19.

**592 Gains or losses on asset retirement obligations.**

The carrier shall record in this account gains or losses resulting from the settlement amounts for asset retirement obligations related to carrier property plant. (See General Instruction 1–19).

Note: The following appendices will not be published in the Code of Federal Regulations.

**APPENDIX A**

**LIST OF COMMENTERS**

Respondent	Abbreviation
1. Arkansas Public Service Commission.	Arkansas PSC.
2. Don Bjerke .....	Bjerke.
3. Deloitte & Touche LLP.	Deloitte & Touche.
4. Edison Electric Institute.	EEL.
5. FirstEnergy Corp. ...	FirstEnergy.
6. John S. Ferguson .....	Ferguson.
7. K. C. Martin .....	K.C. Martin.
8. Missouri Public Service Commission.	MoPSC.
9. National Association of State Utility Consumer Advocates.	NASUCA.
10. National Grid USA.	National Grid.
11. National Rural Electric Cooperative Assn..	NRECA.
12. Northern Natural Gas Company.	Northern Natural.
13. PacifiCorp .....	PacifiCorp.
14. Progress Energy, Inc..	Progress Energy.
15. Rural Utilities Service.	RUS.
16. Southern Company.	Southern.

**Appendix B**

**SUMMARY OF CHANGES TO SCHEDULES FOR FORMS 1, 1–F, 2, 2–A AND 6**

Schedule title	Forms 1 and 1–F public utilities and licensees	Forms 2 and 2A natural gas companies	Form 6 oil pipeline companies
1 List of Schedules	Revise to show schedule changes.	Same as Public Utilities and Licensees.	Same as Public Utilities and Licensees.
2 Comparative Balance Sheet	Add new account 230 to report asset retirement obligations.	Same as Public Utilities and Licensees.	Add account 67 to report asset retirement obligations.
3 Statement of Income for the Year	Add new accounts 403.1, to report depreciation expense and 411.10, to report accretion expense.	Same as Public Utilities and Licensees.	Add accounts 541, to report depreciation expense, 591, to report accretion expense, and 592, to report gains or losses on asset retirement obligations.

SUMMARY OF CHANGES TO SCHEDULES FOR FORMS 1, 1-F, 2, 2-A AND 6—Continued

Schedule title	Forms 1 and 1-F public utilities and licensees	Forms 2 and 2A natural gas companies	Form 6 oil pipeline companies
4 Plant in Service	Add new Instruction 4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) addition and reductions in column (e) adjustments. Add new primary asset retirement accounts, 317, 326, 337, 347, 359.1, 374 and 399.1, for each plant function.	Same as Public Utilities and Licensees.  Add new primary asset retirement accounts, 339, 348, 358, 363.6, 364.9, 372, 388, 399.1, for each plant function.	N/A  N/A
5 Undivided Joint Interest Property	N/A	N/A	Add new primary asset retirement accounts, 117, 167, and 186.1, for each carrier property account function.
6 Accumulated Provision for Depreciation of Utility Plant	Added lines to report "403.1 Depreciation Expense for Asset Retirement Costs" and "Book Cost of Asset Retirement Costs Retired."	Same as Public Utilities and Licensees.	N/A
7 Accrued Depreciation—Carrier Property	N/A	N/A	Add new primary asset retirement accounts, 117, 167, and 186.1, for each carrier property account function and revise column (c) to read Debits to Accounts 540 and 541 of USofA (in dollars).
8 Accrued Depreciation—Undivided Joint Interest Property	N/A	N/A	Same as above for Accrued Depreciation—Carrier Property.
9 Depreciation and Amortization of Plant (Except Amortization of Acquisition Adjustments)	Add new Column (c), Depreciation Expense for Asset Retirement Costs (403.1).	Same as Public Utilities and Licenses. Form 2-A N/A	N/A
10 Amortization Base and Reserve	N/A	N/A	Revise header over columns (b), (c), (d) and (e) to read (Base 540 and 541).
11 Steam-Electric Generating Plant Statistics (Large Plants)	Form 1—Revise to report Asset Retirement Costs. Form 1-F N/A	N/A	N/A
12 Hydroelectric Generating Plant Statistics (Large Plants)	Form 1—Revise to report Asset Retirement Costs. Form 1-F N/A	N/A	N/A
13 Pumped Storage Generating Plant Statistics (Large Plants)	Form 1—Revise to report Asset Retirement Costs. Form 1-F N/A	N/A	N/A
14 Generating Plant Statistics (Small Plants) (Continued)	Form 1—Revise Column (g), to read "Plant Cost (Including Asset Retirement Costs) Per MW Installed Capacity." Form 1-F N/A	N/A	N/A
15 Transmission Lines Added During the Year	Form 1—Add column (o) "Asset Retirement Costs" to report asset retirement costs as part of line cost. Form 1-F N/A	N/A	N/A



Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
LIST OF SCHEDULES (Electric Utility)			
Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA."			
Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
<b>GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS</b>			
General Information .....	101	Ed. 12-87	
Control Over Respondent .....	102	Ed. 12-96	
Corporations Controlled by Respondent .....	103	Ed. 12-96	
Officers .....	104	Ed. 12-96	
Directors .....	105	Ed. 12-95	
Security Holders and Voting Powers .....	106-107	Ed. 12-96	
Important Changes During the Year .....	108-109	Ed. 12-96	
Comparative Balance Sheet .....	110-113	Rev. 12-02	
Statement of Income for the Year .....	114-117	Rev. 12-02	
Statement of Retained Earnings for the Year .....	118-119	Ed. 12-96	
Statement of Cash Flows .....	120-121	Ed. 12-96	
Statement of Accumulated Comprehensive Income and Hedging Activities .....	122 (a) (b)	New 12-02	
Notes to Financial Statements .....	123	Ed. 12-02	
<b>BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)</b>			
Summary of Utility Plant and Accumulated Provisions for			
Depreciation, Amortization, and Depletion .....	200-201	Ed. 12-89	
Nuclear Fuel Materials .....	202-203	Ed. 12-89	
Electric Plant in Service .....	204-207	Rev. 12-02	
Electric Plant Leased to Others .....	213	Rev. 12-95	
Electric Plant Held for Future Use .....	214	Ed. 12-89	
Construction work in Progress - Electric .....	216	Ed. 12-87	
Construction Overheads - Electric .....	217	Ed. 12-89	
General Description of Construction Overhead Procedure .....	218	Ed. 12-88	
Accumulated Provision for Depreciation of Electric Utility Plant .....	219	Ed. 12-02	
Nonutility Property .....	221	Rev. 12-95	
investment in Subsidiary Companies .....	224-225	Ed. 12-89	
Materials and Supplies .....	227	Ed. 12-87	
Allowances .....	228-229	Ed. 12-89	
Extraordinary Property Losses .....	230	Ed. 12-88	
Unrecovered Plant and Regulatory Study Costs .....	230	Ed. 12-88	
Other Regulatory Assets .....	232	Ed. 12-95	
Miscellaneous Deferred Debits .....	233	Ed. 12-94	
Accumulated Deferred Income Taxes (Account 190) .....	234	Ed. 12-88	
<b>BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)</b>			
Capital Stock .....	250-251	Ed. 12-91	
Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and installments Received on Capital Stock .....	252	Rev. 12-95	
Other Paid-in Capital .....	253	Ed. 12-87	
Discount on Capital Stock .....	254	Ed. 12-87	
Capital Stock Expense .....	254	Ed. 12-86	
Long-Term Debt .....	256-257	Ed. 12-96	

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
LIST OF SCHEDULES (Electric Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
<b>BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued)</b>			
Reconciliation of Reported Net Income with for Federal Income Taxes .....	261	Ed. 12-96	
Taxes Accrued, Prepaid and Charged During Year .....	262 - 263	Ed. 12-96	
Accumulated Deferred Investment Tax Credits .....	266 - 267	Ed. 12-89	
Other Deferred Credits .....	269	Ed. 12-88	
Accumulated Deferred Income Taxes - Accelerated Amortization Property .....	272 - 273	Ed. 12-96	
Accumulated Deferred Income Taxes - Other Property .....	274 - 275	Ed. 12-96	
Accumulated Deferred Income Taxes Other .....	276 - 277	Ed. 12-96	
Other Regulatory Liabilities .....	278	Ed. 12-94	
<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>			
Electric Operating Revenues .....	300 - 301	Ed. 12-96	
Sales of Electricity by Rate Schedules .....	304	Ed. 12-95	
Sales of Resale .....	310 - 311	Ed. 12-88	
Electric Operation and Maintenance Expenses .....	320 - 323	Ed. 12-95	
Number of Electric Department Employees .....	323	Ed. 12-93	
Purchased Power .....	326 - 327	Ed. 12-95	
Transmission of Electricity for Others .....	328 - 330	Ed. 12-90	
Transmission of Electricity by Others .....	332	Ed. 12-90	
Miscellaneous General Expenses - Electric .....	335	Ed. 12-94	
Depreciation and Amortization of Electric - Plant .....	336 - 337	Rev. 12-02	
Particulars Concerning Certain Income Deduction and Interest Charges Account .....	340	Ed. 12-87	
<b>COMMON SECTION</b>			
Regulatory Commission Expenses .....	350 - 351	Ed. 12-96	
Research, Development and Demonstration Activities .....	352 - 353	Ed. 12-87	
Distribution of Salaries and Wages .....	354 - 355	Ed. 12-88	
Common Utility Plant and Expenses .....	356	Ed. 12-87	
<b>ELECTRIC PLANT STATISTICAL DATA</b>			
Electric Energy Account .....	401	Rev. 12-90	
Monthly Peaks and Output .....	401	Rev. 12-90	
Steam-Electric Generating Plant Statistics (Large Plants) .....	402 - 403	Rev. 12-02	
Hydroelectric Generating Plant Statistics (large Plants) .....	406 - 407	Ed. 12-02	
Pumped Storage Generating Plant Statistics (Large Plants) .....	408 - 409	Ed. 12-02	
Generating Plant Statistics (Small Plants) .....	410 - 411	Ed. 12-02	

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
LIST OF SCHEDULES (Electric Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
ELECTRIC PLANT STATISTICAL DATA (Continued)			
Transmission Lines Statistics .....	422-423	Ed. 12-87	
Transmission Lines Added During Year .....	424-425	Ed. 12-02	
Substations .....	426-427	Ed. 12-96	
Electric Distribution Meters and Line Transformers .....	429	Ed. 12-88	
Environmental protection Facilities .....	430	Ed. 12-88	
Environmental Protection Expenses .....	431	Ed. 12-88	
Footnote Data .....	450	Ed. 12-87	
Stockholders' Reports                      Check appropriate box:  <input type="checkbox"/> Four copies will be submitted.  <input type="checkbox"/> No annual report to stockholders is prepared.			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
<b>COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)</b>				
Line No	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of year (c)	Balance at End of Year (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251		
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252		
7	Other Paid in Capital (208-211)	253		
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock expense (214)	254		
11	Retained Earnings (215, 215.1, 216)	118-119		
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Recquired Capital Stock (217)	250-251		
14	Accumulated Other Comprehensive Income (219)	122 (a) (b)		
15	TOTAL Proprietary Capital (Enter Total of Lines 2 thru 14)	-		
16	<b>LONG-TERM DEBT</b>			
17	Bonds (221)	256-257		
18	(Less) Recquired Bonds (222)	256-257		
19	Advances from Associated Companies (223)	256-257		
20	Other Long-Term Debt (224)	256-257		
21	Unamortized Premium on Long-Term Debt (225)	-		
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	-		
23	TOTAL Long-Term Debt (Enter Total of Lines 16 thru 21)	-		
24	<b>OTHER NONCURRENT LIABILITIES</b>			
25	Obligations Under Capital Leases-Noncurrent (227)	-		
26	Accumulated Provision for Property Insurance (228.1)	-		
27	Accumulated Provision for Injures and damages (228.2)	-		
28	Accumulated Provision for Pensions and Benefits (228.3)	-		
29	Accumulated Miscellaneous Operating Provision (228.4)	-		
30	Accumulated Provision for Rate Refunds (229)	-		
31	Asset Retirement Obligations (230)	-		
32	TOTAL OTHER Noncurrent Liabilities (Enter Total of Lines 24 thru 30)	-		
33	<b>CURRENT AND ACCRUED LIABILITIES</b>			
34	Notes Payable (231)	-		
35	Accounts Payable (232)	-		
36	Notes Payable to Associated Companies (233)	-		
37	Account Payable to Associated Companies (234)	-		
38	Customer Deposits (235)	-		
39	Taxes Accrued (236)	262-263		
40	Interest Accrued (237)	-		
41	Dividends Declared (238)	-		
42	Matured Long-Term Debt (239)	-		
43	Matured Interests (240)	-		
44	Tax Collections Payable (241)	-		
45	Miscellaneous Current and Accrued Liabilities(242)	-		
46	Obligations Under Capital Leases-Current (243)	-		

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)				
Line No	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of year (c)	Balance at End of Year (d)
47	Derivative Instrument Liabilities (244)			
48	Derivative Instrument Liabilities - Hedging (245)			
49	TOTAL Current and Accrued Liabilities (Enter Total of Lines 34 thru 48)			
50	DEFERRED CREDITS			
51	Customer Advances for Construction (252)			
52	Accumulate Deferred Investment Tax Credits (255)	266-267		
53	Deferred Gains from Disposition of Utility Plant (256)			
54	Other Deferred Credits (253)	269		
55	Other Regulatory Liabilities (254)	278		
55	Unamortized Gain on Heacquired Debt (257)	269		
56	Accumulated Deferred Income Taxes (281-283)	272-277		
57	TOTAL Deferred Credits (Enter Total of Lines 48 thru 54)			
58				
59				
60				
61				
62				
63				
64				
65				
66				
67				
68				
69				
70				
	TOTAL Liabilities and Other Credits (Enter Total of Lines 15, 23, 32,49 and 57)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondant	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____	
<b>STATEMENT OF INCOME FOR THE YEAR</b>				
<p>1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another Utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount(s) over Lines 02 thru 24 as appropriate. include these amounts in columns (c) and (d) totals.</p> <p>2. Report amounts in account 414, Other Utility Operating income, in the same manner as accounts 412 and 413 above.</p> <p>3. Report data for lines 8, 10, and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.</p> <p>4. Use page 123 for important notes regarding the statement of income or any account thereof.</p>		<p>5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.</p> <p>6. Give concise explanations concerning significant amounts of any refunds made or received during the year.</p>		
Line No	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of year (c)	Balance at End of Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301		
3	Operating Expenses			
4	Operation Expenses (401)	320-323		
5	Maintenance Expenses (402)	320-323		
6	Depreciation Expenses (403)	336-337		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337		
8	Amortization, & Depletion of Utility Plant (404-405)	336-337		
9	Amortization of Utility Plant Acquisition Adjustment (406)	336-337		
10	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
11	Amortization of Conversion Expenses (407)			
12	Regulatory Debits (407.3)			
13	(Less) Regulatory Credits (407.4)			
14	Taxes Other than Income Taxes (408.1)	262-263		
15	Income Taxes - Federal (409.1)	262-263		
16	- Other (409.1)	262-263		
17	Provision for deferred Income Taxes (410.1)	234,272-277		
18	(Less) Provision for Deferred Income Taxes - Cr. (411.1)	234,272-277		
19	Investment Tax Credit Adj. - Net (411.4)	266		
20	(Less) Gains from Disp. Of Utility Plant (411.6)			
21	Losses from Disp. Of Utility Plant (411.7)			
22	(Less) Gains from Disposition of Allowances (411.8)			
23	Losses from Disposition of Allowances (411.9)			
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter Total of Lines 4 thru 24)			
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 25)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year of Report Dec 31, ____	
STATEMENT OF INCOME FOR THE YEAR (Continued)							
resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts. 7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes should be included on page 123. B. Enter on page 123 a concise explanation of only those changes in accounting methods made during the year				which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes. 9. Explain in a footnote if the previous year's figures are different from that reported in prior reports. 10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information on page.123 or in a footnote.			
ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.	
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
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							26

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____	
STATEMENT OF INCOME FOR THE YEAR (Continued)						
	OTHER UTILITY		OTHER UTILITY		OTHER UTILITY	
Line No.	Current Year (k)	Previous Year (l)	Current Year (m)	Previous Year (n)	Current Year (o)	Previous Year (p)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						



Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-95-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____	
STATEMENT OF INCOME FOR THE YEAR (Continued)					
Line No	Account (a)	(Ref.) Page No. (b)	TOTAL		
			Current Year (c)	Previous Year (d)	
27	Net Utility Operating Income (Carried forward from page 114)	-			
28	Other Income and Deductions				
29	Other Income				
30	Nonutility Operating Income				
31	Revenues From Merchandising, Jobbing and Contract Work (415)				
32	(Less) Costs and Exp. Of Merchandising, Job & Contract Work (416)				
33	Revenues From Nonutility Operations (417)				
34	(Less) Expenses of Nonutility Operations (417.1)				
35	Nonoperating Rental Income (418)				
36	Equity in Earnings of Subsidiary Companies (418.1)	119			
37	Interest and Dividend Income (419)				
38	Allowance for Other Funds Used During Construction (419.1)				
39	Miscellaneous Nonoperating Income (421)				
40	Gain on Disposition of Property (421.2)				
41	TOTAL Other Income (Enter Total of Lines 31 thru 40)				
42	Other Income Deductions				
43	Loss on Disposition of Property (421.2)				
44	Miscellaneous Amortization (425)	340			
45	Miscellaneous Income Deductions (426.1-426.5)	340			
46	TOTAL Other Income Deductions (Total of Lines 43 thru 45)				
47	Taxes Applicable To Other Income and Deductions				
48	Taxes Other than Income Taxes (408.2)	262-263			
49	Income Taxes - Federal (409.2)	262-263			
50	Income Taxes - Other (409.2)	262-263			
51	Provision for Deferred Inc. Taxes (410.2)	234,272-277			
52	(Less) Provision for Deferred Income Taxes - Credit (411.2)	234,272-277			
53	Investment Tax Credit Adj. - Net (411.5)				
54	(Less) Investment Tax Credits (420)				
55	TOTAL Taxes on Other Income and Deductions (Total of 48 thru 54)				
56	Net Other Income and Deductions (Enter Total of Lines 41, 46, 55)				
57	Interest Charges				
58	Interest on Long-Term Debt (427)				
59	Amort. Of Debt Disc. And Expense (428)				
60	Amortization of Loss on Reacquired Debt (428.1)				
61	(Less) Amort. Of Premium on Debt - credit (429)				
62	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)				
63	Interest on Debt to Assoc. Companies (430)	340			
64	Other Interest Expense (431)	340			
65	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)				
66	Net Interest Charges (Enter Total of Lines 58 thru 65)				
67	Income Before Extraordinary Items (Total of Lines 27, 56 and 66)				
68	Extraordinary Items				
69	Extraordinary Income (434)				
70	(Less) Extraordinary Deductions (435)				
71	Net Extraordinary Items (Enter Total of Line 69 less Line 70)				
72	Income Taxes-Federal and Other (409.3)	262-263			
73	Extraordinary Items After Taxes (Enter Total of Line 71 less Line 72)				
74	Net Income (Enter Total of Lines 67 and 73)				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106)				
<p>1. Report below the original cost of electric plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.</p> <p>5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in</p>				
Line No	Account (a)	Balance at Beginning of year (b)	Addition (c)	
1	1. INTANGIBLE PLANT			
2	(301) Organization			
3	(302) Franchises and Consents			
4	(303) Miscellaneous Intangible Plant			
5	TOTAL Intangible Plant (Enter Total of Lines 2, 3, and 4)			
6	2. PRODUCTION PLANT			
7	A. Steam Production Plant			
8	(310) Land and Land Rights			
9	(311) Structures and Improvements			
10	(312) Boiler Plant Equipment			
11	(313) Engines and Engine-Driven Generators			
12	(314) Tubogenerator Units			
13	(315) Accessory Electric Equipment			
14	(316) Misc. Power Plant Equipment			
15	(317) Asset Retirement Costs for Steam Production			
16	TOTAL Steam Production Plant (Enter Total of Lines 8 thru 15)			
17	B. Nuclear Production Plant			
18	(320) Land and Land Rights			
19	(321) Structures and Improvements			
20	(322) Reactor Plant Equipment			
21	(323) Turbo generator Units			
22	(324) Accessory Electric Equipment			
23	(325) Misc. Power Plant Equipment			
24	(326) Asset Retirement Costs for Nuclear Production			
25	TOTAL Nuclear Production Plant (Enter Total of Lines 18 thru 24)			
26	C. Hydraulic Production Plant			
27	(330) Land and Land Rights			
28	(331) Structures and Improvements			
29	(332) Reservoirs, Dams, and Waterways			
30	(333) Water Wheels, Turbines, and Generators			
31	(334) Accessory Electric Equipment			
32	(335) Misc. Power Plant Equipment			
33	(336) Roads, Railroad, and Bridges			
34	(337) Asset Retirement Costs for Hydraulic Production			
35	TOTAL Hydraulic Production Plant (Enter Total of Lines 27 thru 34)			
36	D. Other Production Plant			
37	(340) Land and Land Rights			
38	(341) Structures and Improvements			
39	(342) Fuel Holders, Products, and Accessories			
40	(343) Prime Movers			
41	(344) Generators			
42	(345) Accessory Electric Equipment			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)				
<p>column (d) reversals of tentative distributions of prior year of unclassified retirements. Show in a footnote the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.</p> <p>7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e)</p>		<p>the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.</p> <p>8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.</p> <p>9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.</p>		
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			(301)	2
			(302)	3
			(303)	4
				5
				6
				7
			(310)	8
			(311)	9
			(312)	10
			(313)	11
			(314)	12
			(315)	13
			(316)	14
			(317)	15
				16
				17
			(320)	18
			(321)	19
			(322)	20
			(323)	21
			(324)	22
			(325)	23
			(326)	24
				25
				26
			(330)	27
			(331)	28
			(332)	29
			(333)	30
			(334)	31
			(335)	32
			(336)	33
			(337)	34
				35
				36
			(340)	37
			(341)	38
			(342)	39
			(343)	40
			(344)	41
			(345)	42

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo., Da., Yr)	Year of Report Dec 31, ____
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106)				
Line No	Account (a)	Balance at Beginning of year (b)	Addition (c)	
43	(346) Misc. Power Plant Equipment			
44	(347) Asset Retirement Costs for Other Production			
45	TOTAL Other Prod. Plant (Enter Total of Lines 37 thru 44)			
46	TOTAL Prod. Plant (Enter Total of Lines 16, 25, 35, and 45)			
47	3. TRANSMISSION PLANT			
48	(350) land and Land Rights			
49	(352) Structures and Improvements			
50	(353) Station Equipment			
51	(354) Towers and Fixtures			
52	(355) Poles and Fixtures			
53	(356) Overhead Conductors and Devices			
54	(357) Underground conduit			
55	(358) Underground Conductors and Devices			
55	(359) Roads and Trails			
57	(359.1) Asset Retirement Costs for Transmission Plant			
58	TOTAL Transmission Plant (Enter Total of Lines 44 thru 52)			
59	4. DISTRIBUTION PLANT			
60	(360) Land and Land Rights			
61	(361) Structures and Improvements			
62	(362) Station Equipment			
63	(363) Storage Battery Equipment			
64	(364) Poles, Towers, and Fixtures			
65	(365) Overhead Conductors and Devices			
66	(366) Underground Conduit			
67	(367) Underground Conductors and Devices			
68	(368) Line Transformers			
69	(369) Services			
70	(370) Meters			
71	(371) Installations on Customer Premises			
72	(372) Leased Property on Customer Premises			
73	(373) Street Lighting and Signal Systems			
74	(374) Asset Retirement Costs for Distribution Plant			
75	Total Distribution Plant (Enter Total of Lines 60 thru 74)			
76	5. GENERAL PLANT			
77	(389) Land and Land Rights			
78	(390) Structures and Improvements			
79	(391) Office Furniture and Equipment			
80	(392) Transportation Equipment			
81	(393) Stores Equipment			
82	(394) Tools, Shop and Garage Equipment			
83	(395) Laboratory Equipment			
84	(396) Power Operated Equipment			
85	(397) Communication Equipment			
86	(398) Miscellaneous Equipment			
87	SUBTOTAL (Enter Total of Lines 77 thru 86)			
88	(399) Other Tangible Property			
89	(399.1) Asset Retirement Costs for General Plant			
90	TOTAL General Plant (Enter Total of Lines 87, 88, and 89)			
91	TOTAL (Accounts 101 and 106) (Lines 5, 16, 25, 35, 45, 58, 75, 90)			
92	(102) Electric Plant Purchased (See Instr. 8)			
93	(Less) (102) Electric Plant Sold (See Instr. 8)			
94	(103) Experimental Plant Unclassified			
95	TOTAL Electric Plant in Service (Enter Total of Lines 91 thru 94)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				(346)	43
				(347)	44
					45
					46
					47
				(350)	48
				(352)	49
				(353)	50
				(354)	51
				(355)	52
				(356)	53
				(357)	54
				(358)	55
				(359)	56
				(359.1)	57
					58
					59
				(360)	60
				(361)	61
				(362)	62
				(363)	63
				(364)	64
				(365)	65
				(366)	66
				(367)	67
				(368)	68
				(369)	69
				(370)	70
				(371)	71
				(372)	72
				(373)	73
				(374)	74
					75
					76
				(389)	77
				(390)	78
				(391)	79
				(392)	80
				(393)	81
				(394)	82
				(395)	83
				(396)	84
				(397)	85
				(398)	86
					87
				(399)	88
				(399.1)	89
					90
					91
				(102)	92
					93
				(103)	94
					95

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
<b>ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)</b>					
1. Explain in a footnote any important adjustments during year. 2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column (d), excluding retirements of nondepreciable property. 3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.			If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications. 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.		
<b>Section A. Balances and Changes During Year</b>					
Line No	Item (a)	Total (c+g+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year				
2	Depreciation Provisions for Year, Charged to:				
3	(403) Depreciation Expense				
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Expense of Electric Plant Leased to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify):				
9					
10	Total Depreciation, Provision For Year (Enter Total of Lines 3 thru 9)				
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired				
13	Cost of Removal				
14	Salvage (Credit)				
15	TOTAL Net Charges For Plant Retired (Enter Total of Lines 12 thru 14)				
16	Other Debit or Credit Items (Describe):				
17					
18	Book Cost of Asset Retirement Costs Retired				
19	Balance End of Year (Enter Total of lines 1, 10, 15, 16 and 18)				
<b>Section B. Balances at End of Year According to Functional Classifications</b>					
20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production				
25	Transmission				
26	Distribution				
27	General				
28	TOTAL (Enter Total of Lines 20 thru 27)				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____			
<b>DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 403, 403.1, 404, 405) (Except Amortization of Acquisition Adjustments)</b>						
<p>1. Report in Section A for the year the amounts for: (a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).</p> <p>2. Report in section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.</p> <p>3. Report all available information called for in section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.</p> <p>Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of section C the type of plant included in any subaccount used.</p> <p>In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional</p>						
<p>Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.</p> <p>For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant.</p> <p>If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.</p> <p>4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.</p>						
<b>A. Summary of depreciation and Amortization Charges</b>						
Line No	Functional Classification  (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited-Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Account 405) (e)	Total (f)
1	Intangible Plant					
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant -- Conventional					
5	Hydraulic Production Plant -- Pumped Storage					
6	Other Production Plant					
7	Transmission Plant					
8	Distribution Plant					
9	General Plant					
10	Common Plant -- Electric					
11	TOTAL					
<b>B. Basis for Amortization Charges</b>						

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
<b>STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)</b>				
1. Report data for plant in Service only.		approximate average number of employees assignable to each plant		
2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 KW or more, and nuclear plants.		6. If gas is used and purchased on a therm basis report the Btu content of the gas and the quantity of fuel burned converted to Mct.		
3. Indicate by a footnote any plant leased or operated as a joint facility.		7. Quantities of fuel burned (line 38) and average cost per unit of fuel burned (line 41) must be consistent with charges to expense accounts 501 and 547 (line 42) as show on line 20.		
4. If net peak demand for 60 minutes is not available. Give data which is available, specifying period.		8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.		
5. If any employees attend more than one plant, report on line 11 the				
Line No	Item (a)	Plant Name: (b)	Plant Name: (c)	
1	Kind of Plant (Steam, Internal Combustion, Gas Turbine or Nuclear)			
2	Type of Plant Construction (Convention, Outdoor Boiler, Full Outdoor, Etc.)			
3	Year Originally Constructed			
4	Year Last Unit was Installed			
5	Total Installed Capacity (Maximum Generator Name Plate Ratings in MW)			
6	Next Peak Demand on Plant - MW (60 minutes)			
7	Plant Hours Connected to Load			
8	Net Continuous Plant Capability (Megawatts)			
9	When not Limited by Condenser Water			
10	When Limited by Condenser Water			
11	Average Number of Employees			
12	Net Generation, Exclusive of Plant Use -KWh			
13	Cost of Plant: Land and Land Rights			
14	Structures and Improvements			
15	Equipment Costs			
16	Asset Retirement Costs			
17	Total Cost			
18	Cost per KW of Installed Capacity (Line 17/ Line 5) including Asset Retirement Costs			
19	Production Expenses: Oper. Supv. & Engr.			
20	Fuel			
21	Coolants and Water (Nuclear Plants Only)			
22	Steam Expenses			
23	Steam From Other Sources			
24	Steam Transferred (Cf.)			
25	Electric Expenses			
26	Misc. Steam (or Nuclear) Power Expenses			
27	Rents			
28	Allowances			
29	Maintenance Supervision and Engineering			
30	Maintenance of Structures			
31	Maintenance of Boiler (Or Reactor) Plant			
32	Maintenance of Electric Plant			
33	Maintenance Misc. Steam (or Nuclear) Plant			
34	Total Production Expenses			
35	Expenses per Net KWh			
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)			
37	Unit: (Coal-tons of 2,000 lb.) (Oil-barrels of 42 gals.) (Gas=Mcf) (Nuclear-indicate)			
38	Quantity (Units) of Fuel Burned			
39	Avg. Heat Cont. Of Fuel Burned (Btu per lb. Of coal per gal. Of oil or per Mcf of gas) (Give unit if nuclear)			
40	Average Cost of Fuel per Unit, as Delivered f. o. b. Plant During Year			
41	Average Cost of Fuel per Unit Burned			
42	Avg. Cost of Fuel Burned per Million Btu			
43	Avg. Cost of Fuel Burned per Kwh Net Generation			
44	Average Btu per Kwh Net Generation			



Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-103-

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
<b>STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)</b>			
<p>9. Items under Cost of Plant are based on U.S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses.</p> <p>10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on line 32. "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants.</p> <p>11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas</p> <p style="margin-left: 400px;">-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant.</p> <p>12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.</p>			
Plant Name: (d)	Plant Name: (e)	Plant Name: (f)	Line No.
			1
			2
			3
			4
			5
			6
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			8
			9
			10
			11
			12
			13
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Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-104-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)				
1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings).		3. If net peak demand for 60 minutes is not available, give that which is available specifying period.		
2. If any plant is leased, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. If licensed project, give project number.		4. If a group of employees attends more than one generating plant, report on line 11 the approximate average number of employees assignable to each plant.		
Line No	Item (a)	FERC Licensed Project No. Plant Name: (b)	FERC Licensed Project No. Plant Name: (c)	
1	Kind of Plant (Run-of-River or Storage)			
2	Type of Plant Construction (Conventional or Outdoor)			
3	Year Originally Constructed			
4	Year Last Unit was Installed			
5	Total Installed Capacity (Generator Name Plate Rating in MW)			
6	Net Peak Demand on Plant-Megawatts (60 minutes)			
7	Plant Hours Connected to Load			
8	Net Plant Capability (in megawatts)			
9	(a) Under the Most Favorable Operating Conditions			
10	(b) Under the Most Adverse Operating Conditions			
11	Average Number of Employees			
12	Net Generation, Exclusive of Plant Use-KWh			
13	Cost of Plant:			
14	Land and Land Rights			
15	Structures and Improvements			
16	Reservoirs, Dams, and Waterways			
17	Equipments Costs			
18	Roads, Railroads, and Bridges			
19	Asset Retirement Costs			
20	TOTAL Cost (Enter Total of Lines 14 thru 19)			
21	Cost per KW of Installed Capacity (Line 5) including Asset Retirement Costs			
22	Production Expenses:			
23	Operation Supervision and Engineering			
24	Water for Power			
25	Hydraulic Expenses			
26	Electric Expenses			
27	Misc. Hydraulic Power Generation Expenses			
28	Rents			
29	Maintenance Supervision and Engineering			
30	Maintenance of Structures			
31	Maintenance of Reservoirs, Dams, and Waterways			
32	Maintenance of Electric Plant			
33	Maintenance of Misc. Hydraulic Plant			
34	Total Production Expenses (Total lines 23 thru 33)			
35	Expenses per net KWh			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-105-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
HYDROELECTRIC GENERATING PLANT STATISTICS (large Plants) (Continued)				
5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the uniform System of Accounts. Production Expenses do not include Purchased Power, System control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."			6. Report as a separate plant any plant equipped with combinations of steam, hydro, internal combustion engine, or gas turbine equipment.	
FERC Licensed Project No. Plant Name: (d)	FERC Licensed Project No. Plant Name: (e)	FERC Licensed Project No. Plant Name: (f)	Line No	
			1	
			2	
			3	
			4	
			5	
			6	
			7	
			8	
			9	
			10	
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			34	
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Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-106-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants)				
<p>1. Large plants and pumped storage plants of 10,000 Kw or more of installed capacity (name plate ratings). 2. If any plant is leased, operating under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. Give project number. 3. If net peak demand for 60 minutes is not available, give the which is available, specifying period.</p>		<p>4. If a group of employees attends more than one generating plant, report on line 8 the approximate average number of employees assignable to each plant. 5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power System Control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."</p>		
Line No	Item (a)	FERC Licensed Project No. Plant Name: (b)		
1	Type of Plant Construction (Conventional or Outdoor)			
2	Year Originally Constructed			
3	Year Last Unit was Installed			
4	Total Installed Capacity (Generator Name Plate Ratings in MW)			
5	Net Peak Demand on Plant-Megawatts (60 minutes)			
6	Plant Hours Connected to Load While Generating			
7	Net Plant Capability (In megawatts):			
8	Average Number of Employees			
9	Generation Exclusive of Plant Use-KWh			
10	Energy Used for Pumping-KWh			
11	Net Output for Load (Line 9 minus Line 10)-KWh			
12	Cost of Plant			
13	Land and Land Rights			
14	Structures and Improvements			
15	Reservoirs, Dams, and Waterways			
16	Water Wheels, Turbines, and Generators			
17	Accessory Electric Equipment			
18	Miscellaneous Powerplants Equipment			
19	Roads, Railroads, and Bridges			
20	Asset Retirement Costs			
21	TOTAL Cost (Enter Total of Lines 13 thru 20)			
22	Cost per KW of installed Capacity (Line 21 ÷ Line 4) including Asset Retirement Costs			
23	Production Expenses			
24	Operation Supervision and Engineering			
25	Water for Power			
26	Pumped Storage Expenses			
27	Electric Expenses			
28	Misc. Pumped Storage Power Generation Expenses			
29	Rents			
30	Maintenance Supervision and Engineering			
31	Maintenance of Structures			
32	Maintenance of Reservoirs, Dams, and Waterways			
33	Maintenance of Electric Plant			
34	Maintenance of Misc. Pumped Storage Plant			
35	Production Exp. Before Pumping Exp. (Enter Total of Lines 24 thru 34)			
36	Pumping Expenses			
37	Total Production Expenses (Enter Total of Lines 35 and 36)			
38	Expenses per Kwh (Enter result of line 37 divided by Line 9)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-107-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
<b>PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants) (Continued)</b>				
6. Pumping energy (line 10) is that energy measured as input to the-plant for pumping purposes. 7. Include on line 35 the cost of energy used in pumping into the storage reservoir. When this item cannot be accurately computed leave Lines 35, 36 and 37 blank and footnote the company's principal sources of pumping power, the estimated amounts of energy from each station or other source		that individually provides more than 10 percent of the total energy used for pumping, and production expenses per net MWH as reported herein for each source described. Group together stations and other resources which individually provide less than 10 percent of total pumping energy. If contracts are made with others to purchase power for pumping, give the supplier contract number, and date of contract.		
FERC Licensed Project No. Plant Name: (d)	FERC Licensed Project No. Plant Name: (e)	FERC Licensed Project No. Plant Name: (f)	Line No	
			1	
			2	
			3	
			4	
			5	
			6	
			7	
			8	
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Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-108-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____	
GENERATING PLANT STATISTICS (Small Plants) (Continued)						
3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion and gas turbine plants. For nuclear, see instruction 11, page 403: 4. If net peak demand for 60 minutes is not available, give the which is available, specifying period.			5. If any plant is equipped with combinations of steam, hydro internal combustion or gas turbine equipment, report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.			
Plant Cost (Including Asset Retirement Costs) Per MW Installed Capacity (g)	Operation Excluding Fuel (h)	Production Expenses		Kind of Fuel (k)	Fuel Cost (In cents per million Btu) (l)	Line No
		Fuel (i)	Maintenance (j)			
						1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-109-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____		
<b>TRANSMISSION LINES ADDED DURING YEAR</b>							
7. Report below the information called for concerning Transmission lines added or altered during the year. It is not necessary to report minor revisions of lines. 2. Provide separate subheadings for overhead and under-				ground construction and show each transmission line separately. If actual costs of completed construction are not readily available for reporting columns (l) to (p), it is permissible to report in these columns the estimated final completion.			
Line No	LINE DESIGNATION		Line Length in Miles (c)	SUPPORTING STRUCTURE		CIRCUITS PER STRUCTURE	
	From (a)	To (b)		Type (d)	Average Number Per Miles (e)	Present (f)	Ultimate (g)
1							
2							
3							
4							
5							
6							
7							
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42							
43							
44	TOTAL						

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-110-

Name of Respondent			This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____			
TRANSMISSION LINES ADDED DURING YEAR (Continued)									
costs. Designate, however, if estimated amounts are reported. Include costs of Clearing Land and Rights-of-Way, and Roads and Trails, in column (l) with appropriate footnote, and costs of Underground Conduit in column (m)					3. If design voltage differs from operating voltage, indicate such fact by footnote; also where line is other than 60 cycle, 3 phase, indicate such other characteristic.				
CONDUCTORS			Voltage KV (Operating) (k)	LINE COST					Line No.
Size (h)	Specification (i)	Configuration and Spacing (j)		Land and Rights (l)	Poles, Towers and Fixtures (m)	Conductors and Device (n)	Asset Retirement Costs (o)	Total (p)	
									1
									2
									3
									4
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Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-111-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
<b>PART III: COMPARATIVE BALANCE SHEET (Continued)</b>				
Liabilities and Other Credits (a)		Balance at Beginning of year (b)	Balance at End of Year (c)	
01	Common Stock issued (201)			
02	Preferred Stock issued (204)			
03	Miscellaneous Paid-in Capital (211)			
04	Installments Received on Capital Stock (212)			
05	Discount on Capital Stock - Debit (213)			
06	Capital Stock Expenses - Debit (214)			
07	Retained Earnings (215-216)			
08	Reacquired Capital Stock - Debit (217)			
09	Noncorporate Proprietorship (218)			
10	Accumulated Other Comprehensive Income (219)			
11	<b>TOTAL PROPRIETARY CAPITAL (Enter total of lines 01 thru 10)</b>			
12	Bonds (221)			
13	Advances From Associated Companies (223)			
14	Other Long-term Debt (Specify in footnote) (224)			
15	Unamortized Premium on Long-term Debt (225)			
16	Unamortized Discount on Long-term Debt - Debit (226)			
17	<b>TOTAL LONG-TERM DEBT (Enter total of lines 12 thru 16)</b>			
18	<b>Other Noncurrent Liabilities:</b>			
19	Obligations Under Capital Leases - Noncurrent (227)			
20	Accumulated Provision for Property Insurance (228.1)			
21	Accumulated Provision for Injures and Damages (228.2)			
22	Accumulated Provision for Pensions and Benefits (228.3)			
23	Accumulated Miscellaneous Operating Provisions (228.4)			
24	Accumulated Provision for Rate Refunds (229)			
25	Asset Retirement Obligations (230)			
26	<b>TOTAL OTHER NONCURRENT LIABILITIES (Enter Total of Lines 19 thru 25)</b>			
27	<b>Current and Accrued Liabilities:</b>			
28	Notes and Accounts Payable (Report amounts applicable to associated companies in a footnote) (231 to 234)			
29	Customer Debits (235)			
30	Taxes Accrued (236)			
31	Interest Accrued (237)			
32	Miscellaneous Current and Accrued Liabilities (242)			
33	Obligations Under Capital Leases-Current (243)			
34	Derivative Instrument Liabilities (244)			
35	Derivative Instrument Liabilities - Hedges (245)			
36	<b>TOTAL CURRENT AND ACCRUED LIABILITIES (Enter total of lines 28 thru 35)</b>			
37	<b>Deferred Credits:</b>			
38	Customer Advances for Construction (252)			
39	Other Deferred Credits (253)			
40	Other Regulatory Liabilities (254)			
41	Accumulated Deferred Investment Tax Credits (255)			
42	Deferred Gains from Disposition of Utility Plant (256)			
43	Unamortized Gain on Reacquired Debt (257)			
44	Accumulated Deferred Income Taxes (281-283)			
45	<b>TOTAL DEFERRED CREDITS (Enter total of lines 38 thru 44)</b>			
46	<b>TOTAL LIABILITIES AND OTHER CREDITS (Enter total of lines 11, 17, 26, 36 and 45)</b>			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-112-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
PART IV: STATEMENT OF INCOME FOR THE YEAR (Continued)					
<p>1. Report amounts for accounts 412 and 413, Revenues and expenses from Utility Plant Leased to Others, in the Other Utility column (h, i or j, k) in a similar manner to a utility department. Spread the amount(s) over lines 01 to 22 as appropriate. Include these amounts in column (b) and (c) totals.</p> <p>2. Report amounts for account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413.</p> <p>3. Provide an explanation in Part VII. Notes to Financial Statements, of such unsettled rate</p> <p>proceedings where a contingency exists that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects; include an explanation for the major factors which affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power or gas purchases.</p>					
	Account (a)	Total (d to k)		Electric Utility	
		Current Year (b)	Change From Previous Year (c)	Current Year (d)	Change From previous Year (e)
01	UTILITY OPERATING INCOME				
02	Operating Revenues (400)				
03	Operating Expenses:				
04	Operating Expenses (401)				
05	Maintenance Expense (402)				
06	Depreciation Expense (403)				
07	Depreciation Expense for Asset Retirement Costs (403.1)				
08	Amortization Expense (Specify by account)				
09					
10	Regulatory Debits (407.3)				
11	(Less) Regulatory Credits (407.4)				
12	Taxes Other Than Income Taxes (408.1)				
13	Federal Income Taxes (409.1)				
14	Other Income Taxes (409. 1)				
15	Provision For Deferred Income Taxes (410.1)				
16	Provision For Deferred Income Taxes - Credit (411.1)				
17	Investment Tax Credit Adjustments - Net (411.4)				
18	Gains From Disposition of Utility Plant (411.6)				
19	Losses From Disposition of Utility Plant (411.7)				
20	Gains From Disposition of Allowances (411.8)				
21	Losses From Disposition of Allowances (411.9)				
22	Accretion Expense (411.10)				
23	TOTAL UTILITY OPERATING EXPENSES (Enter total of lines 04 thru 22)				
24	Net Utility Operating Income (Enter total of line 02 less 23)				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-113-

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
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PART IV: STATEMENT OF INCOME FOR THE YEAR (Continued)

4. Provide an explanation in Part VII, Notes to Financial Statements, of significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received for costs incurred for power or gas purchases and a summary of the adjustment made to balance sheet, income, and expense accounts.

5. If any note appearing in the report to stockholders are applicable to the statement of income, either include such note in an attachment, or enter such data in Part VII.

6. Provide an explanation in Part VII, Notes to Financial Statements of only those changes in account methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the approximate dollar effects of such changes.

Gas Utility		Other Utility		Other utility		Account	
Current Year (f)	Change From Previous Year (g)	Current Year (h)	Change From Previous Year (i)	Current Year (j)	Change From Previous Year (k)		
							01
						(400)	02
							03
						(401)	04
						(402)	05
						(403)	06
						(403.1)	07
							08
							09
						(407.3)	10
						(407.4)	11
						(408.1)	12
						(409.1)	13
						(409.1)	14
						(410.1)	15
						(411.1)	16
						(411.4)	17
						(411.6)	18
						(411.7)	19
						(411.8)	20
						(411.9)	21
						(411.10)	22
						TOTAL	23
						NET	24

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6 -114

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
PART IV: STATEMENT OF INCOME FOR THE YEAR (Continued)				
	Account (a)	Total		
		Current Year (b)	Change From Previous Year (c)	
24	Net Utility Operating Income (Carrier Forward from line 24, page 6)			
25	OTHER INCOME AND DEDUCTIONS			
26	Other Income:			
27	Nonutility Operating Income (415-418)			
28	Interest and Dividend Income (419)			
29	Allowance for Other Funds Used During Construction (419.1)			
30	Miscellaneous Nonoperating Income (421)			
31	Gain on Disposition of Property (415-418)			
32	TOTAL OTHER INCOME (Enter Total of lines 27 thru 31)			
33	Other Income Deductions:			
34	Loss on Disposition of Property (421.2)			
35	Miscellaneous Amortization (425)			
36	Miscellaneous Income Deductions (426.1 - 426.5)			
37	TOTAL OTHER INCOME DEDUCTIONS (Enter total of lines 34 thru 36)			
38	Taxes Applicable to Other Income and Deductions:			
39	Taxes Applicable to Other Income and Deductions:			
40	Federal Income Taxes (409.2)			
41	Other Income Taxes (409.2)			
42	Provision for Deferred Income Taxes (410.2)			
43	Provision for Deferred Income (411.2)			
44	Investment Tax Credit Adjustments - Net (411.5)			
45	Investment Tax Credits (420)			
46	TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Enter total of lines 40 thru 45)			
47	Net Other Income and Deductions (Enter total of line 32 less 37 and 46)			
48	INTEREST CHARGES			
49	Interest on Long-term Debt (427)			
50	Amortization of Debt Discount and Expense (428)			
51	Amortization of Loss on Reacquired Debt (428.1)			
52	Amortization of Premium on Debt - Credit (429)			
53	Amortization of Gain on Reacquired Debt - Credit (429.1)			
54	Interest on Debt to Associated Companies (430)			
55	Other Interest Expense (431)			
56	Allowance For Borrowed Funds Used During Construction - Credit (432)			
57	Net Interest Charge (Enter total of lines 49 thru 56)			
58	Income Before Extraordinary Items (Enter total of lines 24 and 47, less 57)			
59	EXTRAORDINARY ITEMS			
60	Extraordinary Income (434)			
61	Extraordinary Deduction - Debit (435)			
62	Net Extraordinary Items (Enter total of line 60 less 61)			
63	Income Taxes - (409.3)			
64	Extraordinary Items After Taxes (Enter total of line 62 less 63)			
65	Net Income (Enter total of lines 58 and 64)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-115-

(SUBSTITUTE PAGE FOR PART III)

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Ref Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251		
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on-Capital Stock (207)	252		
7	Other Paid-In Capital (208-211)	253		
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254		
11	Retained Earnings (215, 215.1, 216)	118-119		
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Reacquired Capital Stock (217)	250-251		
14	Accumulated Other Comprehensive Income (219)	122 (a) (b)		
15	TOTAL Proprietary Capital (Enter Total of lines 2 thru 14)	-		
16	LONG-TERM DEBT			
17	Bonds (221)	256-257		
18	(Less) Reacquired Bonds (222)	256-257		
19	Advances from Associated Companies (223)	256-257		
20	Other Long-Term Debt (224)	256-257		
21	Unamortized Premium on Long-Term Debt (225)	-		
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	-		
23	TOTAL Long-Term Debt (Enter Total of lines 17 thru 22)	-		
24	OTHER NONCURRENT LIABILITIES			
25	Obligations Under Capital Leases - Noncurrent (227)	-		
26	Accumulated Provision for Property Insurance (228.1)	-		
27	Accumulated Provision for Injuries and Damages (228.2)	-		
28	Accumulated Provision for Pensions and Benefits (228.3)	-		
29	Accumulated Miscellaneous Operating Provisions (228.4)	-		
30	Accumulated Provision for Rate Refunds (229)	-		
31	Asset Retirement Obligations (230)	-		
32	TOTAL Other Noncurrent Liabilities (Enter Total of lines 25 thru 31)			
33	CURRENT AND ACCRUED LIABILITIES			
34	Notes Payable (231)	-		
35	Accounts Payable (232)	-		
36	Notes Payable to Associated Companies (233)	-		
37	Accounts Payable to Associated Companies (234)	-		
38	Customer Deposits (235)	-		
39	Taxes Accrued (236)	262-263		
40	Interest Accrued (237)	-		
41	Dividends Declared (238)	-		
42	Matured Long-Term Debt (239)	-		
43	Matured Interest (240)	-		
44	Tax Collections Payable (241)	-		
45	Miscellaneous Current and Accrued Liabilities (242)	-		
46	Obligations Under Capital Leases-Current (243)	-		

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-116-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)				
Line No.	Title of Account (a)	Ref Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
47	Derivative Instrument Liabilities (244)			
48	Derivative Instrument Liabilities - Hedging (245)			
49	TOTAL Current and Accrued Liabilities (Enter Total of lines 34 thru 48)			
50	DEFERRED CREDITS			
51	Customer Advances for Construction (252)			
52	Accumulated Deferred Investment Tax Credits (255)	266-267		
53	Deferred Gains from Disposition of Utility Plant (256)			
54	Other Deferred Credits (253)	269		
55	Other Regulatory Liabilities (254)	278		
56	Unamortized Gain on Reacquired Debt (257)			
57	Accumulated Deferred Income Taxes (281-283)	272-277		
58	TOTAL Deferred Credits (Enter Total of lines 51 thru 57)			
59				
60				
61				
62				
63				
64				
65				
66				
67				
68				
69				
70				
71				
72	TOTAL Liabilities and Other Credits (Enter Total of lines 15, 23, 32, 49 and 58)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6  
(SUBSTITUTE PAGE FOR PART IV)

-117-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
STATEMENT OF INCOME FOR THE YEAR				
1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (l, k, m, o) in a similar manner to a utility department. Spread the amount(s) over lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.		5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.		
2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.		6. Give concise explanations concerning significant amounts of any refunds made or received during the year		
3. Report data for lines 8, 10, and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.		4. Use page 122 for important notes regarding the statement of income or any account thereof.		
Line No.	Title of Account (a)	Ref Page No (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301		
3	Operating Expenses			
4	Operation Expenses (401)	320-325		
5	Maintenance Expenses (402)	320-325		
6	Depreciation Expense (403)	336-338		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338		
8	Amortization & Depletion of Utility Plant (404-405)	336-338		
9	Amortization of Utility Plant Acquisition Adjustment (406)	336-338		
10	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
11	Amortization of Conversion Expenses (407)			
12	Regulatory Debits (407-3)			
13	(Less) Regulatory Credits (407.4)			
14	Taxes Other Than Income Taxes (408.1)	262-263		
15	Income Taxes - Federal (409.1)	262-263		
16	- Other (409.1)	262-263		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277		
19	Investment Tax Credit Adjustment - Net (411.4)	266		
20	(Less) Gains from Disp. of Utility Plant (411.6)			
21	Losses from Disp. of Utility Plant (411.7)			
22	(Less) Gains from Disposition of Allowances (411.8)			
23	Losses from Disposition of Allowances (411.9)			
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)			
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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(SUBSTITUTE PAGE FOR PART IV)

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
STATEMENT OF INCOME FOR THE YEAR (Continued)				
Line No.	Title of Account (a)	Ref Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
27	Net Utility Operating Income (Carried forward from page 114)	-		
28	Other Income and Deductions			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues From Merchandising, Jobbing and Contract Work (415)			
32	(Less) Costs and Expenses of Merchandising, Jobbing & Contract Work (416)			
33	Revenues From Nonutility Operations (417)			
34	(Less) Expenses of Nonutility operations (417.1.)			
35	Nonoperating Rental Income (418)			
36	Equity in Earnings of Subsidiary Companies (418.1)	119		
38	Interest and Dividend Income (419)			
39	Allowance for Other Funds Used During Construction (411.1)			
40	Gain on Disposition of Property (421.1)			
41	TOTAL Other income (Enter Total of lines 31 thru 40)			
42	Other Income Deductions			
43	Loss on Disposition of Property (421.2)			
44	Miscellaneous Amortization (425)	340		
45	Miscellaneous Income Deductions (426.1 thru 426.5)	340		
46	TOTAL Other Income Deductions (Total of lines 43 thru 45)			
47	Taxes Applicable to Other Income and Deductions			
48	Taxes Other Than Income Taxes (408.2)	262-263		
49	Income Taxes-Federal (409.2)	262-263		
50	Income Taxes-Other (409.2)	262-263		
51	Provision for Deferred Inc. Taxes (410.2)	234,272-277		
52	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234,272-277		
53	Investment Tax Credit Adjustment - Net (411.5)			
54	(Less) Investment Tax Credits (420)			
55	TOTAL Taxes on Other Income and Deductions (Enter Total of 48 thru 54)			
56	Net Other Income and Deductions (Enter Total of lines 41, 46, 55)			
57	Interest Charges			
58	Interest on Long-Term Debt (427)			
59	Amort. of Debt Disc. and Expense (428)			
60	Amortization of Loss on Reacquired Debt (428.1)			
61	(Less) Amortization of Premium on Debt-Credit (429)			
62	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)			
63	Interest on Debt to Assoc. Companies (430)	340		
64	Other Interest Expense (431)	340		
65	(Less) Allowance for Borrowed Funds Used During Construction--Cr. (432)			
66	Net Interest Charges (Enter Total of lines 58 thru 65)			
67	Income Before Extraordinary Items (Enter Total of lines 27, 56 and 66)			
68	Extraordinary Items			
69	Extraordinary income (434)			
70	(Less) Extraordinary Deductions (435)			
71	Net Extraordinary Items (Enter Total of line 69 less line 70)			
72	Income Taxes-Federal and Other (409.3)	262-263		
73	Extraordinary Items After Taxes (Enter Total of line 71 less line 72)			
74	Net Income (Enter Total of lines 67 and 73)			



Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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(SUBSTITUTE PAGE FOR PART XX)

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
<b>ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106)</b>				
<p>1. Report below the original cost of electric plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments. 5. Enclose in parentheses credit adjustments of plant accounts</p>		<p>to indicate the negative effect of such accounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements.</p>		
Line No	Account (a)	Balance at Beginning of year (b)	Addition (c)	
1	<b>1. INTANGIBLE PLANT</b>			
2	(301) Organization			
3	(302) Franchises and Consents			
4	(303) Miscellaneous Intangible Plant			
5	<b>TOTAL Intangible Plant (Enter Total of Lines 2, 3, and 4)</b>			
6	<b>2. PRODUCTION PLANT</b>			
7	<b>A. Steam Production Plant</b>			
8	(310) Land and Land Rights			
9	(311) Structures and Improvements			
10	(312) Boiler Plant Equipment			
11	(313) Engines and Engine-Driven Generators			
12	(314) Tubogenerator Units			
13	(315) Accessory Electric Equipment			
14	(316) Misc. Power Plant Equipment			
15	(317) Asset Retirement Costs for Steam Production			
16	<b>TOTAL Steam Production Plant (Enter Total of Lines 8 thru 15)</b>			
17	<b>B. Nuclear Production Plant</b>			
18	(320) Land and Land Rights			
19	(321) Structures and Improvements			
20	(322) Reactor Plant Equipment			
21	(323) Turbo generator Units			
22	(324) Accessory Electric Equipment			
23	(325) Misc. Power Plant Equipment			
24	(326) Asset Retirement Costs for Nuclear Production			
25	<b>TOTAL Nuclear Production Plant (Enter Total of Lines 18 thru 24)</b>			
26	<b>C. Hydraulic Production Plant</b>			
27	(330) Land and Land Rights			
28	(331) Structures and Improvements			
29	(332) Reservoirs, Dams, and Waterways			
30	(333) Water Wheels, Turbines, and Generators			
31	(334) Accessory Electric Equipment			
32	(335) Misc. Power Plant Equipment			
33	(336) Roads, Railroad, and Bridges			
34	(337) Asset Retirement Costs for Hydraulic Production			
35	<b>TOTAL Hydraulic Production Plant (Enter Total of Lines 27 thru 34)</b>			
36	<b>D. Other Production Plant</b>			
37	(340) Land and Land Rights			
38	(341) Structures and Improvements			
39	(342) Fuel Holders, Products, and Accessories			
40	(343) Prime Movers			
41	(344) Generators			
42	(345) Accessory Electric Equipment			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6  
(SUBSTITUTE PAGE FOR PART XX)

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Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
<b>ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)</b>			
<p>Show in a footnote the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.</p> <p>7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column</p>		<p>(f) only the offset to the debits or credits distributed in column (f) to primary account classifications.</p> <p>8. For Account 399, state the nature and use of plant included in this account and if substantial in amount, footnote and provide a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.</p> <p>9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.</p>	
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
			Line No.
			1
			(301) 2
			(302) 3
			(303) 4
			5
			6
			7
			(310) 8
			(311) 9
			(312) 10
			(313) 11
			(314) 12
			(315) 13
			(316) 14
			(317) 15
			16
			17
			(320) 18
			(321) 19
			(322) 20
			(323) 21
			(324) 22
			(325) 23
			(326) 24
			25
			26
			(330) 27
			(331) 28
			(332) 29
			(333) 30
			(334) 31
			(335) 32
			(336) 33
			(337) 34
			35
			36
			(340) 37
			(341) 38
			(342) 39
			(343) 40
			(344) 41
			(345) 42

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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(SUBSTITUTE PAGE FOR PART XX)

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106)				
Line No	Account (a)	Balance at Beginning of year (b)		Addition (c)
43	(346) Misc. Power Plant Equipment			
44	(347) Asset Retirement Costs for Other Production			
45	TOTAL Other Production Plant (Enter Total of Lines 37 thru 44)			
46	TOTAL Production Plant (Enter Total of Lines 16, 25, 35, and 45)			
47	3. TRANSMISSION PLANT			
48	(350) Land and Land Rights			
49	(352) Structures and Improvements			
50	(353) Station Equipment			
51	(354) Towers and Fixtures			
52	(355) Poles and Fixtures			
53	(356) Overhead Conductors and Devices			
54	(357) Underground conduit			
55	(358) Underground Conductors and Devices			
56	(359) Roads and Trails			
57	(359.1) Asset Retirement Costs for Transmission Plant			
58	TOTAL Transmission Plant (Enter Total of Lines 48 thru 57)			
59	4. DISTRIBUTION PLANT			
60	(360) Land and Land Rights			
61	(361) Structures and Improvements			
62	(362) Station Equipment			
63	(363) Storage Battery Equipment			
64	(364) Poles, Towers, and Fixtures			
65	(365) Overhead Conductors and Devices			
66	(366) Underground Conduit			
67	(367) Underground Conductors and Devices			
68	(368) Line Transformers			
69	(369) Services			
70	(370) Meters			
71	(371) Installations on Customer Premises			
72	(372) Leased Property on Customer Premises			
73	(373) Street Lighting and Signal Systems			
74	(374) Asset Retirement Costs for Distribution Plant			
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 75)			
76	5. GENERAL PLANT			
77	(389) Land and Land Rights			
78	(390) Structures and Improvements			
79	(391) Office Furniture and Equipment			
80	(392) Transportation Equipment			
81	(393) Stores Equipment			
82	(394) Tools, Shop and Garage Equipment			
83	(395) Laboratory, Equipment			
84	(396) Power Operated Equipment			
85	(397) Communication Equipment			
86	(398) Miscellaneous Equipment			
87	SUBTOTAL (Enter Total of Lines 77 thru 86)			
88	(399) Other Tangible Property			
89	(399.1) Asset Retirement Costs for General Plant			
90	TOTAL General Plant (Enter Total of Lines 87, 88, and 89)			
91	TOTAL (Accounts 101 and 106) (Lines 5, 16, 25, 35, 45, 58, 75, and 90)			
92	(102) Electric Plant Purchased (See Instr. 8)			
93	(Less) (102) Electric Plant Sold (See Instr. 8)			
94	(103) Experimental Plant Unclassified			
95	TOTAL Electric Plant in Service (Enter Total of Lines 91 thru 94)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6  
 (SUBSTITUTE PAGE FOR PART XX)

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				(346)	43
				(347)	44
					45
					46
					47
				(650)	48
				(352)	49
				(353)	50
				(354)	51
				(355)	52
				(356)	53
				(357)	54
				(358)	55
				(359)	56
				(359.1)	57
					58
					59
				(360)	60
				(361)	61
				(362)	62
				(363)	63
				(364)	64
				(365)	65
				(366)	66
				(367)	67
				(368)	68
				(369)	69
				(370)	70
				(371)	71
				(372)	72
				(373)	73
				(374)	74
					75
					76
				(389)	77
				(390)	78
				(391)	79
				(392)	80
				(393)	81
				(394)	82
				(395)	83
				(396)	84
				(397)	85
				(398)	86
					87
				(399)	88
				(399.1)	89
					90
					91
				(102)	92
					93
				(103)	94
					95

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6  
(SUBSTITUTE PAGE FOR PART XII)

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
<b>ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)</b>					
<p>1. Explain in a footnote any important adjustments during year. 2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of nondepreciable property. 3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service.</p>		<p>If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications. 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p>			
<b>Section A. Balances and Changes During Year</b>					
Line No	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant leased to Others (e)
1	Balance Beginning of Year				
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense				
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Expenses of Electric Plant Leased to Others				
6	Transportation Expenses - Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify):				
9					
10	Total Depreciation Provision For Year (Enter Total of Lines 3 thru 9)				
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired				
13	Cost of Removal				
14	Salvage (Credit)				
15	TOTAL Net Charges For Plant Retired (Enter Total of Lines 12 thru 14)				
16	Other Debit or Credit Items (Describe):				
17					
18	Book Cost of Asset Retirement Costs				
19	Balance End of Year (Enter Total of lines 1, 10, 15, 16, and 18)				
<b>Section B. Balances at End of Year According to Functional Classifications</b>					
20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production				
25	Transmission				
26	Distribution				
27	General				
28	TOTAL (Enter Total of Lines 20 thru 27)				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
LIST OF SCHEDULES (Natural Gas Company)				
Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA"				
Line No	Title of Schedule	Reference Page No (b)	Date Revised (c)	Remarks (d)
<b>GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS</b>				
1	General Information	101		
2	Control Over Respondent	102		
3	Corporations Controlled by Respondent	103		
4	Security Holders and Voting Powers	107		
5	Important Changes During the Year	108		
6	Comparative Balance Sheet	110-113		
7	Statement of Income for the Year	114-116		
8	Statement of Accumulated Comprehensive Income and Hedging Activities	117(a)(b)		
9	Statement of Retained Earnings for the Year	118-119		
10	Statements of Cash Flows	120-121		
11	Notes to Financial Statements	122		
<b>BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)</b>				
12	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
13	Gas Plant in Service	204-209		
14	Gas Property and Capacity Leased from Others	212		
15	Gas Property and Capacity Leased to Others	213		
16	Gas Plant Held for Future Use	214		
17	Construction Work in Progress-Gas	216		
18	General Description of Construction Overhead Procedure	218		
19	Accumulated Provision for Depreciation of Gas Utility Plant	219		
20	Gas Stored	220		
21	Investments	222-223		
22	Investments in Subsidiary Companies	224-225		
23	Prepayment	230		
24	Extraordinary Property Losses	230		
25	Unrecovered Plant and Regulatory Study Costs	230		
26	Other Regulatory Assets	232		
27	Miscellaneous Deferred Debits	233		
28	Accumulated Deferred Income Taxes	234-235		
<b>BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)</b>				
29	Capital Stock	230-251		
30	Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		
31	Other Paid-in Capital	253		
32	Discount on Capital Stock	254		
33	Capital Stock Expense	254		
34	Securities issued or Assumed and Securities Refunded or Retired During the Year	255		
35	Long-Term Debt	256-257		
36	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		
37	Unamortized Loss and Gain on Reacquired Debt	260		
38	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261		

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
LIST OF SCHEDULES (Natural Gas Company)				
Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA"				
Line No	Title of Schedule	Reference Page No (b)	Date Revised (c)	Remarks (d)
<b>BALANCE SHEET SUPPORTING SCHEDULES</b> (Liabilities and Other Credits) (Continued)				
39	Taxes Accrued, Prepaid, and Charged During Year	262-263		
40	Miscellaneous Current and Accrued Liabilities	268		
41	Other Deferred Credits	269		
42	Accumulated Deferred Income Taxes-Other Property	274-275		
43	Accumulated Deferred Income Taxes-Other	276-277		
44	Other Regulatory Liabilities	278		
<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>				
45	Gas Operating Revenues	300-301		
46	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		
47	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305		
48	Revenues from Storage Gas of Others			
49	Other Gas Revenues	306-307		
50	Gas Operation and Maintenance Expenses	308		
51	Exchange and Imbalance Transactions	317-325		
52	Gas Used In Utility Operations	328		
53	Transmission and Compression of Gas by Others	331		
54	Other Gas Supply Expenses	332		
55	Miscellaneous General Expenses-Gas	334		
56	Depreciation, Depletion, and Amortization of Gas Plant	335		
57	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	336-338 340		
<b>COMMON SECTION</b>				
58	Regulatory Commission Expenses			
59	Distribution of Salaries and Wages	350-351		
60	Charges for Outside Professional and Other Consultative Services	354-355 357		
<b>GAS PLANT STATISTICAL DATA</b>				
61	Compressor Stations	508-509		
62	Gas Storage Projects	512-513		
63	Transmission Lines	514		
64	Transmission System Peak Deliveries	518		
65	Auxiliary Peaking Facilities	519		
66	Gas Account-Natural Gas	520		
67	System Map	522		
68	Footnote Reference	551		
69	Footnote Text	552		
70	Stockholders' Reports (check appropriate box)			
	<input type="checkbox"/> Four copies will be submitted			
	<input type="checkbox"/> No annual report to stockholders is prepared			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251		
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252		
7	Other Paid-In Capital (208-211)	253		
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254		
11	Retained Earnings (215, 215.1, 216)	118-119		
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Reacquired Capital (217)	250-251		
14	Accumulated Other Comprehensive Income (219)	118 (a) (b)		
15	<b>TOTAL Proprietary Capital (Total of line 2 thru 14)</b>			
16	<b>LONG TERM DEBT</b>			
17	Bonds (221)	256-257		
18	(Less) Reacquired Bonds (222)	256-257		
19	Advances from Associated Companies (223)	256-257		
20	Other Long-Term Debt (224)	256-257		
21	Unamortized Premium on Long-Term Debt (225)	258-259		
22	(Less) Unamortized Discount on Long-Term Debt-Dr (226)	258-259		
23	(Less) Current Portion of Long-Term Debt			
24	<b>TOTAL Long-Term Debt (Total of lines 17 thru 23)</b>			
25	<b>OTHER NONCURRENT LIABILITIES</b>			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28	Accumulated provision for Injures and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)			
30	Accumulated Miscellaneous Operating Provision (228.4)			
31	Accumulated Provision for Rate Refunds (229)			
32	Asset Retirement Obligations (230)			
33	<b>TOTAL Other Noncurrent Liabilities (total of lines 26 thru 32)</b>			



Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31,
<b>COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)</b>				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
34	<b>CURRENT AND ACCRUED LIABILITIES</b>			
35	Current Portion of Long-Term Debt			
36	Notes Payable (231)			
37	Accounts Payable (232)			
38	Notes Payable to Associated Companies (233)			
39	Accounts Payable to Associated Companies (234)			
40	Customer Deposits (235)			
41	Taxes Accrued (236)	262-263		
42	Interest Accrued (237)			
43	Dividends Declared (238)			
44	Matured Long-Term Debt (239)			
45	Matured Interest (240)			
46	Tax Collections Payable (241)			
47	Miscellaneous Current and Accrued Liabilities (242)	268		
48	Obligations Under Capital Leases -- Current (243)			
49	Derivative Instrument Liabilities (244)			
50	Derivative Instrument Liabilities - Hedges (245)			
51	<b>TOTAL Current and Accrued Liabilities (Total of lines 35 thru 50)</b>			
52	<b>DEFERRED CREDITS</b>			
53	Customer Advances for Construction (252)			
54	Accumulated Deferred Investment Tax Credits (255)			
55	Deferred Gains from Disposition of Utility Plant (256)			
56	Other Deferred Credits (253)	269		
57	Other Regulatory Liabilities (254)	278		
58	Unamortized Gain on Reacquired Debt (257)	260		
59	Accumulated Deferred Income Taxes (281-283)			
60	<b>TOTAL Deferred Credits (Total of lines 53 thru 59)</b>			
61	<b>TOTAL Liabilities and Other Credits (Total of lines 15, 24, 33, 51, and 60)</b>			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
STATEMENT OF INCOME FOR THE YEAR					
1 Report amounts for accounts 412 and 413, <i>Revenue and Expenses from Utility Plant Leased to Others</i> , in another utility column (i,j) in a similar manner to a utility department Spread the amount(s) over lines 2 thru 24 as appropriate Include these amounts in columns (c) and (d) totals			2 Report amounts in discount 414, <i>Other Utility Operating Income</i> , in the same manner as accounts 412 and 413 above 3 Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2		
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)	
1	UTILITY OPERATING INCOME				
2	Gas Operating Revenues (400)	300-301			
3	Operating Expenses				
4	Operation Expenses (401)	317-325			
5	Maintenance Expenses (402)	317-325			
6	Depreciation Expenses (403)	336-338			
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338			
8	Amortization and Depletion of Utility Plant (404-405)	336-336			
9	Amortization of Utility Plant Acu Adjustment (406)	336-338			
10	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)				
11	Amortization of Conversion Expenses (407.2)				
12	Regulatory Debits (407.3)				
13	(Less) Regulatory Credits (407.4)				
14	Taxes Other than Income Taxes (408.1)	262-263			
15	Income Taxes -- Federal (409.1)	262-263			
16	Income Taxes -- Other (409.1)	262-263			
17	Provision of Deferred Income Taxes (410.1)	234-235			
18	(Less) Provision for Deferred Income Taxes -- Credit (411.1)	234-235			
19	Investment Tax Credit Adjustment -- Net (411.4)				
20	(Less) Gains from Disposition of Utility Plant (411.6)				
21	Losses from Disposition of Utility Plant (411.7)				
22	(Less) Gains from Disposition of Allowances (411.8)				
23	Losses from Disposition of Allowances (411.9)				
24	Accretion Expense (411.10)				
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)				
26	Net Utility Operating Income (Total of lines 2 less 24) (Carry forward to page 116, line 27)				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
STATEMENT OF INCOME FOR THE YEAR (Continued)				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
27	Net Utility Operating Income (Carrier forward from page 114)			
28	OTHER INCOME AND DEDUCTIONS			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues from Merchandising, Jobbing and Contract Work (415)			
32	(Less) Costs and Expenses of Merchandising, Jobbing & Contract Work (416)			
33	Revenues from Nonutility Operations (417)			
34	(Less) Expenses of Nonutility Operations (417.1)			
35	Nonoperating Rental Income			
36	Equity in Earnings of Subsidiary Companies (418.1)	119		
37	Interest and Dividend Income (419)			
38	Allowance for Other Funds Used During Construction (419.1)			
39	Miscellaneous Nonoperating Income (421)			
40	Gain on Disposition of Property (421.1)			
41	TOTAL Other Income (Total of lines 31 thru 40)			
42	Other Income Deductions			
43	Loss on Disposition of Property (421.2)			
44	Miscellaneous Amortization (425)			
45	Miscellaneous Income Deductions (426.1 thru 426.5)	340		
46	TOTAL Other Income Deductions (Total of lines 43 thru 45)	340		
47	Taxes Applicable to Other Income and Deductions			
48	Taxes Other than Income Taxes (406.2)	262-263		
49	Income Taxes -- Federal (409.2)	262-263		
50	Income Taxes -- Other (409.2)	262-263		
51	Provision for Deferred Income Taxes (410.2)	234-235		
52	(Less) Provision for Deferred Income Taxes- Credit (411.2)	234-235		
53	Investment Tax Credit Adjustments--Net (411.5)			
54	(Less) Investment Tax Credits (420)			
55	TOTAL Taxes on Other Income and Deductions (Total of lines 48-54)			
56	Net Other Income and Deductions (Total of lines 41, 46, and 55)			
57	INTEREST CHARGES			
58	Interest on Long-Term Debt (427)			
59	Amortization of Debt Discount and Expense (428)	258-259		
60	Amortization of Loss on Recquired Debt (428.1)			
61	(Less) Amortization of Premium on Debt-Credit (429)	258-259		
62	(Less) Amortization of Gain on Recquired Debt- Credit (429.1)			
63	Interest on Debt to Associated Companies (430)	340		
64	Other Interest Expense (431)	340		
65	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)			
66	Net Interest Charges (Total of lines 58 thru 65)			
67	Income Before Extraordinary Items (Total of lines 27, 56 and 66)			
68	EXTRAORDINARY ITEMS			
69	Extraordinary Income (434)			
70	(Less) Extraordinary Deductions (435)			
71	Net Extraordinary Items (Total of line 69 less 70)			
72	Income Taxes--Federal and Other (409.3)	262-263		
73	Extraordinary Items after Taxes (Total of line 71 less line 72)			
74	Net Income (Total of lines 67 and 73)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent	This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
<b>GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)</b>			
<p>1 Report below the original cost of gas plant in service according to the prescribed accounts</p> <p>2 In addition to Account 101, <i>Gas Plant in Service (Classified)</i>, this page and the next include Account 102, <i>Gas Plant Purchased or Sold</i>, Account 103, <i>Experimental Gas Plant Unclassified</i>, and Account 106, <i>Complete Construction Not Classified-Gas</i></p> <p>3 Include in column (e) and (d), as appropriate corrections of additions and retirements for the current or preceding year</p> <p>4 Include subsequent measurement revisions to the asset retirement costs capitalized in column (e) adjustments</p> <p>5 Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts</p>		<p>6 Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c) Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b) Like wise, if the respondent has a significant amount of plant retirement which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirement, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision include also in column (d) reversals of tentative distributions of prior year's unclassified retirement Attach supplemental statement showing the account distributions of these tentative classifications in column (c) and (d).</p>	
Line No	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization		
3	302 Franchises and Consents		
4	303 Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)		
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Measuring and Regulating Station Equipment		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines		
20	333 Field Compressor Station Equipment		
21	334 Field Measuring and Regulating Station Equipment		
22	335 Drilling and Clearing Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration and Development Costs		
26	339 Asset Retirement Costs for Natural Gas Production and Gathering Plant		
27	TOTAL Production and Gathering Plant (Enter Total of lines 8 thru 26)		
28	PRODUCTS EXTRACTION PLANT		
29	340 Land and Land Rights		
30	341 Structures and Improvements		
31	342 Extraction and Refining Equipment		
32	343 Pipe Lines		
33	344 Extracted Products Storage Equipment		
34	345 Compressor Equipment		

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Line No	Account (a)	Balance at Beginning of Year (b)		Additions (c)
35	346 Gas Measuring and Regulating Equipment			
36	347 Other Equipment			
37	348 Asset Retirement Costs for Products Extraction Plant			
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)			
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and 38)			
40	Manufactured Gas Production Plant (Submit Supplementary Statement)			
41	TOTAL Production Plant (Enter Total of lines 39 and 40)			
42	NATURAL GAS STORAGE AND PROCESSING PLANT			
43	Underground Storage Plant			
44	350.1 Land			
45	350.2 Rights-of-Way			
46	351 Structures and Improvements			
47	352 Wells			
48	352.1 Storage Leaseholds and Rights			
49	352.2 Reservoirs			
50	352.3 Non-recoverable Natural Gas			
51	353 Lines			
52	354 Compressor Station Equipment			
53	355 Measuring and Regulating Equipment			
54	356 Purification Equipment			
55	357 Other Equipment			
56	358 Asset Retirement Costs for Underground Storage Plant			
57	TOTAL Underground Storage Plant (Enter Total of lines 43 thru 56)			
58	359 Other Storage Plant			
59	360 Land and Land Rights			
60	361 Structures and Improvements			
61	362 Gas Holders			
62	363 Purification Equipment			
63	363.1 Liquefaction Equipment			
64	363.2 Vaporizing Equipment			
65	363.2 Compressor Equipment			
66	363.4 Measuring and Regulating Equipment			
67	363.5 Other Equipment			
68	363.6 Asset Retirement Costs for Other Storage Plant			
69	TOTAL Other Storage Plant (Enter Total of lines 58 thru 68)			
70	Base Load Liquefied Natural Gas Terminating and Processing Plant			
71	364.1 Land and Land Rights			
72	364.2 Structures and Improvements			
73	364.3 LNG Processing Terminal Equipment			
74	364.4 LNG Transportation Equipment			
75	364.5 Measuring and Regulating Equipment			
76	364.6 Compressor Station Equipment			
77	364.7 Communications Equipment			
78	364.8 Other Equipment			
79	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas Terminating and Processing Plant			
80	TOTAL Base Load Liquefied Natural Gas Terminating and Processing Plant (Lines 71 thru 79)			
81	TOTAL Natural Gas Storage and Processing Plant (Total of lines 57, 69 and 80)			
82	TRANSMISSION PLANT			
83	365.1 Land and Land Rights			
84	365.2 Right-of-Way			
85	366 Structures and Improvements			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Line No	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
86	367 Mains			
87	368 Compressor Station Equipment			
88	369 Measuring and Regulating Station Equipment			
89	370 Communication Equipment			
90	371 Other Equipment			
91	372 Asset Retirement Costs for Transmission Plant			
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)			
93	DISTRIBUTION PLANT			
94	374 Land and Land Rights			
95	375 Structures and Improvements			
96	376 Mains			
97	377 Compressor Station Equipment			
98	378 Measuring and Regulating Station Equipment-General			
99	379 Measuring and Regulating Station Equipment-City Gate			
100	380 Services			
101	381 Meters			
102	382 Meter Installations			
103	383 House Regulators			
104	384 House Regulator Installations			
105	385 Industrial Measuring and Regulating Station Equipment			
106	386 Other Property on Customers' Premises			
107	387 Other Equipment			
108	388 Asset Retirement Costs for Distribution Plant			
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)			
1110	GENERAL PLANT			
111	389 Land and Land Rights			
112	390 Structures and Improvements			
113	391 Office Furniture and Equipment			
114	392 Transportation Equipment			
115	393 Stores Equipment			
116	394 Tools, Shop, and Garage Equipment			
117	395 Laboratory Equipment			
118	396 Power Operated Equipment			
119	397 Communication Equipment			
120	398 Miscellaneous Equipment			
121	Subtotal (Enter Total of lines 111 thru 120)			
122	399 Other Tangible Property			
123	399.1 Asset Retirement Costs for General Plant			
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)			
125	TOTAL (Accounts 101 and 106)			
126	Gas Plant Purchased (See Instruction 8)			
127	(Less) Gas Plant Sold (See Instruction 8)			
128	Experimental Gas Plant Unclassified			
129	TOTAL Gas Plant in Service (Enter Total of lines 125 thru 128)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
<b>ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (ACCOUNT 108)</b>					
1 Explain in a footnote any important adjustments during year		significant amount of plant retired at year end which had not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications			
2 Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property		4 Show separately interest credits under a sinking fund or similar method of depreciation accounting			
3 The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a		5 At lines 8 and 15, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g. 8.01, 8.02, etc.			
Line No	Item (a)	Total (c + d + e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
<b>Section A. BALANCES AND CHANGES DURING YEAR</b>					
1	Balance Beginning of Year				
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense				
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Expense of Gas Plant Leased to Others				
6	Transportation Expenses - Clearing				
7	Other Clearing Accounts				
8	Other Clearing (Specify):				
8.01					
9	TOTAL Depreciation Provision For Year (Total of Lines 3 thru 8)				
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired				
12	Cost of Removal				
13	Salvage (Credit)				
14	TOTAL Net Charges for Plant Retirements (Total of Lines 11 thru 13)				
15	Other Debit or Credit Items (Describe):				
15.01					
16	Book Cost of Asset Retirement Costs				
17	Balance End of Year (Total of lines 1, 9, 14, 15, and 16)				
<b>Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS</b>					
18	Productions-Manufactured Gas				
19	Production and Gathering -Natural Gas				
20	Products Extraction-Natural Gas				
21	Underground Gas Storage				
22	Other Storage Plant				
23	Base Load LNG Terminating and Processing Plant				
24	Transmission				
25	Distribution				
26	General				
27	TOTAL (Total of lines 18 thru 26)				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (ACCOUNTS 403, 403.1, 404 1, 404 2, 404 3, 405) (Except Amortization of Acquisition Adjustments)					
1 Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown			2 Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total (if more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are		
Section A. Summary of Depreciation, Depletion, and Amortization Charges					
Line No	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Production Natural Gas Land and Land Rights (Account 404.1) (d)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (e)
1	Intangible plant				
2	Production plant, manufactured gas				
3	Production and gathering plant, natural gas				
4	Products extraction plant				
5	Underground gas storage plant				
6	Other storage plant				
7	Base load LNG terminaling and processing plant				
8	Transmission plant				
9	Distribution plant				
10	General plant				
11	Common plant-gas				
12	TOTAL				



Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-135-

Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (ACCOUNTS 403, 403.1 404 1, 404 2, 404 3, 405) (Except Amortization of Acquisition Adjustments) (Continued)					
obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (d) on this basis. Where the unit-of-production method is used			to determine depreciation charges, shown in a footnote any revisions made to estimated gas reserves. 3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.		
Section A. Summary of Depreciation, Depletion, and Amortization Charges					
Amortization of Other Limited- term Gas Plant (Account 404 3) (f)	Amortization of Other Gas Plant (Account 405) (g)	Total (b to g) (h)	Functional Classification (a)	Line No	
			Intangible plant	1	
			Production plant, manufactured gas	2	
			Production and gathering plant, natural gas	3	
			Products extraction plant	4	
			Underground gas storage plant	5	
			Other storage plant	6	
			Base Load LNG terminaling and processing plant	7	
			Transmission plant	8	
			Distribution plant	9	
			General plant	10	
			Common plant-gas	11	
			TOTAL	12	

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-136-

Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251		
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252		
7	Other Paid-In Capital (208-211)	253		
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254		
11	Retained Earnings (215, 215.1, 216)	118-119		
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Reacquired Capital (217)	250-251		
14	Accumulated Other Comprehensive Income (219)	117		
15	TOTAL Proprietary Capital (Total of line 2 thru 14)			
16	LONG TERM DEBT			
17	Bonds (221)	256-257		
18	(Less) Reacquired Bonds (222)	256-257		
19	Advances from Associated Companies (223)	256-257		
20	Other Long-Term Debt (224)	256-257		
21	Unamortized Premium on Long-Term Debt (225)	258-259		
22	(Less) Unamortized Discount on Long-Term Debt-Dr (226)	258-259		
23	(Less) Current Portion of Long-Term Debt			
24	TOTAL Long-Term Debt (Total of lines 17 thru 23)			
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases -- Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28	Accumulated provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)			
30	Accumulated Miscellaneous Operating Provision (228.4)			
31	Accumulated Provision for Rate Refunds (229)			
32	Asset Retirement Obligations (230)			
33	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 32)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-137-

Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
<b>COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)</b>				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
34	<b>CURRENT AND ACCRUED LIABILITIES</b>			
35	Current Portion of Long-Term Debt			
36	Notes Payable (231)			
37	Accounts Payable (232)			
38	Notes Payable to Associated Companies (233)			
39	Accounts Payable to Associated Companies (234)			
40	Customer Deposits (235)			
41	Taxes Accrued (236)	262-263		
42	Interest Accrued (237)			
43	Dividends Declared (238)			
44	Matured Long-Term Debt (239)			
45	Matured Interest (240)			
46	Tax Collections Payable (241)			
47	Miscellaneous Current and Accrued Liabilities (242)	268		
48	Obligations Under Capital Leases -- Current (243)			
49	Derivative Instrument Liabilities (244)			
50	Derivative Instrument Liabilities - Hedges (245)			
51	<b>TOTAL Current and Accrued Liabilities (Total of lines 35 thru 50)</b>			
52	<b>DEFERRED CREDITS</b>			
53	Customer Advances for Construction (252)			
54	Accumulated Deferred Investment Tax Credits (255)			
55	Deferred Gains from Disposition of Utility Plant (256)			
56	Other Deferred Credits (253)	269		
57	Other Regulatory Liabilities (254)	278		
58	Unamortized Gain on Reacquired Debt (257)	260		
59	Accumulated Deferred Income Taxes (281-283)			
60	<b>TOTAL Deferred Credits (Total of lines 53 thru 59)</b>			
61	<b>TOTAL Liabilities and Other Credits (Total of lines 15, 24, 33, 51, and 60)</b>			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-138-

Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
STATEMENT OF INCOME FOR THE YEAR					
1 Report amounts for accounts 412 and 413, <i>Revenue and Expenses from Utility Plant Leased to Others</i> , in another utility column (i,) in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals			2 Report amounts in discount 414, <i>Other Utility Operating Income</i> , in the same manner as accounts 412 and 413 above 3 Report data for lines 8, 10, and 11 for Natural Gas companies using accounts 404 1, 404 2, 404.3, 407.1, and 407.2		
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)	
1	UTILITY OPERATING INCOME				
2	Gas Operating Revenues (400)	300-301			
3	Operating Expenses				
4	Operation Expenses (401)	317-325			
5	Maintenance Expenses (402)	317-325			
6	Depreciation Expense (403)	336-338			
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338			
8	Amortization and Depletion of Utility Plant (404-405)	336-338			
9	Amortization of Utility Plant Acquisition Adjustment (406)	336-338			
10	Amort of Prop Losses, Unrecovered Plant and Reg Study Costs (407.1)				
11	Amortization of Conversion Expenses (407.2)				
12	Regulatory Debits (407.3)				
13	(Less) Regulatory Credits (407.4)				
14	Taxes Other than Income Taxes (408.1)	262-263			
15	Income Taxes -- Federal (409.1)	262-263			
16	Income Taxes -- Other (409.1)	262-263			
17	Provision of Deferred Income Taxes (410.1)	234-235			
18	(Less) Provision for Deferred Income Taxes -- Credit (411.1)	234-235			
19	Investment Tax Credit Adjustment -- Net (411.4)				
20	(Less) Gains from Disposition of Utility Plant (411.6)				
21	Losses from Disposition of Utility Plant (411.7)				
22	(Less) Gains from Disposition of Allowances (411.8)				
23	Losses from Disposition of Allowances (411.9)				
24	Accretion Expense (411.10)				
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)				
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-139-

Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year of Report Dec 31, ____	
STATEMENT OF INCOME FOR THE YEAR (Continued)							
4 Explain in a footnote if the previous year's figures are different from those reported in prior reports				5 If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 25, and report the information on page 122 or in a supplemental statement.			
Electric Utility Current Year (in dollars)	Electric Utility Previous Year (in dollars)	Gas Utility Current Year (in dollars)	Gas Utility Current Year (in dollars)	Other Utility Current Year (in dollars)	Other Utility Previous Year (in dollars)		
							1
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Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-140-

Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
STATEMENT OF INCOME FOR THE YEAR (Continued)					
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)	
27	Net Utility Operating Income (Carried forward from page 114)				
28	OTHER INCOME AND DEDUCTIONS				
29	Other Income				
30	Nonutility Operating Income				
31	Revenues from Merchandising, Jobbing and Contract Work (415)				
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (415.1)				
33	Revenues from Nonutility Operations (417)				
34	(Less) Expenses of Nonutility Operations (417.1)				
35	Nonoperating Rental Income				
36	Equity in Earnings of Subsidiary Companies (418.1)	119			
37	Interest and Dividend Income (419)				
38	Allowance for Other Funds Used During Construction (419.1)				
39	Miscellaneous Nonoperating Income (421)				
40	Gain on Disposition of Property (421.1)				
41	TOTAL Other Income (Total of lines 29 thru 40)				
42	Other Income Deductions				
43	Loss on Disposition of Property (421.2)				
44	Miscellaneous Amortization (425)				
45	Miscellaneous Income Deductions (426.1 thru 426.5)	340			
46	TOTAL Other Income Deductions (Total of lines 43 thru 45)	340			
47	Taxes Applicable to Other Income and Deductions				
48	Taxes Other than Income Taxes (406.2)	262-263			
49	Income Taxes -- Federal (409.2)	262-263			
50	Income Taxes -- Other (409.2)	262-263			
51	Provision for Deferred Income Taxes (410.2)	234-235			
52	(Less) Provision for Deferred Income Taxes-Credit (410.2)	234-235			
53	Investment Tax Credit Adjustments--Net (411.5)				
54	(Less) Investment Tax Credits (420)				
55	TOTAL Taxes on Other Income and Deductions (Total of lines 48-54)				
56	Net Other Income and Deductions (Total of lines 41, 46, and 55)				
57	INTEREST CHARGES				
58	Interest on Long-Term Debt (427)				
59	Amortization of Debt Disc and Expense (428)	258-259			
60	Amortization of Loss on Recquired Debt (428.1)				
61	(Less) Amortization of Premium on Debt-Credit (429)	258-259			
62	(Less) Amortization of Gain on Recquired Debt-Credit (429.1)				
63	Interest on Debt to Associated Companies (430)	340			
64	Other Interest Expense (431)	340			
65	(Less) Allowance for Borrowed Funds Used During Construction- Credit				
66	Net Interest Charges (Total of lines 58 thru 65)				
67	Income Before Extraordinary Items (Total of lines 27, 56 and 66)				
68	EXTRAORDINARY ITEMS				
69	Extraordinary Income (434)				
70	(Less) Extraordinary Deductions (435)				
71	Net Extraordinary Items (Total of line 69 less 70)				
72	Income Taxes--Federal and Other (409.3)	262-263			
73	Extraordinary Items after Taxes (Total of line 71 less line 72)				
74	Net Income (Total of lines 67 and 73)				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-141-

Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
<b>GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)</b>				
<p>1 Report below the original cost of gas plant in service according to the prescribed accounts.</p> <p>2 In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.</p> <p>3 Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.</p> <p>4 For subsequent measurement revisions to initial asset retirement costs capitalized include any net increase or net decrease amount by primary plant account for the asset retirement costs in column (c) additions.</p> <p>4 Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts</p>		<p>5 Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c) Also to be included in column (c) are entries for reversals or tentative distributions of prior year reported in column (b) Like wise, if the respondent has a significant amount of plant retirement which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirement, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision include also in column (d) reversals of tentative distributions of prior year's unclassified retirement. Attach supplemental statement showing the account distributions of these tentative classifications in column (c) and (d).</p>		
Line No	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
1	<b>INTANGIBLE PLANT</b>			
2	301 Organization			
3	302 Franchises and Consents			
4	303 Miscellaneous Intangible Plant			
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)			
6	<b>PRODUCTION PLANT</b>			
7	Natural Gas Production and Gathering Plant			
8	325.1 Producing Lands			
9	325.2 Producing Leaseholds			
10	325.3 Gas Rights			
11	325.4 Rights-of-Way			
12	325.5 Other Land and Land Rights			
13	326 Gas Well Structures			
14	327 Field Compressor Station Structures			
15	328 Field Measuring and Regulating Station Equipment			
16	329 Other Structures			
17	330 Producing Gas Wells-Well Construction			
18	331 Producing Gas Wells-Well Equipment			
19	332 Field Lines			
20	333 Field Compressor Station Equipment			
21	334 Field Measuring and Regulating Station Equipment			
22	335 Drilling and Cleaning Equipment			
23	336 Purification Equipment			
24	337 Other Equipment			
25	338 Unsuccessful Exploration and Development Costs			
26	339 Asset Retirement Costs for Natural Gas Production & Gathering Plant			
27	TOTAL Production and Gathering Plant (Enter Total of lines 8 thru 26)			
28	<b>PRODUCTS EXTRACTION PLANT</b>			
29	340 Land and Land Rights			
30	341 Structures and Improvements			
31	342 Extraction and Refining Equipment			
32	343 Pipe Lines			
33	344 Extracted Products Storage Equipment			
34	345 Compressor Equipment			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent	This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
<b>PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106 (Continued))</b>			
including the reversals of the prior years tentative account distributions of these amounts Careful observation of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year. 7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc..		And show in column (f) only the offset to the debits or credits to primary account classifications. 8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages. 9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction if proposed journal entries have been filed with the commission as required by the Uniform System of Accounts, give date of such filing.	
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
			Line No
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Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Line No	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
35	346 Gas Measuring and Regulating Equipment			
36	347 Other Equipment			
37	348 Asset Retirement Costs for Products Extraction Plant			
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)			
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and 38)			
40	Manufactured Gas Production Plant (Submit Supplementary Statement)			
41	TOTAL Production Plant (Enter Total of lines 39 and 40)			
NATURAL GAS STORAGE AND PROCESSING PLANT				
42	Underground Storage Plant			
43	350.1 Land			
44	350.2 Rights-of-Way			
45	351 Structures and Improvements			
46	352 Wells			
47	352.1 Storage Leaseholds and Rights			
48	352.2 Reservoirs			
49	352.3 Non-recoverable Natural Gas			
50	353 Lines			
51	354 Compressor Station Equipment			
52	355 Measuring and Regulating Equipment			
53	356 Purification Equipment			
54	357 Other Equipment			
55	358 Asset Retirement Costs for Underground Storage Plant			
56	TOTAL Underground Storage Plant (Enter Total of lines 44 thru 56)			
57	Other Storage Plant			
58	360 Land and Land Rights			
59	361 Structures and Improvements			
60	362 Gas Holders			
61	363 Purification Equipment			
62	363.1 Liquefaction Equipment			
63	363.2 Vaporizing Equipment			
64	363.2 Compressor Equipment			
65	363.4 Measuring and Regulating Equipment			
66	363.5 Other Equipment			
67	363.6 Asset Retirement Costs for Other Storage Plant			
68	TOTAL Other Storage Plant (Enter Total of lines 59 thru 68)			
69	Base Load Liquefied Natural Gas Terminating and Processing Plant			
70	364.1 Land and Land Rights			
71	364.2 Structures and Improvements			
72	364.3 LNG Processing Terminal Equipment			
73	364.4 LNG Transportation Equipment			
74	364.5 Measuring and Regulating Equipment			
75	364.6 Compressor Station Equipment			
76	364.7 Communications Equipment			
77	364.8 Other Equipment			
78	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas Terminating and Processing Plant			
79	TOTAL Base Load Liquefied Natural Gas, Terminating and Processing Plant (Lines 71 thru 79)			
80	TOTAL Natural Gas Storage and Processing Plant (Total of lines 57, 69 and 80)			
81	TRANSMISSION PLANT			
82	365.1 Land and Land Rights			
83	365.2 Rights-of-Way			
84	366 Structures and Improvements			
85				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo. Da. Yr)	Year of Report Dec 31, _____
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No
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Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-145-

Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
<b>GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)</b>				
Line No	Account (a)	Balance at Beginning of Year (b)		Additions (c)
86	367 Mains			
87	368 Compressor Station Equipment			
88	369 Measuring and Regulating Station Equipment			
89	370 Communication Equipment			
90	371 Other Equipment			
91	372 Asset Retirement Costs for Transmission Plant			
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)			
93	<b>DISTRIBUTION PLANT</b>			
94	374 Land and Land Rights			
95	375 Structures and Improvements			
96	376 Mains			
97	377 Compressor Station Equipment			
98	378 Measuring and Regulating Station Equipment-General			
99	379 Measuring and Regulating Station Equipment-City Gate			
100	380 Services			
101	381 Meters			
102	382 Meter Installations			
103	383 House Regulators			
104	384 House Regulator Installations			
105	385 Industrial Measuring and Regulating Station Equipment			
106	386 Other Property on Customers' Premises			
107	387 Other Equipment			
108	388 Asset Retirement Costs for Distribution Plant			
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)			
110	<b>GENERAL PLANT</b>			
111	389 Land and Land Rights			
112	390 Structures and Improvements			
113	391 Office Furniture and Equipment			
114	392 Transportation Equipment			
115	393 Stores Equipment			
116	394 Tools, Shop, and Garage Equipment			
117	395 Laboratory Equipment			
118	396 Power Operated Equipment			
119	397 Communication Equipment			
120	398 Miscellaneous Equipment			
121	Subtotal (Enter Total of lines 111 thru 120)			
122	399 Other Tangible Property			
123	399.1 Asset Retirement Costs for General Plant			
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)			
125	TOTAL (Accounts 101 and 106)			
126	Gas Plant Purchased (See Instruction 8)			
127	(Less) Gas Plant Sold (See Instruction 8)			
128	Experimental Gas Plant Unclassified			
129	TOTAL Gas Plant in Service (Enter Total of lines 125 thru 128)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106 (Continued))					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No	
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Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____	
<b>ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (ACCOUNT 108)</b>						
1 Explain in a footnote any important adjustments during year		significant amount of plant retired at year end which had not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired in addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications				
2 Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.		4 Show separately interest credits under a sinking fund or similar method of depreciation accounting				
3 The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service if the respondent has a		5 At lines 8 and 15, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g. 8.01, 8.02, etc.				
Line No	Item (a)	Total (c + d + e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)	
<b>Section A. BALANCES AND CHANGES DURING YEAR</b>						
1	Balance Beginning of Year					
2	Depreciation Provisions for Year, Charged to					
3	(403) Depreciation Expense					
4	(403.1) Depreciation Expense for Asset Retirement Costs					
5	(413) Expense of Gas Plant Leased to Others					
6	Transportation Expenses - Clearing					
7	Other Clearing Accounts					
8	Other Clearing (Specify):					
8.01						
9	TOTAL Depreciation Provision For Year (Total of lines 3 thru 7)					
10	Net Charges for Plant Retired:					
11	Book Cost of Plant Retired					
12	Cost of Removal					
13	Salvage (Credit)					
14	TOTAL Net Charges for Plant Ret. (Total of lines 11 thru 13)					
15	Other Debit or Credit Items (Describe):					
15.01						
16	Book Cost of Asset Retirement Costs Retired					
17	Balance End of Year (Total of lines 1, 9, 14, 15 and 16)					
<b>Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS</b>						
18	Productions-Manufactured Gas					
19	Production and Gathering -Natural Gas					
20	Products Extraction-Natural Gas					
21	Underground Gas Storage					
22	Other Storage Plant					
23	Base Load LNG Terminating and Processing Plant					
24	Transmission					
25	Distribution					
26	General					
27	TOTAL (Total of lines 18 thru 26)					

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__
<b>LIST OF SCHEDULES</b>			
Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."			
Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
<b>GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS</b>			
General Information .....	101	ED 12-91	
Control Over Respondent .....	102	REV 12-95	
Companies Controlled by Respondent .....	103	NEW 12-95	
Principal General Officers .....	104	ED 12-91	
Directors .....	105	REV 12-95	
Important Changes During the Year .....	108-109	REV 12-95	
Comparative Balance Sheet Statement .....	110-113	REV 12-02	
Income Statement .....	114	REV 12-02	
Statement of Accumulated Comprehensive Income and Hedging Activities .....	115 (a) (b)	NEW 12-02	
Appropriated Retained Income .....	118	REV 12-95	
Unappropriated Retained Income Statement .....	119	REV 12-95	
Dividend Appropriations of Retained Income .....	119	REV 12-95	
Statement of Cash Flows .....	120-121	REV 12-95	
Notes to Financial Statements .....	122-123	REV 12-95	
<b>BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debts)</b>			
Receivables From Affiliated Companies .....	200	REV 12-00	
General Instructions Concerning Schedules 202 thru 205 .....	201	REV 12-95	
Investments in Affiliated Companies .....	202-203	ED 12-91	
Investments in Common Stocks of Affiliated Companies .....	204-205	ED 12-91	
Companies Controlled Directly by Respondent Other Than Through Title to Securities .....	204-205	ED 12-02	
Instructions for Schedules 212 Thru 217 .....	211	REV 12-00	
Carrier Property .....	212-213	REV 12-02	
Undivided Joint Interest Property .....	214-215	REV 12-02	
Accrued Depreciation-Carrier Property .....	216	REV 12-02	
Accrued Depreciation-Undivided Joint Interest Property .....	217	REV 12-02	
Amortization Base and Reserve .....	218-219	REV 12-02	
Noncarrier Property .....	220	REV 12-00	
Other Deferred Charges .....	221	REV 12-00	
<b>BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)</b>			
Payables to Affiliated Companies .....	225	REV 12-00	
Long-Term Debt .....	226-227	ED 12-00	
Analysis of Federal Income and Other Taxes Deferred .....	230-231	REV 12-00	
Capital Stock .....	250-251	REV 12-95	
Capital Stock Changes During the Year .....	252-253	ED 12-91	
Additional Paid-in Capital .....	254	ED 12-87	

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__
<b>COMPARATIVE BALANCE SHEET STATEMENT - LIABILITIES (Continued)</b>				
For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the USofA. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.				
Line No.	Item (a)	Reference Page No. (b)	Balance at End of Current Year (In dollars) (c)	Balance at End of Previous Year (In dollars) (d)
<b>CURRENT LIABILITIES</b>				
47	Notes Payable (50)			
48	Payables to Affiliated Companies (51)			
49	Accounts Payable (52)			
50	Salaries and Wages Payable (53)			
51	Interest Payable (54)			
52	Dividends Payable (55)			
53	Taxes Payable (56)			
54	Long - Term Debt - Payable Within One Year (57)	226-227		
55	Other Current Liabilities (58)			
56	Deferred Income Tax Liabilities (59)	230-231		
57	<b>TOTAL Current Liabilities (Total of lines 47 thru 56)</b>			
<b>NONCURRENT LIABILITIES</b>				
58	Long-Term Debt - Payable After One Year (60)	226-227		
59	Unamortized Premium on Long-Term Debt (61)			
60	(Less) Unamortized Discount on Long-Term Debt-Dr. (62)			
61	Other Noncurrent Liabilities (63)			
62	Accumulated Deferred Income Tax Liabilities (64)	230-231		
63	Derivative Instrument Liabilities (65)			
64	Derivative Instrument Liabilities - Hedges (66)			
65	Asset Retirement Obligations (67)			
66	<b>TOTAL Noncurrent Liabilities (Total of lines 58 thru 65)</b>			
67	<b>TOTAL Liabilities (Total of lines 57 and 66)</b>			
<b>STOCKHOLDERS' EQUITY</b>				
68	Capital Stock (70)	250-251		
69	Premiums on Capital Stock (71)			
70	Capital Stock Subscriptions (72)			
71	Additional Paid-In Capital (73)	254		
72	Appropriated Retained Income (74)	118		
73	Unappropriated Retained Income (75)	119		
74	(Less) Unrealized Loss on Noncarrier Marketable Equity-Securities (75.5)			
75	(Less) Treasury Stock (76)			
76	<b>TOTAL Stockholders' Equity (Total of lines 68 thru 75)</b>			
77	<b>TOTAL Liabilities and Stockholders' Equity (Total of lines 67 and 76)</b>			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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INSTRUCTIONS FOR SCHEDULES 212-213	
1.) Give an analysis of changes during the year in Account No. 30, <i>Carrier Property</i> , by carrier property accounts, excluding investments in undivided joint interest property reported on pages 214 and 215. The total carrier property reported on page 213 (column i, line 44) and the total undivided joint interest property reported on all pages 215 (column i, line 44) should represent all carrier property owned by the reporting entity at year end.	or sale if it exceeded \$250,000. Include the following in the footnote: the name of the company the property was acquired from or sold to, the mileage acquired or sold, and the date of acquisition or sale. Include termini, the original cost of property acquired from an affiliate or other common carrier (see Instruction 3-1, Property acquired, Instructions for Carrier Property Accounts in Uniform System of Accounts), and the cost of the property to the respondent. Also give the amount debited or credited to each company account representing such property acquired or disposed of.
2.) Enter in column (c) the cost of newly constructed property, additions, and improvements made to existing property. Include amounts distributed to carrier property accounts during the year which were previously charged to Account No. 187, <i>Construction Work in Progress</i> . In column (d) enter expenditures for existing pipeline property purchased or otherwise acquired. Enter in column (e) - property sold, abandoned, or otherwise retired during the year. This will generally be a positive number, so that the calculation in column (f) works properly.	4.) Enter in column (g) for each account the net of all other accounting adjustments, transfers, and clearances applicable to prior years' accounting.
3.) If pipeline operating property was acquired from or sold to some other company during the year, footnote the acquisition	5.) Explain fully each adjustment, clearance, or transfer in excess of \$500,000 in a footnote. Explain transfers to or from Account No. 34, <i>Noncarrier Property</i> , in Schedule 219.
	6.) Indicate in parenthesis any entry in columns (f), (g), or (h) which represents an excess of credits over debits.
INSTRUCTIONS FOR SCHEDULES 214-215	
1.) Give an analysis of changes during the year in Account No. 30, <i>Carrier Property</i> , by carrier property accounts, for investments in undivided joint interest property. The respondent will only report its portion of the carrier property of any undivided joint interest pipeline in which it has an interest. If the respondent owns an interest in multiple undivided joint interest pipelines, prepare and submit a separate schedule 214-215 for each undivided joint interest pipeline in which it has an interest. If multiple schedules 214-215 are submitted, number all schedules subsequent to the first with a number and letter page designator (For example ... 214, 215; 214a, 215a; 214b, 215b; etc...).	company during the year, footnote the acquisition or sale if it exceeded \$250,000. Include the following in the footnote: the name of the company the property was acquired from or sold to, the mileage acquired or sold, and the date of acquisition or sale. Include termini, the original cost of property acquired from an affiliate or other common carrier (see Instruction 3-1, Property acquired, Instructions for Carrier Property Accounts in Uniform System of Accounts), and the cost of the property to the respondent. Also give the amount debited or credited to each company account representing such property acquired or disposed of.
2.) Enter in column (c) the cost of newly constructed property, additions, and improvements made to existing property. Include amounts distributed to carrier property accounts during the year which were previously charged to Account No. 187 <i>Construction Work in Progress</i> . In column (d) enter expenditures for existing pipeline property purchased or otherwise acquired. Enter in column (e) property sold, abandoned, or otherwise retired during the year. This will generally be a positive number so that the calculation in column (f) works properly.	4.) Enter in column (g) for each account the net of all other accounting adjustments, transfers, and clearances applicable to prior years' accounting.
3.) If pipeline operating property was acquired from or sold to some other	5.) Explain fully each adjustment, clearance, or transfer in excess of \$500,000 in a footnote. Explain transfers to or from Account No. 34, <i>Noncarrier Property</i> , in Schedule 219.
	6.) Indicate in parenthesis any entry in columns (f), (g), or (h) which represents an excess of credits over debits.
INSTRUCTIONS FOR SCHEDULES 216-217	
1.) On schedule 216, give an analysis of changes during the year in Account No. 31, <i>Accrued Depreciation - Carrier Property</i> , by carrier property accounts, excluding depreciation on undivided joint interest property reported on page 217.  On schedule 217, give an analysis of changes during the year in Account No. 31, <i>Accrued Depreciation - Carrier Property</i> , by carrier property accounts for property owned as part of an undivided joint interest pipeline. If the respondent owns an interest in multiple undivided joint interest pipelines, prepare and submit a separate schedule 217 for each undivided joint interest pipeline in which it has an interest. If multiple schedules 217 are submitted, number all schedules subsequent to the first with a number and letter page designator (For example ... 217, 217a, 217b, etc...).	2.) In column (c), enter debits by carrier property account to Account No. 540, <i>Depreciation and Amortization</i> , and 541, <i>Depreciation Expense for Asset Retirement Costs</i> , during the year.
	3.) In column (d), enter all debits to Account No. 31, <i>Accrued Depreciation - Carrier Property</i> , during the year resulting from the retirement of carrier property.
	4.) In column (e), enter the net of any other debits and credits made to Account No. 31, <i>Accrued Depreciation - Carrier Property</i> , during the year.
	5.) If composite annual depreciation rates are prescribed, enter those in effect at the end of the year in column (g). If component rates are prescribed, the composite rates entered in column (g) should be computed from the charges developed for December by using the prescribed component rates. Whether component or composite rates are prescribed, the entries on lines 17, 34, 42, and 43 of column (g) should be computed from December depreciation charges.



Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__
<b>CARRIER PROPERTY</b>				
			<b>PROPERTY CHANGES DURING THE YEAR (In dollars)</b>	
Line No.	Account (a)	Balance at Beginning of Year (In dollars) (b)	Expenditures for New Construction, Additions, and Improvements (c)	Expenditures for Existing Property Purchased or Otherwise Acquired (d)
<b>GATHERING LINES</b>				
1	Land (101)			
2	Right of Way (102)			
3	Line Pipe (103)			
4	Line Pipe Fittings (104)			
5	Pipeline Construction (105)			
6	Buildings (106)			
7	Boilers (107)			
8	Pumping Equipment (108)			
9	Machine Tools and Machinery (109)			
10	Other Station Equipment (110)			
11	Oil Tanks (111)			
12	Delivery Facilities (112)			
13	Communication Systems (113)			
14	Office Furniture and Equipment (114)			
15	Vehicles and Other Work Equipment (115)			
16	Other Property (116)			
17	Asset Retirement Costs for Gathering Lines (117)			
18	TOTAL (Lines 1 thru 17)			
<b>TRUNK LINES</b>				
19	Land (151)			
20	Right of Way (152)			
21	Line Pipe (153)			
22	Line Pipe Fittings (154)			
23	Pipeline Construction (155)			
24	Buildings (156)			
25	Boilers (157)			
26	Pumping Equipment (158)			
27	Machine Tools and Machinery (159)			
28	Other Station Equipment (160)			
29	Oil Tanks (161)			
30	Delivery Facilities (162)			
31	Communication Systems (163)			
32	Office Furniture and Equipment (164)			
33	Vehicles and Other Work Equipment (165)			
34	Other Property (166)			
35	Asset Retirement Costs for Trunk Lines (167)			
36	TOTAL (Lines 19 thru 35)			
<b>GENERAL</b>				
37	Land (171)			
38	Buildings (176)			
39	Machine Tools and Machinery (179)			
40	Communication Systems (183)			
41	Office Furniture and Equipment (184)			
42	Vehicles and Other Work Equipment (185)			
43	Other Property (186)			
44	Asset Retirement Costs for General Property (186.1)			
45	Construction Work in Progress (187)			
46	TOTAL (Lines 37 thru 45)			
47	GRAND TOTAL (Lines 18, 36 and 46)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__
<b>CARRIER PROPERTY (Continued)</b>					
PROPERTY CHANGES DURING					
Property Sold, Abandoned, or Otherwise Retired During the Year (e)	Net (c + d - e) (f)	Other Adjustments, Transfers and Clearances (in dollars) (g)	Increase or Decrease During the Year (f ± g) (in dollars) (h)	Balance at End of Year (b ± h) (in dollars) (i)	Line No.
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
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Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) - An Original (2) - A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__
<b>UNDIVIDED JOINT INTEREST PROPERTY</b>				
Name of Undivided Joint Interest Pipeline:				
Line No.	Account (a)	Balance at Beginning of Year (in dollars) (b)	PROPERTY CHANGES DURING THE YEAR (in dollars)	
			Expenditures for New Construction, Additions, and Improvements (c)	Expenditures for Existing Property Purchased or Otherwise Acquired (d)
<b>GATHERING LINES</b>				
1	Land (101)			
2	Right of Way (102)			
3	Line Pipe (103)			
4	Line Pipe Fittings (104)			
5	Pipeline Construction (105)			
6	Buildings (106)			
7	Boilers (107)			
8	Pumping Equipment (108)			
9	Machine Tools and Machinery (109)			
10	Other Station Equipment (110)			
11	Oil Tanks (111)			
12	Delivery Facilities (112)			
13	Communication Systems (113)			
14	Office Furniture and Equipment (114)			
15	Vehicles and Other Work Equipment (115)			
16	Other Property (116)			
17	Asset Retirement Costs for Gathering Lines (117)			
18	TOTAL (Lines 1 thru 17)			
<b>TRUNK LINES</b>				
19	Land (151)			
20	Right of Way (152)			
21	Line Pipe (153)			
22	Line Pipe Fittings (154)			
23	Pipeline Construction (155)			
24	Buildings (156)			
25	Boilers (157)			
26	Pumping Equipment (158)			
27	Machine Tools and Machinery (159)			
28	Other Station Equipment (160)			
29	Oil Tanks (161)			
30	Delivery Facilities (162)			
31	Communication Systems (163)			
32	Office Furniture and Equipment (164)			
33	Vehicles and Other Work Equipment (165)			
34	Other Property (166)			
35	Asset Retirement Costs for Trunk Lines (167)			
36	TOTALS (Lines 19 thru 35)			
<b>GENERAL</b>				
37	Land (171)			
38	Buildings (175)			
39	Machine Tools and Machinery (178)			
40	Communication Systems (183)			
41	Office Furniture and Equipment (184)			
42	Vehicles and Other Work Equipment (185)			
43	Other Property (186)			
44	Asset Retirement Costs for General Property (186.1)			
45	Construction Work in Progress (187)			
46	TOTAL (Lines 37 thru 45)			
47	GRAND TOTAL (Lines 18, 36, and 46)			

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__
UNDIVIDED JOINT INTEREST PROPERTY (Continued)					
PROPERTY CHANGES DURING THE YEAR (In dollars)		Other Adjustments, Transfers, and Clearances (In dollars) (g)	Increase or Decrease During the Year (I ± g) (In dollars) (h)	Balance at End of Year (b ± h) (In dollars) (i)	Line No.
Property Sold, Abandoned, or Otherwise Retired During the Year (e)	Net (c+d-e) (f)				
					1
					2
					3
					4
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Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__		
<b>ACCRUED DEPRECIATION - CARRIER PROPERTY</b> (EXCLUSIVE OF DEPRECIATION ON UNDIVIDED JOINT INTEREST PROPERTY REPORTED IN SCHEDULE 217)							
Give particulars (details) of the credits and debits to Account No. 31, <i>Accrued Depreciation - Carrier Property</i> , during the year.							
Line No.	Account (a)	Balance at Beginning of Year (In dollars) (b)	Debits to Accounts No. 540 and 541 of USoIA (In dollars) (c)	Net Debit From Retirement of Carrier Property (In dollars) (d)	Other Debits and Credits-Net (In dollars) (e)	Balance at End of Year (b + c + d + e) (In dollars) (f)	Annual Composite/Component Rates (In percent) (g)
<b>GATHERING LINES</b>							
1	Right of Way (102)						
2	Line Pipe (103)						
3	Line Pipe Fittings (104)						
4	Pipeline Construction (105)						
5	Buildings (106)						
6	Boilers (107)						
7	Pumping Equipment (108)						
8	Machine Tools and Machinery (109)						
9	Other Station Equipment (110)						
10	Oil Tanks (111)						
11	Delivery Facilities (112)						
12	Communication Systems (113)						
13	Office Furniture and Equip (114)						
14	Vehicles and Other Work Equip (115)						
15	Other Property (116)						
16	Asset Retirement Costs for Gathering Lines (117)						
17	TOTAL (Lines 1 thru 16)						
<b>TRUNK LINES</b>							
18	Right of Way (152)						
19	Line Pipe (153)						
20	Line Pipe Fittings (154)						
21	Pipeline Construction (155)						
22	Buildings (156)						
23	Boilers (157)						
24	Pumping Equipment (158)						
25	Machine Tools and Machinery (159)						
26	Other Station Equipment (160)						
27	Oil Tanks (161)						
28	Delivery Facilities (162)						
29	Communication Systems (163)						
30	Office Furniture and Equip (164)						
31	Vehicles and Other Work Equip (165)						
32	Other Property (166)						
33	Asset Retirement Costs for Trunk Lines (167)						
34	TOTAL (Lines 18 thru 33)						
<b>GENERAL</b>							
35	Buildings (176)						
36	Machine Tools and Machinery (179)						
37	Communication Systems (183)						
38	Office Furniture and Equip (184)						
39	Vehicles and Other Work Equip (185)						
40	Other Property (186)						
41	Asset Retirement Costs for General Property (186.1)						
42	TOTAL (Lines 35 thru 41)						
43	GRAND TOTAL (Lines 17, 34, 42)						

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__		
<b>ACCRUED DEPRECIATION - UNDIVIDED JOINT INTEREST PROPERTY</b>							
Give particulars (details) of the credits and debits to Account No. 31, <i>Accrued Depreciation - Carrier Property</i> , during the year.							
Name of Undivided Joint Interest Pipeline:							
Line No.	Account (a)	Balance at Beginning of Year (in dollars) (b)	Debits to Accounts No. 540 and 541 of USofA (in dollars) (c)	Net Debit From Retirement of Carrier Property (in dollars) (d)	Other Debits and Credits-Net (in dollars) (e)	Balance at End of Year (b + c + d + e) (in dollars) (f)	Annual Component/ Rates (in percent) (g)
<b>GATHERING LINES</b>							
1	Right of Way (102)						
2	Line Pipe (103)						
3	Line Pipe Fittings (104)						
4	Pipeline Construction (105)						
5	Buildings (106)						
6	Boilers (107)						
7	Pumping Equipment (108)						
8	Machine Tools and Machinery (109)						
9	Other Station Equipment (110)						
10	Oil Tanks (111)						
11	Delivery Facilities (112)						
12	Communication Systems (113)						
13	Office Furniture and Equip. (114)						
14	Vehicles and Other Work Equip. (115)						
15	Other Property (116)						
16	Asset Retirement Costs for Gathering Lines (117)						
17	TOTAL (Lines 1 thru 16)						
<b>TRUNK LINES</b>							
18	Right of Way (152)						
19	Line Pipe (153)						
20	Line Pipe Fittings (154)						
21	Pipeline Construction (155)						
22	Buildings (156)						
23	Boilers (157)						
24	Pumping Equipment (158)						
25	Machine Tools and Machinery (159)						
26	Other Station Equipment (160)						
27	Oil Tanks (161)						
28	Delivery Facilities (162)						
29	Communication Systems (163)						
30	Office Furniture and Equip. (164)						
31	Vehicles and Other Work Equip. (165)						
32	Other Property (166)						
33	Asset Retirement Costs for Trunk Lines (167)						
34	TOTAL (Lines 18 thru 33)						
<b>GENERAL</b>							
35	Buildings (176)						
36	Machine Tools and Machinery (179)						
37	Communication Systems (183)						
38	Office Furniture and Equip. (184)						
39	Vehicles and Other Work Equip. (185)						
40	Other Property (186)						
41	Asset Retirement Costs for General Property (186.1)						
42	TOTAL (Lines 35 thru 41)						
43	GRAND TOTAL (Lines 17, 34, 42)						

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__
<b>AMORTIZATION BASE AND RESERVE</b>					
1.) Enter in columns (b) thru (e) the cost of pipeline property used as the base in computing amortization charges included in Account 540, <i>Depreciation and Amortization</i> , and Account 541, <i>Depreciation Expense for Asset Retirement Costs</i> of the accounting company.		the year in Account No. 32, <i>Accrued Amortization - Carrier Property</i> .			
2.) Enter in columns (f) thru (i) the balances at the beginning and end of the year and the total credits and debits during		3.) The information requested for columns (b) thru (i) may be shown by projects or for totals only.			
		4.) If reporting by project, briefly describe in a foot-			
<b>BASE (540 and 541)</b>					
Line No.	Items (a)	Balance at Beginning of Year (In dollars) (b)	Debits During Year (In dollars) (c)	Credits During Year (In dollars) (d)	Balance at End of Year (In dollars) (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47	TOTAL				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da, Yr)	Year of Report Dec. 31, 20__
<b>AMORTIZATION BASE AND RESERVE (Continued)</b>				
note each project amounting to \$100,000 or more. Reference the kind of property reported; do not include location. Items less than \$100,000 may be combined in a single entry titled Minor Items, each less than \$100,000. 5.) If the amounts in column (g) do not correspond to the		amounts actually charged to Account No. 540 and/or 541, explain such differences in a footnote. 6.) Explain in a footnote adjustments included in column (h) that affect operating expenses.		
<b>RESERVE (32)</b>				
Balance at Beginning of Year (in dollars) (f)	Credits During Year (in dollars) (g)	Debits During Year (in dollars) (h)	Balance at End of Year (in dollars) (i)	Line No.
				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
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				22
				23
				24
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				26
				27
				28
				29
				30
				31
				32
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				34
				35
				36
				37
				38
				39
				40
				41
				42
				43
				44
				45
				46
				47



Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-159-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__
<b>OPERATING EXPENSE ACCOUNTS (Account 610)</b>					
Report the respondent's pipeline operating expenses for the year, classifying them in accordance with the USofA.					
Line No.	Operating Expense Accounts (a)	CRUDE OIL (In dollars)			
		Gathering (b)	Trunk (c)	Delivery (d)	Total (b + c + d) (e)
	<b>OPERATIONS and MAINTENANCE</b>				
1	Salaries and Wages (300)				
2	Materials and Supplies (310)				
3	Outside Services (320)				
4	Operating Fuel and Power (330)				
5	Oil Losses and Shortages (340)				
6	Rentals (350)				
7	Other Expenses (390)				
8	<b>TOTAL Operations and Maintenance Expenses</b>				
	<b>GENERAL</b>				
9	Salaries and Wages (500)				
10	Materials and Supplies (510)				
11	Outside Services (520)				
12	Rentals (530)				
13	Depreciation and Amortization (540)				
14	Depreciation Expense for Asset Retirement Costs (541)				
15	Employee Benefits (550)				
16	Insurance (560)				
17	Casualty and Other Losses (570)				
18	Pipeline Taxes (580)				
19	Other Expenses (590)				
20	Accretion Expense (591)				
21	Gains or losses on Asset Retirement Obligations (592)				
22	<b>TOTAL General Expenses</b>				
23	<b>GRAND TOTALS.</b>				

Appendix C Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 20__
<b>OPERATING EXPENSE ACCOUNTS (Continued)</b>					
Line No.	Products (in dollars)				Grand Total (e+h) (l)
	Trunk (f)	Delivery (g)	Total (f+g) (h)		
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					

Appendix I  
FERC Order 552

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be shown above or below the line based upon whether customers or stockholders bear the expense or receive the benefits of the transaction. Instead, the nature of the transaction determines whether it is shown as utility operating income (above-the-line) or as other income and deductions (below-the-line). With enactment of the CAAA, allowance transactions are expected to become an integral part of utility operations, especially if the market for allowance trading develops as intended. The above-the-line classification required herein does not dictate how gains and losses on dispositions of allowances should be apportioned between ratepayer and stockholders, but merely reflects the fact that allowance transactions are a part of utility operations.

G. Regulatory Assets and Liabilities

The Commission proposed in the NOPR to provide accounting for regulatory assets and liabilities, i.e., assets and liabilities created through the ratemaking actions of regulatory agencies and not specifically provided for in other accounts. The NOPR proposed to create four new accounts for regulatory assets and liabilities: Account 182.3, Other Regulatory Assets; Account 244, Other Regulatory Liabilities; Account 407.3, Regulatory Debits; and Account 407.4, Regulatory Credits. The first two are balance sheet accounts; the latter two are income accounts.

As proposed, Account 182.3 would include costs incurred and charged to expense which have been, or are soon expected to be,

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authorized for recovery through rates and which are not specifically provided for in other accounts. Regulatory assets would be recorded by charges to Account 182.3 and credits to Account 407.4. Amounts in Account 182.3 would be amortized to Account 407.3 over the appropriate rate recognition period.

Account 244 would include liabilities imposed by the ratemaking actions of regulatory agencies and not specifically provided for in other accounts. Included in Account 244 would be revenues or gains realized and credited to income that the company is required, or is expected to be required, to use to reduce future rates. Regulatory liabilities would be established by credits to Account 244 and debits to Account 407.3. Amounts included in Account 244 would be amortized to Account 407.4 over the appropriate rate recognition period.

Support for the NOPR. National Fuel Gas, the Florida Commission and the Ohio Staff support the proposed rule. The Ohio Staff states that the proposed treatment will provide uniformity in the way utilities report the economic effects of regulatory actions and will facilitate review of regulatory assets and liabilities.

Support for the Status Quo. Virginia Power and PSI Energy oppose any change in current accounting practices for regulatory assets and liabilities. Virginia Power argues that the accounting practices used over the years have worked well and should be considered GAAP for regulated entities. PSI Energy argues that the USofA already provides sufficient guidance and

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accounts for regulatory assets and liabilities and that financial reporting rules ensure the itemization in financial statements of significant regulatory assets or liabilities.

Procedural Objections. A large number of commenters urge deletion of this issue from this proceeding and initiation of a separate rulemaking on regulatory assets and liabilities. 81/ Many of these commenters assert that the issue of regulatory assets and liabilities is too important and complex to be included in a rulemaking on accounting for allowances.

Pennsylvania Power & Light and Wisconsin Electric argue that this proceeding should address only those regulatory assets and liabilities related to allowances and that other regulatory assets and liabilities should be considered in a separate rulemaking.

AICPA, Arthur Andersen and Deloitte & Touche argue that the following issues should be exempted from the final rule pending further study: whether FASB instructs regulated enterprises to account for certain effects on income taxes only on the balance sheet, not on the income statement; whether deferred returns from phase-in plans and other similar deferrals should be reported below-the-line; and whether some items are classified in a way unique to the regulatory process and are not accounted for as proposed in the NOPR.

81/ AICPA, Arthur Andersen, Coopers & Lybrand, Deloitte & Touche, EEI, Central & South West, Commonwealth Edison, Con Edison, Detroit Edison, Duke Power, Gulf States, Kansas City Power & Light, Kentucky Utilities, PJM, Potomac Electric, PSE&G and Wisconsin Public Service.

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General Substantive Objections. AEP argues that, according to FASB, regulatory assets and related deferred income taxes should be reflected only on the balance sheet. PSI Energy argues that the income statement presentation of phase-in plans should be specifically excluded from the final rule.

AEP also argues that, if a utility is deferring significant costs, e.g., through a phase-in plan, and is accruing a return on the unrecovered balances, the NOPR may wrongly move the credit for the deferred return from below-the-line to above-the-line. AEP argues that this result would distort both operating and non-operating income and is contrary to the regulatory intent to provide the credit as compensation to investors, not as a reduction of the cost of service.

Centerior argues that a new account is needed for the deferral of return through a carrying charge because crediting such amounts to Account 407.4, an above-the-line account, would be inconsistent with past Commission practice. Centerior argues that the Commission has consistently required the carrying charge to be credited to Account 421, Miscellaneous Nonoperating Income, a below-the-line account.

EI argues that the Commission should allow certain regulatory assets and liabilities, such as the gross-up of portions of previously-recorded AFUDC, to be classified with the plant accounts. EI also argues that certain costs should be presented separately from other regulatory assets and liabilities. EI states, for example, that the net phase-in

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costs capitalized in each period or the net amount of previously allowable phase-in costs recovered during each period should be reported as a separate item of other income or expense in the income statement.

Applicability of Accounts 407.3 and 407.4. EEI argues that utilities should be allowed to use accounts other than 407.3 and 407.4 if state regulators have previously allowed such use. EEI argues that if state regulators have allowed the use of other accounts, the requirement to use Accounts 407.3 and 407.4 should apply only prospectively. Allegheny Power and Kansas City Power & Light assert that use of the new accounts should not be required if the commission with primary ratemaking jurisdiction requires the use of other accounts.

Southern Company argues that the new accounts should apply only to new regulatory assets and liabilities. Southern Company asserts that the new accounts could lead to cost recovery problems under existing contracts and joint ownership agreements under which costs previously deferred are now being amortized to an account reflected in formulary billings. Southern Company argues that a change in account classification would jeopardize cost recovery and could require costly renegotiation of contracts and agreements.

AEP argues that, if Accounts 407.3 and 407.4 are adopted, these accounts should not apply to deferred income taxes. AEP argues that the needed information is not always available for individual book/tax timing differences, especially those



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involving plant-in-service. AEP argues that identifying the proper accounts in which deferred taxes should be recorded can be difficult or impossible.

Several commenters argue that regulatory assets and liabilities should be recorded in income statement accounts reflecting the nature of the underlying transactions, regardless of when the transactions are recognized. 82/ The American Gas Association, for example, asserts that financial statement readers are more interested in the nature of a company's transactions than in the differences between GAAP for non-regulated and regulated businesses. The Association asserts that, when necessary, utilities and regulators can determine the effect of regulation for ratemaking purposes and that these differences should not be the focus of the statements.

Effect on Coverage Ratios. EEI, AEP, Gulf States and Virginia Power assert that using new Accounts 407.3 and 407.4 will distort the computation of coverage ratios under SEC rules. They assert that, under the standard coverage formula, the adjustments to income taxes would be added back to determine earnings for coverage purposes, but the related adjustments to the regulatory asset and liability income statement accounts would not be added back.

Defining Regulatory Assets and Liabilities. A number of commenters argue that regulatory assets and liabilities should be

82/ American Gas Association, Baltimore Gas & Electric, Columbia Gas, Con Edison, Virginia Power and Wisconsin Public Service.

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defined more consistently with FASB Statement No. 71. 83/

They argue, for example, that the USofA should allow recognition of regulatory assets and liabilities only when rate recovery is probable, i.e., likely to occur, not just reasonably expected. Otherwise, they argue, utilities might have to report the same transactions under two sets of accounting principles.

NARUC notes that Account 182.3 includes regulatory assets related to the amortization or normalization of certain costs, and suggests that the account be clarified to include only those regulatory assets "related to the amortization of specific and significant non-recurring or infrequent operating or maintenance expense items . . . ." In support, NARUC states that the word "normalization" is ambiguous. The North Carolina Staff similarly argues that, in any ratemaking decision, regulators may adopt several adjustments to set rates at an average, or "normal" level, but not to provide for recovery of a specific cost in a period other than the one in which it would be recognized for accounting purposes. The North Carolina Staff argues that, contrary to the implication in the NOPR, it would be inappropriate to record a regulatory asset or liability for such adjustments.

Inconsistent Classification. Many commenters note that proposed Account 182.3, Other Regulatory Assets, is classified as

83/ AEP, AICPA, Arthur Andersen, EEI, Centerior, Commonwealth Edison, Consumers Power, the Georgia Commission, NARUC, the North Carolina Staff, Price Waterhouse, PSI Energy and Virginia Power.

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a deferred asset while proposed Account 244, Other Regulatory Liabilities, is classified as a current liability. A number of commenters argue that regulatory assets and liabilities should both be classified in deferred accounts. 84/ Others propose the establishment of both current and deferred accounts for both regulatory assets and liabilities. 85/ Still others find either of these two approaches acceptable. 86/ The American Gas Association and Con Edison argue that the classification of a regulatory asset or liability as current or deferred should be determined by GAAP.

Commission Response. The Commission now believes that, although separate accounts for regulatory assets and liabilities should still be established in this rulemaking, the two-step process described in the NOPR is not generally necessary and in some instances may contribute to inappropriate results. Based upon the comments received, the Commission will make certain changes in the accounting required for regulatory assets and liabilities.

For consistency in the balance sheet presentation of regulatory assets and liabilities, the Commission will renumber

84/ AEP, Baltimore Gas & Electric, Centerior, Delmarva Power, PacifiCorp, PJM, Ohio Edison, Penn Power and Wisconsin Electric.

85/ Allegheny Power, Central & South West, PG&E, Virginia Power, Price Waterhouse and Potomac Electric.

86/ EEI, Cincinnati Gas & Electric, Commonwealth Edison, Gulf States, IES Industries, NYSE&G, PSI Energy and Wisconsin Public Service.

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proposed Account 244, Other Regulatory Liabilities, to Account 254. Account 254 will be in the deferred credits section of the balance sheet, thus paralleling the placement of Account 182.3, Other Regulatory Assets, in the deferred debits section of the balance sheet.

The Commission will require that deferred returns and/or carrying charges accrued on regulatory assets and liabilities be credited to Account 421, Miscellaneous Nonoperating Income, or charged to Account 431, Other Interest Expense, as appropriate. Both of these accounts are below-the-line. This change, recommended by several commenters, is needed to conform the required accounting treatment to the accounting used in recording deferred returns and/or carrying charges in other circumstances.

The Commission will also redefine regulatory assets and liabilities to use terms more similar to those used in FASB Statement No. 71, in order to avoid unnecessary differences between financial statements issued for regulatory purposes and general purpose financial statements. The term "probable," as used in the definition adopted herein for regulatory assets and liabilities, refers to that which can reasonably be expected or believed on the basis of available evidence or logic but is neither certain nor proved. 87/

87/ Webster's New World Dictionary of the American Language, 2d college ed. [New York: Simon and Schuster, 1982] at 1132. This is the meaning referred to in FASB Concepts Statement No. 6, Elements of Financial Statements, 25 n.18 and 35 n.21, (1985) (superseding FASB Concepts Statement No. 3), in Accounting Statements - Original Pronouncements (1991).

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Finally, to reduce other possible conflicts with current practices, the Commission will modify the proposed text of the accounts for regulatory assets and liabilities. Under the originally-proposed accounting for regulatory assets and liabilities, all entries to Accounts 182.3 and 244 (now 254) would have been through charges or credits to Accounts 407.3 and 407.4. Also, the proposed accounting would have required current expense (revenue) recognition consistent with the USofA requirements as determined without regard to the creation of regulatory assets and liabilities; whereas, the current practice is generally not to recognize the expense (revenue) but to capitalize the cost (or recognize a liability). The proposed accounting would therefore have affected income statement accounts even though net income was not affected (i.e., a liability would be recorded along with an equal regulatory asset or an asset would be recorded along with an equal regulatory liability). Although net income would not have been affected, the NOPR's proposed accounting could have distorted various financial ratios, such as pre-tax interest coverage calculations. Thus, the Commission will adopt Accounts 407.3 and 407.4, as modified, to provide for separate income and expense recognition only in appropriate situations, such as for the net amount capitalized for phase-in plans in each period and the net amount of previously capitalized allowable costs recovered during each period.

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Definitions

\* \* \* \* \*

31. Regulatory Assets and Liabilities are assets and liabilities that result from rate actions of regulatory agencies. Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determinations in one period under the general requirements of the Uniform System of Accounts but for it being probable: 1) that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services; or 2) in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required.

9. In Part 201, Balance Sheet Accounts, Accounts 182.3 and 254 are added to read as follows:

Balance Sheet Accounts

\* \* \* \* \*

182.3 Other regulatory assets.

A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (See Definition No. 31.)

B. The amounts included in this account are to be established by those charges which would have been included in net income determinations in the current period under the general requirements of the Uniform System of Accounts but for it being

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probable that such items will be included in a different period(s) for purposes of developing the rates that the utility is authorized to charge for its utility services. Where specific identification of the particular source of the regulatory asset cannot be made, such as in plant phase-ins, rate moderation plans, or rate levelization plans, Account 407.4, Regulatory Credits, shall be credited. The amounts recorded in this account are generally to be charged, concurrently with the recovery of the amounts in rates, to the same account that would have been charged if included in income when incurred, except all regulatory assets established through the use of Account 407.4 shall be charged to Account 407.3, Regulatory Debits, concurrent with the recovery of the amounts in rates.

C. If rate recovery of all or part of an amount included in this account is disallowed, the disallowed amount shall be charged to Account 426.5, Other Deductions, or Account 435, Extraordinary Deductions, in the year of the disallowance.

D. The records supporting the entries to this account shall be kept so that the utility can furnish full information as to the nature and amount of each regulatory asset included in this account, including justification for inclusion of such amounts in this account.

\* \* \* \* \*

254 Other regulatory liabilities.

A. This account shall include the amounts of regulatory liabilities, not includible in other accounts, imposed on the

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utility by the ratemaking actions of regulatory agencies. (See Definition No. 30.)

B. The amounts included in this account are to be established by those credits which would have been included in net income determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that: 1) such items will be included in a different period(s) for purposes of developing the rates that the utility is authorized to charge for its utility services; or 2) refunds to customers, not provided for in other accounts, will be required. When specific identification of the particular source of the regulatory liability cannot be made or when the liability arises from revenues collected pursuant to tariffs on file at a regulatory agency, Account 407.3, Regulatory Debits, shall be debited. The amounts recorded in this account generally are to be credited to the same account that would have been credited if included in income when earned except: 1) all regulatory liabilities established through the use of Account 407.3 shall be credited to Account 407.4, Regulatory Credits; and 2) in the case of refunds, a cash account or other appropriate account should be credited when the obligation is satisfied.

C. If it is later determined that the amounts recorded in this account will not be returned to customers through rates or refunds, such amounts shall be credited to Account 421, Miscellaneous Nonoperating Income, or Account 434, Extraordinary Income, as appropriate, in the year such determination is made.



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D. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to the nature and amount of each regulatory liability included in this account, including justification for inclusion of such amounts in this account.

10. In Part 201, Income Accounts, Accounts 407.3 and 407.4 are added to read as follows:

Income Accounts

\* \* \* \* \*

407.3 Regulatory debits.

This account shall be debited, when appropriate, with the amounts credited to Account 254, Other Regulatory Liabilities, to record regulatory liabilities imposed on the utility by the ratemaking actions of regulatory agencies. This account shall also be debited, when appropriate, with the amounts credited to Account 182.3, Other Regulatory Assets, concurrent with the recovery of such amounts in rates.

407.4 Regulatory credits.

This account shall be credited, when appropriate, with the amounts debited to Account 182.3, Other Regulatory Assets, to establish regulatory assets. This account shall also be credited, when appropriate, with the amounts debited to Account 254, Other Regulatory Liabilities, concurrent with the return of such amounts to customers through rates.

NOTE: This appendix will not be published in the Code of Federal Regulations.

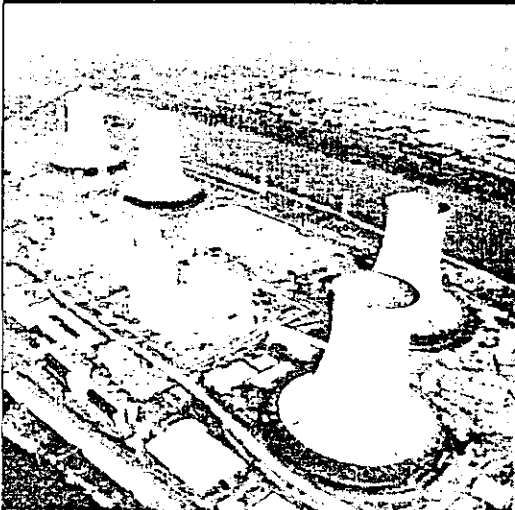
Appendix A

Appendix J  
EEI White Paper



# Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations

# Asset Retirement Obligations Implementation Issues



**October 2002**

## Acknowledgements

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Doug Allen	The American Gas Association
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Peter (Matt) Gordon	Duke Energy
James Henderson	American Electric Power Company
Cathy Muszynski	Xcel Energy
Lisa Perkett	Xcel Energy
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Paul Stetz	PSEG Energy Technologies
Julia Valliere	Edison Electric Institute
Dane Watson	TXU Business Services

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# Statement of Financial Accounting Standards No. 143 Accounting For Asset Retirement Obligations

## Overview<sup>1</sup>

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations" (ARO's). SFAS No. 143 changes the way companies recognize and measure legal retirement obligations that result from the acquisition, construction and normal operation of tangible long-lived assets. In general, companies will be required to recognize much sooner any legal liability associated with the future retirement of tangible long-lived assets.

SFAS No. 143 is effective for fiscal years beginning after June 15, 2002 (January 1, 2003 for calendar year companies). Asset retirement obligations must be recognized as a liability and measured at fair value. The cost associated with the recognition of the asset retirement obligation is capitalized as part of the related asset's book cost and is depreciated over the expected life of the asset.

The asset retirement obligation is initially recorded at fair value, so the increase in that liability causes accretion expense (similar to interest) to be recognized each period as an operating expense in the income statement.

SFAS No. 143 does not grandfather any current accounting for existing obligations. Companies will convert to the new standard and recognize the cumulative effect of initially applying the statement as a change in accounting principle. The amount to be reported as a cumulative effect adjustment in the statement of operations is the difference between the amounts, if any, recognized in the statement of financial position prior to the application of SFAS No. 143 and the net amount that is recognized in the financial statements by applying the new Standard. Any asset retirement obligations that are currently reported as part of accumulated depreciation will be reversed as part of the cumulative effect adjustment.

## Scope

The scope of SFAS No. 143 is set forth in paragraph 2 of the Statement: "This Statement applies to **legal obligations** associated with the retirement of a tangible

---

<sup>1</sup> The methods, processes, and procedures contained in this paper are intended to illustrate and provide examples for one or more analytical models by which certain Asset Retirement Obligations (ARO's) could be evaluated. This material is intended neither to exclude the validity of other models, nor to be an exhaustive and comprehensive presentation of all valid models. The models described in this paper may not be applicable to particular situations and are not necessarily recommended for the reader's specific application. It is the conclusion of the authors that each entity assessing ARO's should consult with its auditor, accountants, and legal counsel.

long-lived asset" (emphasis added). The obligations included within the scope of the standard are those associated with the retirement of a long-lived asset that result from the acquisition, construction, or the normal operation of a long-lived tangible asset. An ARO liability should be recognized if it meets the definition of a liability in FASB Concepts Statement No. 6, "Elements of Financial Statements." In assessing whether an ARO meets this definition, an entity should determine if:

- a) It has a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets,
- b) It has little or no discretion to avoid a future transfer of use of assets, and
- c) An obligating event has already happened.

What does this mean and how does a company determine if a long-lived asset is within this scope definition? Only assets that are defined as tangible and long-lived are included. There has been much discussion concerning what constitutes a tangible long-lived asset. While there is no clear definition given, examples of tangible long-lived assets include items such as generation plants, mines, gas mains and compressor stations, substations, transformers, buildings, capacitors, lines, poles, streetlights and fee property. Examples of assets that are not tangible long-lived assets include software, organization costs, and goodwill. A company must then determine if any legal obligations exist that are associated with the retirement of these long-lived assets. Retirement is defined as other-than-temporary removal of a long-lived asset from service. It includes sale, abandonment, recycling, or disposal in some other manner. However, it does not include the temporary idling of a long-lived asset.

Identifying ARO's and measuring the liability is the most critical part in the adoption of SFAS No. 143. It is recommended that utilities form working teams and include representatives from legal, accounting, financial, operations and other business units as deemed necessary. These teams will need to define very specifically what the scope of SFAS No. 143 is for their company and how the review of what is within the scope will take place. This entire process should be well documented.

Basically the determination of whether assets are within the scope of SFAS No. 143 is a review of legal obligations past and present that relate to the purchase, construction, development, or normal operation of the asset. Utilities have substantial tangible long-lived assets, many of which were constructed over several decades. As a result, a significant amount of work may be required to identify the legal obligations associated with utility assets. Also an obligation may result from only a portion of an asset (e.g., disposal of PCBs from a transformer) and only that portion must be recognized under the Standard. For purposes of SFAS No. 143, a legally enforceable obligation can result from:

- a) A government action, such as law, statute, or ordinance,
- b) An agreement between entities, such as a written or oral contract,
- c) Conduct, which would obligate the promisor to perform under the doctrine of promissory estoppel.



To identify ARO's, the legal department may perform a review of codes, statutes, regulations, ordinances and typical obligating documents including contracts, permits, certificates of need, etc. It is important to establish ground rules to prevent the review from becoming impossible in size. Start with a definition of tangible long-lived assets and a list of those assets that meet the definition. It is important to give this definition to the legal team and any area assisting on this project because the areas outside of accounting may not be cognizant of useful lives. For areas where there is a large magnitude of similar documents, use of a sampling technique may be employed. However, it should be noted that if the result of the sampling does not produce evidence of a legal obligation, one might want to include an ARO disclosure if there could be an obligation, albeit remote, in the contracts not sampled. An example of such a document is the easement associated with distribution property.

By assessing plant assets and reviewing documents including contracts, licenses, leases, etc., the team can develop potential ARO's. Although the chance of determining that a legal obligation has accrued under a doctrine of promissory estoppel is small, the team should consider potential areas where such liability might arise. The review of promissory estoppel is difficult, and varies state by state. The recommendation is to identify relationships or other documentation that employees know about or have in their possession. Companies may query their corporate communications archives, and staff, company counsel, and field personnel, where necessary, to identify conduct that may involve the doctrine of promissory estoppel. An inventory questionnaire may be used to assist with the field review. The discovery of a promise alone is not enough to create a retirement obligation through promissory estoppel. A determination must be made that a third party relied upon such a promise to its detriment and that a court is likely to order equitable relief.

Many utilities have included removal costs in depreciation rates or some other rate recovery mechanism. For ratemaking purposes, the collection of depreciation expense, including the salvage, and gross removal cost should remain intact. If customers have been paying for the cost of removal through rates, they may have a reasonable expectation that the utility will expend the costs to remove the asset at the end of its useful life. The inclusion of a cost of removal component in depreciation rates, in and of itself, does not constitute a legal obligation to remove or dispose of the asset under the doctrine of promissory estoppel. However, promises made by utilities in rate case proceedings or the specific orders issued by regulatory bodies in rate cases could be evaluated as a potential legal obligation. This determination is a legal question that should be evaluated with the assistance of legal counsel. Barring any legal obligations, the inclusion of removal costs in depreciation rates does not constitute an ARO.

Prior to adoption of SFAS No. 143, Generally Accepted Accounting Principles (GAAP) as applied by utilities included an accrual of many estimated removal costs over the life of the asset and to classify the accrued removal cost liability as a part of the provision for accumulated depreciation. If all or a portion of asset retirements are not included in the scope of SFAS No. 143, GAAP continues to allow the accrual of the removal cost liability over the life of the asset. GAAP generally does not address where regulatory assets or liabilities should be recorded. Accordingly, the removal cost liability related to

these types of assets that is recorded in accordance with rate recovery need not be reclassified as a regulatory liability. If an asset does fall under the scope of SFAS No. 143 and a company is subject to SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," any removal cost related to that asset currently classified as a part of the provision for accumulated depreciation should be removed and replaced with an ARO liability in accordance with SFAS No. 143. Additionally, for SFAS 71 companies, any cumulative effect adjustments and/or any ongoing differences between the application of removal costs in a regulated environment and SFAS 143 should be recorded as a regulatory liability or asset.

To summarize, the scope of the final statement includes only liabilities for legal obligations that compel the owner to remove or dispose of the asset or of some component at retirement. If the "company has a legal obligation to perform decontamination activities when the plant ceases operations" (A12), then there is an ARO related to that plant. A conceptual framework for the ARO includes:

- a) A legal requirement to remove an asset or component part must exist first before any ARO is recognized for removal costs. However, if there is no legal obligation to remove a component, then no ARO is required. For example, if an exhaust stack is retired in place at a production facility and there are no legal requirements to remove the stack, there is no ARO. Conversely, if there is a state requirement to remove any structure over 25 feet upon cessation of service, then there likely is an ARO.
- b) A legal obligation may exist to dispose of a component part of an asset: "Any legal obligations that require disposal of the replaced part are within the scope of this Statement" (A9). For example, there may not be a legal requirement to remove a component part, but the component part may wear out or be removed for other reasons. In this case, the removal cost of the asset would not constitute an ARO. However, there may be legal requirements to dispose of the component part once it has been removed. The legal requirement to dispose of the component would constitute an ARO (A15).
- c) All ARO liabilities must meet the liability criteria in FAS Concepts Statement Number 6, "Elements of Financial Statements." Only present (current) obligations meet these criteria.

The Standard identifies examples of potential ARO's including landfill closure and nuclear decommissioning, however, there are probably more in existence. The following are examples of types of assets that may be within the scope of SFAS No. 143 and circumstances that may or may not create an ARO:

#### 1. Nuclear Production

- a) *Final Nuclear Decommissioning* – a company has a legal obligation to perform decontamination activities when the plant ceases operations. Contamination results from the normal operation of the plant and a liability should be recorded. A company needs to review

contracts, licenses, operating agreements, leases, etc. to assess their extent of liability. In addition to obligations surrounding contamination, there may be legal requirements to return the plant to a "greenfields" state. These costs are usually identified in required decommissioning studies. If the legal obligation is determined to include only the contaminated portions of the plant, then adjustments to the entire decommissioning study will need to be made to reflect only those portions as an ARO.

- b) *Nuclear Fuel Storage Facilities* – a company needs to review associated documents, which surround this asset. It is generally assumed that the federal government will bear the responsibility for spent nuclear fuel when it is finally removed from the plant site. The removal of the storage facilities for spent nuclear fuel (*i.e.*, Independent Spent Fuel Storage Installations) after the spent fuel has been removed will be the obligation of the company. This obligation would create an ARO and may be included already in final decommissioning. If no storage facilities currently exist but they will be required when the spent fuel pool reaches capacity, the removal obligation of such facilities would need to be considered when assessing an entity's obligation when the obligating event has occurred.
- c) *Interim Retirements* - an asset retirement obligation may exist for component parts of the larger system. The retirement of this component part may happen prior to retirement of the entire system and may constitute an obligation separate from the final retirement or decommissioning. An example is a steam generator that needs replacement prior to the end of the life of the unit. An obligation associated with the disposal of a second steam generator will occur at the time of replacement of the generator (resulting in the irradiation of a second generator). The cash flow of the removal obligation to dispose of the second steam generator may be linked with the final decommissioning of the plant (*e.g.* if the replaced steam generator is left on site and factored into the decommissioning study) or can be reflected in a new ARO. Since it will probably be included in future plant decommissioning estimates, recording as a change in the existing ARO cash flow will simplify future accounting. Not all interim retirements will create an ARO. The recommendation is that a company will need to assess interim retirements individually as to frequency and materiality to determine when an ARO should be recognized and also what costs should be captured as an ARO.

An example of this follows: Entity A has a highly contaminated nuclear asset with a cost of removal of approximately \$2 million. \$.8 million is for labor and supplies needed to remove the asset and \$1.2 million is for the "special" disposition costs for disposing of the contaminated asset. Because this is an interim retirement, the recommendation is that only the \$1.2 million of disposition costs be

accounted for in the ARO. For interim retirements such as these, it is generally assumed that there is no legal obligation to remove the asset, only a legal obligation to dispose of the asset. In contrast, when the plant is closed and the replaced asset is being removed, it is generally assumed that the entire \$2 million of costs be included in the ARO due to the legal obligations associated with closing the plant. In a similar example, suppose the labor and supplies to remove the asset are \$1.98 million and the disposition costs are only \$.02 million. In this example a company may choose not to record any ARO based on immateriality. Each company will need to address its own specific materiality thresholds.

## 2. Steam Production

- a) *General* – after reviewing legal documents, which include easements, licenses, leases, etc., a company may discover they have no legal obligations associated with asset retirement. Alternatively, a company may discover legal obligations associated with assets such as intake structures, ash ponds, underground storage tanks, coal piles, tanks used to accumulate hazardous waste, or coal mines. In some instances, there is no legal obligation to remove an asset or restore the land. In another instance, an existing law or a lease on the land may require decommissioning of the plant or components of the plant.
- b) *Environmental Obligations* – a company may have certain environmental obligations. If these environmental obligations result from environmental law, contract, or other agreement or license that require the remediation of an obligation at a specific point (e.g., a specific time after ceasing operations or at retirement), then they are legal obligations. An ARO results only from environmental remediation liabilities arising from the normal operation of the power plants. A company may have some liability associated with the retirement and removal of a segment of the power plant such as ash ponds or intake structures. Asbestos to be removed as part of an asset retirement is subject to the requirements of SFAS No. 143 and the cost of removal should be included in determining the obligation. If asbestos clean-up is performed prior to the asset retirement then it should be accounted for in accordance with the guidance of the American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 96-1, "Environmental Remediation Liabilities."
- c) *Shared Assets* – some generating facilities are co-owned or have many joint owners. Co-owners should cooperate to the extent possible regarding consistent treatment of SFAS 143. For example, a situation may arise here one party defines an ARO and the other owners do not. In this situation, it would be helpful for the company to review the circumstances behind why the one of the companies chose to recognize an ARO. There could be instances where one company has made commitments and the other company will need

to have their legal staffs decide whether or not this promise could be construed as their obligation, as well. However, legitimate differences may occur between joint owners. Differences in the amount of the estimated ARO may occur, but different judgments about whether an ARO exists should be rare.

### 3. **Hydro Production**

- a) *Federal Government* – many hydro dams are operated under governmental water rights or flowage rights licenses issued by the Federal Energy Regulatory Commission (FERC). These licenses may not have explicit terms stating that a company is responsible for removal or closure costs related to the ultimate retirement of the dams. These dams have an extremely long useful life if operated and maintained properly and it is often presumed that the asset will be operated into perpetuity. Since removal of the dam property is not required under current operations, there is no ARO arising from the FERC licenses. But that may not always be the case. If the plant will be decommissioned, an application to FERC would be made and if a FERC order is issued, and the utility starts the surrender application process, then an ARO would be created. Also, if a dam is structurally impaired and legally, it must be removed, an ARO is created.
- b) *State Government* – although the dams and spillways are controlled by Federal licenses, there may be additional requirements placed on the facility by the state or local agencies. A review of such requirements may produce an ARO even though the review of the Federal license did not.

### 4. **Electric Transmission And Distribution**

- a) *Transmission and Distribution Lines* – a company may have transmission or distribution lines that operate under property easement agreements. Most utilities hold perpetual easements. Whether or not the easement is perpetual, a company, in general, operates the transmission and distribution lines as if the assets will be operated in perpetuity. If a perpetual easement were to be released, a company may have a legal obligation to remove the lines, or in some instances, a state may require removal if the entire line is retired. A legal obligation may exist if the contract for the easement requires removal of the lines at a given point. In both instances, legal counsel should be consulted to determine whether a legal obligation exists. The issue of whether these types of obligation can be measured is dealt with in the next section.
- b) *Interim Retirements* - there are interim retirements of transmission and distribution (T&D) plant that are components of the system occurring annually that may have retirement obligations associated with them. These may be due to environmental or other contractual agreements. Examples of these would be wood poles and electrical equipment containing PCB's, such as transformers and capacitors. However, where a utility intends to remove PCB's and return the unit to service, the PCB removal might constitute maintenance cost rather than an ARO since it is not related to the retirement

of an asset. The disposal of treated wood poles may be regulated under state law and may require special handling and disposal. These retirements need to be addressed for frequency and materiality to determine when the interim retirement would fall within the scope of SFAS No. 143.

**5. Gas Transmission and Distribution**

- a) *Gas Transmission and Distribution Mains and Services* – a company may have a gas transmission or distribution system that operates under property easement agreements. The company would usually hold perpetual easements. If an easement were to be released, the company may not have an obligation to remove the system but would allow a retirement in place. In this case, no ARO is required. Gas pipelines containing PCBs must meet certain requirements prior to abandonment or when removed for disposal. These requirements may trigger an ARO. In some instances, a state may require removal if the entire line is retired. In this case the line would have an ARO. Generally, a company operates the gas transmission and distribution system as if the assets will be operated in perpetuity. A legal obligation may be construed to exist due to the easement requiring removal of the lines or, if material, a requirement to cut and cap the line at retirement. The issue of whether these types of obligation can be measured is dealt with in the next section.
- b) *Interim Retirements* - there are interim retirements of components of gas transmission and distribution assets occurring annually. Some of these may have retirement obligations due to environmental or other contractual reasons. Generally, replacing sections of pipe or other interim replacement of gas assets will not create an ARO as long as the replacement will satisfy any material legal removal requirements (e.g., cutting and capping pipe). Environmental-related disposal requirements, if any, should be addressed based on materiality and timing.

**6. Other Long-Lived Assets**

- a) *Underground tanks* could be considered as a retirement obligation. In some instances, state requirements create an obligation when the tanks are initially installed. In other cases, there are no legal obligations surrounding the disposal of the tanks until the entity does something with the land the tanks are on. (i.e., sells the property). In this latter case, a legal obligation would exist, but the ARO may not be reasonably determinable. There still may be no obligation if the clean-up is performed under SOP 96-1.
- b) *Coal mines* could possibly be considered an ARO with regard to potential closure and/or site reclamation requirements. If the assumption is made that the mines are the assets and they are reclaimed in 12-18 months, there may not be an ARO as the mines would not be considered long-lived assets. If the mines were open for longer periods and there are legal reclamation requirements, then the reclamation at these mines may constitute an ARO.

## 7. Lease Obligations

- a) SFAS No. 143 applies to companies that incur retirement obligations including companies that lease assets to others. There may be costs associated with a lease that should be recorded as an asset retirement obligation.
- b) An obligation to remove leasehold improvements at the end of the lease may be an ARO under the Standard if the landlord can contractually require the lessee to remove the leasehold improvements at the end of the lease. The timing of the recognition of the ARO is when the obligating event occurs (*i.e.*, when the improvements are made that may later be required to be removed).
- c) Obligations of a lessee imposed by a lease agreement or by a party other than the lessor that meet the definition of either minimum lease payments or contingent rentals in paragraph 5 of FASB Statement No. 13, "Accounting for Leases" are not within the scope of SFAS No. 143.

## 8. Remediation Responsibilities

- a) SFAS No. 143 does not apply to obligations resulting from improper operation of an asset or a system. Environmental damage that requires immediate clean-up resulting from improper operations (*e.g.*, an oil spill) would probably be liable under SOP 96-1 and not subject to the Standard.
- b) If the clean-up is delayed and can be completed with the system retirement, it is determined as due to proper operations and is an obligation under SFAS No. 143.

## Measurement

Once it is determined that an asset retirement obligation falls within the scope of SFAS No. 143 - the next step is measurement of the liability. The amount of the liability would initially be measured at fair value. An entity shall recognize the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be determined. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability shall be recognized when a reasonable estimate of fair value can be made. In subsequent periods, an entity would recognize any changes in the amount resulting from the passage of time and revisions to either the timing or amount of estimated cash flows.

The initial measurement of the liability will be at fair value (*i.e.* the amount that an entity would be required to pay in an active market to settle the asset retirement obligation). The guidelines require a fair value measurement even though some entities may perform the retirement activities using internal resources. If quoted market prices are not available, an estimate of fair value can be calculated using valuation techniques such as the expected present value method. SFAS No. 143 states "a present value technique is often the best available technique with which to estimate the fair value of a liability." If a present value technique is used to estimate fair value, estimates of future

cash flows used in that technique must be consistent with the objective of measuring fair value. FASB Concepts Statement No. 7, "Using Cash Flow Information and Present Value in Accounting Measurements," discusses two present value techniques: a traditional approach, in which a single set of estimated cash flows and a single interest rate (a rate commensurate with the risk) are used to estimate fair value and an expected cash flow approach, in which multiple cash flow scenarios that reflect the range of possible outcomes and a credit-adjusted risk-free rate are used to estimate fair value. The expected cash flow approach will usually be the only appropriate technique for an ARO. In estimating the probability of estimated cash flows, if the probability is evenly distributed around the estimate, no further probability assessment is required.

For periods subsequent to the initial measurement, entities are required to recognize changes in the liability resulting from the passage of time and from revisions in the timing or amount of estimated cash flows. Changes resulting from the passage of time will increase the carrying amount of the liability over time and will be recognized as an operating cost rather than as interest expense in the financial statements. Entities will use the effective interest method and the credit-adjusted risk-free rate for interest allocation to the liability. The objective of the method is to recognize a level effective interest rate that is equivalent to the entity's risk-free rate (rate of zero coupon US Treasury bonds) adjusted for the entity's credit standing. The credit-adjusted risk-free rate may be adjusted as a result of the amount of funding that has been provided to an external nuclear decommissioning trust based on its relationship to the related ARO.

Revisions in the timing or amount of estimated cash flows are to be recognized as changes in the carrying amount of the liability and the related capitalized asset and are to be measured using the current credit-adjusted risk-free rate for upward revisions, or using the credit-adjusted risk-free rate applied in the initial measurement for downward revisions. Such increments to retirement assets and liabilities will have to be tracked and accounted for separately. The tracking of layers would be similar to the multiple years cash flows demonstrated in Appendix A – "Multiple Year Cash Flows".

The statement requires a company to recognize the present value of its total estimated cash flows as a liability with a corresponding increase to the related long-lived asset. Use of cost-accumulation-based estimated engineering studies or removal cost studies might be discounted at the company's credit-adjusted risk-free interest rate to record the initial value of the liability, plus cumulative unrecognized interest accretion if the liability occurred in the past. The cumulative effect adjustment for unrecognized depreciation and accretion expense may be recoverable/refundable in rates and, therefore, a company may recognize an additional regulatory asset/liability rather than a cumulative adjustment to the income statement.

In developing expected retirement cash flows, most entities will use the expected present value method due to the non-existence of an active market for settling ARO's. Removal costs should be based on gross removal costs instead of net. The estimated salvage value is included in determining the depreciation base of the asset. Therefore, the estimated salvage should be excluded from the cash flows used to estimate the ARO. When an entity uses the expected present value method, the entity would need to



incorporate assumptions into its cash flows that would reflect the assumptions that third parties would be required to consider in order to take on the settlement of the obligation. Such third party or market assumptions include the following:

- a) The costs that a third party would incur in performing the tasks necessary to retire the asset,
- b) Other amounts that a third party would normally include such as inflation, overhead, equipment charges, profit margin, and advances in technology,
- c) The extent that a third party's costs or timing would differ due to different future scenarios and relative probability,
- d) The market risk premium that a third party would demand for them to take on the risks (similar to a contingency factor).

An example would be two entities using nuclear decommissioning studies to determine an ARO for their nuclear power plants. In one case, Entity A intends to decommission their plant using internal resources. Entity B had planned to have their decommissioning performed by a third party. Both entities reflected their intentions in their decommissioning studies. In developing their ARO, Entity A would add assumptions about profit margins, overheads and other third party costs to their ARO estimate, similar to Entity B. Failure to include certain third party costs would be inconsistent with SFAS No. 143.

Some general guidelines for determining whether to recognize an ARO and corresponding examples are described below:

- a) When it has been established that a liability exists, a cash flow can be determined and there is a high or medium probability of the settlement date - as is the case for nuclear decommissioning costs - a liability must be recorded. Cash flows are estimated by cost-accumulation-based engineering studies and the settlement date is provided by the license date.
- b) When it has been established that a liability exists - a cash flow can be determined but there is a low probability of the settlement date - the measurement will reflect the low probability in the expected cash flows. An example would be the removal of an asset when the retirement is indefinite. Removal costs and a corresponding estimate of cash flows could be obtained. However, since retirement is indefinite, no reasonable estimate of the timing can be made. If a reasonable estimate can be made of the timing, that probability estimate should be used in the expected cash flow analysis to determine the ARO to be recorded.
- c) When it has been established that a liability exists - a cash flow cannot be determined and there is not a reasonable estimate of the settlement date - no liability is recorded but disclosure of the ARO is required. In subsequent periods, the ARO must be re-evaluated until sufficient information exists to determine a reasonable estimate of fair value. Generally, mass assets such

as transmission and distribution assets have indeterminate estimated cash flows and settlement dates.

An entity shall disclose the following information about its asset retirement obligations:

- a) A general description of the asset retirement obligations and the associated long-lived assets,
- b) The fair value of assets that are legally restricted for purposes of settling asset retirement obligations,
- c) A reconciliation of the beginning and ending aggregate carrying amount of asset retirement obligations showing separately the changes attributable to (1) liabilities incurred in the current period, (2) liabilities settled in the current period, (3) accretion expense, and (4) revisions in estimated cash flows, whenever there is a significant change in one or more of those four components during the reporting period.

If the fair value of an asset retirement obligation cannot be reasonably estimated, that fact and the reasons why must be disclosed. For the year of adoption, pro forma disclosure is required for the amount of the liability for asset retirement obligations as if SFAS No. 143 had been applied for all periods affected.

### **Calculation Process Overview**

This section is intended to provide some general guidelines for the calculation and measurement of ARO liabilities. The calculation of estimated cash flows and present values, accretion, and depreciation with corresponding amounts needed for journal entries will be illustrated. Examples for subsequent cash flow increases and decreases will also be shown. An example footnote disclosure for interim retirements for regulated companies is illustrated and the assumptions used for the multiple cash flows found in Appendix A are summarized. Some general guidelines for the calculation and measurement of ARO liabilities are as follows:

- a) Estimates must be based on current active market pricing or prices for similar valuation, not at a cost using internal labor resources.
- b) If removal will take longer than one year, estimated cash flows should be determined for each year.
- c) The accretion schedule and present value depreciation schedules should be prepared individually for each cash flow, rather than as a sum total.
- d) If variable removal options exist, probability analysis should be done to determine the appropriate cash flows. Also, if there is a potential license extension, inflation factors should be applied to cash flows for the time periods added.

- e) Re-evaluation of estimated cash flow: for increases in estimates, current risk-free rates should be used; for decreases, the risk free rate in effect when the original liability was calculated would be used.
- f) If more than one generating unit is at a facility, depending on timing, each unit may carry its own ARO. Additionally common-area removal costs are presumed to be included with the final unit being removed. This could result in a layering effect on the books.
- g) Exclude salvage value from cash flow estimates.
- h) New asset calculations would still apply except there would be no accumulated depreciation or accretion to date when placed in service.

### 1. Calculating Expected Cash Flows

*Assumptions* – for this example, the expected cash flows are based on the components of the cost of removal including labor, overheads, contractor’s mark-up, and market risk-premium. The overhead rate is 80% of labor, a profit margin based on contactor’s mark-up of 20%, and a market risk premium of 5%. The asset was placed in service on January 1, 1995 and has an estimated useful life of 20 years; the implementation date is January 1, 2003. Inflation from the time the asset was installed until the date of retirement is 4%. Removal expenditures will take place in the year 2014. The credit-adjusted risk-free rate of 6.5% is used to compute the expected present value. The cost of removal liability accrued to date for a non-regulated company or the cost embedded in accumulated depreciation for a regulated company is assumed to be \$500,000.

Labor	\$200,000
OH & Equipment: (80% x 200,000)	160,000
Contractor's Mark-up: (20% x (200,000 + 160,000))	72,000
	-----
Expected Cash Flows Before Inflation	\$432,000
	-----
Inflation Rate	4%
	-----
Inflated Cash Flows: $432,000 \times (1 + 4\%)^{20}$	946,565
Market Risk Premium (5% x 946,565)	47,328
	-----
<b>Total Expected Cash Flows</b>	<b>\$993,893</b>
	=====

Inflated Cash Flows:  $\text{Cash Flows} \times (1 + \text{rate})^{\# \text{years}}$

**2. Calculate the Present Value of the Estimated Cash Flows**

Using a credit-adjusted risk-free rate, the future expected cash flows are present valued to the point where the liability was incurred. In this example the asset life is assumed to be 20 years.

Expected Cash Flow	\$993,893
Credit-Adjusted Risk-Free Rate	6.5%
<b>Present Value</b>	<b>282,064</b>
	=====

Present Value (Cash Flow / (1 + rate) ^ #years)

**3. Calculate Accretion Schedule using the same risk-free rate**

The present value is accreted over the life of the asset at the specific rate so at the end of the term the total equals the future expected cash flows.

	<b>Present Value</b>	<b>Annual Accretion</b>	<b>Liability Balance</b>
1995	282,064	18,334	300,398
1996	300,398	19,526	319,924
1997	319,924	20,795	340,719
1998	340,719	22,147	362,866
1999	362,866	23,586	386,452
2000	386,452	25,119	411,572
2001	411,572	26,752	438,324
2002	438,324	28,491	466,815
2003	466,815	30,343	497,158
2004	497,158	32,315	529,473
2005	529,473	34,416	563,889
2006	563,889	36,653	600,541
2007	600,541	39,035	639,577
2008	639,577	41,572	681,149
2009	681,149	44,275	725,424
2010	725,424	47,153	772,576
2011	772,576	50,217	822,794
2012	822,794	53,482	876,275
2013	876,275	56,958	933,233
2014	933,233	60,660	<b>993,893</b>

Annual Accretion = Present Value x Credit-Adjusted Risk-Free Rate  
 Liability Balance = Present Value + Annual Accretion

**4. Calculate Depreciation Expense Schedule**

Present Value of the asset retirement cost is depreciated over the life of the asset.

The total at end of the asset's life must equal the Present Value.

Year	Depreciation Expense
1995	14,103
1996	14,103
1997	14,103
1998	14,103
1999	14,103
2000	14,103
2001	14,103
2002	14,103
2003	14,103
2004	14,103
2005	14,103
2006	14,103
2007	14,103
2008	14,103
2009	14,103
2010	14,103
2011	14,103
2012	14,103
2013	14,103
2014	14,103
<b>Total</b>	<b>282,064</b>

Depreciation Expense = Present Value of **\$282,064** / 20 years (estimated useful life)

**5. Create Expense Worksheet (combine above schedules)**

Annual accretion and annual depreciation of the Present Value are added together to get the total new expenses. A total line can be inserted into the worksheet to accumulate totals to date for use in the journal entry at implementation.

	Annual Accretion Expense	Annual Depreciation Expense	Total Expenses
1995	18,334	14,103	32,437
1996	19,526	14,103	33,629
1997	20,795	14,103	34,898

	<b>Annual Accretion Expense</b>	<b>Annual Depreciation Expense</b>	<b>Total Expenses</b>
1998	22,147	14,103	36,250
1999	23,586	14,103	37,689
2000	25,119	14,103	39,223
2001	26,752	14,103	40,855
2002	28,491	14,103	42,594
<b>Totals to Date</b>	<b>184,751</b>	<b>112,826</b>	<b>297,577</b>
2003	30,343	14,103	44,446
2004	32,315	14,103	46,418
2005	34,416	14,103	48,519
2006	36,653	14,103	50,756
2007	39,035	14,103	53,138
2008	41,572	14,103	55,676
2009	44,275	14,103	58,378
2010	47,153	14,103	61,256
2011	50,217	14,103	64,321
2012	53,482	14,103	67,585
2013	56,958	14,103	71,061
2014	60,660	14,103	74,763
<b>Total</b>	<b>711,831</b>	<b>282,062</b>	<b>993,893</b>

Annual Accretion Expense + Annual Depreciation Expense = Total Expenses

#### 6. Summary of Journal data

Sample journal entries are shown in Appendix B. Information needed for journal entry consideration is shown below:

Asset Retirement Liability (ARO) = PV element	<u>Amount</u> 282,064
Asset Retirement Liability (ARO) = Accretion to date element	184,751
Additional Accumulated depreciation = PV depreciated thru 2002	112,826
2003 Depreciation Expense = PV depreciation per schedule	14,103
2003 Accretion expense = per schedule	30,343

**7. Subsequent Cash Flow Increases**

Increases in cash flows must use the current risk free rate.

Original Cash Flow Estimate	993,893	Year
		2002
Original Risk- Free Rate used	6.50%	Year
		2002
Subsequent Revised Cash Flow	1,493,893	Year
		2003
DELTA Increase in Cash Flow	500,000	Year
		2003
Current Risk Free Rate	7.50%	Year
		2003

**New Layer of ARO**

Incremental Increase	500,000
Present Value (500,000.00 / (1+7.5%) <sup>12</sup> )	209,927

PV Calculation = incremental cash flow / (1+rate)<sup># Remaining years</sup>  
(1995 + 20 years = 2015, 2015 - CY 2003 = 12 yr. Remaining)

**New Layer of Accretion/Depreciation**

**Accretion Expense**

Accretion expense is calculated using the new credit-adjusted risk-free rate in effect at the time of the change in estimate (2003). The rate in effect in 2003 is 7.50%.

Year	Present Value	Annual Accretion Expense	Liability Balance
2003	209,927	15,745	225,672
2004	225,672	16,925	242,597
2005	242,597	18,195	260,792
2006	260,792	19,559	280,351
2007	280,351	21,026	301,377
2008	301,377	22,603	323,981
2009	323,981	24,299	348,279
2010	348,279	26,121	374,400
2011	374,400	28,080	402,480

Year	Present Value	Annual Accretion Expense	Liability Balance
2012	402,480	30,186	432,666
2013	432,666	32,450	465,116
2014	465,116	34,884	<b>500,000</b>

Annual Accretion = Present Value x New Credit-Adjusted Risk-Free Rate  
(209,927 x 7.5%)

**Depreciation Expense**

Depreciation expense is calculated over the remaining life of the asset (12 years).

Year	Depreciation Expense
2003	17,494
2004	17,494
2005	17,494
2006	17,494
2007	17,494
2008	17,494
2009	17,494
2010	17,494
2011	17,494
2012	17,494
2013	17,494
2014	17,494
<b>Total</b>	<b>209,927</b>

Annual Depreciation Expense = Present Value / Remaining Life of Asset  
(\$209,927 / 12)

**8. Subsequent Cash Flow Decreases**

Decreases in cash flow estimates must use the rate applied to the asset at the time the original ARO was calculated.

Original Cash Flow Estimate	993,893	Year 2002
Original Risk- Free Rate used	6.50%	Year 2002
Subsequent Revised Cash Flow	793,893	Year 2010
DELTA Decrease in Cash	(200,000)	Year 2010



Flow  
Original Risk-Free Rate Used      6.50%      Year 2002

**New Layer of ARO**

Incremental Decrease      (200,000)  
Present Value (-200,000.00 / (1+6.5%)  
^5)      (145,976)

PV Calculation = incremental cash flow / (1+rate)^# Remaining years  
(1995 + 20 years = 2015, 2015 - CY 2010 = 5 yr. Remaining)

**New Layer of Accretion/Depreciation**

**Accretion Expense**

Accretion expense is calculated using the original credit-adjusted risk-free rate in effect at the time of implementation. The rate in effect in 2002 is 6.50%.

Year	Present Value	Annual Accretion Expense	Liability Balance
2010	(145,976)	(9,488)	(155,465)
2011	(155,465)	(10,105)	(165,570)
2012	(165,570)	(10,762)	(176,332)
2013	(176,332)	(11,462)	(187,793)
2014	(187,793)	(12,207)	(200,000)

Annual Accretion = Present Value x Original Credit-Adjusted Risk-Free Rate  
(145,976 x 6.5%)

**Depreciation Expense**

Depreciation expense is calculated over the remaining life of the asset (5 years).

Year	Depreciation Expense
2010	(29,195)
2011	(29,195)
2012	(29,195)
2013	(29,195)
2014	(29,195)
Total	(145,976)

Annual Depreciation Expense = Present Value / Remaining Life of Asset  
(145,976 / 5)

## Calculating Multiple Year Cash Flows – (See Appendix A)

Assumptions used for the calculation of multiple year cash flows in Appendix A are shown below:

### Nuclear Plant Dismantlement Schedule

- Assumptions
  - 40 Year Life
  - 4 years of estimated cash flows
  - Placed in Service 1990
  - Discount/Accretion Rate is 5%
- Estimated Annual Cash Flows
- Accretion Schedules
- PV Depreciation Schedules

Summary of Data for Journal Entry Consideration

## Journal Entry Accounting for Regulated and Unregulated Operations

The purpose of this section is to provide accounting guidance on journal entry preparation for both regulated and unregulated operations resulting from the implementation of SFAS No. 143 including implementation, monthly journal entries subsequent to implementation, settlement of the obligation, and the retirement of the initial asset.

The impact on regulated entities resulting from SFAS No. 143 (implementation to settlement) will be income neutral and will be reflected as a regulatory asset/liability on the balance sheet as long as the recovery/refunding of the regulatory asset/liability is probable under SFAS No. 71. To the extent such recovery/refunding is not probable, there will be an impact on the income statement.

Journal entries from the example in Appendix B are shown for illustrative purposes. See Appendix B for “Unregulated and Regulated Operations – ARO Journal Entry Assumptions.”

### Unregulated Operations

1) *Journal Entries Required at Implementation:* there are a number of journal entries required at implementation to properly reflect the effect of SFAS No. 143. These journal entries are:

- To record the initial fair value of the ARO asset and ARO liability,
- To record the effect of depreciation on the ARO asset from the time the ARO liability was incurred to implementation (offset is cumulative effect),
- To record the effect of accretion on the ARO liability from the time the ARO liability was incurred to implementation (offset is cumulative effect),

- To record the reversal of gross cost of removal liability accrued to date (offset is cumulative effect), if any
- To record taxes on the net cumulative effect on income (offset is cumulative effect).

**Consolidated Entry at Implementation**

DESCRIPTION	DEBIT	CREDIT
Long Lived Assets - ARO - (New Account)	282,064	
COR Liability Accrued to Date	500,000	
Cumulative Effect Adjustments		111,333
Accumulated Depreciation of ARO Asset - (New Account)		112,826
ARO Liability - (New Account)		466,815
Taxes Payable		91,090
<i>To record the implementation of FAS 143</i>		

**Individual Entries**

**To record the initial fair value of the ARO asset and ARO liability**

Upon implementation of SFAS No. 143, the ARO liability (in current dollars) must be future valued at the anticipated inflation rate to when the projected cash outflows will occur and adjusted for a market risk premium as required by the Statement. The ARO liability must then be present valued back to when the liability was first incurred using the company's credit-adjusted risk-free rate. This present value of the future cash flows at the time the liability was first incurred is the ARO asset, which is to be depreciated using a systematic and rational allocation method. This amount is also the initial ARO liability before any accretion on the ARO liability to date of implementation and beyond.

DESCRIPTION	DEBIT	CREDIT
Long Lived Assets - ARO - (New Account)	282,064	
ARO Liability - (New Account)		282,064
<i>To record the initial present value of ARO liability</i>		
The ARO asset is valued at the present value of the liability at the time the liability is incurred.		
<i>The offset ARO Asset is the ARO Liability at implementation</i>		

**To record the effect of depreciation on the ARO asset from the time the ARO liability was incurred to implementation**

The ARO asset must be depreciated using a systematic and rational allocation method. This adjustment to the cumulative effect is for the accumulated depreciation that would have been recorded if the asset had been established at the time the ARO liability was incurred to date of implementation of SFAS No. 143.

DESCRIPTION	DEBIT	CREDIT
Cumulative Effect Adjustment		
Accumulated Depreciation of ARO Asset - (New Account)	112,826	
<u>To record cumulative effect of ARO depreciation</u>		112,826
Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.		
The total depreciation that would have been incurred if the asset was established at the time the liability was incurred and depreciated to date is reflected as a Cumulative Effect of an Accounting Change.		

**To record the effect of accretion on the ARO liability from the time the liability was incurred to implementation**

The ARO liability must be accreted to the final future value of the ARO liability at the company's credit-adjusted risk-free rate. This adjustment to the cumulative effect is for the total life to date accretion that would have occurred if the ARO liability was established and accreted from the time the ARO liability was incurred to date of implementation of SFAS No. 143.

DESCRIPTION	DEBIT	CREDIT
Cumulative Effect Adjustment		
ARO Liability - (New Account)	184,751	
<u>To record cumulative effect of accretion expense</u>		184,751
The ARO liability must be accreted to the anticipated cash outlay		
The total accretion expense that would have been incurred if the liability was accreted from the time the liability was incurred to date is reflected as a Cumulative Effect of an Accounting Change.		

**To record the reversal of gross cost of removal liability accrued to date**

Any gross cost of removal liability accrued to date must be reversed from the balance sheet and offset against the cumulative effect.

DESCRIPTION	DEBIT	CREDIT
COR Liability Accrued to Date		
Cumulative Effect Adjustment	500,000	
<u>To record the reversal of COR liability accrued to date</u>		500,000
The COR liability currently reflected on the Balance Sheet must be fully reversed.		
The offset will be a Cumulative Effect of an Accounting Change.		

**To record taxes payable or receivable on the net cumulative effect**

The tax effect (based on the company's effective tax rate) of the cumulative effect must be reflected. *Note:* the deferred tax effect (based on the combined statutory tax rate) of the associated cumulative book versus tax timing difference must be reflected but is not

illustrated here. Deferred taxes need to be reflected at the combined statutory tax rate equal to the cumulative book and tax timing recognition on an ongoing basis.

DESCRIPTION	DEBIT	CREDIT
Cumulative Effect Adjustment (tax effect of total adjustments)	91,090	
Taxes Payable		91,090
<i>To record taxes payable on cumulative effect</i>		

2) *Monthly Journal Entries Subsequent to Implementation:* there are a number of journal entries that are required each month to properly reflect the effect of SFAS No. 143 on operations. These journal entries are:

- To record annual depreciation expense,
- To record annual accretion expense.

**To record annual depreciation expense**

Depreciation expense on the present value of the future cash flows at the time the liability was first incurred (ARO asset) must be recorded using a systematic and rational allocation method.

DESCRIPTION	DEBIT	CREDIT
Depreciation Expense	14,103	
Accumulated Depreciation of ARO Asset - (New Account)		14,103
<i>To record annual depreciation expense for 2003</i>		
<i>Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.</i>		

DESCRIPTION	DEBIT	CREDIT
Depreciation Expense	250,000	
Accumulated Depreciation		250,000
<i>To record annual depreciation expense on \$5,000,000 asset for which ARO is attached</i>		
<i>The \$5,000,000 asset for which the ARO is attached is already in the G/L systems and is shown for illustrative purposes.</i>		

**To record annual accretion expense**

The ARO liability must be accreted at the company's credit-adjusted risk-free rate.

DESCRIPTION	DEBIT	CREDIT
Accretion Expense (New Account)	30,343	
ARO Liability - (New Account)		30,343
<i>To record annual accretion expense for 2003</i>		
<i>The liability at implementation must be accreted to the anticipated cash outlay.</i>		

3) *Settlement of the obligation and the retirement of the initial asset:* there are a number of journal entries that are required at the time the asset for which the ARO is attached is retired and the settlement of the ARO obligation is made to properly reflect the effect of SFAS No. 143 on operations. These journal entries are:

- To record retirement on asset for which the ARO is attached,
- To record retirement of ARO asset,
- To record gain or loss on settlement of ARO liability when liability is extinguished.

**To record retirement on the asset for which the ARO is attached**

The asset for which the ARO is attached is retired. Any gain or loss is to be reflected on the company's income statement. No gain or loss was assumed for this example.

DESCRIPTION	DEBIT	CREDIT
Accumulated depreciation		
Fixed Asset	5,000,000	
<i>To record retirement of asset for which ARO is attached</i>		5,000,000
The original asset for which the ARO is attached must be retired and any gain / loss reflected.		

**To record retirement of an ARO Asset**

When the ARO asset is retired the difference between any cash inflow (none for ARO assets) and the net book value of the ARO asset is to be reflected as a gain or loss on the company's income statement.

DESCRIPTION	DEBIT	CREDIT
Accumulated Depreciation of ARO Asset - (New Account)		
Long Lived Assets - ARO - (New Account)	282,064	
<i>To record the retirement of ARO asset</i>		282,064
The ARO Asset must be retired from the G/L Systems and any gain or loss reflected.		

**To record gain or loss on settlement of an ARO liability**

When the ARO liability is settled, any gain or loss resulting from the difference between the ARO liability currently reflected on the balance sheet and the total actual cash outflow to settle the liability must be reflected in operations. Any gain or loss should be reflected when the last cash payment is made and the gain or loss can be accurately calculated.

DESCRIPTION	DEBIT	CREDIT
ARO Liability - (New Account)		
Cash/Accounts payable	993,893	
Gain / Loss on ARO Settlement - (New Account)		900,000
<i>To record the gain on settlement of ARO liability</i>		93,893
A new account must be established to record any gain or loss from settlement of ARO Liability. The gain / loss is calculated by the difference between what is accreted on the liability and the cash outlay.		

## Regulated Operations

The impact on regulated entities resulting from SFAS No. 143 (implementation to settlement) will be profit and loss neutral and will be reflected as a regulatory asset/liability on the balance sheet as long as the recovery of the regulatory asset/liability is probable under SFAS No. 71. Overall, the journal entries required at implementation, subsequent to implementation and settlement are primarily the same except that during implementation any cumulative effect that would have occurred in an unregulated environment would be reflected generally as a regulatory asset/liability in a regulated environment to the extent the differences in ARO expense for SFAS No. 143 and ARO expense for ratemaking purposes will be reflected in rates. Any effect on earnings going forward from implementation that would have been realized in an unregulated environment would be reflected as a regulatory asset/liability in a regulated environment.

1) *Journal Entries Required at Implementation:* there are a number of journal entries required at implementation to properly reflect the effect of SFAS No. 143. These journal entries are:

- To record the initial fair value of the ARO asset and ARO liability,
- To record accumulated depreciation on the ARO asset from the time the ARO liability was incurred to implementation (offset is regulatory asset/liability),
- To record accumulated accretion on the ARO liability from the time the ARO liability was incurred to implementation (offset is regulatory asset/liability),
- To record the reversal of gross cost of removal liability accrued to date (offset is regulatory asset/liability).

## Consolidated Entry at Implementation

DESCRIPTION	DEBIT	CREDIT
Long Lived Assets - ARO - <i>(New Account)</i>	282,064	
COR Liability Accrued to Date	500,000	
Regulatory Asset / Liability <i>(New Account)</i>		202,423
Accumulated Depreciation of ARO Asset - <i>(New Account)</i>		112,826
ARO Liability - <i>(New Account)</i>		466,815
<i>To record the Implementation of SFAS 143</i>		

## Individual Entries

### To record the initial fair value of the ARO asset and ARO liability

The journal entry to record the initial present value of the ARO asset and the ARO liability at implementation is the same for both regulated and unregulated entities.

Upon implementation of SFAS No. 143, the ARO liability (in current dollars) must be future valued at the anticipated inflation rate to when the projected cash outflows will

occur and adjusted for a market risk premium as required by the Statement. The ARO liability must then be present valued back to when the liability was first incurred using the company's credit-adjusted risk-free rate. This present value of the future cash flows at the time the liability was first incurred is the ARO asset to be depreciated using a systematic and rational allocation method. This amount is also the initial ARO liability before any accretion on the ARO liability to date of implementation and beyond.

DESCRIPTION	DEBIT	CREDIT
Long Lived Assets - ARO - <i>(New Account)</i>	282,064	
ARO Liability - <i>(New Account)</i>		282,064
<i>To record the initial present value of ARO liability</i>		
The ARO asset is valued at the present value of the liability at the time the liability is incurred.		
<i>The offset ARO Asset is the ARO Liability at implementation</i>		

**To record the effect of depreciation on the ARO asset from the time the ARO liability was incurred to implementation**

As with unregulated entities, the ARO asset must be depreciated using a systematic and rational allocation method. The total accumulated depreciation that would have been recorded if the asset were established at the time the ARO liability was incurred to date of implementation of SFAS No. 143 is reflected as a regulatory asset/liability on the regulated entity's balance sheet rather than as a component of the cumulative effect.

DESCRIPTION	DEBIT	CREDIT
Regulatory Asset/Liability - <i>(New Account)</i>	112,826	
Accumulated Depreciation of ARO Asset - <i>(New Account)</i>		112,826
<i>To record accumulated depreciation on ARO assets</i>		
Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.		
The total depreciation that would have been incurred if the asset was established at the time the liability was incurred and depreciated to date is reflected as a <b>Regulatory Asset</b> .		

**To record the effect of accretion on the ARO liability from the time the liability was incurred to implementation**

As with unregulated entities, the ARO liability must be accreted to the final future value of the ARO liability at the company's credit-adjusted risk-free rate. The accumulated accretion that would have occurred if the ARO liability was established and accreted from the time the ARO liability was incurred to date of implementation of SFAS No. 143 is reflected as a regulatory asset/liability on the regulated entity's balance sheet rather than to the cumulative effect.



DESCRIPTION	DEBIT	CREDIT
Regulatory Asset/Liability - (New Account)	184,751	
ARO Liability - (New Account)		184,751
<i>To record accumulated accretion on ARO liability</i>		
The ARO liability must be accreted to the anticipated cash outlay		
The total accretion expense that would have been incurred if the liability was accreted from the time the liability was incurred to date is reflected as a <b>Regulatory Asset</b> .		

**To record the reversal of gross cost of removal liability accrued to date**

The gross cost of removal liability accrued to date must be reversed from the balance sheet (accumulated depreciation) and offset against the regulatory asset/liability.

DESCRIPTION	DEBIT	CREDIT
Accumulated Depreciation	500,000	
Regulatory Asset/Liability - (New Account)		500,000
<i>To reclassify existing Cost of Removal to regulatory asset/liability</i>		
The COR liability currently reflected on the Balance Sheet must be fully reversed from the reserve.		
The offset will be a <b>Regulatory Liability</b> .		

2) *Monthly Journal Entries Subsequent to Implementation:* there are a number of journal entries that are required each month to properly reflect the effect of SFAS No. 143 on operations. However, no depreciation on the ARO asset or accretion on the ARO liability is reflected on the regulated entity's income statement, but rather these adjustments are recorded to the regulatory asset/liability on the balance sheet as the effect of SFAS No. 143 is income neutral as long as recovery is probable under SFAS No. 71. The entries to reflect both depreciation and accretion expense are originally made to the appropriate expense category. However, the monthly amounts are then adjusted from the expense category to a regulatory asset/liability. These journal entries are:

- To record annual depreciation expense,
- To record annual accretion expense.

**To record annual depreciation expense**

The present value of the future cash flows at the time the liability was first incurred (ARO asset) must be depreciated using a systematic and rational allocation method. The difference between the depreciation being recovered in rates and the depreciation for the ARO will be recorded as a regulatory asset/liability on the balance sheet.

DESCRIPTION	DEBIT	CREDIT
Depreciation Expense		
Accumulated Depreciation of ARO Asset - (New Account)	14,103	
<u>To record annual depreciation expense</u>		14,103
Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.		

DESCRIPTION	DEBIT	CREDIT
Regulatory Asset/Liability - (New Account)		
Depreciation Expense	14,103	
<u>To reverse annual depreciation to regulatory asset/liability (Utility is I/S Neutral)</u>		14,103
The monthly depreciation expense must be reflected against a Regulatory Asset so that all effects of FAS 143 are Income Statement neutral.		

DESCRIPTION	DEBIT	CREDIT
Depreciation Expense		
Accumulated Depreciation	250,000	
<u>To record annual depreciation expense on \$5,00,000 asset for which ARO is attached</u>		250,000
The \$5,000,000 asset for which the ARO is attached is already in the G/L systems and is shown for illustrative purpose		

### To record monthly accretion expense

Every month, the ARO liability must be accreted to the final future value of the ARO liability at the company's credit-adjusted risk-free rate. The amount accreted is to be reclassified to a regulatory asset/liability on the balance sheet.

DESCRIPTION	DEBIT	CREDIT
Accretion Expense (New Account)		
ARO Liability - (New Account)	30,343	
<u>To record annual accretion expense on ARO liability</u>		30,343
The liability at implementation must be accreted to the anticipated cash outlay.		

DESCRIPTION	DEBIT	CREDIT
Regulatory Asset/Liability - (New Account)		
Accretion Expense	30,343	
<u>To reverse annual accretion expense to regulatory asset/liability (Utility is I/S neutral)</u>		30,343
The monthly depreciation expense must be reflected against a Regulatory Asset so that all effects of FAS 143 are Income Statement neutral.		

3) *Settlement of the obligation and the retirement of the initial asset:* there are a number of journal entries that are required at the time the asset for which the ARO is attached is retired and the settlement of the ARO obligation is made to properly reflect the effect of SFAS No. 143 on operations. However, no gain or loss on the settlement of either the ARO asset or the ARO liability is reflected on the regulated entity's income statement, but rather these adjustments are recorded to the regulatory asset/liability on the balance sheet as the effect of SFAS No. 143 is profit and loss neutral as long as recovery of the regulatory asset/liability is probable under SFAS No. 71. These journal entries are:

- To record retirement on the asset for which the ARO is attached,
- To record retirement of ARO asset,

- To record settlement of ARO liability.

### To record retirement of ARO Asset

When the ARO asset is retired the difference between any cash inflow (none for ARO assets) and the net book value of the ARO asset is to be recorded to a regulatory asset on the company's balance sheet.

DESCRIPTION	DEBIT	CREDIT
Accumulated Depreciation of ARO Asset - (New Account)	282,064	
Long Lived Assets - ARO - (New Account)		282,064
<i>To record the retirement of ARO asset</i>		
The ARO Asset must be retired from the G/L Systems and any gain or loss reflected. The gain / loss is recorded to a Regulation Asset / Liability.		

### To record retirement on the asset for which the ARO is attached

When the asset for which the ARO is attached is retired any gain or loss is to be reflected as a regulatory asset/liability or in the provision for accumulated depreciation, or income statement depending on the asset and the regulatory accounting related to that asset.

DESCRIPTION	DEBIT	CREDIT
Accumulated depreciation	5,000,000	
Fixed Asset		5,000,000
<i>To record retirement of asset for which ARO related</i>		
The original asset for which the ARO is attached must be retired and any gain / loss reflected.		

### To record settlement of the ARO liability

In a regulated environment, when the ARO liability is settled, the difference between the ARO liability currently reflected on the balance sheet and the total actual cash outflow to settle that liability must be recorded to a regulatory asset/liability on the balance sheet. This adjustment should be made when the last cash payment is made and the difference between the ARO liability on the balance sheet and total cash outflows can be accurately calculated.

DESCRIPTION	DEBIT	CREDIT
ARO Liability - (New Account)	993,893	
Cash/Accounts payable		900,000
Regulatory Asset/Liability - (New Account)		93,893
<i>To record the gain on settlement of ARO liability</i>		
The gain / loss is calculated by the difference between what is accreted on the liability and the cash outlay. The gain / loss is recorded to a Regulation Asset / Liability.		

### **Other Considerations (Unregulated and Regulated Operations)**

- The original asset for which the ARO is attached, the ARO asset and the ARO liability must be linked within the General Ledger Systems.
- The original asset for with the ARO is attached, the ARO asset and the ARO liability must be retired at the same time and any gain or loss recognized upon settlement (unregulated).
- Corporate systems should be programmed to record monthly depreciation and accretion expense so that manual entries are not required.
- Accretion on the ARO liability and depreciation on the ARO asset will stop upon settlement.

(See Appendix B for Unregulated and Regulated Operations – ARO Journal Entry Assumptions)

### **Financial Statement Disclosure**

#### ***Requirements of the Standard***

The final stage of implementing SFAS No. 143 is the complying with disclosure requirements. The statement contains two disclosure requirements found in paragraph 22 which are:

An entity shall disclose the following information about its asset retirement obligations:

- (a) A general description of the asset retirement obligations and the associated long-lived assets,
- (b) The fair value of assets that are legally restricted for purposes of settling asset retirement obligations,
- (c) A reconciliation of the beginning and ending aggregate carrying amount of asset retirement obligations showing separately the changes attributable to (1) liabilities incurred in the current period, (2) liabilities settled in the current period, (3) accretion expense, and (4) revisions in estimated cash flows, whenever there is a significant change in one of more of those four components during the reporting period.

If the fair value of an asset retirement obligation cannot be reasonably estimated, that fact and the reasons therefore shall be disclosed.

The second disclosure requirements involves a transition disclosure requirement found in paragraph 27:

An entity shall compute on a pro forma basis and disclose in the footnotes to the financial statements for the beginning of the earliest year presented and at the end of all years presented the

amount of the liability for asset retirement obligations as if this Statement had been applied during all periods affected.

The pro forma amounts shall be computed using information current at the time of adoption, current assumptions and current interest rates. It appears that this transition disclosure is a one-time measurement since the ongoing disclosure would replace this information going forward.

Appendix B of SFAS No. 143, titled "Background Information and Basis for Conclusions," provides some background information but does not provide any additional guidance on disclosure. If an entity does not have assets that fall within the scope of this Standard, there is no disclosure requirement.

For those entities with assets that fall within the scope of the Standard, the source of information will obviously be available from the measurement, calculation process, and journal entry process described previously. Without specific guidance, the content and format of the disclosure will likely evolve over time. For many, the disclosure may take the form of a separate footnote. The content and style of disclosure will likely vary depending on such individual circumstances as the number or types of assets or the related obligations, differences in measurement approaches, consolidations of companies and business segments, and the materiality of the details. Other circumstances affecting this disclosure for the gas and electric utility industry will be related to application of SFAS No. 71, and the final conclusions by FERC in Docket RM02-7 that may involve changes in the Uniform System of Accounts to accommodate SFAS No. 143.

#### **Other transitional disclosure requirements**

Until the Statement is implemented, there is a disclosure requirement for adoption of new accounting pronouncements (SAB 74). Basically, an entity is to provide qualitative or quantitative information, when available, about the expected impact of implementation, updated quarterly.

#### **Other related disclosure impacts**

##### *Disclosure*

Additional disclosure issues exist beyond the requirements of the Statement such as other notes to the financial statements involving property, depreciation, or estimates. Current and proposed disclosure rules of the Securities and Exchange Commission (SEC) should also be reviewed for additional SFAS No. 143 related disclosures.

##### *Impairments*

SFAS No. 143 will result in an increase in the carrying amount of an asset equal to the calculated asset cost. As a result, a test of impairment and recoverability should be performed in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

## Record Keeping Issues

The Edison Electric Institute (EEI) and The American Gas Association (AGA) do not support specific regulations related to record keeping requirements for ARO's. As companies develop strategies and methods for the implementation and on-going reviews required for the Standard, various methods may evolve over time on how ARO's will be determined and measured. Because of this, EEI and AGA believe that companies should be allowed flexibility for maintaining the associated records. Basic accounting guidelines require that companies maintain sufficient, detailed records in order to support information provided in financial statements.

EEI and AGA have developed some suggested record keeping guidelines that may help companies develop their own policies. They are as follows:

- 1) Documentation of communications with Business Units/Functions. The initial documentation of these discussions should be very detailed and thorough. Each year, a review of this documentation should be done to determine any changes, new issues, etc.
- 2) Documentation of the due diligence analysis provided by the legal department as to what is considered a legal obligation and why. This should also include discussions surrounding issues that were ultimately not determined to be legal obligations and why. The legal department should then perform an annual review for any changes, new issues, etc. This should also include a review of the Business Units/Functions documentation referred to in item 1) above.
- 3) Support for all items associated with the calculation of the ARO including, but not limited to, the following:
  - Third-party written estimates and related assumptions, or
  - Internal cost estimates including assumptions for profits or mark-up, overheads, market risk premium, etc.,
  - Timing of cash outflows,
  - Inflation rate,
  - Risk-free credit rate,
  - Estimated retirement dates,
  - Amortization schedules for interest accretion expense,
  - Depreciation schedules.
- 4) Support for ARO transactions and balances included in the regulatory asset and liability accounts.
- 5) Periodic Audits - Companies should conduct regular audits for ARO's subject to SFAS No. 143. Companies should prepare written audit instructions that ensure the following:
  - A methodical review of company assets, plus the authorities that might impose ARO's,

- A procedure for sampling voluminous, repetitive records (e.g., form contracts, easements),
- A record of the audit itself, including:
  - personnel and records reviewed,
  - assets reviewed,
  - authorities reviewed with respect to each asset,
  - legal determination made as to each authority ,
  - basis of any cost calculations.

Appendix A – Multiple Year Cash Flows

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Nuclear Plant Disposal Settlement Schedule  
40 Year Life  
Placed in Service 1990  
Present Value at 5%

Year	Liability Bal 1/1	Liab Bal 12/31	40 Years	41 Years	42 Years	43 Years
2030	56,818,272.92	59,659,186.57	56,818,272.92	40 years		
2031	59,659,186.57	62,642,145.89	67,640,801.10	41 years		
2032	62,642,145.89	65,774,253.19	77,303,772.68	42 years		
2033	65,774,253.19	69,062,865.85	24,540,860.22	43 years		
	69,062,865.85	72,516,114.14				
	72,516,114.14	76,141,919.85				
	76,141,919.85	79,949,015.84				
	79,949,015.84	83,946,466.63				
	83,946,466.63	88,143,789.96				
	88,143,789.96	92,550,979.46				
	92,550,979.46	97,178,528.44				
	97,178,528.44	102,037,454.86				
	102,037,454.86	107,139,327.60				
	107,139,327.60					
			228,303,725.91			

40 Years

Year	Liability Bal 1/1	Accretion 5.0%	Liab Bal 12/31	Year-End Unit 1	Accretion Exp Original PV	Deprec. Exp	Total Expense
1990	56,818,272.92	2,840,913.65	59,659,186.57	1990	2,840,913.65	56,818,272.92	4,261,370.47
1991	59,659,186.57	2,982,959.33	62,642,145.89	1991	2,982,959.33	1,420,456.82	4,403,416.15
1992	62,642,145.89	3,132,107.29	65,774,253.19	1992	3,132,107.29	1,420,456.82	4,552,564.12
1993	65,774,253.19	3,286,712.86	69,062,865.85	1993	3,286,712.86	1,420,456.82	4,709,169.48
1994	69,062,865.85	3,453,148.29	72,516,114.14	1994	3,453,148.29	1,420,456.82	4,873,805.12
1995	72,516,114.14	3,625,805.71	76,141,919.85	1995	3,625,805.71	1,420,456.82	5,048,262.53
1996	76,141,919.85	3,807,095.99	79,949,015.84	1996	3,807,095.99	1,420,456.82	5,227,552.82
1997	79,949,015.84	3,997,450.79	83,946,466.63	1997	3,997,450.79	1,420,456.82	5,417,907.62
1998	83,946,466.63	4,197,323.33	88,143,789.96	1998	4,197,323.33	1,420,456.82	5,617,700.15
1999	88,143,789.96	4,407,189.50	92,550,979.46	1999	4,407,189.50	1,420,456.82	5,827,646.32
2000	92,550,979.46	4,627,548.97	97,178,528.44	2000	4,627,548.97	1,420,456.82	6,048,005.80
2001	97,178,528.44	4,858,926.42	102,037,454.86	2001	4,858,926.42	1,420,456.82	6,279,383.24
2002	102,037,454.86	5,101,872.74	107,139,327.60	2002	5,101,872.74	1,420,456.82	6,522,329.57
TTLS to Date							
2003	107,139,327.60	5,356,966.38	112,496,293.96	2003	5,356,966.38	1,420,456.82	6,777,423.20
2004	112,496,293.96	5,624,814.70	118,121,108.68	2004	5,624,814.70	1,420,456.82	7,045,271.52
2005	118,121,108.68	5,906,055.43	124,027,164.11	2005	5,906,055.43	1,420,456.82	7,326,512.26
2006	124,027,164.11	6,201,358.21	130,228,522.32	2006	6,201,358.21	1,420,456.82	7,621,815.03
2007	130,228,522.32	6,511,426.12	136,739,948.43	2007	6,511,426.12	1,420,456.82	7,931,882.94
2008	136,739,948.43	6,836,997.42	143,576,945.86	2008	6,836,997.42	1,420,456.82	8,257,454.24
2009	143,576,945.86	7,178,847.29	150,755,793.15	2009	7,178,847.29	1,420,456.82	8,599,304.12
2010	150,755,793.15	7,537,789.66	158,293,582.81	2010	7,537,789.66	1,420,456.82	8,958,246.48
2011	158,293,582.81	7,914,679.14	166,208,261.95	2011	7,914,679.14	1,420,456.82	9,335,135.96
2012	166,208,261.95	8,310,413.10	174,518,675.04	2012	8,310,413.10	1,420,456.82	9,730,869.92
2013	174,518,675.04	8,725,933.75	183,244,608.80	2013	8,725,933.75	1,420,456.82	10,146,390.58
2014	183,244,608.80	9,162,230.44	192,406,839.24	2014	9,162,230.44	1,420,456.82	10,582,687.26
2015	192,406,839.24	9,620,341.96	202,027,181.20	2015	9,620,341.96	1,420,456.82	11,040,788.78
2016	202,027,181.20	10,101,359.06	212,128,540.26	2016	10,101,359.06	1,420,456.82	11,521,815.88
2017	212,128,540.26	10,606,427.01	222,734,967.27	2017	10,606,427.01	1,420,456.82	12,026,883.84
2018	222,734,967.27	11,136,746.36	233,871,713.63	2018	11,136,746.36	1,420,456.82	12,557,205.19
2019	233,871,713.63	11,693,585.78	245,565,301.42	2019	11,693,585.78	1,420,456.82	13,114,042.80
2020	245,565,301.42	12,278,265.07	257,843,566.49	2020	12,278,265.07	1,420,456.82	13,698,721.89
2021	257,843,566.49	12,892,178.32	270,735,744.81	2021	12,892,178.32	1,420,456.82	14,312,635.15
2022	270,735,744.81	13,538,787.24	284,272,532.05	2022	13,538,787.24	1,420,456.82	14,957,244.06
2023	284,272,532.05	14,213,626.60	298,486,158.65	2023	14,213,626.60	1,420,456.82	15,634,063.43
2024	298,486,158.65	14,924,307.93	313,410,466.59	2024	14,924,307.93	1,420,456.82	16,344,764.76
2025	313,410,466.59	15,670,523.33	329,080,989.92	2025	15,670,523.33	1,420,456.82	17,090,800.15
2026	329,080,989.92	16,454,049.50	345,535,039.41	2026	16,454,049.50	1,420,456.82	17,874,506.32
2027	345,535,039.41	17,276,751.97	362,811,791.38	2027	17,276,751.97	1,420,456.82	18,697,208.79
2028	362,811,791.38	18,140,589.57	380,952,380.95	2028	18,140,589.57	1,420,456.82	19,561,046.39
2029	380,952,380.95	19,047,619.05	400,000,000.00	2029	19,047,619.05	1,420,456.82	20,468,075.67
2030	400,000,000.00						



Appendix A – Multiple Year Cash Flows

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41 Years

Year	Liability Bal 1/1	Accretion	5.0%	Liab Bal 12/31	Year-End Unit 1	Accretion Exp Original PV	Deprec. Exp	Total Expense
1990	67,840,801.10	3,382,040.05	71,022,841.15	1990	3,382,040.05	67,640,801.10	5,031,815.69	
1991	71,022,841.15	3,551,142.06	74,573,983.21	1991	3,551,142.06	1,649,775.64	5,200,917.69	
1992	74,573,983.21	3,728,699.16	78,302,682.37	1992	3,728,699.16	1,649,775.64	5,378,474.80	
1993	78,302,682.37	3,915,134.12	82,217,816.49	1993	3,915,134.12	1,649,775.64	5,564,909.75	
1994	82,217,816.49	4,110,890.82	86,328,707.31	1994	4,110,890.82	1,649,775.64	5,760,666.46	
1995	86,328,707.31	4,316,435.37	90,645,142.68	1995	4,316,435.37	1,649,775.64	5,966,211.00	
1996	90,645,142.68	4,532,257.13	95,177,399.81	1996	4,532,257.13	1,649,775.64	6,182,032.77	
1997	95,177,399.81	4,758,869.99	99,936,269.80	1997	4,758,869.99	1,649,775.64	6,408,645.63	
1998	99,936,269.80	4,996,813.49	104,933,083.29	1998	4,996,813.49	1,649,775.64	6,646,589.13	
1999	104,933,083.29	5,246,654.16	110,179,737.46	1999	5,246,654.16	1,649,775.64	6,896,429.80	
2000	110,179,737.46	5,508,986.87	115,688,724.33	2000	5,508,986.87	1,649,775.64	7,158,762.51	
2001	115,688,724.33	5,784,436.22	121,473,160.54	2001	5,784,436.22	1,649,775.64	7,434,211.85	
2002	121,473,160.54	6,073,658.03	127,546,818.57	2002	6,073,658.03	1,649,775.64	7,723,433.66	
TTLS to Date								
2003	127,546,818.57	6,377,340.93	133,924,159.50	2003	6,377,340.93	21,447,083.27	8,027,116.57	
2004	133,924,159.50	6,696,207.98	140,620,367.48	2004	6,696,207.98	1,649,775.64	8,345,983.61	
2005	140,620,367.48	7,031,018.37	147,651,385.85	2005	7,031,018.37	1,649,775.64	8,680,794.01	
2006	147,651,385.85	7,382,569.29	155,033,955.14	2006	7,382,569.29	1,649,775.64	9,032,334.93	
2007	155,033,955.14	7,751,697.76	162,785,652.90	2007	7,751,697.76	1,649,775.64	9,401,473.39	
2008	162,785,652.90	8,139,282.64	170,924,935.54	2008	8,139,282.64	1,649,775.64	9,789,058.28	
2009	170,924,935.54	8,546,246.78	179,471,182.32	2009	8,546,246.78	1,649,775.64	10,196,022.41	
2010	179,471,182.32	8,973,559.12	188,444,741.44	2010	8,973,559.12	1,649,775.64	10,623,334.75	
2011	188,444,741.44	9,422,237.07	197,866,978.51	2011	9,422,237.07	1,649,775.64	11,072,012.71	
2012	197,866,978.51	9,893,348.93	207,760,327.43	2012	9,893,348.93	1,649,775.64	11,543,124.56	
2013	207,760,327.43	10,388,016.37	218,148,343.81	2013	10,388,016.37	1,649,775.64	12,037,792.01	
2014	218,148,343.81	10,907,417.19	229,055,761.00	2014	10,907,417.19	1,649,775.64	12,557,192.83	
2015	229,055,761.00	11,452,788.05	240,508,549.05	2015	11,452,788.05	1,649,775.64	13,102,563.69	
2016	240,508,549.05	12,025,427.45	252,533,976.50	2016	12,025,427.45	1,649,775.64	13,675,203.09	
2017	252,533,976.50	12,626,698.82	265,160,675.32	2017	12,626,698.82	1,649,775.64	14,276,474.46	
2018	265,160,675.32	13,258,033.77	278,418,709.09	2018	13,258,033.77	1,649,775.64	14,907,809.40	
2019	278,418,709.09	13,920,935.45	292,339,644.54	2019	13,920,935.45	1,649,775.64	15,570,711.09	
2020	292,339,644.54	14,616,982.23	306,956,626.77	2020	14,616,982.23	1,649,775.64	16,266,757.86	
2021	306,956,626.77	15,347,831.34	322,304,458.11	2021	15,347,831.34	1,649,775.64	16,997,606.97	
2022	322,304,458.11	16,115,222.91	338,419,681.01	2022	16,115,222.91	1,649,775.64	17,764,998.54	
2023	338,419,681.01	16,920,984.05	355,340,665.07	2023	16,920,984.05	1,649,775.64	18,570,759.69	
2024	355,340,665.07	17,767,033.25	373,107,698.32	2024	17,767,033.25	1,649,775.64	19,416,808.89	
2025	373,107,698.32	18,655,384.92	391,763,083.23	2025	18,655,384.92	1,649,775.64	20,305,160.55	
2026	391,763,083.23	19,588,154.16	411,351,237.40	2026	19,588,154.16	1,649,775.64	21,237,929.80	
2027	411,351,237.40	20,567,561.87	431,918,799.27	2027	20,567,561.87	1,649,775.64	22,217,337.51	
2028	431,918,799.27	21,595,939.96	453,514,739.23	2028	21,595,939.96	1,649,775.64	23,245,715.60	
2029	453,514,739.23	22,675,736.96	476,190,476.19	2029	22,675,736.96	1,649,775.64	24,325,512.60	
2030	476,190,476.19	23,809,523.81	500,000,000.00	2030	23,809,523.81	1,649,775.64	25,459,299.45	
2031	500,000,000.00			2031				

Appendix A – Multiple Year Cash Flows

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42 Years

Year	Liability Bal 1/1	Accretion 5.0%	Liab Bal 12/31	Year-End Unit 1	Original PV	Accretion Exp	Deprec. Exp	Total Expense
1990	77,303,772.68	3,865,188.63	81,168,961.31	1990	3,865,188.63	77,303,772.68		
1991	81,168,961.31	4,058,448.07	85,227,409.38	1991	4,058,448.07	1,840,566.02	1,840,566.02	5,705,754.65
1992	85,227,409.38	4,261,370.47	89,488,779.85	1992	4,261,370.47	1,840,566.02	1,840,566.02	5,899,014.08
1993	89,488,779.85	4,474,438.99	93,963,218.84	1993	4,474,438.99	1,840,566.02	1,840,566.02	6,101,936.49
1994	93,963,218.84	4,698,160.94	98,661,379.78	1994	4,698,160.94	1,840,566.02	1,840,566.02	6,319,005.01
1995	98,661,379.78	4,933,088.99	103,594,468.77	1995	4,933,088.99	1,840,566.02	1,840,566.02	6,538,726.96
1996	103,594,468.77	5,179,722.44	108,774,191.21	1996	5,179,722.44	1,840,566.02	1,840,566.02	6,773,635.01
1997	108,774,191.21	5,438,708.58	114,212,879.77	1997	5,438,708.58	1,840,566.02	1,840,566.02	7,020,288.45
1998	114,212,879.77	5,710,643.99	119,923,523.76	1998	5,710,643.99	1,840,566.02	1,840,566.02	7,279,274.58
1999	119,923,523.76	5,996,176.19	125,919,699.95	1999	5,996,176.19	1,840,566.02	1,840,566.02	7,551,210.00
2000	125,919,699.95	6,295,985.00	132,215,684.95	2000	6,295,985.00	1,840,566.02	1,840,566.02	7,836,742.20
2001	132,215,684.95	6,610,784.25	138,826,469.19	2001	6,610,784.25	1,840,566.02	1,840,566.02	8,136,551.01
2002	138,826,469.19	6,941,323.48	145,767,792.65	2002	6,941,323.48	1,840,566.02	1,840,566.02	8,451,350.28
TTLS to Date								
2003	145,767,792.65	7,288,389.63	153,056,182.29	2003	7,288,389.63	23,927,358.21		
2004	153,056,182.29	7,652,809.11	160,708,991.40	2004	7,652,809.11	1,840,566.02	1,840,566.02	9,128,955.65
2005	160,708,991.40	8,035,449.57	168,744,440.97	2005	8,035,449.57	1,840,566.02	1,840,566.02	9,493,375.13
2006	168,744,440.97	8,437,222.05	177,181,663.02	2006	8,437,222.05	1,840,566.02	1,840,566.02	9,876,015.59
2007	177,181,663.02	8,859,083.15	186,040,746.17	2007	8,859,083.15	1,840,566.02	1,840,566.02	10,277,788.06
2008	186,040,746.17	9,302,037.31	195,342,783.48	2008	9,302,037.31	1,840,566.02	1,840,566.02	10,699,649.17
2009	195,342,783.48	9,767,139.17	205,109,922.65	2009	9,767,139.17	1,840,566.02	1,840,566.02	11,142,803.32
2010	205,109,922.65	10,255,496.13	215,365,418.78	2010	10,255,496.13	1,840,566.02	1,840,566.02	12,096,062.15
2011	215,365,418.78	10,768,270.94	226,133,689.72	2011	10,768,270.94	1,840,566.02	1,840,566.02	12,608,836.96
2012	226,133,689.72	11,306,684.48	237,440,374.21	2012	11,306,684.48	1,840,566.02	1,840,566.02	13,147,250.50
2013	237,440,374.21	11,872,018.71	249,312,392.92	2013	11,872,018.71	1,840,566.02	1,840,566.02	13,712,584.73
2014	249,312,392.92	12,465,619.65	261,778,012.57	2014	12,465,619.65	1,840,566.02	1,840,566.02	14,306,185.66
2015	261,778,012.57	13,088,900.63	274,866,913.19	2015	13,088,900.63	1,840,566.02	1,840,566.02	14,929,466.64
2016	274,866,913.19	13,743,345.66	288,610,258.85	2016	13,743,345.66	1,840,566.02	1,840,566.02	15,583,911.68
2017	288,610,258.85	14,430,512.94	303,040,771.80	2017	14,430,512.94	1,840,566.02	1,840,566.02	16,271,078.96
2018	303,040,771.80	15,152,038.59	318,192,810.39	2018	15,152,038.59	1,840,566.02	1,840,566.02	16,992,604.61
2019	318,192,810.39	15,909,840.52	334,102,450.91	2019	15,909,840.52	1,840,566.02	1,840,566.02	17,750,206.54
2020	334,102,450.91	16,705,122.55	350,807,573.45	2020	16,705,122.55	1,840,566.02	1,840,566.02	18,545,688.56
2021	350,807,573.45	17,540,378.67	368,347,952.12	2021	17,540,378.67	1,840,566.02	1,840,566.02	19,380,944.69
2022	368,347,952.12	18,417,397.61	386,765,349.73	2022	18,417,397.61	1,840,566.02	1,840,566.02	20,257,963.62
2023	386,765,349.73	19,338,267.49	406,103,617.22	2023	19,338,267.49	1,840,566.02	1,840,566.02	21,178,833.50
2024	406,103,617.22	20,305,100.86	426,408,798.08	2024	20,305,100.86	1,840,566.02	1,840,566.02	22,145,746.68
2025	426,408,798.08	21,320,439.90	447,729,237.98	2025	21,320,439.90	1,840,566.02	1,840,566.02	23,161,005.92
2026	447,729,237.98	22,386,461.90	470,115,699.88	2026	22,386,461.90	1,840,566.02	1,840,566.02	24,227,027.92
2027	470,115,699.88	23,505,784.99	493,621,484.88	2027	23,505,784.99	1,840,566.02	1,840,566.02	25,346,351.01
2028	493,621,484.88	24,691,074.24	518,302,559.12	2028	24,691,074.24	1,840,566.02	1,840,566.02	26,521,840.26
2029	518,302,559.12	25,915,127.96	544,217,687.07	2029	25,915,127.96	1,840,566.02	1,840,566.02	27,755,693.97
2030	544,217,687.07	27,210,864.35	571,428,571.43	2030	27,210,864.35	1,840,566.02	1,840,566.02	29,051,450.37
2031	571,428,571.43	28,571,428.57	600,000,000.00	2031	28,571,428.57	1,840,566.02	1,840,566.02	30,411,994.59
2032	600,000,000.00			2032				

Appendix A – Multiple Year Cash Flows

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43 Years

Year	Liability Bail/1	Accelion	5.0%	Liab Bal 12/31	Year-End Unit 1	Accelion Exp Original PV	Deprec. Exp	Total Expense
1990	24,540,880.22	1,227,044.01	25,767,924.23	1990	1,227,044.01	24,540,880.22	1,797,762.16	
1991	25,767,924.23	1,288,396.21	27,056,320.44	1991	1,288,396.21	570,718.14	1,859,114.36	
1992	27,056,320.44	1,352,816.02	28,409,136.46	1992	1,352,816.02	570,718.14	1,923,534.17	
1993	28,409,136.46	1,420,456.82	29,829,593.28	1993	1,420,456.82	570,718.14	1,991,174.97	
1994	29,829,593.28	1,491,479.66	31,321,072.95	1994	1,491,479.66	570,718.14	2,062,197.81	
1995	31,321,072.95	1,566,053.65	32,887,126.59	1995	1,566,053.65	570,718.14	2,136,771.79	
1996	32,887,126.59	1,644,356.33	34,531,482.92	1996	1,644,356.33	570,718.14	2,215,074.47	
1997	34,531,482.92	1,726,574.15	36,258,057.07	1997	1,726,574.15	570,718.14	2,297,292.29	
1998	36,258,057.07	1,812,902.85	38,070,959.92	1998	1,812,902.85	570,718.14	2,383,621.00	
1999	38,070,959.92	1,903,548.00	39,974,507.92	1999	1,903,548.00	570,718.14	2,474,266.14	
2000	39,974,507.92	1,998,725.40	41,973,233.32	2000	1,998,725.40	570,718.14	2,569,443.54	
2001	41,973,233.32	2,098,661.67	44,071,894.98	2001	2,098,661.67	570,718.14	2,669,379.81	
2002	44,071,894.98	2,203,594.75	46,275,489.73	2002	2,203,594.75	570,718.14	2,774,312.89	
TTLS to Date								
2003	46,275,489.73	2,313,774.49	48,589,264.22	2003	2,313,774.49	7,419,335.88	2,884,492.63	
2004	48,589,264.22	2,429,463.21	51,018,727.43	2004	2,429,463.21	570,718.14	3,000,181.36	
2005	51,018,727.43	2,550,936.37	53,569,663.80	2005	2,550,936.37	570,718.14	3,121,654.52	
2006	53,569,663.80	2,678,483.19	56,248,146.99	2006	2,678,483.19	570,718.14	3,249,201.33	
2007	56,248,146.99	2,812,407.35	59,060,554.34	2007	2,812,407.35	570,718.14	3,383,125.49	
2008	59,060,554.34	2,953,027.72	62,013,582.06	2008	2,953,027.72	570,718.14	3,523,745.86	
2009	62,013,582.06	3,100,679.10	65,114,261.16	2009	3,100,679.10	570,718.14	3,671,397.25	
2010	65,114,261.16	3,255,713.06	68,369,974.22	2010	3,255,713.06	570,718.14	3,826,431.20	
2011	68,369,974.22	3,418,498.71	71,788,472.93	2011	3,418,498.71	570,718.14	3,989,216.86	
2012	71,788,472.93	3,589,423.65	75,377,896.57	2012	3,589,423.65	570,718.14	4,160,141.79	
2013	75,377,896.57	3,768,894.83	79,146,791.40	2013	3,768,894.83	570,718.14	4,339,612.97	
2014	79,146,791.40	3,957,339.57	83,104,130.97	2014	3,957,339.57	570,718.14	4,528,057.71	
2015	83,104,130.97	4,155,206.55	87,259,337.52	2015	4,155,206.55	570,718.14	4,725,924.69	
2016	87,259,337.52	4,362,966.88	91,622,304.40	2016	4,362,966.88	570,718.14	4,933,685.02	
2017	91,622,304.40	4,581,115.22	96,203,419.62	2017	4,581,115.22	570,718.14	5,151,833.36	
2018	96,203,419.62	4,810,170.98	101,013,590.60	2018	4,810,170.98	570,718.14	5,380,889.13	
2019	101,013,590.60	5,050,679.53	106,064,270.13	2019	5,050,679.53	570,718.14	5,621,397.67	
2020	106,064,270.13	5,303,213.51	111,367,483.64	2020	5,303,213.51	570,718.14	5,873,931.65	
2021	111,367,483.64	5,568,374.18	116,935,857.82	2021	5,568,374.18	570,718.14	6,139,092.33	
2022	116,935,857.82	5,846,792.89	122,782,650.71	2022	5,846,792.89	570,718.14	6,417,511.04	
2023	122,782,650.71	6,139,132.54	128,921,783.24	2023	6,139,132.54	570,718.14	6,709,850.68	
2024	128,921,783.24	6,446,089.16	135,367,872.41	2024	6,446,089.16	570,718.14	7,016,807.31	
2025	135,367,872.41	6,768,393.62	142,136,266.03	2025	6,768,393.62	570,718.14	7,339,111.76	
2026	142,136,266.03	7,108,813.30	149,245,079.33	2026	7,108,813.30	570,718.14	7,677,531.45	
2027	149,245,079.33	7,462,153.97	156,705,233.29	2027	7,462,153.97	570,718.14	8,032,872.11	
2028	156,705,233.29	7,835,261.66	164,540,494.96	2028	7,835,261.66	570,718.14	8,405,879.81	
2029	164,540,494.96	8,227,024.75	172,767,519.71	2029	8,227,024.75	570,718.14	8,797,742.89	
2030	172,767,519.71	8,638,375.99	181,405,895.69	2030	8,638,375.99	570,718.14	9,209,094.13	
2031	181,405,895.69	9,070,294.78	190,476,190.48	2031	9,070,294.78	570,718.14	9,641,012.93	
2032	190,476,190.48	9,523,809.52	200,000,000.00	2032	9,523,809.52	570,718.14	10,084,527.67	
2033	200,000,000.00			2033				

Appendix A – Multiple Year Cash Flows

Summary of Data for Journal Entry Consideration			
January 1, 2003		Debit	Credit
Long-lived asset increase (asset retirement cost)		226,303,726.91	
Accumulated Depreciation on the Books (To date Decommission Fund + Fund Earnings Trils)			Present Value Calculated YE 2002
Cumulative-effect adjustment DR = UNDERFUNDED CR = OVERFUNDED		271,685,417.71	
Accumulated Depreciation			71,259,716.06 PV Depreciated through 2002
ARO liability			426,729,428.56 Accretion to Date PLUS PV
<b>Total</b>		<b>497,989,144.62</b>	<b>497,989,144.62</b>
December 31, 2003			
Depreciation exp annual 2003		5,481,516.62	
Accumulated dep annual 2003			Per schedule summed 2003 from each schedule 5,481,516.62
Accretion exp annual 2003			
ARO liability 2003		21,336,471.43	
			Per schedule summed 2003 from each schedule 21,336,471.43
<b>Total</b>		<b>26,817,988.05</b>	<b>26,817,988.05</b>

Appendix B – Unregulated and Regulated Operations ARO Journal Entry Assumptions

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Implementation Date:	01/01/03
Date Asset was placed in service:	01/01/95
Asset Useful Life:	20
Retirement Date:	12/31/14
Future Value (Inflation) Rate:	4%
Discount Rate (Credit-adjusted risk-free rate):	6.5%
Contractor's Mark-up:	20%
Market Risk Premium	5%
COR Liability Accrued to Date or Cost embedded in Accumulated Depreciation:	\$500,000
Cash Payment to settle ARO on 12/31/14:	\$900,000
Depreciation is calculated based on:	20
Accretion is calculated by using the credit-adjusted risk-free rate	6.5%
Original Asset Value (for which ARO is attached)	\$5,000,000
Corporate tax rate:	45.0%

Initial Measurement of the ARO Liability at 01/01/03

Labor	
Overheads & Equipment (80% X \$200,000)	\$200,000
Contractor's Mark-up (20% X (\$200,000 + \$160,000))	\$160,000
Expected Cash Flows Before Inflation	\$72,000
Expected Cash Flows Adjusted for Inflation	\$432,000
Inflation Factor assuming 4% for 20 years ( $(\$432,000 \times (1 + 4\%)^{\wedge} 20)$ )	\$946,565
From 01/01/95 to 12/31/14	
Market Risk Premium ( \$946,565 X 5%)	\$47,328
Total Expected Cash Flows (1)	\$993,893
Present Value using the credit-adjusted risk-free rate ( $\$993,893 / (1 + 6.5\%)^{\wedge} 20$ ) (2)	\$282,064

**NOTE:**

- (1) The amount represents the future value of the ARO (i.e., the anticipated liability amount (expected cash flow) when the asset is removed. This is the amount that the current liability (\$282,064+\$184,751 = \$466,815) would accrete to every month from implementation date (assuming 01/01/03 in this example) to 12/31/14 at a rate of 6.5%. G/L Systems should be programmed to calculate the monthly accretion from the original liability (\$466,815) to the expected cash flows at 12/31/14. Total final liability is \$993,893.
- (2) The initial ARO liability as of 01/01/03 and the capitalized asset cost is to be provided. No GL calculation will be required.
- ADDITIONAL CONFIGURATION REQUIREMENTS:**
- There must be a way to link the original asset (\$500,000) and ARO asset (\$282,064) and the liability (\$466,815 to \$993,893)
  - The original asset, ARO asset and ARO liability must be retired at the same time. The accretion on the ARO liability stops upon settlement.



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SFAS 143

EDISON ELECTRIC INSTITUTE/  
AMERICAN GAS ASSOCIATION

Asset Retirement Obligation Implementation  
White Paper

DISCUSSION DRAFT

08-02-02

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Statement of Financial Accounting Standards No. 143  
Accounting For Asset Retirement Obligations

## Overview

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations. Statement 143 changes the way companies recognize and measure legal retirement obligations that result from the acquisition, construction and normal operation of tangible long-lived assets. In general, companies will be required to recognize much sooner any legal liability associated with the future retirement of tangible long-lived assets.

Statement 143 is effective for fiscal years beginning after June 15, 2002 (January 1, 2003 for calendar year companies). Asset retirement obligations must be recognized as a liability and measured at fair value. The cost associated with the recognition of the asset retirement obligation is capitalized as part of the related asset's book cost and is depreciated over the expected life of the asset.

The asset retirement obligation is initially recorded at fair value, so the increase in that liability causes accretion expense (similar to interest) to be recognized each period as an operating expense in the income statement.

Statement 143 does not grandfather any current accounting for existing obligations. Companies will have to convert to the new standard and recognize the cumulative effect of initially applying the statement as a change in accounting principle. The amount to be reported as a cumulative effect adjustment in the statement of operations is the difference between the amounts, if any, recognized in the statement of financial position prior to the application of Statement 143 and the net amount that is recognized in the financial statements by applying new Statement 143. Any asset retirement obligations that are currently reported as part of accumulated depreciation will be reversed as part of the cumulative effect adjustment.

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## Scope

The scope of the final statement includes only legal obligations that compel the owner to remove the asset or dispose of some component at retirement. The obligations included within the scope of the standard are those that are unavoidable as a result of the acquisition, construction, or the normal operation of a long-lived tangible asset. An ARO liability should be recognized if it meets the definition of a liability in FASB Concepts Statement No. 6, "Elements of Financial Statements." In assessing whether an ARO meets this definition, an entity should determine if:

- (a) It has a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets,
- (b) It has little or no discretion to avoid a future transfer of use of assets, and
- (c) An obligating event has already happened.

But what does this mean and how does one determine if a long-lived asset is within this scope definition? Only assets that are defined as long-lived are included. One must then determine if any legal obligations exist that are associated with the retirement of these long-lived assets. For the sake of this discussion, retirement is defined as the other-than-temporary removal of a long-lived asset from service. It includes sale, abandonment, recycling, or disposal in some other manner. However, it does not include the temporary idling of a long-lived asset.

Identifying ARO's and measuring the liability is the most important part in the adoption of FASB 143. It is recommended that utilities form working teams and include representatives from legal, accounting, financial, operations and other business units as deemed necessary. These teams will need to define very specifically what scope is to their company and how the review of what is in scope will take place.

Basically the determination of whether assets are within the scope of Statement 143 is a review of legal documents past and present that relate to the purchase, construction, development, or normal operation of the asset. Utilities have many tangible long-lived assets many of which were constructed over many decades. Thus, a sizable amount of work is required to identify the legal obligations associated with plant assets and the review that identifies those legally enforceable obligations that does make one liable for removal in any respect. Also an obligation may result from only a portion of an asset (disposal of PCBs from a transformer) and only that portion must be established under Statement 143. For purposes of Statement 143, a legally enforceable obligation can result from:

- (a) A government action, such as law, statute, or ordinance,
- (b) An agreement between entities, such as a written or oral contract,

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- (c) A promise conveyed to a third party that imposes a reasonable expectation of performance upon the promisor under the doctrine of promissory estoppel.

To identify ARO's, the Law department can perform a review of all the typical legal documents that includes laws, statutes, contracts, permits, certificates of need, etc. This review should cover the documents listed in the first two items above. As the Law department does its review, it is important to establish with them some ground rules to prevent the review from becoming impossible in size. Start with a definition of long-lived assets and a list of those assets that meet the definition. It is important to give this definition to the Law department and any other area assisting on this project because the areas outside of accounting may not be cognizant of useful lives. For areas where there is a large magnitude of similar contracts, use of a sampling technique can be employed. However, it should be noted that if the result of the sampling does not produce evidence of a legal obligation, one might want to include an ARO disclosure if there could be an obligation, albeit remote, in the contracts not sampled. An example of such a document is the easement associated with distribution property.

By assessing plant assets and reviewing legal documents including contracts, licenses, leases, etc., the team can develop potential ARO's. However, the team also will need to identify any liabilities established by promissory estoppel. The review of promissory estoppel is difficult. - Black's Law Dictionary defines promissory estoppel as "the principle that a promise made without consideration may nonetheless be enforced to prevent injustice if the promisor should have reasonably expected the promisee to rely on the promise and if the promisee did actually rely on the promise to his or her detriment." The recommendation is to begin with an inventory of issues, relationships, or other documentation that employees outside of the Law department may have knowledge or possession. An inventory is used as opposed to a general survey in that an inventory is more readily responded to over a survey. Thus, query plant and operations managers from power production through the wires business to identify the obligations created under the doctrine of promissory estoppel. The inventory can begin with a questionnaire to assist with the field review. The questionnaire can contain a common language explanation of what it is you are looking for and why. It is important that the questionnaire attempt to derive potential commitments made with local entities or those agreements entered into in order to settle community issues at the time of initial construction.

Once the inventory is complete, the work is not done. Obviously the information that was returned needs to be reviewed. The Accounting and Law department must review and discuss responses to determine if circumstances meet the requirements for creation of a legal obligation under the doctrine of promissory estoppel. But where more work arises is when one plant or department has discovered a potential retirement obligation. One must return to discuss this situation with the other plants or departments to assure that the entire obligation have been identified.

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Many utilities have included removal costs in depreciation rates or some other rate recovery mechanism. If customers have been paying for the cost of retirement through rates, they may have a reasonable expectation that the utility will expend the costs to retire the asset at the end of its useful life. The inclusion of a cost of removal component in depreciation rates in and of itself does not constitute a legal obligation under the doctrine of promissory estoppel. However, promises made by utilities in rate case proceedings or the specifics of PUC rate case orders may elevate the inclusion of a cost of removal component in depreciation rates to the level of a legal obligation. This determination is a legal question that should be evaluated with the assistance of legal counsel. Barring any legal obligations the inclusion of removal costs in depreciation rates would be construed as replacement costs of components of the entire system and are not considered final retirement costs and therefore do not constitute an ARO.

Prior to adoption of SFAS#143, GAAP for utilities was to classify the removal cost liability as a part of the reserve for accumulated depreciation. If all or a portion of interim asset retirements are not included in the scope of SFAS # 143 and a company falls under the accounting prescribed by SFAS #71, classifying the removal cost liability as a part of the reserve for accumulated depreciation continues to be GAAP. Accordingly, the removal cost liability related to these types of assets should not be reclassified as a regulatory liability. If an asset does fall under the scope of SFAS#143 and a company falls under the accounting prescribed by SFAS #71, any removal cost currently classified as a part of the reserve for accumulated depreciation should be reclassified as a regulatory liability.

The Standard identifies examples of potential ARO's including landfill closure and nuclear decommissioning however there are probably many more in existence. The following example of types of assets that may be within the scope of Statement 143 and circumstances that may or may not create an ARO:

**1) Nuclear Production**

- a) Final Nuclear Decommissioning – a company has a legal obligation to perform decontamination activities when the plant ceases operations. Contamination results from the normal operation of the plant and a liability should be recorded. A company needs to review contracts, licenses, operating agreements, leases, etc. to assess their extent of liability. In addition to obligations surrounding contamination, there may be legal requirements to return the plant to a “greenfields” state. These costs are usually identified in required decommissioning studies. If the legal obligation is determined to include only the contaminated portions of the plant, then adjustments to the entire decommissioning study will need to be made to reflect only those portions as an ARO.
- b) Nuclear Fuel – a company needs to review all the associated documents, which surround this asset. It is generally assumed that eventually the Federal Government will bear the responsibility for this asset when it is finally retired and removed from the plant site. The retirement of the storage and handling facilities

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for nuclear fuel after it has been spent will be the obligation of the company. These costs, such as dry cask storage facilities, would create an ARO and may be included already in final decommissioning. If no storage facilities currently exist but they will be required when the spent fuel pool gets full the construction and retirement of such facilities would need to be considered when assessing an entities obligation.

- c) **Interim Retirements-** an asset retirement obligation may exist for component parts of the larger system. The retirement of this component part may happen prior to retirement of the entire system and may constitute an obligation separate from the final retirement or decommissioning. An example is a steam generator that needs to be replaced prior to the end of the life of the unit. The obligation associated with the retirement of the steam generator may occur at the time of replacement, if the steam generator is removed from the site. However if the steam generator is left on the site, the storage and obligation will occur with the final decommissioning of the plant and may be included in current plant decommissioning estimates. Not all interim retirements will create an ARO. The recommendation is that a company will need to assess interim retirements individually as to frequency and materiality to determine when an ARO should be recognized and also what costs should be captured as an ARO. For example, Entity A has a highly contaminated nuclear asset with a cost of removal of approximately \$2 million. \$.8 million of this is for the labor and supplies needed to remove the asset and the other \$1.2 million is for the "special" disposition costs for disposing of the contaminated asset. Because this is an interim retirement, the recommendation is that only the \$1.2 million of disposition costs be accounted for in the ARO. For interim retirements such as these, it is generally assumed that there is no legal obligation to remove the asset, only a legal obligation to dispose of the asset. In contrast, when the plant is closed and the replaced asset is being removed, it is generally assumed that the entire \$2 million of costs be included in the ARO due to the legal obligations associated with closing the plant. In a similar example, suppose the labor and supplies to remove the asset are \$1.98 million and the disposition costs are only \$.02 million. In this example a company may choose not to record any ARO based on immateriality. Each company will need to address their specific materiality thresholds.

**2. Steam Production**

- a) **General** – after reviewing legal documents, which includes easements, licenses, leases etc, a company may discover they have no legal obligations associated with asset retirement. Types of assets that may have ARO's associated with them are intake structures, ash ponds, underground storage tanks, coal piles, tanks used to accumulate hazardous waste, and coal mines. In some instances, there is no legal obligation to remove a structure or restore the land. In another instance, a lease on the land may require decommissioning of the plant.

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- b) Environmental Obligations – A company may have certain environmental obligations. If these environmental obligations result from environmental law, contract, or other agreement or license, then they are legal obligations. An ARO results only from environmental remediation liabilities arising from the normal operation of the power plants. A company may have some liability associated with a segment of the power plant such as ash ponds or intake structures. Asbestos to be removed as part of an asset retirement is subject to the requirements of FASB 143 and the cost of removal should be included in determining the obligation. If asbestos clean up is performed prior to the asset retirement then it should be accounted for in accordance with the guidance of SOP 96-1.
- c) Shared Assets – some generating facilities are co-owned or have many joint owners. A situation may arise where one party defines an ARO and the other owners do not. In this situation, it would behoove a company to review the circumstances behind why the one company chose to recognize an ARO. There could be instances where one company has made promissory statements and the other companies will need to have their legal staffs decide whether or not this promise could be construed as their obligation as well. The scope of the retirement obligation may be valued different by two or more co-owners for regulatory purposes depending upon the State Commissions. An entity needs to understand the development of a decommissioning cost estimate prior to using it for their obligation, in other words co-owners should agree on the final retirement estimate to use for an ARO.

**3. Hydro Production**

- a) Federal Government– many hydro dams are operated under governmental water right or flowage right licenses issued by the Federal Energy Regulatory Commission (FERC). These licenses may not have explicit terms stating that a company is responsible for removal or closure costs related to the ultimate retirement of the dams. These dams have an extremely long useful life if operated and maintained properly and it often is presumed that the asset will be operated into perpetuity. Since removal of the dam property is not required under current operations, there is no ARO arising from the FERC licenses. But that may not be the case forever. If the plant is going to be decommissioned, an application to the FERC would be made and if the retirement ensues an ARO would then be created. Also, if a dam is structurally impaired and legally it must be removed, an ARO is created.
- b) b) State Government – although the dams and spillways are controlled by Federal licenses, there may be additional requirements placed on the facility by the state or local agencies. A review of such requirements may produce an ARO even though the review of the Federal license did not.

**4. Electric Transmission And Distribution Plant**

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- a) Transmission and Distribution Lines – a company may have transmission or distribution lines that operate under property easement agreements. A company usually holds only perpetual easements. If an easement were to be released, a company may have an obligation to remove the lines and in some instances a state may require removal if the entire line is retired. However, these easements do not generally require restoration of the area. In general, a company operates the transmission and distribution lines as if the assets will be operated into perpetuity. Even if the utility were to cease business, it is more likely than not that another energy company would simply takeover the lines. A legal obligation may be construed to exist due to the easement requiring removal of the lines, however, the issue of whether the obligation can be measured is dealt with in the next section.
  
- b) Interim Retirements - There are interim retirements of T&D plant that are components of the system occurring annually that may have retirement obligations associated with them. These may be due to environmental or other contractual agreements. Examples could be wood poles and electrical equipment containing PCBs, such transformers and capacitors. Retirement of these assets may involve replacements for components of the system, though they may have environmental obligations associated with their retirement. The disposal of treated wood poles is regulated under state law and may require special handling and disposal; electrical equipment containing PCBs require special disposal. These retirements need to be addressed for frequency and materiality to determine when the interim retirement would fall within the scope of FAS 143.

**5. Gas Transmission and Distribution Plant**

- a) Gas Transmission and Distribution Mains and Services – the Company may have a gas transmission or distribution system that operates under property easement agreements. A Company usually holds only perpetual easements. If an easement were to be released, the Company may not have an obligation to remove the system but allows a retirement in place. Gas pipelines containing PCBs must meet certain requirements prior to abandonment or when removed for disposal. However, in some instances a state may require removal if the entire line is retired. These easements may not generally require restoration of the area, but certain local governments may. In this case a portion of the line may have an ARO. Generally, a Company operates the gas transmission and distribution system as if the assets will be operated into perpetuity. Even if the utility were to cease business, it is more likely than not that another energy company would simply takeover the lines. A legal obligation may be construed to exist due to the easement requiring removal of the lines, however, the issue of whether the obligation can be measured is dealt with in the next section.

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- b) Interim Retirements- There are interim retirements of gas transmission and distribution assets that are components of the system occurring annually that may have retirement obligations due to environmental or other contractual reasons. Examples of these would be mains and regulating systems, however absent legal obligations these retirements are probably replacements for components of the system and would not be considered an ARO. Interim retirements need to be addressed for frequency and materiality to determine when and if they would fall within the scope of FASB 143.

**6. Other Plant**

- a) Underground tanks could be considered as a retirement obligation. In some instances, a State requirement creates an obligation when the tanks are initially installed. In other cases, there are no legal obligations surrounding the disposal of the tanks until the entity does something with the land the tanks are on i.e.; sell the property. There still may be no obligation if the clean-up is performed under SOP 96-1.
- b) Coal mines could possibly be considered an ARO with regard to potential closure and/or site reclamation requirements. If an entity owns the land and makes holes for mines, are the holes the asset or is the land the asset? If we assume the holes are the asset and they are depleted in 12-18 months, then there may not be an ARO as the mines would not be considered long-lived assets. If the mines were worked for long periods then the clean up at these mines could constitute an ARO.

**7. Lease Obligations**

- a) FASB 143 applies to companies that incur retirement obligations including companies that lease assets to other. There may be costs associated with a lease that should be recorded as an asset retirement obligation.
- b) An obligation to remove leasehold improvements at the end of the lease may be an ARO under FASB 143. This is an example of where promissory estoppel may exist.

**8. Remediation Responsibilities**

- a) FASB 143 does not apply to obligations resulting from improper operation of an asset or a system. Environmental damage that requires immediate clean up resulting from improper operations (e.g., oil spill) would probably be liable under SOP 96-1 and not subject to FASB 143.
- b) If the cleanup is delayed and can be completed with the system retirement then it is determined to be due to proper operations and is an obligation under FASB 143.

**Measurement**



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Once it is determined that the obligation falls within the scope of Statement 143, measurement is the next step of the liability. The amount of the liability would initially be measured at fair value. An entity shall recognize the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability shall be recognized when a reasonable estimate of fair value can be made. In subsequent periods, an entity would recognize any changes in the amount resulting from the passage of time and revisions to either the timing or amount of estimated cash flows.

The initial measurement of the liability will be at fair value (i.e. the amount that an entity would be required to pay in an active market to settle the asset retirement obligation). The guidelines require a fair value measurement even though some entities may perform the retirement activities using only internal resources. If quoted market prices are not available, an estimate of fair value can be calculated using valuation techniques such as the expected present value method.

For periods subsequent to the initial measurement, entities are required to recognize changes in the liability resulting from the passage of time and from revisions in the timing or amount of estimated cash flows. Changes resulting from the passage of time will increase the carrying amount of the liability over time and will be recognized as an operating cost rather than as interest expense in the financial statements. Entities will use the effective interest method and the credit-adjusted risk-free rate for interest allocation to the liability. The objective of the method is to recognize a level effective interest rate that is equivalent to the entity's risk-free rate (rate of zero coupon US Treasury bonds) adjusted for the entity's credit standing.

Revisions in the timing or amount of estimated cash flows are to be recognized as changes in the carrying amount of the liability and the related capitalized asset and are to be measured using the current credit-adjusted risk-free rate for upward revisions, or using the credit-adjusted risk-free rate applied in the initial measurement for downward revisions.

The statement requires a company to recognize the present value of its total estimated cash flows as a liability with a corresponding increase to the related long-lived asset. Use of cost accumulation based estimated engineering studies or removal cost studies might be discounted at the company's credit-adjusted risk-free interest rate to record the initial value of the liability, plus cumulative unrecognized interest expense if the liability occurred in the past. The cumulative effect adjustment for unrecognized depreciation and accretion expense may be recoverable in rates and, therefore, the Company may recognize an additional regulatory asset rather than a cumulative adjustment to the income statement.

The value of the ARO liability may be affected by the standard's requirement to use fair value in its measurement. In addition to the change in the value of the ARO liability, the Company may incur additional costs associated with obtaining new engineering studies or removal cost

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estimates prepared in accordance with the proposed requirements. The full impact of the ARO's fair value measurement requirement is not yet known.

Most entities will use the expected present value method due to the non-existence of an active market for settling AROs. Removal costs would be based on gross removal costs instead of net. The estimated salvage value is included in determining the depreciation base of the asset. Therefore the estimated salvage should be excluded from the cash flows used to estimate the ARO. If an entity uses the expected present value method, the entity would need to incorporate assumptions into its cash flows that would reflect the assumptions that third parties would be required to consider in order to take on the settlement of the obligation. Such third party or market assumptions include the following:

- (a) The costs that a third party would incur in performing the tasks necessary to retire the asset,
- (b) Other amounts that a third party would normally include such as inflation, overhead, equipment charges, profit margin, and advances in technology,
- (c) The extent that a third party's costs or timing would differ due to different future scenarios and relative probability,
- (d) The market risk premium that a third party would demand for them to take on the risks (similar to a contingency factor).

An example would be two entities using nuclear decommissioning studies to determine an ARO for their nuclear power plants. In one case, Entity A intends to decommission their plant using internal resources. Entity B had planned to have their decommissioning performed by a third party. Both entities reflected their intentions in their decommissioning studies. In developing their ARO, Entity A would have to add assumptions about profit margins, overheads and other third party costs to their ARO estimate, similar to Entity B. Failure to include certain third party costs would be inconsistent with FASB 143.

Some general guidelines for determining whether to recognize an ARO and corresponding examples are described below:

- (a) When cash flow can be determined and there is a high or medium probability of the settlement date, a liability must be recorded. Such is the case for nuclear decommissioning costs. Cash flows are estimated by cost accumulation based engineering studies and the settlement date is provided by the license date.
- (b) When cash flow can be determined and there is a low probability of the settlement date, the measurement will reflect the low probability in the expected cash flows. An example would be the removal of an asset when retirement is unlikely. Removal costs and a corresponding estimate of cash flows could be obtained.

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However, since retirement is unlikely, a 10% chance of occurrence is assigned to the probability estimate in the expected cash flow analysis.

- (c) When cash flow cannot be determined and there is a low probability of the settlement date, no liability is recorded but disclosure of the ARO is required. In subsequent periods, the ARO must be re-evaluated until sufficient information exists to determine a reasonable estimate of fair value. Generally, mass assets such as transmission and distribution assets have indeterminate cash flow estimates and no settlement dates.

An entity shall disclose the following information about its asset retirement obligations:

- (a) A general description of the asset retirement obligations and the associated long-lived assets,
- (b) The fair value of assets that are legally restricted for purposes of settling asset retirement obligations,
- (c) A reconciliation of the beginning and ending aggregate carrying amount of asset retirement obligations showing separately the changes attributable to (1) liabilities incurred in the current period, (2) liabilities settled in the current period, (3) accretion expense, and (4) revisions in estimated cash flows, whenever there is a significant change in one or more of those four components during the reporting period.

If the fair value of an asset retirement obligation cannot be reasonably estimated, that fact and the reasons therefore shall be disclosed.

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## Calculation Process Overview

1. Guidelines
2. Calculating Estimated Cash Flows and Present Values
3. Calculating Accretion Schedule
4. Calculating Depreciation Schedule
5. Summary for Journal Entries
6. Calculating Subsequent Cash Flow Increase
7. Calculating Subsequent Cash Flow Decrease
8. Regulated - Footnote Disclosure
9. Calculating Multiple Cash Flows - See Appendix (A)

### 1. Guidelines:

- Estimates must be based on current active market pricing or prices for similar valuation, not at a cost using internal labor resources
- If removal will take longer than one year, estimated cash flows should be determined for each year.  
The accretion schedule and PV depreciation schedules should be prepared individually for each cash flow rather than as a sum total
- If variable removal options exist then probability analysis should be done to determine the appropriate cash flows. Also if there is a potential license extension then inflation factors should be applied
- Re-evaluation of estimated cash flow: increase use current risk free rates, decreases use risk free rate in effect when the original liability was calculated
- If more than one unit is at a facility, depending on timing, each unit may carry its own ARO. Additionally common area removal costs are presumed to be included with the final unit being removed. This could result in a layering effect on the books
- Exclude salvage value from cash flow estimates
- New Assets calculations would still apply except there would be no Accumulated Depreciation or Accretion to date when placed in service.

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**2. Calculating Expected Cash Flows:**

Labor	200,000
OH & Equipment 80% x 200,000	160,000
Contractors Mark Up 20% x (200,000+160,000)	72,000
	-----
Expected Cash flows Before Inflation	432,000
	-----
Inflation Factor: Cash Flows x (1 + rate) ^ #years	
Inflated Cash Flows 432,000 x (1 + 4%) ^ 20	946,565
Market Risk Premium 5% x 946,565	47,328
	-----
<b>TOTAL EXPECTED CASH FLOWS</b>	<b>993,893</b>
	=====

**Calculate the Present Value of the Estimated Cash Flows**

Using a credit adjusted risk free rate: Discount rate / Accretion Rate  
 \*20 year lived asset

Example:

Expected Cash Flows	<b>993,893</b>
PV Calculation = Cash flow / (1+ rate) ^ #years	
Present Value = 993,893 / (1+6.5%) ^ 20	<b>282,064</b>

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**3. Calculate Accretion Schedule using the same risk free rate**

\*Present Value is accreted over the life at the specific rate so at the end of the term the total equals the expected cash flows

	Present Value	6.5% Annual Accretion PV * Discount rate	Liability Balance PV+ Annual Accretion
1995	<b>282,064.01</b>	18,334.16	300,398.17
1996	300,398.17	19,525.88	319,924.05
1997	319,924.05	20,795.06	340,719.12
1998	340,719.12	22,146.74	362,865.86
1999	362,865.86	23,586.28	386,452.14
2000	386,452.14	25,119.39	411,571.53
2001	411,571.53	26,752.15	438,323.68
2002	438,323.68	28,491.04	466,814.72
2003	466,814.72	30,342.96	497,157.67
2004	497,157.67	32,315.25	529,472.92
2005	529,472.92	34,415.74	563,888.66
2006	563,888.66	36,652.76	600,541.42
2007	600,541.42	39,035.19	639,576.62
2008	639,576.62	41,572.48	681,149.10
2009	681,149.10	44,274.69	725,423.79
2010	725,423.79	47,152.55	772,576.33
2011	772,576.33	50,217.46	822,793.80
2012	822,793.80	53,481.60	876,275.39
2013	876,275.39	56,957.90	933,233.29
2014	933,233.29	60,660.16	<b>993,893.46</b>

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**4. Calculate Depreciation Expense Schedule**

\*Present Value Depreciated over life of the asset.  
 Total at end of life must equal Present Value

Present Value			
<b>282,064.01 / 20 years</b>			
1995	14,103.20	2006	14,103.20
1996	14,103.20	2007	14,103.20
1997	14,103.20	2008	14,103.20
1998	14,103.20	2009	14,103.20
1999	14,103.20	2010	14,103.20
2000	14,103.20	2011	14,103.20
2001	14,103.20	2012	14,103.20
2002	14,103.20	2013	14,103.20
2003	14,103.20	2014	14,103.20
2004	14,103.20	TTL	282,064.01
2005	14,103.20		

**Create Expense Worksheet (combine above schedules)**

Annual Accretion and Annual Depreciation of the PV = Total New Expenses  
 Insert Line to accumulate totals to date for use in the journal entry

	Annual Accretion Expense	Annual Depr Expense	TTL Expenses
1995	18,334.16	14,103.20	32,437.36
1996	19,525.88	14,103.20	33,629.08
1997	20,795.06	14,103.20	34,898.26
1998	22,146.74	14,103.20	36,249.94
1999	23,586.28	14,103.20	37,689.48
2000	25,119.39	14,103.20	39,222.59
2001	26,752.15	14,103.20	40,855.35
2002	28,491.04	14,103.20	42,594.24
<b>TTLS TO DATE</b>	<b>184,750.71</b>	<b>112,825.60</b>	
2003	30,342.96	14,103.20	44,446.16
2004	32,315.25	14,103.20	46,418.45
2005	34,415.74	14,103.20	48,518.94
2006	36,652.76	14,103.20	50,755.96
2007	39,035.19	14,103.20	53,138.39
2008	41,572.48	14,103.20	55,675.68
2009	44,274.69	14,103.20	58,377.89
2010	47,152.55	14,103.20	61,255.75
2011	50,217.46	14,103.20	64,320.66

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2012	53,481.60	14,103.20	67,584.80
2013	56,957.90	14,103.20	71,061.10
2014	60,660.16	14,103.20	74,763.36

**5. Summary**

\* Information for journal entry consideration

Asset Retirement Liability (ARO) = PV element	282,064.01
Asset Retirement Liability (ARO) = Accretion to date element	184,750.71
Additional Accumulated depreciation = PV depreciated thru 2002	112,825.60
<b>Sub total - Required</b>	<b>579,640.32</b>
<b>LESS</b>	
Asset Retirement Cost (ARC) = PV element	282,064.01
Total Accumulated Depreciation thru 2002 = accumulated decommission funding ttls	0.00
<b>Sub Total - Booked</b>	<b>282,064.01</b>
<b>Cumulative-effect adjustment = DR =under funded CR = over funded</b>	<b>297,576.31</b>
2003 Depreciation Expense = PV depreciation per schedule	14,103.20
2003 Accretion expense = per schedule	30,342.96

**6. Subsequent Cash Flow Increases**

\*Increases must use the current risk free rate

Original Asset In Place 1995		
Original Cash Flow Estimate	993,893.46	Yr. 2002
Original Risk Free Rate used	6.50%	Yr. 2002
Subsequent Revised Cash Flow	1,493,893.46	Yr. 2003
DELTA Increase in Cash Flow	500,000.00	Yr. 2003
Current Risk Free Rate	7.50%	Yr. 2003

**New Layer of ARO**

Incremental Increase	500,000.00
PV Calculation	incremental cash flow / (1+rate)^# Remaining years



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Present Value	$500,000.00 / (1+7.5\%)^{12}$	209,927.06
	(1995+20years = 2015, 2015 - CY 2003 = 12 yr. Remaining)	

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**New Layer of Accretion/Depreciation**

Accretion Expense	Present Value PV INCREMENT	NEW RISK RATE	
		Annual Accretion PV * Discount rate 7.5%	Liability Balance PV+ Annual Accretion
2003	209,927.06	15,744.53	225,671.59
2004	225,671.59	16,925.37	242,596.96
2005	242,596.96	18,194.77	260,791.73
2006	260,791.73	19,559.38	280,351.11
2007	280,351.11	21,026.33	301,377.44
2008	301,377.44	22,603.31	323,980.75
2009	323,980.75	24,298.56	348,279.31
2010	348,279.31	26,120.95	374,400.26
2011	374,400.26	28,080.02	402,480.28
2012	402,480.28	30,186.02	432,666.30
2013	432,666.30	32,449.97	465,116.27
2014	465,116.27	34,883.72	500,000.00

Depreciation Expense	Present Value
	209,927.06 / 12 years
2003	17,493.92
2004	17,493.92
2005	17,493.92
2006	17,493.92
2007	17,493.92
2008	17,493.92
2009	17,493.92
2010	17,493.92
2011	17,493.92
2012	17,493.92
2013	17,493.92
2014	17,493.92
TTL	209,927.06

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**7. Subsequent Cash Flow Decreases**

\*Decreases must use the rate applied to the asset at the time original ARO was calculated

Original Asset In Place 1995		
Original Cash Flow Estimate	993,893.46	Yr. 2002
Original Risk Free Rate used	6.50%	Yr. 2002
Subsequent Revised Cash Flow	793,893.46	Yr. 2010
DELTA Decrease in Cash Flow	(200,000.00)	Yr. 2010
Risk Free Rate Used Originally	6.50%	Yr. 2003

**New Layer of ARO**

Delta Decrease		(200,000.00)
PV Calculation	incremental cash flow / (1+rate)^# Remaining years	
Present Value	-200,000 / (1+6.5%) ^ 5 (1995 +20years = 2015, 2015 - CY 2010 = 5 yr. Remaining)	(145,976.17)

**New Layer of Accretion/Depreciation**

Accretion Expense	Present Value PV INCREMENT	Original Risk Rate Annual Accretion PV * Discount rate 6.5%	Liability Balance PV+ Annual Accretion
2010	(145,976.17)	(9,488.45)	(155,464.62)
2011	(155,464.62)	(10,105.20)	(165,569.82)
2012	(165,569.82)	(10,762.04)	(176,331.86)
2013	(176,331.86)	(11,461.57)	(187,793.43)
2014	(187,793.43)	(12,206.57)	(200,000.00)

**Depreciation**

Expense	Present Value (145,976.17) / 5 years
2010	(29,195.23)
2011	(29,195.23)
2012	(29,195.23)
2013	(29,195.23)
2014	(29,195.23)
TTL	(145,976.17)

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**9. Regulated - Footnote Disclosure**

\* Disposal of Treated Poles Example

Under the theory that it is unknown when a pole will need to be replaced and that the life of each pole is indeterminable, the recommendation is to **handle as a footnote disclosure** for FAS 143 compliance

**10. Calculating Multiple Year Cash Flows – See Appendix (A)**

Nuclear Plant Dismantlement Schedule

- Assumptions
  - 40 Year Life
  - 4 years of estimated cash flows
  - Placed in Service 1990
  - Discount/Accretion Rate is 5%
- Estimated Annual Cash Flows
- Accretion Schedules
- PV Depreciation Schedules

Summary of Data for Journal Entry Consideration

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**Subject: FAS 143 - Journal Entry Accounting for  
Regulated and Unregulated Operations**

**Purpose:** To provide accounting guidance on journal entry preparation for both regulated and unregulated operations resulting from the implementation of FAS 143. This White Paper will provide accounting guidance on the required journal entries at:

1. Implementation;
2. Monthly journal entries subsequent to implementation;
3. Settlement of the obligation and the retirement of the initial asset;
4. Additional ARO resulting from an increase in ownership percentage.

The impact on regulated entities resulting from FAS 143 (implementation to settlement) will be Profit & Loss neutral and will be reflected as a regulatory asset/liability on the Balance Sheet as long as the recovery of the regulatory asset/liability is probable under FAS 71.

## **Unregulated Operations**

**1) Journal Entries Required at Implementation:** There are a number of journal entries required at implementation to properly reflect the effect of FAS 143. These journal entries are:

- To record the initial fair value of the ARO asset and ARO liability;
- To record the effect of depreciation on the ARO asset from the time the ARO liability was incurred to implementation (offset is cumulative effect);
- To record the effect of accretion on the ARO liability from the time the ARO liability was incurred to implementation (offset is cumulative effect);
- To record the reversal of gross cost of removal liability accrued to date (offset is cumulative effect), if any;
- To record taxes on the net cumulative effect on income (offset is cumulative effect).

### **To record the initial fair value of the ARO asset and ARO liability**

Upon implementation of FAS 143, the ARO liability (in current dollars) must be future valued at the anticipated inflation rate to when the projected cash outflows will occur. The ARO liability must then be present valued back to when the liability was first incurred using the company's risk free rate plus risk premium. This present value of the future cash flows at the time the liability was first incurred is the ARO asset to be depreciated using a systematic and rational allocation method. This amount is also the initial ARO liability before any accretion on the ARO liability to date of implementation and beyond.

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**To record the effect of depreciation on the ARO asset from the time the ARO liability was incurred to implementation**

The ARO asset must be depreciated using a systematic and rational allocation method. This adjustment to the cumulative effect is for the total life to date depreciation that would have occurred if the asset was established at the time the ARO liability was incurred to date of implementation of FAS 143.

**To record the effect of accretion on the ARO liability from the time the liability was incurred to implementation**

The ARO liability must be accreted to the final future value of the ARO liability at the company's risk free rate plus risk premium. This adjustment to the cumulative effect is for the total life to date accretion that would have occurred if the ARO liability was established and accreted from the time the ARO liability was incurred to date of implementation of FAS 143.

**To record the reversal of gross cost of removal liability accrued to date**

Any gross cost of removal liability accrued to date must be reversed from the Balance Sheet and offset against the cumulative effect.

**To record taxes payable or receivable on the net cumulative effect**

The tax effect (based on the company's effective tax rate) of the cumulative effect must be reflected.

**2) Monthly Journal Entries Subsequent to Implementation:** There are a number of journal entries that are required each month to properly reflect the effect of FAS 143 on operations. These journal entries are:

- To record monthly depreciation expense;
- To record monthly accretion expense.

**To record monthly depreciation expense**

Every month, the present value of the future cash flows at the time the liability was first incurred (ARO asset) must be depreciated using a systematic and rational allocation method.

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**To record monthly accretion expense**

Every month, the ARO liability must be accreted to the final future value of the ARO liability at the company's risk free rate plus risk premium.

**3) Settlement of the obligation and the retirement of the initial asset:** There are a number of journal entries that are required at the time the asset for which the ARO is attached is retired and the settlement of the ARO obligation is made to properly reflect the effect of FAS 143 on operations. These journal entries are:

- To record gain or loss on settlement of ARO liability;
- To record retirement of ARO Asset;
- To record retirement on asset for which the ARO is attached.

**To record gain or loss on settlement of ARO liability**

When the ARO liability is settled, any gain or loss resulting from the difference between the ARO liability currently reflected on the Balance Sheet and the total cash outflow must be reflected in operations. Any gain or loss should be reflected when the last cash payment is made and the gain or loss can be accurately calculated.

**To record retirement of ARO Asset**

When the ARO asset is retired the difference between any cash inflow (none for ARO assets) and the net book value of the ARO asset is to be reflected as a gain or loss on the company's Profit & Loss Statement.

**To record retirement on asset for which the ARO is attached**

When the asset for which the ARO is attached is retired any gain or loss is to be reflected on the company's Profit & Loss Statement.

**4) Additional ARO resulting from an increase in ownership percentage:** An increase in ownership percentage may create an additional ARO liability. This additional ARO liability (in current dollars) must be future valued at the anticipated inflation rate to when the projected cash outflows will occur. The additional ARO liability must then be present valued back to the date the additional ARO was incurred (date of ownership percentage change) using the company's risk free rate plus risk premium. This present value of the additional future cash flows is an

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additional layer of ARO asset to be depreciated over the remaining useful life of the asset for which the ARO is attached. A corresponding increase to the ARO liability is also to be made.

## Regulated Operations

As stated earlier in the paper, the impact on regulated entities resulting from FAS 143 (implementation to settlement) will be Profit & Loss neutral and will be reflected as a regulatory asset/liability on the Balance Sheet as long as the recovery of the regulatory asset/liability is probable under FAS 71. Overall, the journal entries required at implementation, subsequent to implementation and settlement are primarily the same except that during implementation any cumulative effect that would have occurred in an unregulated environment would be reflected as a regulatory asset/liability in a regulatory environment and any effect on earnings going forward from implementation that would have been realized in an unregulated environment would be reflected as a regulatory asset/liability in a regulated environment.

**1) Journal Entries Required at Implementation:** There are a number of journal entries required at implementation to properly reflect the effect of FAS 143. These journal entries are:

- To record the initial fair value of the ARO asset and ARO liability;
- To record the effect of depreciation on the ARO asset from the time the ARO liability was incurred to implementation (offset is regulatory asset/liability);
- To record the effect of accretion on the ARO liability from the time the ARO liability was incurred to implementation (offset is regulatory asset/liability);
- To record the reversal of gross cost of removal liability accrued to date (offset is regulatory asset/liability);

### **To record the initial fair value of the ARO asset and ARO liability**

The journal entry to record the initial present value of the ARO asset and the ARO liability at implementation is the same for both regulated and unregulated entities.

Upon implementation of FAS 143, the ARO liability (in current dollars) must be future valued at the anticipated inflation rate to when the projected cash outflows will occur. The ARO liability must then be present valued back to when the liability was first incurred using the company's risk free rate plus risk premium. This present value of the future cash flows at the time the liability was first incurred is the ARO asset to be depreciated using a systematic and rational allocation method. This amount is also the initial ARO liability before any accretion on the ARO liability to date of implementation and beyond.



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**To record the effect of depreciation on the ARO asset from the time the ARO liability was incurred to implementation**

As with unregulated entities, the ARO asset must be depreciated using a systematic and rational allocation method. The total life to date depreciation that would have occurred if the asset was established at the time the ARO liability was incurred to date of implementation of FAS 143 is reflected as a regulatory asset/liability on the regulated entity's Balance Sheet rather than to the cumulative effect.

**To record the effect of accretion on the ARO liability from the time the liability was incurred to implementation**

As with unregulated entities, the ARO liability must be accreted to the final future value of the ARO liability at the company's risk free rate plus risk premium. The total life to date accretion that would have occurred if the ARO liability was established and accreted from the time the ARO liability was incurred to date of implementation of FAS 143 is reflected as a regulatory asset/liability on the regulated entity's Balance Sheet rather than to the cumulative effect.

**To record the reversal of gross cost of removal liability accrued to date**

The gross cost of removal liability accrued to date must be reversed from the Balance Sheet (accumulated depreciation) and offset against the regulatory asset/liability.

**2) Monthly Journal Entries Subsequent to Implementation:** There are a number of journal entries that are required each month to properly reflect the effect of FAS 143 on operations. However, no depreciation on the ARO asset or accretion on the ARO liability is reflected on the regulated entity's Profit and Loss Statement but rather these adjustments are recorded to the regulatory asset/liability on the Balance Sheet as the effect of FAS 143 is Profit & Loss neutral as long as recovery is probable under FAS 71. The entries to reflect both depreciation and accretion expense are originally made to the appropriate expense category. However, the monthly amounts are then adjusted from the expense category to a regulatory asset/liability. These journal entries are:

- To record monthly depreciation expense;
- To record monthly accretion expense.

**To record monthly depreciation expense**

Every month, the present value of the future cash flows at the time the liability was first incurred (ARO asset) must be depreciated using a systematic and rational allocation method. The amount depreciated is to be reclassified to a regulatory asset/liability on the Balance Sheet.

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**To record monthly accretion expense**

Every month, the ARO liability must be accreted to the final future value of the ARO liability at the company's risk free rate plus risk premium. The amount accreted is to be reclassified to a regulatory asset/liability on the Balance Sheet.

**3) Settlement of the obligation and the retirement of the initial asset:** There are a number of journal entries that are required at the time the asset for which the ARO is attached is retired and the settlement of the ARO obligation is made to properly reflect the effect of FAS 143 on operations. However, no gain or loss on the settlement of either the ARO asset or the ARO liability is reflected on the regulated entity's Profit and Loss Statement but rather these adjustments are recorded to the regulatory asset/liability on the Balance Sheet as the effect of FAS 143 is Profit & Loss neutral as long as recovery of the regulatory asset/liability is probable under FAS 71. These journal entries are:

- To record settlement of ARO liability;
- To record retirement of ARO Asset;
- To record retirement on the asset for which the ARO is attached.

**To record settlement of ARO liability**

In a regulated environment, when the ARO liability is settled, the difference between the ARO liability currently reflected on the Balance Sheet and the total cash outflow must be recorded to a regulatory asset/liability on the Balance Sheet. This adjustment should be made when the last cash payment is made and the difference between the ARO liability on the Balance Sheet and total cash outflows can be accurately calculated.

**To record retirement of ARO Asset**

When the ARO asset is retired the difference between any cash inflow (none for ARO assets) and the net book value of the ARO asset is to be recorded to a regulatory asset on the company's Balance Sheet.

**To record retirement on the asset for which the ARO is attached**

When the asset for which the ARO is attached is retired any gain or loss is to be reflected on the company's Profit & Loss Statement.

**4) Additional ARO resulting from an increase in ownership percentage:** As with an unregulated entity any increase in ownership percentage may create an additional ARO liability. This additional ARO liability (in current dollars) must be future valued at the anticipated inflation rate to when the projected cash outflows will occur. The additional ARO liability must then be present valued back to the date the additional ARO was incurred (date of ownership

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percentage change) using the company's risk free rate plus risk premium. This present value of the additional future cash flows is an additional layer of ARO asset to be depreciated over the remaining useful life and method as the asset for which the ARO is attached. A corresponding increase to the initial ARO liability is also to be made.

**Other Considerations (Unregulated and Regulated Operations):**

- The original asset for which the ARO is attached, the ARO asset and the ARO liability must be linked within the General Ledger Systems.
- The original asset for with the ARO is attached, the ARO asset and the ARO liability must be retired at the same time and any gain or loss recognized upon settlement (unregulated).
- Corporate systems should be programmed to record monthly depreciation and accretion expense so that manual entries are not required.
- Accretion on the ARO liability and depreciation on the ARO asset will stop upon settlement.

**See Appendix B for Unregulated and Regulated Operations – ARO Journal Entry Assumptions**

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## Financial Statement Disclosure

1. Requirements of the standard.
2. Transition disclosure requirements
3. Other related disclosure impacts

### 1. Requirements of the standard.

The final stage of implementing Statement 143 is the complying with disclosure requirements (paragraph 22.), which are:

*An entity shall disclose the following information about its asset retirement obligations:*

- a. *A general description of the asset retirement obligations and the associated long-lived assets*
- b. *The fair value of assets that are legally restricted for purposes of settling asset retirement obligations*
- c. *A reconciliation of the beginning and ending aggregate carrying amount of asset retirement obligations showing separately the changes attributable to (1) liabilities incurred in the current period, (2) liabilities settled in the current period, (3) accretion expense, and (4) revisions in estimated cashflows, whenever there is a significant change in one of more of those four components during the reporting period.*

*If the fair value of an asset retirement obligation cannot be reasonably estimated, that fact and the reasons therefore shall be disclosed.*

In the statement, Appendix B, BACKGROUND INFORMATION AND BASIS FOR CONCLUSIONS provides some background information but does not provide any additional guidance on disclosure. If an entity does not have assets that fall within the scope of this standard, there is no disclosure requirement.

For those entities with assets that fall within the scope of the standard, the source of information will obviously be available from the measurement, calculation process, and journal entry process described previously. Without specific guidance, the content and format of the disclosure will likely evolve over time. For many, the disclosure may take the form of a separate footnote. The content and style of disclosure will likely vary depending on such individual circumstances as: number or types of assets or the related obligations, differences in measurement approaches, consolidations of companies and business segments, and the materiality of the details. Other circumstances affecting this disclosure for the gas and electric utility industry will be related to

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application of Statement 71, Accounting for the Effects of Certain Types of Regulation and if the final conclusions by the Federal Energy Regulatory Commission in Docket RM02-7 involves changes in the Uniform System of Accounts to accommodate Statement 143.

## **2. Transition disclosure requirements**

Until this statement is adopted, there is a disclosure requirement for adoption of new accounting pronouncements. Basically, an entity is to provide qualitative or quantitative information as available about the expected impact of implementation, updated quarterly.

## **3. Other related disclosure impacts**

There are additional disclosure issues beyond the requirements of this statement such as other footnotes on property, depreciation, or estimates. Current and proposed disclosure rules of the Securities and Exchange Commission should also be reviewed for additional Statement 143 related disclosures.

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## Record Keeping Issues for FAS 143

EEI does not support specific regulations related to record keeping requirements for ARO's. As companies develop strategies and methods for the implementation and on-going reviews required for this accounting standard, various methods may evolve over time on how ARO's will be determined and measured. Because of this, EEI believes that companies should be allowed flexibility for how they will specifically maintain these records. Basic accounting guidelines require that companies maintain sufficient, detailed records in order to support information provided in financial statements.

EEI has developed some suggested record keeping guidelines that may help companies develop their own policies. They are as follows:

- 1) Documentation of communications with Business Units/Functions. The initial documentation of these discussions should be very detailed and thorough. Each year, a review of this documentation should be done to determine any changes, new issues, etc.
- 2) Documentation of the due diligence analysis provided by the Legal Department as to what is considered a legal obligation and why. This should also include discussions surrounding issues that were ultimately not determined to be legal obligations and why. The legal department should then perform an annual review for any changes, new issues, etc. This should also include a review of the Business Units/Functions documentation referred to in item 1) above.
- 3) Support for all items associated with the calculation of the ARO including, but not limited to, the following:
  - Third-party written estimates and related assumptions  
or  
internal cost estimates including assumptions for profits or mark-up, overheads, market risk premium, etc.
  - Timing of cash outflows
  - Inflation rate
  - Risk-free credit rate
  - Estimated retirement dates
  - Amortization schedules for interest accretion expense
  - Depreciation schedules
- 4) Support for ARO transactions and balances included in the regulatory asset and liability accounts.

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## Appendix A – Multiple Year Cash Flows

# **SFAS No. 143**

# **ARO MODEL**



LG&E Energy Corp.  
Preliminary FAS 143 Journal Entries  
Consolidated Utility

Discount Rate 6.61%  
Inflation Rate 2.10%

Transition Journal Entries @ 01/01/03

	<u>Dr</u>	<u>Cr</u>	
ARO Asset	13,193	-	BS-PV of ARO at in service date
Reg Asset	15,207	-	BS-Accumulated Accretion + Accumulated depreciation at transition Date
Reg Credits	-	15,207	IS- offset to Reg Asset
Extr. Deductions	15,207	-	IS-Cumulative Effect Adjustment
Reg Liability	-	969	BS-Removal cost in excess of FAS 143 amount previously accrued
Acc Depreciation	2,846	2,470	BS-DR previously accrued removal cost. Cr depreciation on ARO asset
ARO Liability	-	27,807	BS-Acc. Accretion at Transition + PV of ARO assets at in service date
	<u>46,453</u>	<u>46,453</u>	

2003 Post implementation Journal Entries

	<u>Dr</u>	<u>Cr</u>	
Accretion Expense	1,838	0	IS-Annual Accretion expense on ARO liability
Depreciation Expense	293	0	IS-Annual depreciation expense on ARO Asset
Reg Assets	2,131	-	BS-SFAS 71 amount of recovery probable in future regulatory proceedings
Acc Depreciation	-	293	BS-Annual depreciation expense on ARO Asset
ARO Liability	-	1,838	BS-Annual Accretion expense on ARO liability
Reg Credits	-	2,131	IS- Offset to Reg Asset
	<u>4,263</u>	<u>4,263</u>	

**LG&E Energy Corp.**  
**Preliminary FAS 143 Journal Entries**  
**Kentucky Utilities Company- Utility**

Discount Rate 6.61%  
Inflation Rate 2.10%

**Transition Journal Entries @ 01/01/03**

	<u>Dr</u>	<u>Cr</u>
ARO Asset	8,608	-
Reg Asset	9,926	-
Reg Credits	-	9,926
Extr. Deductions	9,926	-
Reg Liability	-	910
Acc Depreciation	2,388	1,536
ARO Liability	-	18,477
	30,849	30,849

**2003 Post implementation Journal Entries**

	<u>Dr</u>	<u>Cr</u>
Accretion Expense	1,221	0
Depreciation Expense	176	0
Reg Assets	1,397	-
Acc Depreciation	-	176
ARO Liability	-	1,221
Reg Credits	-	1,397
	2,794	2,795

**LG&E Energy Corp.**  
**Preliminary FAS 143 Journal Entries**  
**Louisville Gas and Electric Company-Utility**

Discount Rate            6.61%  
Inflation Rate            2.10%

**Transition Journal Entries @ 01/01/03**

	<u>Dr</u>	<u>Cr</u>
ARO Asset	4,585	-
Reg Asset	5,281	-
Reg Credits	-	5,281
Extr. Deductions	5,281	-
Reg Liability	-	59
Acc Depreciation	458	934
ARO Liability	-	9,330
	15,604	15,604

**2003 Post implementation Journal Entries**

	<u>Dr</u>	<u>Cr</u>
Accretion Expense	617	-
Depreciation Expense	117	-
Reg Assets	734	-
Acc Depreciation	-	117
ARO Liability	-	617
Reg Credits	-	734
	1,468	1,468

**CALCULATION OF FASB 143 "PENSION" RETIREMENT OBLIGATION  
and Transition** at 01/01/2003

**Lehigh Valley Electric Company**

Estimated Settlement Cost Current \$ 23,866  
PV of Estimated Settlement Cost at 2.10% Inflation 41,982  
PV Settlement Cost at 6.61% Discount Rate 4,545

Transition Journal Entries @ 01/01/03  
ARO Asset 616.7  
Reg Asset 117.4  
Est. Deductions 734.2  
Reg Liability 117.4  
Acc Depreciation 616.7  
ARO Liability 734.2  
1,482.31 1,482.31

2003 Post Implementation Journal Entries  
Accretion Expense 616.7  
Depreciation Expense 117.4  
Reg Assets 734.2  
Acc Depreciation 117.4  
ARO Liability 616.7  
Reg Credits 734.2  
1,482.31 1,482.31

	2001	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
<b>ASCERTAINABLE EVENTS</b>																									
Cane Run	177	188	201	214	228	243	259	277	295	314	335	357	381	406	432	459	488	518	549	581	614	648	683	70	
Mid Creek	308	378	350	373	398	424	452	482	514	548	584	621	661	701	741	781	821	861	901	941	981	1,021	1,061	70	
Timber Cove	132	141	150	159	170	182	195	207	220	235	250	267	284	303	323	345	369	394	420	447	474	501	529	70	
Annual Accretion	617	657	701	747	797	848	903	963	1,029	1,097	1,170	1,247	1,329	1,417	1,510	1,609	1,717	1,836	1,965	2,105	2,256	2,419	2,594	70	
<b>TRANSITION EVENTS</b>																									
Cane Run	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	65	
Mid Creek	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	65	
Timber Cove	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	65	
Annual Distribution	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	65	
<b>Total Deprec.</b>	734	775	819	865	914	967	1,023	1,083	1,147	1,215	1,287	1,364	1,447	1,535	1,627	1,720	1,818	1,920	2,027	2,140	2,259	2,384	2,515	1,210	
Regulatory Credits	724	775	819	865	914	967	1,023	1,083	1,147	1,215	1,287	1,364	1,447	1,535	1,627	1,720	1,818	1,920	2,027	2,140	2,259	2,384	2,515	1,210	
Total PB Effect/GE																									

**Kembsky Utilities Company**

Estimated Settlement Cost Current \$ 46,640  
PV of Estimated Settlement Cost at 2.10% Inflation 71,740  
PV Settlement Cost at 6.61% Discount Rate 6,508

Transition Journal Entries @ 01/01/03  
ARO Asset 6,508  
Reg Asset 9,228  
Est. Deductions 9,228  
Reg Liability 9,228  
Acc Depreciation 1,238  
ARO Liability 10,466  
30,848.11 30,848.11

2003 Post Implementation Journal Entries  
Accretion Expense 6,508  
Depreciation Expense 9,228  
Reg Assets 9,228  
Acc Depreciation 1,238  
ARO Liability 10,466  
Reg Credits 10,466  
27,944.85 27,944.85

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
<b>ASCERTAINABLE EVENTS</b>																									
Cher	487	509	544	581	620	661	704	750	797	847	899	954	1,011	1,071	1,134	1,200	1,269	1,341	1,416	1,494	1,575	1,659	1,746	76.38	
Brown	317	339	363	389	417	446	477	509	542	577	614	653	694	737	782	829	878	929	982	1,037	1,094	1,153	1,214	76.38	
Tyree	39	42	46	50	54	59	64	69	74	79	84	89	94	99	104	109	114	119	124	129	134	139	144	76.38	
Green River	354	382	407	434	462	492	525	560	597	637	678	721	766	813	861	911	962	1,015	1,070	1,127	1,185	1,245	1,306	76.38	
Annual Accretion	1,271	1,307	1,388	1,440	1,578	1,682	1,783	1,812	2,038	2,173	2,316	2,469	2,633	2,807	2,993	3,191	3,401	3,624	3,861	4,113	4,380	4,663	4,962	76.38	
<b>TRANSITION EVENTS</b>																									
Cher	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	84.51	76.38	
Brown	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	71.56	76.38	
Tyree	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	76.38	
Green River	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	76.38	
Annual Distribution	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	76.38	
<b>Total Deprec.</b>	1,307	1,478	1,584	1,696	1,754	1,838	1,969	2,087	2,214	2,349	2,492	2,645	2,808	2,983	3,169	3,368	3,580	3,805	4,044	4,297	4,565	4,848	5,146	76.38	
Regulatory Credits	1,297	1,478	1,584	1,696	1,754	1,838	1,969	2,087	2,214	2,349	2,492	2,645	2,808	2,983	3,169	3,368	3,580	3,805	4,044	4,297	4,565	4,848	5,146	76.38	
Total PB Effect/GE																									

**CALCULATION OF FASS 143 PSC RETIREMENT OBLIGATION  
 at 01/01/2003**

Description	Estimated Settlement Cost Current & PV Settlement Cost at 5.51% Discount Rate		Transition Journal Entries @ 01/01/03		2003 Post Implementation Journal Entries																						
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025				
ARO Asset																											
Reg Asset	1,618	1,860	2,088	2,307	2,514	2,714	2,911	3,087	3,247	3,370	3,458	3,516	3,562	3,602	3,632	3,642	3,637	3,624	3,604	3,578	3,547	3,512	3,475	3,435	3,392		
Accrual	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	791	
Est. Disburse																											
Reg Liability																											
Act. Depreciation																											
ARO Liability																											
Total	2,409	2,651	2,879	3,104	3,305	3,485	3,658	3,815	3,953	4,070	4,156	4,212	4,254	4,292	4,326	4,356	4,381	4,401	4,417	4,429	4,437	4,441	4,442	4,441	4,437	4,431	
Regulatory Credits																											
Total IPS Benefit	2,409	2,651	2,879	3,104	3,305	3,485	3,658	3,815	3,953	4,070	4,156	4,212	4,254	4,292	4,326	4,356	4,381	4,401	4,417	4,429	4,437	4,441	4,442	4,441	4,437	4,431	

Total Utility Operations  
ARO Journal Entries  
(\$000's)

DESCRIPTION	Annual Amount	
	DEBIT	CREDIT
<b>JOURNAL ENTRIES REQUIRED AT IMPLEMENTATION</b>		
Long Lived Assets - ARO - (New Account)	13,193	
COR Liability Accrued to Date	2,846	
Regulatory Asset	15,207	
Cumulative effect	15,207	
Regulatory Credits		15,207
Regulatory Liability (New Account)		969
Accumulated Depreciation of ARO Asset - (New Account)		2,470
ARO Liability - (New Account)		27,807
	46,453	46,453
<i>To record the implementation of FAS 143</i>		
Long Lived Assets - ARO - BS Account 317	13,193	
ARO Liability - BS Account 230		13,193
<i>To record the initial present value of ARO liability</i>		
<p>Upon implementation of FAS 143, the ARO liability (in current dollars) must be future valued at the anticipated inflation rate. The ARO liability must then be present valued back to when the liability was incurred using risk free rate plus risk premium at the time the liability was incurred.</p> <p>The ARO asset is valued at the present value of the liability at the time the liability is incurred.</p>		
Cumulative Effect Adjustment - IS Account 435	2,470	
Accumulated Depreciation of ARO Asset - BS Account 108		2,470
<i>To record accumulated depreciation on ARO assets</i>		
<p>Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Cumulative Effect Adjustment - IS Account 435	14,614	
ARO Liability - BS Account 230		14,614
<i>To record accumulated accretion on ARO liability</i>		
<p>The total accretion expense that would have been incurred if the liability was accreted from the time the liability was incurred to date.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Accumulated Deprecation - BS Account 108	2,846	
Regulatory Liability - BS Account 254		969
Cumulative Effect Adjustment - IS Account 435		1,877
<i>To reclassify existing Cost of Removal</i>		
<p>The COR liability currently reflected on the Balance Sheet must be fully reversed from the reserve.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Regulatory Assets - BS Account 182.3	15,207	
Regulatory Credits - IS Account 407		15,207
<i>Because ARO costs qualify for SFAS 71 treatment The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</i>		

Louisville Gas and Electric Company  
ARO Journal Entries  
(\$000's)

DESCRIPTION	Annual Amount	
	DEBIT	CREDIT
<b>JOURNAL ENTRIES REQUIRED AT IMPLEMENTATION</b>		
Long Lived Assets - ARO - (New Account)	4,585	
COR Liability Accrued to Date	458	
Regulatory Asset	5,281	
Cumulative effect	5,281	
Regulatory Credits		5,281
Regulatory Liability (New Account)		59
Accumulated Depreciation of ARO Asset - (New Account)		934
ARO Liability - (New Account)		9,330
	15,604	15,604
<i>To record the implementation of FAS 143</i>		
Long Lived Assets - ARO - BS Account 317	4,585	
ARO Liability - BS Account 230		4,585
<i>To record the initial present value of ARO liability</i>		
<p>Upon implementation of FAS 143, the ARO liability (in current dollars) must be future valued at the anticipated inflation rate. The ARO liability must then be present valued back to when the liability was incurred using risk free rate plus risk premium at the time the liability was incurred.</p> <p>The ARO asset is valued at the present value of the liability at the time the liability is incurred.</p>		
Cumulative Effect Adjustment - IS Account 435	934	
Accumulated Depreciation of ARO Asset - BS Account 108		934
<i>To record accumulated depreciation on ARO assets</i>		
<p>Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Cumulative Effect Adjustment - IS Account 435	4,745	
ARO Liability - BS Account 230		4,745
<i>To record accumulated accretion on ARO liability</i>		
<p>The total accretion expense that would have been incurred if the liability was accreted from the time the liability was incurred to date.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Accumulated Deprecation- BS Account 108	458	
Regulatory Liability - BS Account 254		59
Cumulative Effect Adjustment - IS Account 435		398
<i>To reclassify existing Cost of Removal</i>		
<p>The COR liability currently reflected on the Balance Sheet must be fully reversed from the reserve.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Regulatory Assets - BS Account 182.3	5,281	
Regulatory Credits - IS Account 407		5,281
<i>Because ARO costs qualify for SFAS 71 treatment The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</i>		

Louisville Gas and Electric Company  
ARO Journal Entries  
(\$000's)

DESCRIPTION	Annual Amounts	
	DEBIT	CREDIT
<b>JOURNAL ENTRIES SUBSEQUENT TO IMPLEMENTATION</b>		
Depreciation Expense - IS Account 403.1 Accumulated Depreciation of ARO Asset - BS Account 108.1 <u>To record monthly depreciation expense</u>  Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.	117.44	117.44
Regulatory Asset Account- BS Account 182.3 Regulatory Credits - IS Account 407 <u>To reverse monthly depreciation to regulatory asset/liability (Utility is I/S Neutral)</u>  The monthly depreciation expense must be reflected against a Regulatory Asset so that all effects of FAS 143 are Income Statement neutral.	117.44	117.44
Accretion Expense - IS Account 411.1 ARO Liability - BS Account 230 <u>To record monthly accretion expense on ARO liability</u>  The liability at implementation must be accreted to the anticipated cash outlay.	616.71	616.71
Regulatory Asset Account- BS Account 182.3 Regulatory Credits - IS Account 407 <u>To reverse monthly accretion expense to regulatory asset/liability (Utility is I/S neutral)</u>  The monthly depreciation expense must be reflected against a Regulatory Asset so that all effects of FAS 143 are Income Statement neutral.	616.71	616.71
Depreciation Expense Accumulated Depreciation <u>To record monthly depreciation expense on underlying asset to which ARO related</u>  The underlying asset to which the ARO is attached is already in G/L systems and is shown for illustrative purposes. The original asset must somehow be linked to the ARO asset, the ARO Liability and the Regulatory Asset / Liability.	xxxx	xxxx



Kentucky Utilities Company  
ARO Journal Entries  
(\$000's)

DESCRIPTION	Annual Amount	
	DEBIT	CREDIT
<b>JOURNAL ENTRIES REQUIRED AT IMPLEMENTATION</b>		
Long Lived Assets - ARO - (New Account)	8,608	
COR Liability Accrued to Date	2,388	
Regulatory Asset	9,926	
Cumulative effect	9,926	
Regulatory Credits		9,926
Regulatory Liability (New Account)		910
Accumulated Depreciation of ARO Asset - (New Account)		1,536
ARO Liability - (New Account)		18,477
	30,849	30,849
<i>To record the implementation of FAS 143</i>		
Long Lived Assets - ARO - BS Account 317	8,608	
ARO Liability - BS Account 230		8,608
<i>To record the initial present value of ARO liability</i>		
<p>Upon implementation of FAS 143, the ARO liability (in current dollars) must be future valued at the anticipated inflation rate. The ARO liability must then be present valued back to when the liability was incurred using risk free rate plus risk premium at the time the liability was incurred.</p> <p>The ARO asset is valued at the present value of the liability at the time the liability is incurred.</p>		
Cumulative Effect Adjustment - IS Account 435	1,536	
Accumulated Depreciation of ARO Asset - BS Account 108		1,536
<i>To record accumulated depreciation on ARO assets</i>		
<p>Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Cumulative Effect Adjustment - IS Account 435	9,869	
ARO Liability - BS Account 230		9,869
<i>To record accumulated accretion on ARO liability</i>		
<p>The total accretion expense that would have been incurred if the liability was accreted from the time the liability was incurred to date.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Accumulated Deprecation- BS Account 108	2,388	
Regulatory Liability - BS Account 254		910
Cumulative Effect Adjustment - IS Account 435		1,478
<i>To reclassify existing Cost of Removal</i>		
<p>The COR liability currently reflected on the Balance Sheet must be fully reversed from the reserve.</p> <p>The cumulative affect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</p>		
Regulatory Assets - BS Account 182.3	9,926	
Regulatory Credits - IS Account 407		9,926
<i>Because ARO costs qualify for SFAS 71 treatment The cumulative effect adjustment is offset by a credit to other regulatory credits (Account 407) and a debit to Regulatory assets (Account 182.3)</i>		

Kentucky Utilities Company  
 ARO Journal Entries  
 (\$000's)

DESCRIPTION	Annual Amounts	
	DEBIT	CREDIT
<b>PART II JOURNAL ENTRIES SUBSEQUENT TO IMPLEMENTATION</b>		
Depreciation Expense - IS Account 403.1 Accumulated Depreciation of ARO Asset - BS Account 108.1 <u>To record monthly depreciation expense</u>  Assumes the ARO Asset is depreciated over the same life and method as the asset for which the ARO is attached.	176	176
Regulatory Asset Account- BS Account 182.3 Regulatory Credits - IS Account 407 <u>To reverse monthly depreciation to regulatory asset/liability (Utility is I/S Neutral)</u>  The monthly depreciation expense must be reflected against a Regulatory Asset so that all effects of FAS 143 are Income Statement neutral.	176	176
Accretion Expense - IS Account 411.1 ARO Liability - BS Account 230 <u>To record monthly accretion expense on ARO liability</u>  The liability at implementation must be accreted to the anticipated cash outlay.	1,221	1,221
Regulatory Asset Account- BS Account 182.3 Regulatory Credits - IS Account 407 <u>To reverse monthly accretion expense to regulatory asset/liability (Utility is I/S neutral)</u>  The monthly depreciation expense must be reflected against a Regulatory Asset so that all effects of FAS 143 are Income Statement neutral.	1,221	1,221
Depreciation Expense Accumulated Depreciation <u>To record monthly depreciation expense on underlying asset to which ARO related</u>  The underlying asset to which the ARO is attached is already in G/L systems and is shown for illustrative purposes. The original asset must somehow be linked to the ARO asset, the ARO Liability and the Regulatory Asset / Liability.	xxxx	xxxx

Kentucky Utilities Company  
CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)

Brown Generating Station	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026		
																									Estimated Settlement Cost Current \$	Inflation
Ash Pond	314.65	335.46	357.83	381.27	408.48	433.34	461.99	492.53	525.06	559.79	598.78	639.24	678.30	723.13	770.83	821.69	875.00	931.00	989.00	1049.00	1111.00	1175.00	1241.00	1309.00	1379.00	
Reaction Sources	0.51	0.54	0.58	0.61	0.66	0.70	0.74	0.79	0.85	0.90	0.96	1.03	1.09	1.17	1.24	1.32	1.41	1.50	1.60	1.70	1.81	1.92	2.04	2.16	2.29	
B1 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B2 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B3 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B4 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B5 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B6 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B7 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B8 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B9 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B10 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B11 GCU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
B12 Fuel Oil Tanks	4.47	4.77	5.08	5.42	5.77	6.16	6.59	7.00	7.48	7.95	8.48	9.04	9.64	10.27	10.95	11.68	12.45	13.27	14.14	15.06	16.02	17.03	18.09	19.20	20.36	
Station Fuel Oil Piping	0.54	0.57	0.61	0.65	0.70	0.74	0.78	0.84	0.90	0.96	1.02	1.09	1.18	1.24	1.32	1.41	1.50	1.60	1.70	1.81	1.92	2.04	2.16	2.29	2.42	
CT Fuel Oil Piping	0.78	0.83	0.89	0.95	1.01	1.08	1.15	1.23	1.31	1.39	1.48	1.58	1.69	1.80	1.92	2.04	2.18	2.32	2.48	2.64	2.82	2.99	3.18	3.37	3.57	
B13 Sewage Treatment Plant	0.37	0.41	0.45	0.49	0.54	0.59	0.64	0.69	0.75	0.81	0.87	0.94	1.01	1.08	1.15	1.23	1.31	1.40	1.49	1.59	1.69	1.80	1.91	2.02	2.14	
B14 Coal Storage	0.32	0.34	0.36	0.38	0.41	0.44	0.47	0.50	0.53	0.56	0.60	0.64	0.68	0.73	0.78	0.83	0.88	0.93	0.99	1.04	1.10	1.16	1.22	1.28	1.35	
B15 Coal Reclamation Pond	1.90	2.03	2.18	2.30	2.48	2.62	2.79	2.98	3.17	3.36	3.61	3.85	4.10	4.37	4.68	4.97	5.30	5.63	6.00	6.38	6.79	7.22	7.68	8.16	8.67	
Annual Accretion	5.86	6.25	6.67	7.11	7.58	8.09	8.61	9.19	9.79	10.43	11.12	11.86	12.64	13.48	14.37	15.32	16.33	17.40	18.53	19.72	20.98	22.31	23.71	25.18	26.72	
	330.79	359.05	382.76	405.09	435.06	463.82	494.48	527.17	562.01	599.18	638.76	680.50	725.00	773.99	825.15	879.66	937.63	1000.00	1068.00	1141.00	1219.00	1302.00	1391.00	1486.00	1587.00	
Transition Journal Entries @ 01/01/03																										
ARO Asset																										
Reg Credits																										
Extr. Deductions																										
Reg Liabilities																										
Acc Depreciation																										
ARO Liability																										
Transition Journal Entries																										
Accretion Exp																										
Depreciation																										
Reg Assets																										
ACC Depreciation																										
ARO Liability																										
Reg Credits																										
	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69	816.69

Kentucky Utilities Company  
CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Depreciation Expenses</b>																								
Ash Pond	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43	68.43
Radiation Sources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B1 GUSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B2 GUSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B3 GUSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CT5 GUSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CT6 GUSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CT7 GUSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CT8 GUSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CT9 GUSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CT10 GUSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CT11 GUSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BR 3 Fuel Oil Tanks	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34
CT9 Fuel Oil Piping	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35
Station Fuel Oil Piping	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
CT Fuel Oil Piping	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Lab	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
BR3 Sewage Treatment Plant	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Br 1 Coal Storage	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Coal Pile Retention Pond	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
<b>Annual Depreciation</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>	<b>71.56</b>
<b>Total Depr./Accret.</b>	<b>408.35</b>	<b>430.61</b>	<b>454.34</b>	<b>479.64</b>	<b>506.62</b>	<b>535.38</b>	<b>566.04</b>	<b>598.72</b>	<b>633.57</b>	<b>670.71</b>	<b>710.32</b>	<b>752.54</b>	<b>797.55</b>	<b>846.54</b>	<b>898.70</b>	<b>951.25</b>	<b>1,004.75</b>	<b>1,060.04</b>	<b>1,117.60</b>	<b>1,177.28</b>	<b>1,238.04</b>	<b>1,300.00</b>	<b>1,363.32</b>	<b>1,428.00</b>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
**and Transition entries at 01/01/2003**  
 (\$'000's)

Location Brown 1  
 Asset Ash Pond  
 Asset Number 114424

Asset Original cost	13,208
Reg Depr Rate	2.90%
Salvage Rate	0.65%
GAAP Depr. Rate	2.25%
Year Installed	1995
Retirement Date	2018
Asset Life	23
Age at 12/2002	7
Rem Life at 12/2002	16
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3945
ARO current \$	9506
Inflation Adjusted ARO	13256
PV @ IS Year	3041.28

Journal Entries @ 01/01/03

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	3041.28		
Regulatory Asset-182.3	1597.14		1,597.14
Reg Credits-407.4		1597.14	
Ex. Deductions-435	1597.14		
Reg Liability-254		0.00	
Acc Depreciation-108	600.96	479.00	
ARO Liability-230		4760.39	
	6836.54	6,836.54	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1996	1	3041.28	201.03	3,242.31	68.43	-	297.18	85.85	383.03	566.64	(183.61)
1997	2	3242.31	214.32	3,456.63	68.43	-	297.18	85.85	383.03	579.93	(196.89)
1998	3	3456.63	228.48	3,685.11	68.43	-	297.18	85.85	383.03	594.09	(211.06)
1999	4	3685.11	243.59	3,928.70	68.43	-	297.18	85.85	383.03	609.19	(226.16)
2000	5	3928.70	259.69	4,188.39	68.43	-	297.18	85.85	383.03	625.30	(242.26)
2001	6	4188.39	276.85	4,465.24	68.43	-	297.18	85.85	383.03	642.46	(259.43)
2002	7	4465.24	295.15	4,760.39	68.43	-	297.18	85.85	383.03	660.76	(277.73)
2003	8	4760.39	314.66	5,075.05	68.43	383.09	297.18	85.85	451.46	680.27	(228.81)
2004	9	5075.05	335.46	5,410.51	68.43	403.89	297.18	85.85	451.46	701.07	(249.61)
2005	10	5410.51	357.63	5,768.15	68.43	426.06	297.18	85.85	451.46	723.24	(271.78)
2006	11	5768.15	381.27	6,149.42	68.43	449.70	297.18	85.85	451.46	746.88	(295.42)
2007	12	6149.42	406.48	6,555.90	68.43	474.91	297.18	85.85	451.46	772.09	(320.62)
2008	13	6555.90	433.34	6,989.24	68.43	501.77	297.18	85.85	451.46	798.95	(347.49)
2009	14	6989.24	461.99	7,451.23	68.43	530.42	297.18	85.85	451.46	827.60	(376.14)
2010	15	7451.23	492.53	7,943.76	68.43	560.96	297.18	85.85	451.46	858.14	(406.67)
2011	16	7943.76	525.08	8,468.84	68.43	593.51	297.18	85.85	451.46	890.69	(439.23)
2012	17	8468.84	559.79	9,028.63	68.43	628.22	297.18	85.85	451.46	925.40	(473.94)
2013	18	9028.63	596.79	9,625.43	68.43	665.22	297.18	85.85	451.46	962.40	(510.94)
2014	19	9625.43	636.24	10,261.67	68.43	704.67	297.18	85.85	451.46	1,001.85	(550.39)
2015	20	10261.67	678.30	10,939.96	68.43	746.73	297.18	85.85	451.46	1,043.91	(592.44)
2016	21	10939.96	723.13	11,663.09	68.43	791.56	297.18	85.85	451.46	1,088.74	(637.28)
2017	22	11663.09	770.93	12,434.03	68.43	839.36	297.18	85.85	451.46	1,136.54	(685.08)
2018	23	12434.03	821.89	13,255.91	68.43	890.32	297.18	86.85	451.46	1,187.50	(736.04)
2019	24	0.00	-	-	-	-	-	-	-	-	-
2020	25	0.00	-	-	-	-	-	-	-	-	-
2021	26	0.00	-	-	-	-	-	-	-	-	-
2022	27	0.00	-	-	-	-	-	-	-	-	-
2023	28	0.00	-	-	-	-	-	-	-	-	-





**CALCULATION OF FASB 143 ASSETER RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location Asset	Asset Number	Brown Generating Station Unit 3 Radiation Sources Not related to specific asset #	6.33	0.42	6.75	0.04	0.000	-	-	-	0.45	(0.45)
	2001	30	6.75	0.45	7.20	0.04	0.000	-	-	-	0.48	(0.48)
	2002	31	7.20	0.48	7.67	0.04	0.000	-	-	-	0.51	(0.51)
	2003	32	7.67	0.51	8.18	0.04	0.543	-	-	0.04	0.54	(0.51)
	2004	33	8.18	0.54	8.72	0.04	0.577	-	-	0.04	0.58	(0.54)
	2005	34	8.72	0.58	9.30	0.04	0.612	-	-	0.04	0.61	(0.58)
	2006	35	9.30	0.61	9.91	0.04	0.650	-	-	0.04	0.65	(0.61)
	2007	36	9.91	0.66	10.57	0.04	0.691	-	-	0.04	0.69	(0.66)
	2008	37	10.57	0.70	11.27	0.04	0.734	-	-	0.04	0.73	(0.70)
	2009	38	11.27	0.74	12.01	0.04	0.780	-	-	0.04	0.78	(0.74)
	2010	39	12.01	0.79	12.80	0.04	0.830	-	-	0.04	0.83	(0.79)
	2011	40	12.80	0.85	13.65	0.04	0.882	-	-	0.04	0.88	(0.85)
	2012	41	13.65	0.90	14.55	0.04	0.94	-	-	0.04	0.94	(0.90)
	2013	42	14.55	0.96	15.52	0.04	1.00	-	-	0.04	1.00	(0.96)
	2014	43	15.52	1.03	16.54	0.04	1.06	-	-	0.04	1.06	(1.03)
	2015	44	16.54	1.09	17.63	0.04	1.13	-	-	0.04	1.13	(1.09)
	2016	45	17.63	1.17	18.80	0.04	1.20	-	-	0.04	1.20	(1.17)
	2017	46	18.80	1.24	20.04	0.04	1.28	-	-	0.04	1.28	(1.24)
	2018	47	20.04	1.32	21.37	0.04	1.36	-	-	0.04	1.36	(1.32)
	2019	48	21.37	1.41	22.78	0.04	1.45	-	-	0.04	1.45	(1.41)
	2020	49	-	-	-	-	-	-	-	-	-	-
	2021	50	-	-	-	-	-	-	-	-	-	-
	2022	51	-	-	-	-	-	-	-	-	-	-
	2023	52	-	-	-	-	-	-	-	-	-	-
	2024	53	-	-	-	-	-	-	-	-	-	-
	2025	54	-	-	-	-	-	-	-	-	-	-
	2026	55	-	-	-	-	-	-	-	-	-	-
	2027	56	-	-	-	-	-	-	-	-	-	-
	2028	57	-	-	-	-	-	-	-	-	-	-
	2029	58	-	-	-	-	-	-	-	-	-	-
	2030	59	-	-	-	-	-	-	-	-	-	-
	2031	60	-	-	-	-	-	-	-	-	-	-
	2032	61	-	-	-	-	-	-	-	-	-	-
	2033	62	-	-	-	-	-	-	-	-	-	-
	2034	63	-	-	-	-	-	-	-	-	-	-
	2035	64	-	-	-	-	-	-	-	-	-	-
	2036	65	-	-	-	-	-	-	-	-	-	-
	2037	66	-	-	-	-	-	-	-	-	-	-
	2038	67	-	-	-	-	-	-	-	-	-	-
	2039	68	-	-	-	-	-	-	-	-	-	-
	2040	69	-	-	-	-	-	-	-	-	-	-
	2041	70	-	-	-	-	-	-	-	-	-	-
			<u>21.73</u>			<u>1.72</u>	<u>15.715</u>		<u>0.61</u>	<u>23.44</u>		<u>(22.85)</u>



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$'000's)

Location: Brown Generating Station  
Asset: B1 GSU Transformer  
Asset Number: 058941

Asset Original cost	283
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1958
Retirement Date	2018
Asset Life	60
Age at 12/2002	44
Rem Life at 12/2002	16
Disc Rate	6.61%
Inflation Rate	2.10%
Initiation Factor	1.3945
ARO current \$	0
Inflation Adjusted ARO	0
PV @ 1% Year	0.00

Journal Entries @ 01/01/03	Transition Entry	Reg Asset/(Reg Liability)
ARO Asset-317	Dr 0.00	
Regulatory Asset-182.3	Cr 0.00	
Reg Credits-407.4		(38.60)
Ex. Deductions-435		
Reg Liability-254		
Acc Depreciation-108	38.60	
ARO Liability-230		
	38.60	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost		
1959	1	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1960	2	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1961	3	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1962	4	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1963	5	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1964	6	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1965	7	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1966	8	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1967	9	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1968	10	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1969	11	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1970	12	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1971	13	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1972	14	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1973	15	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1974	16	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1975	17	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1976	18	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1977	19	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1978	20	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1979	21	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1980	22	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1981	23	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1982	24	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1983	25	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1984	26	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1985	27	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1986	28	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1987	29	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1988	30	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1989	31	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1990	32	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1991	33	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1992	34	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1993	35	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1994	36	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1995	37	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1996	38	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1997	39	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1998	40	0.00	-	-	-	-	5.38	0.88	6.25	0.88
1999	41	0.00	-	-	-	-	5.38	0.88	6.25	0.88
2000	42	0.00	-	-	-	-	5.38	0.88	6.25	0.88



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$000's)

Location Brown Generating Station  
Asset E2 G.S.U Transformer  
Asset Number 059009

Asset	Original Cost	Reg. Asset/(Reg. Liability)
Asset Original cost	231	
Reg Depr Rate	2.21%	
Salvage Rate	0.31%	
GAAP Depr. Rate	1.90%	
Year installed	1963	
Retirement Date	2018	
Asset Life	55	(27.93)
Age at 12/2002	39	
Rem Life at 12/2002	16	
Disc Rate	6.61%	
Inflation Rate	2.10%	
Inflation Factor	1.3945	
ARO current \$	0	
Inflation Adjusted ARO	0	
PV @ IS Year	0.00	

**Journal Entries @ 01/01/03**

Transition Entry	Dr	Cr
ARO Asset-317	0.00	
Regulatory Asset-182.3	0.00	
Reg Credits-407.4		0.00
Ex. Deductions-435		27.93
Reg Liability-254	27.93	
Acc Depreciation-108		0.00
ARO Liability-230		27.93

Cal Year	Year	GAAP		Regulatory		Annual Income Statement Effect	Regulatory Removal Cost	Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation					
1984	1	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1985	2	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1986	3	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1987	4	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1988	5	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1989	6	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1990	7	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1991	8	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1992	9	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1993	10	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1994	11	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1995	12	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1996	13	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1997	14	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1998	15	0.00	-	-	-	-	0.72	5.11	4.39	0.72
1999	16	0.00	-	-	-	-	0.72	5.11	4.39	0.72
2000	17	0.00	-	-	-	-	0.72	5.11	4.39	0.72
2001	18	0.00	-	-	-	-	0.72	5.11	4.39	0.72
2002	19	0.00	-	-	-	-	0.72	5.11	4.39	0.72
2003	20	0.00	-	-	-	-	0.72	5.11	4.39	0.72
2004	21	0.00	-	-	-	-	0.72	5.11	4.39	0.72
2005	22	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	23	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	24	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	25	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	26	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	27	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	28	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	29	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	30	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	31	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	32	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	33	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	34	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	35	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	36	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	37	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	38	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	39	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	40	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	41	0.00	-	-	-	-	0.72	5.11	4.39	0.72
	42	0.00	-	-	-	-	0.72	5.11	4.39	0.72



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Brown Generating Station  
B3 GSU Transformer  
062433

Asset Original cost	600
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1972
Retirement Date	2019
Asset Life	47
Age at 12/2002	30
Rem Life at 12/2002	17
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.4238
ARO current \$	0
Inflation Adjusted ARO	0
PV @ 1% Year	0.00

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4		0.00	(55.80)
Ex. Deductions-435	0.00		
Acc Depreciation-108	55.80		
ARO Liability-230		0.00	
	55.80	55.80	

Cal Year	Year	Liability Balance		GAAP		Regulatory		Total GAAP	Total Regulatory	Regulatory (Asset)/Liability
		1-Jan	31-Dec	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect			
1973	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1974	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1975	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1976	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1977	5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1978	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1979	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1980	8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990	18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1991	19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1992	20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1993	21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1994	22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1995	23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1996	24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1998	26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1999	27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2000	28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2001	29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2002	30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2003	31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004	32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2005	33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006	34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2007	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2008	36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2009	37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010	38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011	39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012	40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013	41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2014	42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003

1763547 ARO P

Brown Generating Station  
CT5 GSU Transformer  
na

Location	933
Asset	2.21%
Asset Number	0.31%
Asset Original cost	1.90%
Reg Depr. Rate	2001
Salvage Rate	2029
GAAP Depr. Rate	28
Year Installed	1
Retirement Date	27
Asset Life	6.61%
Age at 12/2002	1.7526
Rem Life at 12/2002	0
Disc Rate	0
Inflation Rate	0.00
Inflation Factor	1.7526
APO current \$	0
Inflation Adjusted ARO	0
PV @ 15 Year	0.00

Journal Entries @ 01/01/03

Transition Entry	Dr	Cr	Reg Asset/(Reg Liability)
ARO Asset-317	0.00		
Reg Credis-407.4	0.00		(2.89)
Ex. Deductions-435	0.00		
Reg Liability-254	2.89		
Acc Depreciation-108		2.89	
ARO Liability-230			
	2.89		

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Annual Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost		
2002	1	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2003	2	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2004	3	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2005	4	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2006	5	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2007	6	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2008	7	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2009	8	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2010	9	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2011	10	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2012	11	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2013	12	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2014	13	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2015	14	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2016	15	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2017	16	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2018	17	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2019	18	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2020	19	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2021	20	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2022	21	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2023	22	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2024	23	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2025	24	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2026	25	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2027	26	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2028	27	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2029	28	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2030	29	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2031	30	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2032	31	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2033	32	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2034	33	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2035	34	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2036	35	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2037	36	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2038	37	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2039	38	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2040	39	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2041	40	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2042	41	0.00	-	-	-	-	17.73	2.89	17.73	2.89
2043	42	0.00	-	-	-	-	17.73	2.89	17.73	2.89





**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$000's)

Location: Brown Generating Station  
Asset: CT6 GSU Transformer  
Asset Number: 142246

Asset Original cost	575
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1999
Retirement Date	2028
Asset Life	29
Age at 12/31/02	3
Rem. Life at 12/31/02	26
Disc Rate	6.61%
Inflation Rate	2.10%
Liability Factor	1.7166
ARO current \$	0
Inflation-Adjusted ARO	0
PV @ 15 Year	0.00

Journal Entries @ 01/01/03

	DR	CR	Reg. Asset/(Reg. Liability)
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		
Reg. Credits-407.4		0.00	(5.35)
Ex. Deductions-435	0.00		
Reg. Liability-254		5.35	
Acc. Depreciation-108	5.35		
ARO Liability-230		0.00	
	5.35	5.35	

Cal Year	Year	Liability Balance		Annual Accretion	GAAP		Annual Depreciation	Income Statement Effect	Regulatory		Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
		1-Jan	31-Dec		Annual Depreciation	Removal Cost			Depreciation				
2000	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2001	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2002	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2003	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2004	5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2005	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2006	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2007	8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2008	9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2009	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2010	11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2011	12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2012	13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2013	14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2014	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2015	16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2016	17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2017	18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2018	19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2019	20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2020	21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2021	22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2022	23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2023	24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2024	25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2025	26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2026	27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2027	28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2028	29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2029	30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2030	31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2031	32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2032	33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2033	34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2034	35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2035	36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2036	37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2037	38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2038	39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2039	40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78
2040	41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.93	1.78	12.71	10.93	1.78



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$000's)

Location: Brown Generating Station  
Asset: C17 GSU Transformer  
Asset Number: 142247

Asset Original cost	572
Reg Depr Rate	2.21%
Sevage Rate	0.31%
GAAP Depr Rate	1.90%
Year Installed	1989
Retirement Date	2029
Asset Life	30
Age at 12/2002	3
Rem Life at 12/2002	27
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.7526
ARO current \$	0
Inflation Adjusted ARO	0
PV @ 15 Year	0.00

**Journal Entries @ 01/01/03**

	GAAP	Transition Entry	Regulatory
ARO Asset-317	Dr	0.00	Cr
Regulatory Asset-182.3		0.00	
Reg. Liab-407.4			
Exp. Dispositions-435		0.00	
Reg Liability-254		0.00	
Acc Depreciation-108		5.32	
ARO Liability-230		0.00	
		5.32	5.32

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory	
2000	1	0.00					10.87	1.77	12.64	10.87
2001	2	0.00					10.87	1.77	12.64	10.87
2002	3	0.00					10.87	1.77	12.64	10.87
2003	4	0.00					10.87	1.77	12.64	10.87
2004	5	0.00					10.87	1.77	12.64	10.87
2005	6	0.00					10.87	1.77	12.64	10.87
2006	7	0.00					10.87	1.77	12.64	10.87
2007	8	0.00					10.87	1.77	12.64	10.87
2008	9	0.00					10.87	1.77	12.64	10.87
2009	10	0.00					10.87	1.77	12.64	10.87
2010	11	0.00					10.87	1.77	12.64	10.87
2011	12	0.00					10.87	1.77	12.64	10.87
2012	13	0.00					10.87	1.77	12.64	10.87
2013	14	0.00					10.87	1.77	12.64	10.87
2014	15	0.00					10.87	1.77	12.64	10.87
2015	16	0.00					10.87	1.77	12.64	10.87
2016	17	0.00					10.87	1.77	12.64	10.87
2017	18	0.00					10.87	1.77	12.64	10.87
2018	19	0.00					10.87	1.77	12.64	10.87
2019	20	0.00					10.87	1.77	12.64	10.87
2020	21	0.00					10.87	1.77	12.64	10.87
2021	22	0.00					10.87	1.77	12.64	10.87
2022	23	0.00					10.87	1.77	12.64	10.87
2023	24	0.00					10.87	1.77	12.64	10.87
2024	25	0.00					10.87	1.77	12.64	10.87
2025	26	0.00					10.87	1.77	12.64	10.87
2026	27	0.00					10.87	1.77	12.64	10.87
2027	28	0.00					10.87	1.77	12.64	10.87
2028	29	0.00					10.87	1.77	12.64	10.87
2029	30	0.00					10.87	1.77	12.64	10.87
2030	31	0.00					10.87	1.77	12.64	10.87
2031	32	0.00					10.87	1.77	12.64	10.87
2032	33	0.00					10.87	1.77	12.64	10.87
2033	34	0.00					10.87	1.77	12.64	10.87
2034	35	0.00					10.87	1.77	12.64	10.87
2035	36	0.00					10.87	1.77	12.64	10.87
2036	37	0.00					10.87	1.77	12.64	10.87
2037	38	0.00					10.87	1.77	12.64	10.87
2038	39	0.00					10.87	1.77	12.64	10.87
2039	40	0.00					10.87	1.77	12.64	10.87
2040	41	0.00					10.87	1.77	12.64	10.87



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$000's)

Location: Brown Generating Station  
Asset: C18 GSU Transformer  
Asset Number: 137939

Reg Original cost	821
Reg Depr Rate	2.21%
Salvage Rate	1.031%
GAAP Depr. Rate	1.90%
Year Installed	1983
Retirement Date	2024
Asset Life	31
Age at 12/2002	6
Rem Life at 12/2002	25
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.5797
ARO current \$	0
Inflation Adjusted ARO	0
PV @ 1% Year	0.00

Journal Entries @ 01/01/03

Description	Transition Entry		Eq. Asset/(Eq. Liability)
	Dr	Cr	
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4		0.00	(25.70)
Eq. Reductions-435	0.00		
Acc Depreciation-108	25.70		
ARO Liability-230		25.70	
	25.70	25.70	

Cal Year	Year	GAAP		Regulatory		Annual Income Statement Effect	Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
		Liability Balance 1-Jan	Annual Accrion	Liability Balance 31-Dec	Annual Depreciation				
1984	1	0.00	-	-	-	-	20.35	17.50	2.86
1985	2	0.00	-	-	-	-	20.35	17.50	2.86
1986	3	0.00	-	-	-	-	20.35	17.50	2.86
1987	4	0.00	-	-	-	-	20.35	17.50	2.86
1988	5	0.00	-	-	-	-	20.35	17.50	2.86
1989	6	0.00	-	-	-	-	20.35	17.50	2.86
2000	7	0.00	-	-	-	-	20.35	17.50	2.86
2001	8	0.00	-	-	-	-	20.35	17.50	2.86
2002	9	0.00	-	-	-	-	20.35	17.50	2.86
2003	10	0.00	-	-	-	-	20.35	17.50	2.86
2004	11	0.00	-	-	-	-	20.35	17.50	2.86
2005	12	0.00	-	-	-	-	20.35	17.50	2.86
2008	13	0.00	-	-	-	-	20.35	17.50	2.86
2007	14	0.00	-	-	-	-	20.35	17.50	2.86
2008	15	0.00	-	-	-	-	20.35	17.50	2.86
2009	16	0.00	-	-	-	-	20.35	17.50	2.86
2010	17	0.00	-	-	-	-	20.35	17.50	2.86
2011	18	0.00	-	-	-	-	20.35	17.50	2.86
2012	19	0.00	-	-	-	-	20.35	17.50	2.86
2013	20	0.00	-	-	-	-	20.35	17.50	2.86
2014	21	0.00	-	-	-	-	20.35	17.50	2.86
2015	22	0.00	-	-	-	-	20.35	17.50	2.86
2016	23	0.00	-	-	-	-	20.35	17.50	2.86
2017	24	0.00	-	-	-	-	20.35	17.50	2.86
2018	25	0.00	-	-	-	-	20.35	17.50	2.86
2019	26	0.00	-	-	-	-	20.35	17.50	2.86
2020	27	0.00	-	-	-	-	20.35	17.50	2.86
2021	28	0.00	-	-	-	-	20.35	17.50	2.86
2022	29	0.00	-	-	-	-	20.35	17.50	2.86
2023	30	0.00	-	-	-	-	20.35	17.50	2.86
2024	31	0.00	-	-	-	-	20.35	17.50	2.86
2025	32	0.00	-	-	-	-	20.35	17.50	2.86
2026	33	0.00	-	-	-	-	20.35	17.50	2.86
2027	34	0.00	-	-	-	-	20.35	17.50	2.86
2028	35	0.00	-	-	-	-	20.35	17.50	2.86
2029	36	0.00	-	-	-	-	20.35	17.50	2.86
2030	37	0.00	-	-	-	-	20.35	17.50	2.86
2031	38	0.00	-	-	-	-	20.35	17.50	2.86
2032	39	0.00	-	-	-	-	20.35	17.50	2.86
2033	40	0.00	-	-	-	-	20.35	17.50	2.86
2034	41	0.00	-	-	-	-	20.35	17.50	2.86



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$000's)

Location: Brown Generative Station  
Asset: C19 GSU Transformer  
Asset Number: 137840

Asset Original cost	940
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1993
Retirement Date	2024
Asset Life	31
Age at 12/2002	9
Rem Life at 12/2002	22
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.5707
ARO current \$	0
Inflation Adjusted ARO	0
PV @ 15 Year	0.00

Journal Entries @ 01/01/03

	Transition Entry	Reg. Asset/(Reg. Liability)
	Dr	Cr
ARO Asset-317	0.00	
Regulatory Asset-182.3	0.00	
Reg Credits-407.4		0.00
Ex. Deductions-435		25.23
Reg Liability-254	25.23	
ARO Liability-230		0.00
	<u>25.23</u>	<u>25.23</u>

Cal Year	Year	Liability Balance 1-Jan	GAAP		Regulatory		Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
			Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect			
1994	1	0.00	-	-	-	-	0.00	-	-
1995	2	0.00	-	-	-	-	0.00	-	-
1996	3	0.00	-	-	-	-	0.00	-	-
1997	4	0.00	-	-	-	-	0.00	-	-
1998	5	0.00	-	-	-	-	0.00	-	-
1999	6	0.00	-	-	-	-	0.00	-	-
2000	7	0.00	-	-	-	-	0.00	-	-
2001	8	0.00	-	-	-	-	0.00	-	-
2002	9	0.00	-	-	-	-	0.00	-	-
2003	10	0.00	-	-	-	-	0.00	-	-
2004	11	0.00	-	-	-	-	0.00	-	-
2005	12	0.00	-	-	-	-	0.00	-	-
2006	13	0.00	-	-	-	-	0.00	-	-
2007	14	0.00	-	-	-	-	0.00	-	-
2008	15	0.00	-	-	-	-	0.00	-	-
2009	16	0.00	-	-	-	-	0.00	-	-
2010	17	0.00	-	-	-	-	0.00	-	-
2011	18	0.00	-	-	-	-	0.00	-	-
2012	19	0.00	-	-	-	-	0.00	-	-
2013	20	0.00	-	-	-	-	0.00	-	-
2014	21	0.00	-	-	-	-	0.00	-	-
2015	22	0.00	-	-	-	-	0.00	-	-
2016	23	0.00	-	-	-	-	0.00	-	-
2017	24	0.00	-	-	-	-	0.00	-	-
2018	25	0.00	-	-	-	-	0.00	-	-
2019	26	0.00	-	-	-	-	0.00	-	-
2020	27	0.00	-	-	-	-	0.00	-	-
2021	28	0.00	-	-	-	-	0.00	-	-
2022	29	0.00	-	-	-	-	0.00	-	-
2023	30	0.00	-	-	-	-	0.00	-	-
2024	31	0.00	-	-	-	-	0.00	-	-
2025	32	0.00	-	-	-	-	0.00	-	-
2026	33	0.00	-	-	-	-	0.00	-	-
2027	34	0.00	-	-	-	-	0.00	-	-
2028	35	0.00	-	-	-	-	0.00	-	-
2029	36	0.00	-	-	-	-	0.00	-	-
2030	37	0.00	-	-	-	-	0.00	-	-
2031	38	0.00	-	-	-	-	0.00	-	-
2032	39	0.00	-	-	-	-	0.00	-	-
2033	40	0.00	-	-	-	-	0.00	-	-
2034	41	0.00	-	-	-	-	0.00	-	-





**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$000's)

Location: Brown Generating Station  
Asset: CT10 GSUB Transformer  
Asset Number: 114313

Asset Original cost	275
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1995
Retirement Date	2024
Asset Life	29
Age at 12/31/02	7
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.5797
ARO current \$	0
Inflation Adjusted ARO	0
PV @ IS Year	0.00

Journal Entries @ 01/01/03		Transition Entry		Reg Asset/(Reg Liability)	
ARO Asset-317		Dr	Cr		
Regulatory Asset-182.3		0.00			
Reg Credits-407.4		0.00			
Ex. Deductions-435		0.00			(18.99)
Reg Liability-234		18.99			
Acc Depreciation-108					
ARO Liability-230					
		18.99	18.99		

Cal Year	Year	Liability Balance 1-Jan	GAAP		Annual Income Statement Effect	Regulatory		Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
			Annual Accretion	Liability Balance 31-Dec		Depreciation	Removal Cost			
1996	1	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
1997	2	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
1998	3	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
1999	4	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2000	5	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2001	6	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2002	7	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2003	8	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2004	9	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2005	10	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2006	11	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2007	12	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2008	13	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2009	14	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2010	15	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2011	16	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2012	17	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2013	18	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2014	19	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2015	20	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2016	21	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2017	22	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2018	23	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2019	24	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2020	25	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2021	26	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2022	27	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2023	28	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2024	29	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2025	30	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2026	31	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2027	32	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2028	33	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2029	34	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2030	35	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2031	36	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2032	37	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2033	38	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2034	39	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2035	40	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71
2036	41	0.00	-	-	-	16.63	2.71	19.34	16.63	2.71



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location: Brown Generating Station  
Asset: CT11 G5U Transformer  
Asset Number: 123128

Asset Original cost	946
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1996
Retirement Date	2025
Asset Life	29
Age at 12/2002	6
Rem Life at 12/2002	23
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.6126
ARO current \$	0
Inflation Adjusted ARO	0
PV @ 15 Year	0.30

Journal Entries @ 01/01/03		Transition Entry		Reg. Asset/Reg. Liability	
	Dr	Cr			
ARO Asset-317	0.00				
Regulatory Asset-182.3	0.00				
Reg Credits-407.4					(17.60)
Ex. Deductions-435	0.00				
Reg Liability-254					
Acc Depreciation-108	17.60				
ARO Liability-200					
	17.60		17.60		

Call Year	Year	GAAP		Regulatory		Total GAAP	Total Regulatory	Regulatory (Asset)/Liability
		Liability Balance 1-Jan	Annual Accrion	Liability Balance 31-Dec	Annual Depreciation			
1997	1	0.00	-	-	-	17.97	2.93	2.93
1998	2	0.00	-	-	-	17.97	2.93	2.93
1999	3	0.00	-	-	-	17.97	2.93	2.93
2000	4	0.00	-	-	-	17.97	2.93	2.93
2001	5	0.00	-	-	-	17.97	2.93	2.93
2002	6	0.00	-	-	-	17.97	2.93	2.93
2003	7	0.00	-	-	-	17.97	2.93	2.93
2004	8	0.00	-	-	-	17.97	2.93	2.93
2005	9	0.00	-	-	-	17.97	2.93	2.93
2006	10	0.00	-	-	-	17.97	2.93	2.93
2007	11	0.00	-	-	-	17.97	2.93	2.93
2008	12	0.00	-	-	-	17.97	2.93	2.93
2009	13	0.00	-	-	-	17.97	2.93	2.93
2010	14	0.00	-	-	-	17.97	2.93	2.93
2011	15	0.00	-	-	-	17.97	2.93	2.93
2012	16	0.00	-	-	-	17.97	2.93	2.93
2013	17	0.00	-	-	-	17.97	2.93	2.93
2014	18	0.00	-	-	-	17.97	2.93	2.93
2015	19	0.00	-	-	-	17.97	2.93	2.93
2016	20	0.00	-	-	-	17.97	2.93	2.93
2017	21	0.00	-	-	-	17.97	2.93	2.93
2018	22	0.00	-	-	-	17.97	2.93	2.93
2019	23	0.00	-	-	-	17.97	2.93	2.93
2020	24	0.00	-	-	-	17.97	2.93	2.93
2021	25	0.00	-	-	-	17.97	2.93	2.93
2022	26	0.00	-	-	-	17.97	2.93	2.93
2023	27	0.00	-	-	-	17.97	2.93	2.93
2024	28	0.00	-	-	-	17.97	2.93	2.93
2025	29	0.00	-	-	-	17.97	2.93	2.93
2026	30	0.00	-	-	-	17.97	2.93	2.93
2027	31	0.00	-	-	-	17.97	2.93	2.93
2028	32	0.00	-	-	-	17.97	2.93	2.93
2029	33	0.00	-	-	-	17.97	2.93	2.93
2030	34	0.00	-	-	-	17.97	2.93	2.93
2031	35	0.00	-	-	-	17.97	2.93	2.93
2032	36	0.00	-	-	-	17.97	2.93	2.93
2033	37	0.00	-	-	-	17.97	2.93	2.93
2034	38	0.00	-	-	-	17.97	2.93	2.93
2035	39	0.00	-	-	-	17.97	2.93	2.93
2036	40	0.00	-	-	-	17.97	2.93	2.93
2037	41	0.00	-	-	-	17.97	2.93	2.93



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$'000's)

Location: Brown Generating Station 3  
Asset: Station Fuel Oil Piping  
Asset Number: Not related to specific asset #

Asset Original cost	-
Reg Depr Rate	3.91%
Salvage Rate	0.52%
GAAP Depr. Rate	3.39%
Year Installed	1971
Retirement Date	2019
Asset Life	48
Age at 12/2002	31
Rem Life at 12/2002	17
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.4238
ARO current \$	17
Inflation Adjusted ARO	24
PV @ IS Year	1.12

Journal Entries @ 01/01/03

	Transition Entry		Reg Asset/(Reg Liability)
	DR	CR	
ARO Asset-317	1.12		
Regulatory Asset-162.3	8.21		8.21
Reg Credits-407.4		8.21	
Ex. Deductions-435	8.21		
Reg Liability-254		0.00	0.00
Acc Depreciation-108		1.18	1.18
ARO Liability-230		8.15	8.15
	17.54		17.54

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost		
1972	1	1.12	0.07	1.20	0.04	0.000	-	-	0.11	(0.11)
1973	2	1.20	0.08	1.27	0.04	0.000	-	-	0.12	(0.12)
1974	3	1.27	0.08	1.36	0.04	0.000	-	-	0.12	(0.12)
1975	4	1.36	0.09	1.45	0.04	0.000	-	-	0.13	(0.13)
1976	5	1.45	0.10	1.54	0.04	0.000	-	-	0.13	(0.13)
1977	6	1.54	0.10	1.65	0.04	0.000	-	-	0.14	(0.14)
1978	7	1.65	0.11	1.75	0.04	0.000	-	-	0.15	(0.15)
1979	8	1.75	0.12	1.87	0.04	0.000	-	-	0.15	(0.15)
1980	9	1.87	0.12	1.99	0.04	0.000	-	-	0.16	(0.16)
1981	10	1.99	0.13	2.13	0.04	0.000	-	-	0.17	(0.17)
1982	11	2.13	0.14	2.27	0.04	0.000	-	-	0.18	(0.18)
1983	12	2.27	0.15	2.42	0.04	0.000	-	-	0.19	(0.19)
1984	13	2.42	0.16	2.58	0.04	0.000	-	-	0.20	(0.20)
1985	14	2.58	0.17	2.75	0.04	0.000	-	-	0.21	(0.21)
1986	15	2.75	0.18	2.93	0.04	0.000	-	-	0.22	(0.22)
1987	16	2.93	0.19	3.12	0.04	0.000	-	-	0.23	(0.23)
1988	17	3.12	0.21	3.33	0.04	0.000	-	-	0.24	(0.24)
1989	18	3.33	0.22	3.55	0.04	0.000	-	-	0.26	(0.26)
1990	19	3.55	0.23	3.78	0.04	0.000	-	-	0.27	(0.27)
1991	20	3.78	0.25	4.03	0.04	0.000	-	-	0.29	(0.29)
1992	21	4.03	0.27	4.30	0.04	0.000	-	-	0.30	(0.30)
1993	22	4.30	0.28	4.58	0.04	0.000	-	-	0.32	(0.32)
1994	23	4.58	0.30	4.89	0.04	0.000	-	-	0.34	(0.34)
1995	24	4.89	0.32	5.21	0.04	0.000	-	-	0.36	(0.36)
1996	25	5.21	0.34	5.55	0.04	0.000	-	-	0.38	(0.38)
1997	26	5.55	0.37	5.92	0.04	0.000	-	-	0.41	(0.41)
1998	27	5.92	0.39	6.31	0.04	0.000	-	-	0.43	(0.43)
1999	28	6.31	0.42	6.73	0.04	0.000	-	-	0.46	(0.46)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
 and Transition entries at 01/01/2003  
 (\$'000's)**

Location Asset	Asset Number	Brown Generating Station 3 Station Fuel Oil Piping Not related to specific asset #	7.17	0.04	0.000	0.48	(0.48)
2000	29	6.73	0.44	0.04	0.000	0.48	(0.48)
2001	30	7.17	0.47	0.04	0.000	0.51	(0.51)
2002	31	7.65	0.51	0.04	0.000	0.54	(0.54)
2003	32	8.15	0.54	0.04	0.577	0.58	(0.54)
2004	33	8.69	0.57	0.04	0.613	0.61	(0.57)
2005	34	9.27	0.61	0.04	0.651	0.65	(0.61)
2006	35	9.88	0.65	0.04	0.691	0.69	(0.65)
2007	36	10.53	0.70	0.04	0.734	0.73	(0.70)
2008	37	11.23	0.74	0.04	0.780	0.78	(0.74)
2009	38	11.97	0.79	0.04	0.829	0.83	(0.79)
2010	39	12.76	0.84	0.04	0.882	0.88	(0.84)
2011	40	13.61	0.90	0.04	0.937	0.94	(0.90)
2012	41	14.50	0.96	0.04	1.00	1.00	(0.96)
2013	42	15.46	1.02	0.04	1.06	1.06	(1.02)
2014	43	16.49	1.09	0.04	1.13	1.13	(1.09)
2015	44	17.58	1.16	0.04	1.20	1.20	(1.16)
2016	45	18.74	1.24	0.04	1.28	1.28	(1.24)
2017	46	19.98	1.32	0.04	1.36	1.36	(1.32)
2018	47	21.30	1.41	0.04	1.45	1.45	(1.41)
2019	48	22.70	1.50	0.04	1.54	1.54	(1.50)
2020	49						
2021	50						
2022	51						
2023	52						
2024	53						
2025	54						
2026	55						
2027	56						
2028	57						
2029	58						
2030	59						
2031	60						
2032	61						
2033	62						
2034	63						
2035	64						
2036	65						
2037	66						
2038	67						
2039	68						
2040	69						
2041	70						
		<u>23.08</u>		<u>1.82</u>	<u>16.697</u>	<u>24.91</u>	<u>(24.26)</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$'000's)

Location: Brown Generating Station  
Asset: BR 3 Fuel Oil Tanks  
Asset Number: 102462

Asset Original cost	9
Reg Depr Rate	3.91%
Salvage Rate	0.52%
GAAP Depr. Rate	3.39%
Year Installed	1972
Retirement Date	2019
Asset Life	47
Age at 12/2002	30
Rem Life at 12/2002	17
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.4238
ARO current \$	141
Inflation Adjusted ARO	201
PV @ IS Year	9.91

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	9.91		
Regulatory Asset-182.3	66.39		
Reg Credits-407.4		66.39	
Ex. Deductions-435	66.39		
Reg Liability-254		0.00	
Acc Depreciation-108	1.40		
ARO Liability-230		67.62	
	144.09	144.09	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1973	1	9.91	0.66	10.57	0.34	-	0.31	0.05	0.35	1.30	(0.94)
1974	2	10.57	0.70	11.27	0.34	-	0.31	0.05	0.35	1.34	(0.99)
1975	3	11.27	0.74	12.01	0.34	-	0.31	0.05	0.35	1.39	(1.03)
1976	4	12.01	0.79	12.80	0.34	-	0.31	0.05	0.35	1.43	(1.08)
1977	5	12.80	0.85	13.65	0.34	-	0.31	0.05	0.35	1.49	(1.14)
1978	6	13.65	0.90	14.55	0.34	-	0.31	0.05	0.35	1.54	(1.19)
1979	7	14.55	0.96	15.51	0.34	-	0.31	0.05	0.35	1.60	(1.25)
1980	8	15.51	1.03	16.54	0.34	-	0.31	0.05	0.35	1.67	(1.31)
1981	9	16.54	1.09	17.63	0.34	-	0.31	0.05	0.35	1.73	(1.38)
1982	10	17.63	1.17	18.80	0.34	-	0.31	0.05	0.35	1.81	(1.45)
1983	11	18.80	1.24	20.04	0.34	-	0.31	0.05	0.35	1.88	(1.53)
1984	12	20.04	1.32	21.37	0.34	-	0.31	0.05	0.35	1.97	(1.61)
1985	13	21.37	1.41	22.78	0.34	-	0.31	0.05	0.35	2.05	(1.70)
1986	14	22.78	1.51	24.28	0.34	-	0.31	0.05	0.35	2.15	(1.79)
1987	15	24.28	1.61	25.89	0.34	-	0.31	0.05	0.35	2.25	(1.89)
1988	16	25.89	1.71	27.60	0.34	-	0.31	0.05	0.35	2.35	(2.00)
1989	17	27.60	1.82	29.43	0.34	-	0.31	0.05	0.35	2.47	(2.11)
1990	18	29.43	1.95	31.37	0.34	-	0.31	0.05	0.35	2.59	(2.23)
1991	19	31.37	2.07	33.44	0.34	-	0.31	0.05	0.35	2.71	(2.36)
1992	20	33.44	2.21	35.65	0.34	-	0.31	0.05	0.35	2.85	(2.50)
1993	21	35.65	2.36	38.01	0.34	-	0.31	0.05	0.35	3.00	(2.65)
1994	22	38.01	2.51	40.52	0.34	-	0.31	0.05	0.35	3.15	(2.80)
1995	23	40.52	2.68	43.20	0.34	-	0.31	0.05	0.35	3.32	(2.97)
1996	24	43.20	2.86	46.06	0.34	-	0.31	0.05	0.35	3.50	(3.14)
1997	25	46.06	3.04	49.10	0.34	-	0.31	0.05	0.35	3.69	(3.33)
1998	26	49.10	3.25	52.35	0.34	-	0.31	0.05	0.35	3.89	(3.53)
1999	27	52.35	3.46	55.81	0.34	-	0.31	0.05	0.35	4.10	(3.75)
2000	28	55.81	3.69	59.50	0.34	-	0.31	0.05	0.35	4.33	(3.98)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
 and Transition entries at 01/01/2003  
 (\$000's)**

Location Asset Asset Number	Brown Generating Station BR 3 Fuel Oil Tanks 102462	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70						
		59.50	63.43	67.62	72.09	76.86	81.94	87.35	93.13	99.28	105.85	112.84	120.30	128.25	136.73	145.77	155.40	165.68	176.63	188.30	200.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		3.93	4.19	4.47	4.77	5.08	5.42	5.77	6.16	6.56	7.00	7.46	7.95	8.48	9.04	9.64	10.27	10.95	11.68	12.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34		
		0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05		
		0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	
		4.57	4.83	5.11	5.41	5.72	6.06	6.42	6.80	7.20	7.64	8.10	8.59	9.12	9.68	10.28	10.91	11.59	12.32	13.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		(4.22)	(4.48)	(4.72)	(5.03)	(5.37)	(5.73)	(6.11)	(6.52)	(6.95)	(7.41)	(7.91)	(8.43)	(8.99)	(9.59)	(10.23)	(10.90)	(11.63)	(12.40)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		190.84	15.79	138.840	14.34	22.25	220.97	(199.72)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			



**CALCULATION OF FASB 143 ASS-L RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Location Brown Generating Station  
Asset C19 Fuel Oil Tanks  
Asset Number 114355

Asset Original cost	424
Reg Depr Rate	3.39%
Salvage Rate	0.00%
GAAP Depr. Rate	3.39%
Year Installed	1995
Retirement Date	2024
Asset Life	29
Age at 12/2002	7
Rem Life at 12/2002	22
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.5797
ARO current \$	281
Initiation Adjusted ARO	444
PV @ IS Year	69.36

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	69.36		
Regulatory Asset-182.3	55.67		55.67
Reg Credits-407.4		55.67	
Ex. Deductions-435	55.67		
Reg Liability-254		0.00	
Acc Depreciation-108	0.00		
ARO Liability-230		108.57	
	180.70	180.70	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost		
1996	1	69.36	4.58	73.95	2.35	-	14.37	-	21.31	(6.94)
1997	2	73.95	4.89	78.84	2.35	-	14.37	-	21.61	(7.24)
1998	3	78.84	5.21	84.05	2.35	-	14.37	-	21.94	(7.56)
1999	4	84.05	5.56	89.60	2.35	-	14.37	-	22.28	(7.91)
2000	5	89.60	5.92	95.53	2.35	-	14.37	-	22.65	(8.27)
2001	6	95.53	6.31	101.84	2.35	-	14.37	-	23.04	(8.67)
2002	7	101.84	6.73	108.57	2.35	-	14.37	-	23.46	(9.08)
2003	8	108.57	7.18	115.75	2.35	9.53	14.37	-	23.90	(7.18)
2004	9	115.75	7.65	123.40	2.35	10.00	14.37	-	24.38	(7.65)
2005	10	123.40	8.16	131.56	2.35	10.51	14.37	-	24.88	(8.16)
2006	11	131.56	8.70	140.25	2.35	11.05	14.37	-	25.42	(8.70)
2007	12	140.25	9.27	149.52	2.35	11.62	14.37	-	26.00	(9.27)
2008	13	149.52	9.88	159.41	2.35	12.23	14.37	-	26.61	(9.88)
2009	14	159.41	10.54	169.94	2.35	12.89	14.37	-	27.26	(10.54)
2010	15	169.94	11.23	181.18	2.35	13.58	14.37	-	27.96	(11.23)
2011	16	181.18	11.98	193.15	2.35	14.33	14.37	-	28.70	(11.98)
2012	17	193.15	12.77	205.92	2.35	15.12	14.37	-	29.49	(12.77)
2013	18	205.92	13.61	219.53	2.35	15.96	14.37	-	30.34	(13.61)
2014	19	219.53	14.51	234.04	2.35	16.86	14.37	-	31.24	(14.51)
2015	20	234.04	15.47	249.51	2.35	17.82	14.37	-	32.20	(15.47)
2016	21	249.51	16.49	266.00	2.35	18.84	14.37	-	33.22	(16.49)
2017	22	266.00	17.58	283.59	2.35	19.93	14.37	-	34.31	(17.58)
2018	23	283.59	18.75	302.33	2.35	21.10	14.37	-	35.47	(18.75)
2019	24	302.33	19.98	322.32	2.35	22.34	14.37	-	36.71	(19.98)
2020	25	322.32	21.31	343.62	2.35	23.66	14.37	-	38.03	(21.31)
2021	26	343.62	22.71	366.34	2.35	25.06	14.37	-	39.44	(22.71)
2022	27	366.34	24.21	390.55	2.35	26.57	14.37	-	40.94	(24.21)
2023	28	390.55	25.82	416.37	2.35	28.17	14.37	-	42.54	(25.82)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**

(\$000's)

Location Asset Asset Number	Brown Generating Station C19 Fuel Oil Tanks 114355									
2024	29	416.37	27.52	443.89	2.35	29.87	14.37	16.73	44.25	(27.52)
2025	30	-	-	-	-	-	-	-	-	-
2026	31	-	-	-	-	-	-	-	-	-
2027	32	-	-	-	-	-	-	-	-	-
2028	33	-	-	-	-	-	-	-	-	-
2029	34	-	-	-	-	-	-	-	-	-
2030	35	-	-	-	-	-	-	-	-	-
2031	36	-	-	-	-	-	-	-	-	-
2032	37	-	-	-	-	-	-	-	-	-
2033	38	-	-	-	-	-	-	-	-	-
2034	39	-	-	-	-	-	-	-	-	-
2035	40	-	-	-	-	-	-	-	-	-
2036	41	-	-	-	-	-	-	-	-	-
2037	42	-	-	-	-	-	-	-	-	-
2038	43	-	-	-	-	-	-	-	-	-
2039	44	-	-	-	-	-	-	-	-	-
2040	45	-	-	-	-	-	-	-	-	-
2041	46	-	-	-	-	-	-	-	-	-
2042	47	-	-	-	-	-	-	-	-	-
2043	48	-	-	-	-	-	-	-	-	-
2044	49	-	-	-	-	-	-	-	-	-
2045	50	-	-	-	-	-	-	-	-	-
2046	51	-	-	-	-	-	-	-	-	-
2047	52	-	-	-	-	-	-	-	-	-
2048	53	-	-	-	-	-	-	-	-	-
2049	54	-	-	-	-	-	-	-	-	-
2050	55	-	-	-	-	-	-	-	-	-
2051	56	-	-	-	-	-	-	-	-	-
2052	57	-	-	-	-	-	-	-	-	-
2053	58	-	-	-	-	-	-	-	-	-
2054	59	-	-	-	-	-	-	-	-	-
2055	60	-	-	-	-	-	-	-	-	-
2056	61	-	-	-	-	-	-	-	-	-
2057	62	-	-	-	-	-	-	-	-	-
2058	63	-	-	-	-	-	-	-	-	-
2059	64	-	-	-	-	-	-	-	-	-
2060	65	-	-	-	-	-	-	-	-	-
2061	66	-	-	-	-	-	-	-	-	-
2062	67	-	-	-	-	-	-	-	-	-
2063	68	-	-	-	-	-	-	-	-	-
2064	69	-	-	-	-	-	-	-	-	-
		<b>374.52</b>		<b>68.19</b>	<b>387.047</b>	<b>416.83</b>	<b>468.57</b>	<b>659.55</b>	<b>(390.98)</b>	

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Location Brown Generating Station CT 11  
Asset CT Fuel Oil Piping  
Asset Number Not related to specific asset #

Asset Original cost	-
Reg Depr Rate	3.55%
Salvage Rate	0.00%
GAAP Depr. Rate	3.55%
Year Installed	1971
Retirement Date	2025
Asset Life	54
Age at 12/2002	31
Rem Life at 12/2002	23
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.6128
ARO current \$	32
Inflation Adjusted ARO	52
PV @ IS Year	1.63

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	1.63		
Regulatory Asset-182.3	12.00		12.00
Reg Credits-407.4		12.00	
Ex. Deductions-435	12.00		
Reg Liability-254		0.00	0.00
Acc Depreciation-108		1.79	
ARO Liability-230		11.84	
	25.64	25.64	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Regulatory		
1972	1	1.63	0.11	1.74	0.06	0.00	-	-	0.17	(0.17)	
1973	2	1.74	0.11	1.85	0.06	0.00	-	-	0.17	(0.17)	
1974	3	1.85	0.12	1.97	0.06	0.00	-	-	0.18	(0.18)	
1975	4	1.97	0.13	2.10	0.06	0.00	-	-	0.19	(0.19)	
1976	5	2.10	0.14	2.24	0.06	0.00	-	-	0.20	(0.20)	
1977	6	2.24	0.15	2.39	0.06	0.00	-	-	0.21	(0.21)	
1978	7	2.39	0.16	2.55	0.06	0.00	-	-	0.22	(0.22)	
1979	8	2.55	0.17	2.72	0.06	0.00	-	-	0.23	(0.23)	
1980	9	2.72	0.18	2.90	0.06	0.00	-	-	0.24	(0.24)	
1981	10	2.90	0.19	3.09	0.06	0.00	-	-	0.25	(0.25)	
1982	11	3.09	0.20	3.29	0.06	0.00	-	-	0.26	(0.26)	
1983	12	3.29	0.22	3.51	0.06	0.00	-	-	0.28	(0.28)	
1984	13	3.51	0.23	3.74	0.06	0.00	-	-	0.29	(0.29)	
1985	14	3.74	0.25	3.99	0.06	0.00	-	-	0.31	(0.31)	
1986	15	3.99	0.26	4.25	0.06	0.00	-	-	0.32	(0.32)	
1987	16	4.25	0.28	4.53	0.06	0.00	-	-	0.34	(0.34)	
1988	17	4.53	0.30	4.83	0.06	0.00	-	-	0.36	(0.36)	
1989	18	4.83	0.32	5.15	0.06	0.00	-	-	0.38	(0.38)	
1990	19	5.15	0.34	5.49	0.06	0.00	-	-	0.40	(0.40)	
1991	20	5.49	0.36	5.86	0.06	0.00	-	-	0.42	(0.42)	
1992	21	5.86	0.39	6.24	0.06	0.00	-	-	0.44	(0.44)	
1993	22	6.24	0.41	6.66	0.06	0.00	-	-	0.47	(0.47)	
1994	23	6.66	0.44	7.10	0.06	0.00	-	-	0.50	(0.50)	
1995	24	7.10	0.47	7.56	0.06	0.00	-	-	0.53	(0.53)	
1996	25	7.56	0.50	8.06	0.06	0.00	-	-	0.56	(0.56)	
1997	26	8.06	0.53	8.60	0.06	0.00	-	-	0.59	(0.59)	
1998	27	8.60	0.57	9.17	0.06	0.00	-	-	0.63	(0.63)	
1999	28	9.17	0.61	9.77	0.06	0.00	-	-	0.66	(0.66)	

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Location Asset Asset Number	Brown Generating Station CT 11 CT Fuel Oil Piping Not related to specific asset #	9.77	0.65	10.42	0.06	0.000	-	-	-	0.70	(0.70)
2000	29	9.77	0.65	10.42	0.06	0.000	-	-	-	0.70	(0.70)
2001	30	10.42	0.69	11.11	0.06	0.000	-	-	-	0.75	(0.75)
2002	31	11.11	0.73	11.84	0.06	0.000	-	-	-	0.79	(0.79)
2003	32	11.84	0.78	12.62	0.06	0.840	-	-	-	0.84	(0.78)
2004	33	12.62	0.83	13.46	0.06	0.892	-	-	-	0.89	(0.83)
2005	34	13.46	0.89	14.35	0.06	0.947	-	-	-	0.95	(0.89)
2006	35	14.35	0.95	15.30	0.06	1.006	-	-	-	1.01	(0.95)
2007	36	15.30	1.01	16.31	0.06	1.069	-	-	-	1.07	(1.01)
2008	37	16.31	1.08	17.39	0.06	1.136	-	-	-	1.14	(1.08)
2009	38	17.39	1.15	18.53	0.06	1.207	-	-	-	1.21	(1.15)
2010	39	18.53	1.23	19.76	0.06	1.283	-	-	-	1.28	(1.23)
2011	40	19.76	1.31	21.07	0.06	1.364	-	-	-	1.36	(1.31)
2012	41	21.07	1.39	22.46	0.06	1.45	-	-	-	1.45	(1.39)
2013	42	22.46	1.48	23.94	0.06	1.54	-	-	-	1.54	(1.48)
2014	43	23.94	1.58	25.52	0.06	1.64	-	-	-	1.64	(1.58)
2015	44	25.52	1.69	27.21	0.06	1.74	-	-	-	1.74	(1.69)
2016	45	27.21	1.80	29.01	0.06	1.86	-	-	-	1.86	(1.80)
2017	46	29.01	1.92	30.93	0.06	1.98	-	-	-	1.98	(1.92)
2018	47	30.93	2.04	32.97	0.06	2.10	-	-	-	2.10	(2.04)
2019	48	32.97	2.18	35.15	0.06	2.24	-	-	-	2.24	(2.18)
2020	49	35.15	2.32	37.48	0.06	2.38	-	-	-	2.38	(2.32)
2021	50	37.48	2.48	39.95	0.06	2.53	-	-	-	2.53	(2.48)
2022	51	39.95	2.64	42.59	0.06	2.70	-	-	-	2.70	(2.64)
2023	52	42.59	2.82	45.41	0.06	2.87	-	-	-	2.87	(2.82)
2024	53	45.41	3.00	48.41	0.06	3.06	-	-	-	3.06	(3.00)
2025	54	48.41	3.20	51.61	0.06	3.26	-	-	-	3.26	(3.20)
2026	55	-	-	-	-	-	-	-	-	-	-
2027	56	-	-	-	-	-	-	-	-	-	-
2028	57	-	-	-	-	-	-	-	-	-	-
2029	58	-	-	-	-	-	-	-	-	-	-
2030	59	-	-	-	-	-	-	-	-	-	-
2031	60	-	-	-	-	-	-	-	-	-	-
2032	61	-	-	-	-	-	-	-	-	-	-
2033	62	-	-	-	-	-	-	-	-	-	-
2034	63	-	-	-	-	-	-	-	-	-	-
2035	64	-	-	-	-	-	-	-	-	-	-
2036	65	-	-	-	-	-	-	-	-	-	-
2037	66	-	-	-	-	-	-	-	-	-	-
2038	-67	-	-	-	-	-	-	-	-	-	-
2039	68	-	-	-	-	-	-	-	-	-	-
2040	69	-	-	-	-	-	-	-	-	-	-
2041	70	-	-	-	-	-	-	-	-	-	-
		<u>49.98</u>			<u>3.12</u>	<u>41.099</u>			<u>1.33</u>	<u>53.10</u>	<u>(51.77)</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location: Brown Generating Station  
Asset: Lab  
Asset Number: Not related to specific asset #

Asset Original cost: -  
Reg Depr Rate: 4.22%  
Salvage Rate: 0.00%  
GAAP Depr. Rate: 4.22%  
Year Installed: 1971  
Retirement Date: 2019  
Asset Life: 48  
Age at 12/2002: 31  
Rem Life at 12/2002: 17  
Disc Rate: 6.61%  
Inflation Rate: 2.10%  
Inflation Factor: 1.4238  
ARO current \$: 18  
Inflation Adjusted ARO: 26  
PV @ IS Year: 1.19

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	1.19		
Regulatory Asset-182.3	9.00		9.00
Reg Credits-407.4		9.00	
Reg Liability-254		0.00	0.00
Acc Depreciation-108		0.00	1.55
ARO Liability-230		8.63	
	19.18	19.18	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1972	1	1.19	0.08	1.27	0.05	0.00	-	-	-	0.13	(0.13)
1973	2	1.27	0.08	1.35	0.05	0.00	-	-	-	0.13	(0.13)
1974	3	1.35	0.09	1.44	0.05	0.00	-	-	-	0.14	(0.14)
1975	4	1.44	0.10	1.53	0.05	0.00	-	-	-	0.15	(0.15)
1976	5	1.53	0.10	1.63	0.05	0.00	-	-	-	0.15	(0.15)
1977	6	1.63	0.11	1.74	0.05	0.00	-	-	-	0.16	(0.16)
1978	7	1.74	0.12	1.86	0.05	0.00	-	-	-	0.17	(0.17)
1979	8	1.86	0.12	1.98	0.05	0.00	-	-	-	0.17	(0.17)
1980	9	1.98	0.13	2.11	0.05	0.00	-	-	-	0.18	(0.18)
1981	10	2.11	0.14	2.25	0.05	0.00	-	-	-	0.19	(0.19)
1982	11	2.25	0.15	2.40	0.05	0.00	-	-	-	0.20	(0.20)
1983	12	2.40	0.16	2.56	0.05	0.00	-	-	-	0.21	(0.21)
1984	13	2.56	0.17	2.73	0.05	0.00	-	-	-	0.22	(0.22)
1985	14	2.73	0.18	2.91	0.05	0.00	-	-	-	0.23	(0.23)
1986	15	2.91	0.19	3.10	0.05	0.00	-	-	-	0.24	(0.24)
1987	16	3.10	0.20	3.31	0.05	0.00	-	-	-	0.26	(0.26)
1988	17	3.31	0.22	3.52	0.05	0.00	-	-	-	0.27	(0.27)
1989	18	3.52	0.23	3.76	0.05	0.00	-	-	-	0.28	(0.28)
1990	19	3.76	0.25	4.00	0.05	0.00	-	-	-	0.30	(0.30)
1991	20	4.00	0.26	4.27	0.05	0.00	-	-	-	0.31	(0.31)
1992	21	4.27	0.28	4.55	0.05	0.00	-	-	-	0.33	(0.33)
1993	22	4.55	0.30	4.85	0.05	0.00	-	-	-	0.35	(0.35)
1994	23	4.85	0.32	5.17	0.05	0.00	-	-	-	0.37	(0.37)
1995	24	5.17	0.34	5.52	0.05	0.00	-	-	-	0.39	(0.39)
1996	25	5.52	0.36	5.88	0.05	0.00	-	-	-	0.41	(0.41)
1997	26	5.88	0.39	6.27	0.05	0.00	-	-	-	0.44	(0.44)
1998	27	6.27	0.41	6.68	0.05	0.00	-	-	-	0.46	(0.46)
1999	28	6.68	0.44	7.12	0.05	0.00	-	-	-	0.49	(0.49)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
 and Transition entries at 01/01/2003  
 (\$000's)**

Location Asset Asset Number	Brown Generating Station Lab Not related to specific asset #	7.12	0.47	7.60	0.05	0.000	-	-	-	0.52	(0.52)
2000	29	7.12	0.47	7.60	0.05	0.000	-	-	-	0.52	(0.52)
2001	30	7.60	0.50	8.10	0.05	0.000	-	-	-	0.55	(0.55)
2002	31	8.10	0.54	8.63	0.05	0.000	-	-	-	0.59	(0.59)
2003	32	8.63	0.57	9.20	0.05	0.621	-	-	-	0.62	(0.57)
2004	33	9.20	0.61	9.81	0.05	0.658	-	-	-	0.66	(0.61)
2005	34	9.81	0.65	10.46	0.05	0.699	-	-	-	0.70	(0.65)
2006	35	10.46	0.69	11.15	0.05	0.742	-	-	-	0.74	(0.69)
2007	36	11.15	0.74	11.89	0.05	0.787	-	-	-	0.79	(0.74)
2008	37	11.89	0.79	12.67	0.05	0.836	-	-	-	0.84	(0.79)
2009	38	12.67	0.84	13.51	0.05	0.888	-	-	-	0.89	(0.84)
2010	39	13.51	0.89	14.41	0.05	0.943	-	-	-	0.94	(0.89)
2011	40	14.41	0.95	15.36	0.05	1.002	-	-	-	1.00	(0.95)
2012	41	15.36	1.02	16.37	0.05	1.07	-	-	-	1.07	(1.02)
2013	42	16.37	1.08	17.46	0.05	1.13	-	-	-	1.13	(1.08)
2014	43	17.46	1.15	18.61	0.05	1.20	-	-	-	1.20	(1.15)
2015	44	18.61	1.23	19.84	0.05	1.28	-	-	-	1.28	(1.23)
2016	45	19.84	1.31	21.15	0.05	1.36	-	-	-	1.36	(1.31)
2017	46	21.15	1.40	22.55	0.05	1.45	-	-	-	1.45	(1.40)
2018	47	22.55	1.49	24.04	0.05	1.54	-	-	-	1.54	(1.49)
2019	48	24.04	1.59	25.63	0.05	1.64	-	-	-	1.64	(1.59)
2020	49	-	-	-	-	-	-	-	-	-	-
2021	50	-	-	-	-	-	-	-	-	-	-
2022	51	-	-	-	-	-	-	-	-	-	-
2023	52	-	-	-	-	-	-	-	-	-	-
2024	53	-	-	-	-	-	-	-	-	-	-
2025	54	-	-	-	-	-	-	-	-	-	-
2026	55	-	-	-	-	-	-	-	-	-	-
2027	56	-	-	-	-	-	-	-	-	-	-
2028	57	-	-	-	-	-	-	-	-	-	-
2029	58	-	-	-	-	-	-	-	-	-	-
2030	59	-	-	-	-	-	-	-	-	-	-
2031	60	-	-	-	-	-	-	-	-	-	-
2032	61	-	-	-	-	-	-	-	-	-	-
2033	62	-	-	-	-	-	-	-	-	-	-
2034	63	-	-	-	-	-	-	-	-	-	-
2035	64	-	-	-	-	-	-	-	-	-	-
2036	65	-	-	-	-	-	-	-	-	-	-
2037	66	-	-	-	-	-	-	-	-	-	-
2038	67	-	-	-	-	-	-	-	-	-	-
2039	68	-	-	-	-	-	-	-	-	-	-
2040	69	-	-	-	-	-	-	-	-	-	-
2041	70	-	-	-	-	-	-	-	-	-	-
		<u>24.44</u>		<u>17.847</u>	<u>2.40</u>	<u>17.847</u>		<u>0.85</u>	<u>26.84</u>		<u>(25.99)</u>

**CALCULATION OF FASB 143 ASSESSMENT RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location: Brown Generating Station  
Asset: BR3 Sewage Treatment Plant  
Asset Number: 132682

Asset Original cost	85
Reg Depr Rate	3.91%
Salvage Rate	0.52%
GAAP Depr. Rate	3.39%
Year Installed	1997
Retirement Date	2019
Asset Life	22
Age at 12/2002	5
Rem Life at 12/2002	17
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.4238
ARO current \$	10
Inflation Adjusted ARO	14
PV @ IS Year	3.48

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg. Liability)
	Dr	Cr	
ARO Asset-317	3.48		
Regulatory Asset-182.3	0.00		(0.31)
Reg Credits-407.4		0.00	
Ex. Deductions-435		0.00	
Reg Liability-254		0.31	
Acc Depreciation-108	2.21		
ARO Liability-230		4.80	
	5.69		

**GAAP**

**Regulatory**

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost		
1998	1	3.48	0.23	3.71	0.12	0.000	2.88	0.44	3.32	0.09
1999	2	3.71	0.25	3.96	0.12	0.000	2.88	0.44	3.32	0.08
2000	3	3.96	0.26	4.22	0.12	0.000	2.88	0.44	3.32	0.06
2001	4	4.22	0.28	4.50	0.12	0.000	2.88	0.44	3.32	0.05
2002	5	4.50	0.30	4.80	0.12	0.000	2.88	0.44	3.32	0.03
2003	6	4.80	0.32	5.11	0.12	0.435	2.88	0.44	3.44	0.12
2004	7	5.11	0.34	5.45	0.12	0.456	2.88	0.44	3.44	0.10
2005	8	5.45	0.36	5.81	0.12	0.478	2.88	0.44	3.44	0.08
2006	9	5.81	0.38	6.20	0.12	0.502	2.88	0.44	3.44	0.06
2007	10	6.20	0.41	6.60	0.12	0.528	2.88	0.44	3.41	0.03
2008	11	6.60	0.44	7.04	0.12	0.555	2.88	0.44	3.44	0.01
2009	12	7.04	0.47	7.51	0.12	0.583	2.88	0.44	3.46	(0.02)
2010	13	7.51	0.50	8.00	0.12	0.614	2.88	0.44	3.50	(0.05)
2011	14	8.00	0.53	8.53	0.12	0.647	2.88	0.44	3.53	(0.09)
2012	15	8.53	0.56	9.10	0.12	0.682	2.88	0.44	3.56	(0.12)
2013	16	9.10	0.60	9.70	0.12	0.719	2.88	0.44	3.60	(0.16)
2014	17	9.70	0.64	10.34	0.12	0.759	2.88	0.44	3.64	(0.20)
2015	18	10.34	0.68	11.02	0.12	0.801	2.88	0.44	3.68	(0.24)
2016	19	11.02	0.73	11.75	0.12	0.847	2.88	0.44	3.73	(0.29)
2017	20	11.75	0.78	12.53	0.12	0.895	2.88	0.44	3.78	(0.33)
2018	21	12.53	0.83	13.35	0.12	0.946	2.88	0.44	3.83	(0.39)
2019	22	13.35	0.88	14.24	0.12	1.001	2.88	0.44	3.88	(0.44)
2020	23	0.00	-	-	-	0.000	-	-	-	-
2021	24	0.00	-	-	-	0.000	-	-	-	-
2022	25	0.00	-	-	-	0.000	-	-	-	-
2023	26	0.00	-	-	-	0.000	-	-	-	-
2024	27	0.00	-	-	-	0.000	-	-	-	-
2025	28	0.00	-	-	-	0.000	-	-	-	-





**CALCULATION OF FASB 143 ASS. RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$000's)

Location: Brown Generating Station  
Asset: Br 1 Coal Storage  
Asset Number: 101524

Asset Original cost	75
Reg Depr Rate	2.90%
Salvage Rate	0.65%
GAAP Depr. Rate	2.25%
Year Installed	1956
Retirement Date	2019
Asset Life	63
Age at 12/2002	46
Rem Life at 12/2002	17
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.4238
ARO current \$	60
Inflation Adjusted ARO	85
PV @ 15 Year	1.51

Journal Entries @ 01/01/03

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	1.51		
Regulatory Asset-182.3	6.40		6.40
Reg Credits-407.4		6.40	
Ex. Deductions-435	6.40		
Acc Depreciation-254		0.00	
ARO Liability-230	22.43	1.57	
	36.75	36.75	

Regulatory

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Removal Cost	Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
1957	1	1.51	0.10	1.61	0.034	-	0.49	2.175	1.822	0.353
1958	2	1.61	0.11	1.72	0.034	-	0.49	2.175	1.828	0.347
1959	3	1.72	0.11	1.84	0.034	-	0.49	2.175	1.835	0.340
1960	4	1.84	0.12	1.96	0.034	-	0.49	2.175	1.843	0.332
1961	5	1.96	0.13	2.09	0.034	-	0.49	2.175	1.851	0.324
1962	6	2.09	0.14	2.22	0.034	-	0.49	2.175	1.859	0.316
1963	7	2.22	0.15	2.37	0.034	-	0.49	2.175	1.869	0.306
1964	8	2.37	0.16	2.53	0.034	-	0.49	2.175	1.878	0.297
1965	9	2.53	0.17	2.69	0.034	-	0.49	2.175	1.889	0.286
1966	10	2.69	0.18	2.87	0.034	-	0.49	2.175	1.900	0.275
1967	11	2.87	0.19	3.06	0.034	-	0.49	2.175	1.911	0.264
1968	12	3.06	0.20	3.27	0.034	-	0.49	2.175	1.924	0.251
1969	13	3.27	0.22	3.48	0.034	-	0.49	2.175	1.937	0.238
1970	14	3.48	0.23	3.71	0.034	-	0.49	2.175	1.952	0.223
1971	15	3.71	0.25	3.96	0.034	-	0.49	2.175	1.967	0.208
1972	16	3.96	0.26	4.22	0.034	-	0.49	2.175	1.983	0.192
1973	17	4.22	0.28	4.50	0.034	-	0.49	2.175	2.000	0.175
1974	18	4.50	0.30	4.79	0.034	-	0.49	2.175	2.019	0.156
1975	19	4.79	0.32	5.11	0.034	-	0.49	2.175	2.038	0.137
1976	20	5.11	0.34	5.45	0.034	-	0.49	2.175	2.059	0.116
1977	21	5.45	0.36	5.81	0.034	-	0.49	2.175	2.082	0.093
1978	22	5.81	0.38	6.19	0.034	-	0.49	2.175	2.106	0.069
1979	23	6.19	0.41	6.60	0.034	-	0.49	2.175	2.131	0.044
1980	24	6.60	0.44	7.04	0.034	-	0.49	2.175	2.158	0.017
1981	25	7.04	0.47	7.50	0.034	-	0.49	2.175	2.187	(0.012)
1982	26	7.50	0.50	8.00	0.034	-	0.49	2.175	2.218	(0.043)
1983	27	8.00	0.53	8.53	0.034	-	0.49	2.175	2.250	(0.075)
1984	28	8.53	0.56	9.09	0.034	-	0.49	2.175	2.285	(0.110)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location Asset Asset Number	Brown Generating Station Br 1 Coal Storage 101524	9.09	0.60	9.69	0.034	-	1.69	0.49	2.175	2.323	(0.148)
1985	29	9.09	0.60	9.69	0.034	-	1.69	0.49	2.175	2.323	(0.148)
1986	30	9.69	0.64	10.33	0.034	-	1.69	0.49	2.175	2.362	(0.187)
1987	31	10.33	0.68	11.02	0.034	-	1.69	0.49	2.175	2.405	(0.230)
1988	32	11.02	0.73	11.74	0.034	-	1.69	0.49	2.175	2.450	(0.275)
1989	33	11.74	0.78	12.52	0.034	-	1.69	0.49	2.175	2.498	(0.323)
1990	34	12.52	0.83	13.35	0.034	-	1.69	0.49	2.175	2.549	(0.374)
1991	35	13.35	0.88	14.23	0.034	-	1.69	0.49	2.175	2.604	(0.429)
1992	36	14.23	0.94	15.17	0.034	-	1.69	0.49	2.175	2.662	(0.487)
1993	37	15.17	1.00	16.17	0.034	-	1.69	0.49	2.175	2.724	(0.549)
1994	38	16.17	1.07	17.24	0.034	-	1.69	0.49	2.175	2.791	(0.616)
1995	39	17.24	1.14	18.38	0.034	-	1.69	0.49	2.175	2.861	(0.686)
1996	40	18.38	1.22	19.60	0.034	-	1.69	0.49	2.175	2.937	(0.762)
1997	41	19.60	1.30	20.89	0.034	-	1.69	0.49	2.175	3.017	(0.842)
1998	42	20.89	1.38	22.28	0.034	-	1.69	0.49	2.175	3.103	(0.928)
1999	43	22.28	1.47	23.75	0.034	-	1.69	0.49	2.175	3.194	(1.019)
2000	44	23.75	1.57	25.32	0.034	-	1.69	0.49	2.175	3.291	(1.116)
2001	45	25.32	1.67	26.99	0.034	-	1.69	0.49	2.175	3.395	(1.220)
2002	46	26.99	1.78	28.78	0.034	-	1.69	0.49	2.175	3.506	(1.331)
2003	47	28.78	1.90	30.68	0.034	1.94	1.69	0.49	2.209	3.624	(1.415)
2004	48	30.68	2.03	32.71	0.034	2.06	1.69	0.49	2.209	3.749	(1.540)
2005	49	32.71	2.16	34.87	0.034	2.20	1.69	0.49	2.209	3.883	(1.674)
2006	50	34.87	2.30	37.17	0.034	2.34	1.69	0.49	2.209	4.026	(1.817)
2007	51	37.17	2.46	39.63	0.034	2.49	1.69	0.49	2.209	4.179	(1.970)
2008	52	39.63	2.62	42.25	0.034	2.65	1.69	0.49	2.209	4.341	(2.132)
2009	53	42.25	2.79	45.04	0.034	2.83	1.69	0.49	2.209	4.514	(2.305)
2010	54	45.04	2.98	48.02	0.034	3.01	1.69	0.49	2.209	4.699	(2.490)
2011	55	48.02	3.17	51.19	0.034	3.21	1.69	0.49	2.209	4.896	(2.687)
2012	56	51.19	3.38	54.58	0.034	3.42	1.69	0.49	2.209	5.105	(2.896)
2013	57	54.58	3.61	58.18	0.034	3.64	1.69	0.49	2.209	5.329	(3.120)
2014	58	58.18	3.85	62.03	0.034	3.88	1.69	0.49	2.209	5.568	(3.358)
2015	59	62.03	4.10	66.13	0.034	4.13	1.69	0.49	2.209	5.822	(3.613)
2016	60	66.13	4.37	70.50	0.034	4.41	1.69	0.49	2.209	6.093	(3.884)
2017	61	70.50	4.66	75.16	0.034	4.69	1.69	0.49	2.209	6.382	(4.173)
2018	62	75.16	4.97	80.13	0.034	5.00	1.69	0.49	2.209	6.690	(4.481)
2019	63	80.13	5.30	85.43	0.034	5.33	1.69	0.49	2.209	7.018	(4.809)
2020	64	-	-	-	-	-	-	-	-	-	-
2021	65	-	-	-	-	-	-	-	-	-	-
2022	66	-	-	-	-	-	-	-	-	-	-
2023	67	-	-	-	-	-	-	-	-	-	-
2024	68	-	-	-	-	-	-	-	-	-	-
2025	69	-	-	-	-	-	-	-	-	-	-
2026	70	-	-	-	-	-	-	-	-	-	-
		<b>83.91</b>			<b>2.15</b>		<b>106.31</b>	<b>30.71</b>	<b>137.604</b>	<b>192.37</b>	<b>(54.77)</b>
					<b>57.230</b>						

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$'000's)

Location: Brown Generating Station  
Asset: Coal Pile Retention Pond  
Asset Number: na

Asset Original cost	-
Reg Depr Rate	2.90%
Salvage Rate	0.65%
GAAP Depr. Rate	2.25%
Year Installed	1956
Retirement Date	2019
Asset Life	63
Age at 12/2002	46
Rem Life at 12/2002	17
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.4238
ARO current \$	185
Inflation Adjusted ARO	263
PV @ IS Year	4.67

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg. Liability)
	Dr	Cr	
ARO Asset-317	4.67		
Regulatory Asset-182.3	88.89		88.89
Reg Credits-407.4		88.89	
Ex. Deductions-435	88.89		
Reg Liability-254		0.00	
Acc Depreciation-108	0.00		4.83
ARO Liability-230		88.72	
	182.45	182.45	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1957	1	4.67	0.31	4.98	0.11	-	-	-	0.41	(0.41)	
1958	2	4.98	0.33	5.31	0.11	-	-	-	0.43	(0.43)	
1959	3	5.31	0.35	5.66	0.11	-	-	-	0.46	(0.46)	
1960	4	5.66	0.37	6.03	0.11	-	-	-	0.48	(0.48)	
1961	5	6.03	0.40	6.43	0.11	-	-	-	0.50	(0.50)	
1962	6	6.43	0.43	6.86	0.11	-	-	-	0.53	(0.53)	
1963	7	6.86	0.45	7.31	0.11	-	-	-	0.56	(0.56)	
1964	8	7.31	0.48	7.79	0.11	-	-	-	0.59	(0.59)	
1965	9	7.79	0.52	8.31	0.11	-	-	-	0.62	(0.62)	
1966	10	8.31	0.55	8.86	0.11	-	-	-	0.65	(0.65)	
1967	11	8.86	0.59	9.44	0.11	-	-	-	0.69	(0.69)	
1968	12	9.44	0.62	10.07	0.11	-	-	-	0.73	(0.73)	
1969	13	10.07	0.67	10.73	0.11	-	-	-	0.77	(0.77)	
1970	14	10.73	0.71	11.44	0.11	-	-	-	0.81	(0.81)	
1971	15	11.44	0.76	12.20	0.11	-	-	-	0.86	(0.86)	
1972	16	12.20	0.81	13.00	0.11	-	-	-	0.91	(0.91)	
1973	17	13.00	0.86	13.86	0.11	-	-	-	0.96	(0.96)	
1974	18	13.86	0.92	14.78	0.11	-	-	-	1.02	(1.02)	
1975	19	14.78	0.98	15.76	0.11	-	-	-	1.08	(1.08)	
1976	20	15.76	1.04	16.80	0.11	-	-	-	1.15	(1.15)	
1977	21	16.80	1.11	17.91	0.11	-	-	-	1.22	(1.22)	
1978	22	17.91	1.18	19.09	0.11	-	-	-	1.29	(1.29)	
1979	23	19.09	1.28	20.36	0.11	-	-	-	1.37	(1.37)	
1980	24	20.36	1.35	21.70	0.11	-	-	-	1.45	(1.45)	
1981	25	21.70	1.43	23.14	0.11	-	-	-	1.54	(1.54)	
1982	26	23.14	1.53	24.67	0.11	-	-	-	1.63	(1.63)	
1983	27	24.67	1.63	26.30	0.11	-	-	-	1.74	(1.74)	
1984	28	26.30	1.74	28.03	0.11	-	-	-	1.84	(1.84)	

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$000's)

Location Asset Asset Number	Brown Generating Station Coal Pile Retention Pond na	28.03	1.85	29.89	0.11	-	-	-	-	-	1.96	(1.96)
1985	29	28.03	1.85	29.89	0.11	-	-	-	-	-	1.96	(1.96)
1986	30	29.89	1.98	31.86	0.11	-	-	-	-	-	2.08	(2.08)
1987	31	31.86	2.11	33.97	0.11	-	-	-	-	-	2.21	(2.21)
1988	32	33.97	2.25	36.21	0.11	-	-	-	-	-	2.35	(2.35)
1989	33	36.21	2.39	38.61	0.11	-	-	-	-	-	2.50	(2.50)
1990	34	38.61	2.55	41.16	0.11	-	-	-	-	-	2.66	(2.66)
1991	35	41.16	2.72	43.88	0.11	-	-	-	-	-	2.83	(2.83)
1992	36	43.88	2.90	46.78	0.11	-	-	-	-	-	3.01	(3.01)
1993	37	46.78	3.09	49.87	0.11	-	-	-	-	-	3.20	(3.20)
1994	38	49.87	3.30	53.17	0.11	-	-	-	-	-	3.40	(3.40)
1995	39	53.17	3.51	56.68	0.11	-	-	-	-	-	3.62	(3.62)
1996	40	56.68	3.75	60.43	0.11	-	-	-	-	-	3.85	(3.85)
1997	41	60.43	3.99	64.43	0.11	-	-	-	-	-	4.10	(4.10)
1998	42	64.43	4.28	68.68	0.11	-	-	-	-	-	4.36	(4.36)
1999	43	68.68	4.54	73.22	0.11	-	-	-	-	-	4.65	(4.65)
2000	44	73.22	4.84	78.06	0.11	-	-	-	-	-	4.95	(4.95)
2001	45	78.06	5.16	83.22	0.11	-	-	-	-	-	5.27	(5.27)
2002	46	83.22	5.50	88.72	0.11	-	-	-	-	-	5.61	(5.61)
2003	47	88.72	5.86	94.59	0.11	-	-	-	-	-	5.97	(5.97)
2004	48	94.59	6.25	100.84	0.11	-	-	-	-	-	6.36	(6.36)
2005	49	100.84	6.67	107.51	0.11	-	-	-	-	-	6.77	(6.77)
2006	50	107.51	7.11	114.61	0.11	-	-	-	-	-	7.21	(7.21)
2007	51	114.61	7.58	122.19	0.11	-	-	-	-	-	7.68	(7.68)
2008	52	122.19	8.08	130.27	0.11	-	-	-	-	-	8.18	(8.18)
2009	53	130.27	8.61	138.88	0.11	-	-	-	-	-	8.72	(8.72)
2010	54	138.88	9.18	148.06	0.11	-	-	-	-	-	9.28	(9.28)
2011	55	148.06	9.79	157.84	0.11	-	-	-	-	-	9.89	(9.89)
2012	56	157.84	10.43	168.28	0.11	-	-	-	-	-	10.54	(10.54)
2013	57	168.28	11.12	179.40	0.11	-	-	-	-	-	11.23	(11.23)
2014	58	179.40	11.86	191.26	0.11	-	-	-	-	-	11.96	(11.96)
2015	59	191.26	12.64	203.90	0.11	-	-	-	-	-	12.75	(12.75)
2016	60	203.90	13.48	217.38	0.11	-	-	-	-	-	13.58	(13.58)
2017	61	217.38	14.37	231.75	0.11	-	-	-	-	-	14.47	(14.47)
2018	62	231.75	15.32	247.07	0.11	-	-	-	-	-	15.42	(15.42)
2019	63	247.07	16.33	263.40	0.11	-	-	-	-	-	16.44	(16.44)
2020	64	-	-	-	-	-	-	-	-	-	-	-
2021	65	-	-	-	-	-	-	-	-	-	-	-
2022	66	-	-	-	-	-	-	-	-	-	-	-
2023	67	-	-	-	-	-	-	-	-	-	-	-
2024	68	-	-	-	-	-	-	-	-	-	-	-
2025	69	-	-	-	-	-	-	-	-	-	-	-
2026	70	-	-	-	-	-	-	-	-	-	-	-
		<u>258.73</u>		<u>176.458</u>	<u>6.62</u>					<u>1.79</u>	<u>265.35</u>	<u>(263.56)</u>



Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Depreciation	Removal Cost	Regulatory	Cost	Present Value
1995	1	3938.99	260.37	4,199.35	76.02	-	319.30	38.05	357.35	655.69	(298.34)
1996	2	4199.35	277.58	4,476.93	76.02	-	319.30	38.05	357.35	672.90	(315.55)
1997	3	4476.93	295.93	4,772.86	76.02	-	319.30	38.05	357.35	691.25	(333.90)
1998	4	4772.86	315.49	5,088.34	76.02	-	319.30	38.05	357.35	710.81	(353.46)
1999	5	5088.34	336.34	5,424.68	76.02	-	319.30	38.05	357.35	731.66	(374.31)
2000	6	5424.68	358.57	5,783.25	76.02	-	319.30	38.05	357.35	753.89	(396.54)
2001	7	5783.25	382.27	6,165.53	76.02	-	319.30	38.05	357.35	777.59	(420.24)
2002	8	6165.53	407.54	6,573.07	76.02	-	319.30	38.05	357.35	802.86	(445.51)
2003	9	6573.07	434.48	7,007.55	76.02	510.50	319.30	38.05	433.37	829.80	(396.43)
2004	10	7007.55	463.20	7,470.75	76.02	539.22	319.30	38.05	433.37	858.52	(425.15)
2005	11	7470.75	493.82	7,964.56	76.02	569.84	319.30	38.05	433.37	889.14	(455.77)
2006	12	7964.56	526.46	8,491.02	76.02	602.48	319.30	38.05	433.37	921.78	(488.41)
2007	13	8491.02	561.26	9,052.28	76.02	637.28	319.30	38.05	433.37	956.58	(523.21)
2008	14	9052.28	598.36	9,650.63	76.02	674.38	319.30	38.05	433.37	993.68	(560.30)
2009	15	9650.63	637.91	10,288.54	76.02	713.93	319.30	38.05	433.37	1,033.23	(599.86)
2010	16	10288.54	680.07	10,968.61	76.02	756.09	319.30	38.05	433.37	1,075.39	(642.02)
2011	17	10968.61	725.03	11,693.64	76.02	801.05	319.30	38.05	433.37	1,120.35	(686.97)
2012	18	11693.64	772.95	12,466.59	76.02	848.97	319.30	38.05	433.37	1,168.27	(734.90)
2013	19	12466.59	824.04	13,290.63	76.02	900.06	319.30	38.05	433.37	1,219.36	(785.95)
2014	20	13290.63	878.51	14,169.14	76.02	954.53	319.30	38.05	433.37	1,273.63	(840.46)
2015	21	14169.14	936.58	15,105.72	76.02	1,012.60	319.30	38.05	433.37	1,331.90	(898.53)
2016	22	15105.72	998.49	16,104.20	76.02	1,074.51	319.30	38.05	433.37	1,393.81	(960.44)
2017	23	16104.20	1,064.49	17,168.69	76.02	1,140.51	319.30	38.05	433.37	1,459.81	(1,026.44)
2018	24	17168.69	1,134.85	18,303.54	76.02	1,210.87	319.30	38.05	433.37	1,530.17	(1,096.80)
2019	25	18303.54	1,209.86	19,513.41	76.02	1,285.89	319.30	38.05	433.37	1,605.19	(1,171.81)
2020	26	19513.41	1,289.84	20,803.24	76.02	1,365.86	319.30	38.05	433.37	1,685.16	(1,251.79)
2021	27	20803.24	1,375.09	22,178.34	76.02	1,451.12	319.30	38.05	433.37	1,770.42	(1,337.04)
2022	28	22178.34	1,465.99	23,644.33	76.02	1,542.01	319.30	38.05	433.37	1,861.31	(1,427.94)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
 and Transition entries at 01/01/2003  
 (\$000's)**

Location Asset Asset Number	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064				
Ghent Generating Station Ash Pond GH4 133391	29	30	31	32	33	34	35	38	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70				
	23644.33	1,562.89	25207.22	26,873.41	28,649.75	30,543.49	32,562.42	34,714.79	37,009.44	39,455.77	42,063.79	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02	76.02		
	25,207.22	26,873.41	28,649.75	30,543.49	32,562.42	34,714.79	37,009.44	39,455.77	42,063.79	1,638.91	1,742.22	1,852.36	1,969.77	2,094.95	2,228.40	2,370.67	2,522.35	2,684.05	2,841.65	3,003.35	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30	319.30		
	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05	38.05
	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37	433.37
	1,958.21	2,061.52	2,171.65	2,289.07	2,414.25	2,547.70	2,689.97	2,841.65	3,003.35	1,958.21	2,061.52	2,171.65	2,289.07	2,414.25	2,547.70	2,689.97	2,841.65	3,003.35	1,958.21	2,061.52	2,171.65	2,289.07	2,414.25	2,547.70	2,689.97	2,841.65	3,003.35	1,958.21	2,061.52	2,171.65	2,289.07	2,414.25	2,547.70	2,689.97	2,841.65	3,003.35	1,958.21	2,061.52	2,171.65	2,289.07	2,414.25	2,547.70	2,689.97	2,841.65	3,003.35	
	(1,524.84)	(1,628.15)	(1,738.28)	(1,855.70)	(1,980.87)	(2,114.32)	(2,256.60)	(2,408.27)	(2,569.98)	(1,524.84)	(1,628.15)	(1,738.28)	(1,855.70)	(1,980.87)	(2,114.32)	(2,256.60)	(2,408.27)	(2,569.98)	(1,524.84)	(1,628.15)	(1,738.28)	(1,855.70)	(1,980.87)	(2,114.32)	(2,256.60)	(2,408.27)	(2,569.98)	(1,524.84)	(1,628.15)	(1,738.28)	(1,855.70)	(1,980.87)	(2,114.32)	(2,256.60)	(2,408.27)	(2,569.98)	(1,524.84)	(1,628.15)	(1,738.28)	(1,855.70)	(1,980.87)	(2,114.32)	(2,256.60)	(2,408.27)	(2,569.98)	
	11,814.07	1,407.89	15,426.62	52,751.71	37,325.09	38,124.81	2,812.83	37695.377	11,814.07	1,407.89	15,426.62	52,751.71	37,325.09	38,124.81	2,812.83	37695.377	11,814.07	1,407.89	15,426.62	52,751.71	37,325.09	38,124.81	2,812.83	37695.377	11,814.07	1,407.89	15,426.62	52,751.71	37,325.09	38,124.81	2,812.83	37695.377	11,814.07	1,407.89	15,426.62	52,751.71	37,325.09	38,124.81	2,812.83	37695.377	11,814.07	1,407.89	15,426.62	52,751.71	37,325.09	

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Location  
Asset  
Asset Number  
Ghent Generating Station  
Gypsum Stack-GH 1 Scrubber  
133299

Asset Original cost	9,792
Reg Depr Rate	5.67%
Salvage Rate	0.56%
GAAP Depr. Rate	5.11%
Year Installed	1994
Retirement Date	2018
Asset Life	24
Age at 12/2002	8
Rem Life at 12/2002	16
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3945
ARO current \$	834
Inflation Adjusted ARO	1,163
PV @ IS Year	250.28

Journal Entries @ 01/01/03	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	250.28		
Regulatory Asset-182.3	0.00		(169.00)
Reg Credits-407.4		0.00	
Ex. Deductions-435		0.00	
Reg Liability-254		169.00	
Acc Depreciation-108	438.68		
ARO Liability-230		417.65	
	688.96		
		688.96	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1995	1	250.28	16.54	266.82	12.79	-	500.37	54.84	555.21	529.70	25.50
1996	2	266.82	17.64	284.46	12.79	-	500.37	54.84	555.21	530.80	24.41
1997	3	284.46	18.80	303.26	12.79	-	500.37	54.84	555.21	531.96	23.24
1998	4	303.26	20.05	323.31	12.79	-	500.37	54.84	555.21	533.21	22.00
1999	5	323.31	21.37	344.68	12.79	-	500.37	54.84	555.21	534.53	20.68
2000	6	344.68	22.78	367.46	12.79	-	500.37	54.84	555.21	535.94	19.26
2001	7	367.46	24.29	391.75	12.79	-	500.37	54.84	555.21	537.45	17.76
2002	8	391.75	25.89	417.65	12.79	-	500.37	54.84	555.21	539.08	16.15
2003	9	417.65	27.61	445.25	12.79	40.40	500.37	54.84	568.00	540.77	27.23
2004	10	445.25	29.43	474.69	12.79	42.22	500.37	54.84	568.00	542.59	25.40
2005	11	474.69	31.38	506.06	12.79	44.17	500.37	54.84	568.00	544.54	23.46
2006	12	506.06	33.45	539.51	12.79	46.24	500.37	54.84	568.00	546.61	21.38
2007	13	539.51	35.66	575.18	12.79	48.45	500.37	54.84	568.00	548.82	19.17
2008	14	575.18	38.02	613.19	12.79	50.81	500.37	54.84	568.00	551.18	16.82
2009	15	613.19	40.53	653.73	12.79	53.32	500.37	54.84	568.00	553.69	14.30
2010	16	653.73	43.21	696.94	12.79	56.00	500.37	54.84	568.00	556.37	11.62
2011	17	696.94	46.07	743.01	12.79	58.86	500.37	54.84	568.00	559.23	8.77
2012	18	743.01	49.11	792.12	12.79	61.90	500.37	54.84	568.00	562.27	5.72
2013	19	792.12	52.36	844.48	12.79	65.15	500.37	54.84	568.00	565.52	2.48
2014	20	844.48	55.82	900.30	12.79	68.61	500.37	54.84	568.00	568.98	(0.98)
2015	21	900.30	59.51	959.81	12.79	72.30	500.37	54.84	568.00	572.67	(4.67)
2016	22	959.81	63.44	1,023.25	12.79	76.23	500.37	54.84	568.00	576.60	(8.61)
2017	23	1,023.25	67.64	1,090.89	12.79	80.43	500.37	54.84	568.00	580.80	(12.80)
2018	24	1,090.89	72.11	1,163.00	12.79	84.90	500.37	54.84	568.00	585.27	(17.27)
2019	25	0.00	-	-	-	-	-	-	-	-	-
2020	26	0.00	-	-	-	-	-	-	-	-	-
2021	27	0.00	-	-	-	-	-	-	-	-	-
2022	28	0.00	-	-	-	-	-	-	-	-	-



**CALCULATION OF FASB 143 ASB, RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location Asset Asset Number	Ghent Generating Station Gypsum Stack-GH 1 Scrubber 133299				
2023	29	0.00			
2024	30	0.00			
2025	31	0.00			
2026	32	0.00			
2027	33	0.00			
2028	34	0.00			
2029	35				
2030	36				
2031	37				
2032	38				
2033	39				
2034	40				
2035	41				
2036	42				
2037	43				
2038	44				
2039	45				
2040	46				
2041	47				
2042	48				
2043	49				
2044	50				
2045	51				
2046	52				
2047	53				
2048	54				
2049	55				
2050	56				
2051	57				
2052	58				
2053	59				
2054	60				
2055	61				
2056	62				
2057	63				
2058	64				
2059	65				
2060	66				
2061	67				
2062	68				
2063	69				
2064	70				
		<u>306.94</u>	<u>949.976</u>	<u>12,006.91</u>	<u>13,228.57</u>
				<u>1,316.04</u>	<u>13,529.58</u>
					<u>301.02</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$'000's)

Ghent Generating Station  
Radiation Sources  
Not related to specific asset #

Asset Original cost	-
Reg Depr Rate	2.16%
Salvage Rate	0.23%
GAAP Depr. Rate	1.93%
Year Installed	1984
Retirement Date	2031
Asset Life	47
Age at 12/2002	18
Rem Life at 12/2002	29
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.8270
ARO current \$	184
Inflation Adjusted ARO	336
PV @ IS Year	16.60

**Journal Entries @ 01/01/03**

	Transition Entry		Req Asset/(Reg Liability)
	DR	CR	
ARO Asset-317	16.60		
Regulatory Asset-182.3	41.70		41.70
Reg Credits-407.4		41.70	
Ex. Deductions-435	41.70		
Reg Liability-254		0.00	
Acc Depreciation-108	0.00		
ARO Liability-230	52.53		
	100.00		100.00

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
		1-Jan	31-Dec					Depreciation	Removal Cost	Total Regulatory		
1985	1	16.60	17.70	1.10	17.70	0.32	0.000	-	-	-	1.42	(1.42)
1986	2	17.70	18.67	1.17	18.67	0.32	0.000	-	-	-	1.49	(1.49)
1987	3	18.87	20.11	1.25	20.11	0.32	0.000	-	-	-	1.57	(1.57)
1988	4	20.11	21.44	1.33	21.44	0.32	0.000	-	-	-	1.65	(1.65)
1989	5	21.44	22.86	1.42	22.86	0.32	0.000	-	-	-	1.74	(1.74)
1990	6	22.86	24.37	1.51	24.37	0.32	0.000	-	-	-	1.83	(1.83)
1991	7	24.37	25.98	1.61	25.98	0.32	0.000	-	-	-	1.93	(1.93)
1992	8	25.98	27.70	1.72	27.70	0.32	0.000	-	-	-	2.04	(2.04)
1993	9	27.70	29.53	1.83	29.53	0.32	0.000	-	-	-	2.15	(2.15)
1994	10	29.53	31.48	1.95	31.48	0.32	0.000	-	-	-	2.27	(2.27)
1995	11	31.48	33.56	2.08	33.56	0.32	0.000	-	-	-	2.40	(2.40)
1996	12	33.56	35.78	2.22	35.78	0.32	0.000	-	-	-	2.54	(2.54)
1997	13	35.78	38.14	2.37	38.14	0.32	0.000	-	-	-	2.69	(2.69)
1998	14	38.14	40.67	2.52	40.67	0.32	0.000	-	-	-	2.84	(2.84)
1999	15	40.67	43.35	2.69	43.35	0.32	0.000	-	-	-	3.01	(3.01)
2000	16	43.35	46.22	2.87	46.22	0.32	0.000	-	-	-	3.19	(3.19)
2001	17	46.22	49.27	3.06	49.27	0.32	0.000	-	-	-	3.38	(3.38)
2002	18	49.27	52.53	3.26	52.53	0.32	0.000	-	-	-	3.58	(3.58)
2003	19	52.53	56.00	3.47	56.00	0.32	3.793	-	-	-	3.79	(3.79)
2004	20	56.00	59.71	3.70	59.71	0.32	4.022	-	-	-	4.02	(4.02)
2005	21	59.71	63.65	3.95	63.65	0.32	4.267	-	-	-	4.27	(4.27)
2006	22	63.65	67.86	4.21	67.86	0.32	4.528	-	-	-	4.53	(4.53)
2007	23	67.86	72.35	4.49	72.35	0.32	4.806	-	-	-	4.81	(4.81)
2008	24	72.35	77.13	4.78	77.13	0.32	5.102	-	-	-	5.10	(5.10)
2009	25	77.13	82.23	5.10	82.23	0.32	5.419	-	-	-	5.42	(5.42)
2010	26	82.23	87.66	5.44	87.66	0.32	5.755	-	-	-	5.76	(5.76)
2011	27	87.66	93.46	5.79	93.46	0.32	6.115	-	-	-	6.11	(6.11)
2012	28	93.46	99.63	6.18	99.63	0.32	6.498	-	-	-	6.50	(6.50)

**CALCULATION OF FASB 143 ASS... RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$000's)

Location Asset Asset Number	Ghent Generating Station Radiation Sources Not related to specific asset #	6.59	106.22	0.32	6.906	0.32	6.91	(6.59)
2013	29	99.63	106.22	0.32	6.906	0.32	6.91	(6.59)
2014	30	106.22	113.24	0.32	7.341	0.32	7.34	(7.02)
2015	31	113.24	120.73	0.32	7.805	0.32	7.81	(7.49)
2016	32	120.73	128.70	0.32	8.300	0.32	8.30	(7.98)
2017	33	128.70	137.21	0.32	8.828	0.32	8.83	(8.51)
2018	34	137.21	146.28	0.32	9.390	0.32	9.39	(9.07)
2019	35	146.28	155.95	0.32	9.990	0.32	9.99	(9.67)
2020	36	155.95	166.26	0.32	10.629	0.32	10.63	(10.31)
2021	37	166.26	177.25	0.32	11.310	0.32	11.31	(10.99)
2022	38	177.25	188.97	0.32	12.037	0.32	12.04	(11.72)
2023	39	188.97	201.46	0.32	12.811	0.32	12.81	(12.49)
2024	40	201.46	214.77	0.32	13.637	0.32	13.64	(13.32)
2025	41	214.77	228.97	0.32	14.52	0.32	14.52	(14.20)
2026	42	228.97	244.10	0.32	15.46	0.32	15.46	(15.13)
2027	43	244.10	260.24	0.32	16.46	0.32	16.46	(16.14)
2028	44	260.24	277.44	0.32	17.52	0.32	17.52	(17.20)
2029	45	277.44	295.78	0.32	18.66	0.32	18.66	(18.34)
2030	46	295.78	315.33	0.32	19.87	0.32	19.87	(19.55)
2031	47	315.33	336.17	0.32	21.16	0.32	21.16	(20.84)
2032	48	-	-	-	-	-	-	-
2033	49	-	-	-	-	-	-	-
2034	50	-	-	-	-	-	-	-
2035	51	-	-	-	-	-	-	-
2036	52	-	-	-	-	-	-	-
2037	53	-	-	-	-	-	-	-
2038	54	-	-	-	-	-	-	-
2039	55	-	-	-	-	-	-	-
2040	56	-	-	-	-	-	-	-
2041	57	-	-	-	-	-	-	-
2042	58	-	-	-	-	-	-	-
2043	59	-	-	-	-	-	-	-
2044	60	-	-	-	-	-	-	-
2045	61	-	-	-	-	-	-	-
2046	62	-	-	-	-	-	-	-
2047	63	-	-	-	-	-	-	-
2048	64	-	-	-	-	-	-	-
2049	65	-	-	-	-	-	-	-
2050	66	-	-	-	-	-	-	-
2051	67	-	-	-	-	-	-	-
2052	68	-	-	-	-	-	-	-
2053	69	-	-	-	-	-	-	-
2054	70	-	-	-	-	-	-	-
		<u>319.58</u>		<u>15.06</u>	<u>292.932</u>	<u>9.29</u>	<u>334.63</u>	<u>(325.34)</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$'000's)

Client: Generating Station  
Asset: GH1 GSU Transformer  
Asset Number: 064114

Asset Original cost	640
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1976
Retirement Date	2020
Asset Life	44
Age at 12/2002	26
Rem Life at 12/2002	18
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.4537
ARO current \$	2
Inflation Adjusted ARO	3
PV @ IS Year	0.21

Journal Entries @ 01/01/03

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.21		
Regulatory Asset-162.3	0.00		
Reg Credits-407.4		0.00	(50.59)
Ex. Deductions-435	0.00		
Reg Liability-254	51.58		
Acc Depreciation-108		1.10	
ARO Liability-230			
	51.79	51.79	

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
		1-Jan	31-Dec					Depreciation	Removal Cost		
1977	1	0.21	0.01	0.01	0.22	0.00	-	12.16	1.98	12.18	1.97
1978	2	0.22	0.01	0.00	0.24	0.00	-	12.16	1.98	12.18	1.97
1979	3	0.24	0.02	0.00	0.25	0.00	-	12.16	1.98	12.18	1.96
1980	4	0.25	0.02	0.00	0.27	0.00	-	12.16	1.98	12.18	1.96
1981	5	0.27	0.02	0.00	0.29	0.00	-	12.16	1.98	12.18	1.96
1982	6	0.29	0.02	0.00	0.31	0.00	-	12.16	1.98	12.18	1.96
1983	7	0.31	0.02	0.00	0.33	0.00	-	12.16	1.98	12.18	1.96
1984	8	0.33	0.02	0.00	0.35	0.00	-	12.16	1.98	12.18	1.96
1985	9	0.35	0.02	0.00	0.37	0.00	-	12.16	1.98	12.19	1.96
1986	10	0.37	0.02	0.00	0.40	0.00	-	12.16	1.98	12.19	1.96
1987	11	0.40	0.03	0.00	0.42	0.00	-	12.16	1.98	12.19	1.95
1988	12	0.42	0.03	0.00	0.45	0.00	-	12.16	1.98	12.19	1.95
1989	13	0.45	0.03	0.00	0.48	0.00	-	12.16	1.98	12.19	1.95
1990	14	0.48	0.03	0.00	0.51	0.00	-	12.16	1.98	12.20	1.95
1991	15	0.51	0.03	0.00	0.55	0.00	-	12.16	1.98	12.20	1.95
1992	16	0.55	0.04	0.00	0.58	0.00	-	12.16	1.98	12.20	1.94
1993	17	0.58	0.04	0.00	0.62	0.00	-	12.16	1.98	12.20	1.94
1994	18	0.62	0.04	0.00	0.66	0.00	-	12.16	1.98	12.20	1.94
1995	19	0.66	0.04	0.00	0.70	0.00	-	12.16	1.98	12.21	1.94
1996	20	0.70	0.05	0.00	0.75	0.00	-	12.16	1.98	12.21	1.93
1997	21	0.75	0.05	0.00	0.80	0.00	-	12.16	1.98	12.21	1.93
1998	22	0.80	0.05	0.00	0.85	0.00	-	12.16	1.98	12.22	1.93
1999	23	0.85	0.06	0.00	0.91	0.00	-	12.16	1.98	12.22	1.92
2000	24	0.91	0.06	0.00	0.97	0.00	-	12.16	1.98	12.22	1.92
2001	25	0.97	0.06	0.00	1.03	0.00	-	12.16	1.98	12.22	1.92
2002	26	1.03	0.07	0.00	1.10	0.00	-	12.16	1.98	12.23	1.92
2003	27	1.10	0.07	0.00	1.18	0.00	0.08	12.16	1.98	12.23	1.91
2004	28	1.18	0.09	0.00	1.25	0.00	0.08	12.16	1.98	12.24	1.91
2005	29	1.25	0.08	0.00	1.34	0.00	0.09	12.16	1.98	12.24	1.91
2006	30	1.34	0.09	0.00	1.42	0.00	0.09	12.16	1.98	12.25	1.90
2007	31	1.42	0.09	0.00	1.52	0.00	0.10	12.16	1.98	12.25	1.90
2008	32	1.52	0.10	0.00	1.62	0.00	0.10	12.16	1.98	12.26	1.89
2009	33	1.62	0.11	0.00	1.73	0.00	0.11	12.16	1.98	12.26	1.88
2010	34	1.73	0.11	0.00	1.84	0.00	0.12	12.16	1.98	12.27	1.88
2011	35	1.84	0.12	0.00	1.96	0.00	0.13	12.16	1.98	12.28	1.87
2012	36	1.96	0.13	0.00	2.09	0.00	0.13	12.16	1.98	12.29	1.85
2013	37	2.09	0.14	0.00	2.23	0.00	0.14	12.16	1.98	12.29	1.85
2014	38	2.23	0.15	0.00	2.38	0.00	0.15	12.16	1.98	12.30	1.85
2015	39	2.38	0.16	0.00	2.53	0.00	0.16	12.16	1.98	12.31	1.84
2016	40	2.53	0.17	0.00	2.70	0.00	0.17	12.16	1.98	12.32	1.83
2017	41	2.70	0.18	0.00	2.88	0.00	0.18	12.16	1.98	12.33	1.82
2018	42	2.88	0.19	0.00	3.07	0.00	0.19	12.16	1.98	12.34	1.81
										12.35	1.79



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$000's)

Location  
Asset  
Asset Number  
Client Generating Station  
GH2 GSU Transformer  
064115

Asset Original cost	870
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1978
Retirement Date	2024
Asset Life	46
Age at 12/2002	24
Rem Life at 12/2002	22
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.5797
ARO current \$	2
Initiation Adjusted ARO	4
PV @ 15 Year	0.20

Journal Entries @ 01/01/03	Transition Entry		Regulatory
	Dr	Cr	
ARO Asset-317	0.20		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4		0.00	(63.91)
Ex. Deductions-435	0.00		
Reg Liability-254		63.91	
Acc Depreciation-108	64.73		
ARO Liability-230		0.09	
	64.93		64.93

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
		1-Jan	31-Dec					Depreciation	Removal Cost		
1979	1	0.20	0.01	0.00	0.21	0.00	-	16.53	2.70	19.23	2.68
1980	2	0.21	0.01	0.00	0.23	0.00	-	16.53	2.70	19.23	2.68
1981	3	0.23	0.01	0.00	0.24	0.00	-	16.53	2.70	19.23	2.68
1982	4	0.24	0.02	0.00	0.26	0.00	-	16.53	2.70	19.23	2.68
1983	5	0.26	0.02	0.00	0.27	0.00	-	16.53	2.70	19.23	2.68
1984	6	0.27	0.02	0.00	0.29	0.00	-	16.53	2.70	19.23	2.68
1985	7	0.29	0.02	0.00	0.31	0.00	-	16.53	2.70	19.23	2.68
1986	8	0.31	0.02	0.00	0.33	0.00	-	16.53	2.70	19.23	2.67
1987	9	0.33	0.02	0.00	0.36	0.00	-	16.53	2.70	19.23	2.67
1988	10	0.36	0.02	0.00	0.38	0.00	-	16.53	2.70	19.23	2.67
1989	11	0.38	0.03	0.00	0.40	0.00	-	16.53	2.70	19.23	2.67
1990	12	0.40	0.03	0.00	0.43	0.00	-	16.53	2.70	19.23	2.67
1991	13	0.43	0.03	0.00	0.46	0.00	-	16.53	2.70	19.23	2.67
1992	14	0.46	0.03	0.00	0.49	0.00	-	16.53	2.70	19.23	2.66
1993	15	0.49	0.03	0.00	0.52	0.00	-	16.53	2.70	19.23	2.66
1994	16	0.52	0.03	0.00	0.56	0.00	-	16.53	2.70	19.23	2.66
1995	17	0.56	0.04	0.00	0.59	0.00	-	16.53	2.70	19.23	2.66
1996	18	0.59	0.04	0.00	0.63	0.00	-	16.53	2.70	19.23	2.66
1997	19	0.63	0.04	0.00	0.67	0.00	-	16.53	2.70	19.23	2.65
1998	20	0.67	0.04	0.00	0.72	0.00	-	16.53	2.70	19.23	2.65
1999	21	0.72	0.05	0.00	0.77	0.00	-	16.53	2.70	19.23	2.65
2000	22	0.77	0.05	0.00	0.82	0.00	-	16.53	2.70	19.23	2.65
2001	23	0.82	0.05	0.00	0.87	0.00	-	16.53	2.70	19.23	2.65
2002	24	0.87	0.06	0.00	0.93	0.00	-	16.53	2.70	19.23	2.64
2003	25	0.93	0.06	0.00	0.99	0.00	-	16.53	2.70	19.23	2.64
2004	26	0.99	0.07	0.00	1.05	0.00	0.07	16.53	2.70	19.23	2.63
2005	27	1.05	0.07	0.00	1.12	0.00	0.07	16.53	2.70	19.23	2.63
2006	28	1.12	0.07	0.00	1.20	0.00	0.08	16.53	2.70	19.23	2.62
2007	29	1.20	0.08	0.00	1.28	0.00	0.08	16.53	2.70	19.23	2.62
2008	30	1.28	0.08	0.00	1.36	0.00	0.09	16.53	2.70	19.23	2.61
2009	31	1.36	0.09	0.00	1.45	0.00	0.09	16.53	2.70	19.23	2.61
2010	32	1.45	0.10	0.00	1.55	0.00	0.10	16.53	2.70	19.23	2.61
2011	33	1.55	0.10	0.00	1.65	0.00	0.11	16.53	2.70	19.23	2.60
2012	34	1.65	0.11	0.00	1.76	0.00	0.11	16.53	2.70	19.23	2.59
2013	35	1.76	0.12	0.00	1.87	0.00	0.12	16.53	2.70	19.23	2.59
2014	36	1.87	0.12	0.00	2.00	0.00	0.13	16.53	2.70	19.23	2.58
2015	37	2.00	0.13	0.00	2.13	0.00	0.14	16.53	2.70	19.23	2.57
2016	38	2.13	0.14	0.00	2.27	0.00	0.15	16.53	2.70	19.23	2.56
2017	39	2.27	0.15	0.00	2.42	0.00	0.16	16.53	2.70	19.23	2.56
2018	40	2.42	0.16	0.00	2.58	0.00	0.16	16.53	2.70	19.23	2.55
2019	41	2.58	0.17	0.00	2.75	0.00	0.17	16.53	2.70	19.23	2.54
2020	42	2.75	0.18	0.00	2.93	0.00	0.18	16.53	2.70	19.23	2.53

**CALCULATION OF FASB 143 ASSET RETIREMENT LIABILITY  
 and Transition entries at 01/01/2003  
 (\$'000's)**

Location  
 Asset  
 Asset Number  
 Ghent Generating Station  
 GH2 GSU Transformer  
 064115

2021	2.93	0.19	3.13	0.00	0.20	16.53	2.70	19.23	16.73	2.50
2022	3.13	0.21	3.34	0.00	0.21	16.53	2.70	19.23	16.74	2.49
2023	3.34	0.22	3.56	0.00	0.22	16.53	2.70	19.23	16.75	2.48
2024	3.56	0.24	3.79	0.00	0.24	16.53	2.70	19.23	16.77	2.46
2025	0.00	-	-	-	-	-	-	-	-	-
2026	0.00	-	-	-	-	-	-	-	-	-
2027	0.00	-	-	-	-	-	-	-	-	-
2028	0.00	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-	-	-
2053	-	-	-	-	-	-	-	-	-	-
2054	-	-	-	-	-	-	-	-	-	-
2055	-	-	-	-	-	-	-	-	-	-
2056	-	-	-	-	-	-	-	-	-	-
2057	-	-	-	-	-	-	-	-	-	-
2058	-	-	-	-	-	-	-	-	-	-
2059	-	-	-	-	-	-	-	-	-	-
2060	-	-	-	-	-	-	-	-	-	-
2061	-	-	-	-	-	-	-	-	-	-
2062	-	-	-	-	-	-	-	-	-	-
2063	-	-	-	-	-	-	-	-	-	-
2064	-	-	-	-	-	-	-	-	-	-
2065	-	-	-	-	-	-	-	-	-	-
2066	-	-	-	-	-	-	-	-	-	-
2067	-	-	-	-	-	-	-	-	-	-
2068	-	-	-	-	-	-	-	-	-	-
2069	-	-	-	-	-	-	-	-	-	-
2070	-	-	-	-	-	-	-	-	-	-
2071	-	-	-	-	-	-	-	-	-	-
2072	-	-	-	-	-	-	-	-	-	-
2073	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3.59</b>	<b>0.17</b>	<b>2.95</b>	<b>0.00</b>	<b>2.95</b>	<b>760.30</b>	<b>124.06</b>	<b>884.53</b>	<b>764.15</b>	<b>120.38</b>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(in \$000's)

Location: Ghent Generating Station  
Asset: GH3 GSU Transformer  
Asset Number: 1732740

Asset Original cost	4,301
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	2000
Retirement Date	2028
Asset Life	28
Age at 12/2002	2
Rem Life at 12/2002	26
Disc Rate	6.61%
Initiation Rate	2.10%
Initiation Factor	1.7166
ARO current \$	2
Initiation Adjusted ARO	4
PV @ 15 Year	0.69

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.69		
Reg Credits-407.4	0.00		
Ex. Deductions-435		0.00	(26.55)
Reg Liability-254		26.55	
Acc Depreciation-108	26.67		
ARO Liability-230		0.78	
	27.35	27.35	

Cal Year	Year	GAAP		Regulatory		Total GAAP	Total Regulatory	Regulatory (Asset)/Liability
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation			
2001	1	0.69	0.05	0.73	0.01	81.72	13.33	81.78
2002	2	0.73	0.05	0.78	0.01	81.72	13.33	81.76
2003	3	0.78	0.05	0.83	0.01	81.72	13.33	81.78
2004	4	0.83	0.05	0.89	0.01	81.72	13.33	81.78
2005	5	0.89	0.06	0.95	0.01	81.72	13.33	81.79
2006	6	0.95	0.06	1.01	0.01	81.72	13.33	81.79
2007	7	1.01	0.07	1.07	0.01	81.72	13.33	81.80
2008	8	1.07	0.07	1.15	0.01	81.72	13.33	81.80
2009	9	1.15	0.08	1.22	0.01	81.72	13.33	81.81
2010	10	1.22	0.08	1.30	0.01	81.72	13.33	81.81
2011	11	1.30	0.09	1.39	0.01	81.72	13.33	81.82
2012	12	1.39	0.09	1.48	0.01	81.72	13.33	81.82
2013	13	1.48	0.10	1.58	0.01	81.72	13.33	81.83
2014	14	1.58	0.10	1.68	0.01	81.72	13.33	81.84
2015	15	1.68	0.11	1.79	0.01	81.72	13.33	81.84
2016	16	1.79	0.12	1.91	0.01	81.72	13.33	81.85
2017	17	1.91	0.13	2.04	0.01	81.72	13.33	81.85
2018	18	2.04	0.14	2.17	0.01	81.72	13.33	81.86
2019	19	2.17	0.14	2.32	0.01	81.72	13.33	81.87
2020	20	2.32	0.15	2.47	0.01	81.72	13.33	81.88
2021	21	2.47	0.16	2.63	0.01	81.72	13.33	81.89
2022	22	2.63	0.17	2.81	0.01	81.72	13.33	81.90
2023	23	2.81	0.19	2.99	0.01	81.72	13.33	81.91
2024	24	2.99	0.20	3.18	0.01	81.72	13.33	81.92
2025	25	3.18	0.21	3.40	0.01	81.72	13.33	81.93
2026	26	3.40	0.22	3.62	0.01	81.72	13.33	81.94
2027	27	3.62	0.24	3.86	0.01	81.72	13.33	81.96
2028	28	3.86	0.26	4.12	0.01	81.72	13.33	81.97
2029	29	0.00	-	-	-	81.72	13.33	81.99
2030	30	0.00	-	-	-	-	-	-
2031	31	0.00	-	-	-	-	-	-
2032	32	0.00	-	-	-	-	-	-
2033	33	0.00	-	-	-	-	-	-
2034	34	0.00	-	-	-	-	-	-
2035	35	0.00	-	-	-	-	-	-
2036	36	0.00	-	-	-	-	-	-
2037	37	0.00	-	-	-	-	-	-
2038	38	0.00	-	-	-	-	-	-
2039	39	0.00	-	-	-	-	-	-
2040	40	0.00	-	-	-	-	-	-
2041	41	0.00	-	-	-	-	-	-
2042	42	0.00	-	-	-	-	-	-



**CALCULATION OF FASB 143 ASSET RETIREMENT LIABILITY  
 and Transition entries at 01/01/2003  
 (\$'000's)**

Location Asset Asset Number	Client Generating Station GHS GSU Transformer 1732740								
2043	43	0.00							
2044	44	0.00							
2045	45	0.00							
2046	46	0.00							
2047	47	0.00							
2048	48	0.00							
2049	49	0.00							
2050	50	0.00							
2051	51								
2052	52								
2053	53								
2054	54								
2055	55								
2056	56								
2057	57								
2058	58								
2059	59								
2060	60								
2061	61								
2062	62								
2063	63								
2064	64								
2065	65								
2066	66								
2067	67								
2068	68								
2069	69								
2070	70								
2071	71								
2072	72								
2073	73								
2074	74								
2075	75								
2076	76								
2077	77								
2078	78								
2079	79								
2080	80								
2081	81								
2082	82								
2083	83								
2084	84								
2085	85								
2086	86								
2087	87								
2088	88								
2089	89								
2090	90								
2091	91								
2092	92								
2093	93								
2094	94								
2095	95								
			0.37	3.68	2288.13	373.33	2881.80	2291.93	369.87
			<b>3.43</b>						

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$'000's)

Location: Ghent Generating Station  
Asset: GH4 GSU Transformer  
Asset Number: 063991

Asset Original cost	2,110
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr Rate	1.89%
Year Installed	1984
Retirement Date	2031
Asset Life	47
Age at 12/2002	18
Rem Life at 12/2002	29
Disc Rate	6.81%
Inflation Rate	2.10%
Inflation Factor	1.8270
ARO current \$	2
Inflation Adjusted ARO	4
PV @ 15 Year	0.22

Journal Entries @ 01/01/2003	
Dr	Cr
ARO Asset-317	Reg Asset/(Reg Liability) (117.20)
Regulatory Asset-152.3	
Reg Credits-407.4	
Ex. Deductions-435	
Reg Liability-254	117.20
Acc Depreciation-108	0.07
ARO Liability-230	0.89
	117.95
	117.95

Cal Year	Year	GAAP		Regulatory		Income Statement Effect	Total Regulatory	Regulatory (Asset)/Liability
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation			
1985	1	0.22	0.01	0.23	0.00	-	46.63	6.52
1986	2	0.23	0.02	0.25	0.00	-	46.63	6.52
1987	3	0.25	0.02	0.26	0.00	-	46.63	6.52
1988	4	0.26	0.02	0.28	0.00	-	46.63	6.52
1989	5	0.28	0.02	0.30	0.00	-	46.63	6.52
1990	6	0.30	0.02	0.32	0.00	-	46.63	6.52
1991	7	0.32	0.02	0.34	0.00	-	46.63	6.52
1992	8	0.34	0.02	0.36	0.00	-	46.63	6.52
1993	9	0.36	0.02	0.39	0.00	-	46.63	6.51
1994	10	0.39	0.03	0.41	0.00	-	46.63	6.51
1995	11	0.41	0.03	0.44	0.00	-	46.63	6.51
1996	12	0.44	0.03	0.47	0.00	-	46.63	6.51
1997	13	0.47	0.03	0.50	0.00	-	46.63	6.51
1998	14	0.50	0.03	0.53	0.00	-	46.63	6.50
1999	15	0.53	0.04	0.57	0.00	-	46.63	6.50
2000	16	0.57	0.04	0.60	0.00	-	46.63	6.50
2001	17	0.60	0.04	0.64	0.00	-	46.63	6.50
2002	18	0.64	0.04	0.69	0.00	-	46.63	6.48
2003	19	0.69	0.05	0.73	0.00	-	46.63	6.48
2004	20	0.73	0.05	0.78	0.00	0.05	46.64	6.50
2005	21	0.78	0.05	0.83	0.00	0.06	46.64	6.49
2006	22	0.83	0.05	0.89	0.00	0.06	46.64	6.49
2007	23	0.89	0.06	0.94	0.00	0.06	46.64	6.48
2008	24	0.94	0.06	1.01	0.00	0.07	46.64	6.47
2009	25	1.01	0.07	1.07	0.00	0.07	46.64	6.47
2010	26	1.07	0.07	1.14	0.00	0.08	46.64	6.46
2011	27	1.14	0.08	1.22	0.00	0.08	46.64	6.46
2012	28	1.22	0.08	1.30	0.00	0.09	46.64	6.45
2013	29	1.30	0.09	1.39	0.00	0.09	46.64	6.44
2014	30	1.39	0.09	1.48	0.00	0.10	46.64	6.44
2015	31	1.48	0.10	1.57	0.00	0.10	46.64	6.44
2016	32	1.57	0.10	1.68	0.00	0.11	46.64	6.44
2017	33	1.68	0.11	1.79	0.00	0.12	46.64	6.43
2018	34	1.79	0.12	1.91	0.00	0.12	46.64	6.43
2019	35	1.91	0.13	2.03	0.00	0.13	46.64	6.41
2020	36	2.03	0.13	2.17	0.00	0.14	46.64	6.41
2021	37	2.17	0.14	2.31	0.00	0.15	46.64	6.39
2022	38	2.31	0.15	2.46	0.00	0.16	46.64	6.39
2023	39	2.46	0.16	2.63	0.00	0.17	46.64	6.37
2024	40	2.63	0.17	2.80	0.00	0.18	46.64	6.36
2025	41	2.80	0.19	2.99	0.00	0.19	46.64	6.34
2026	42	2.99	0.20	3.18	0.00	0.20	46.64	6.34

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
 and Transition entries at 01/01/2003  
 (\$'000's)**

Location Asset Asset Number	Ghent Generating Station GH4 GSU Transformer 063991	3.18	0.21	3.39	0.00	0.21	40.09	46.84	40.30	6.33
2027	43	3.18	0.21	3.39	0.00	0.21	40.09	46.84	40.30	6.33
2028	44	3.39	0.22	3.62	0.00	0.23	40.09	46.84	40.32	6.32
2029	45	3.62	0.24	3.86	0.00	0.24	40.09	46.84	40.33	6.30
2030	46	3.86	0.26	4.11	0.00	0.26	40.09	46.84	40.35	6.29
2031	47	4.11	0.27	4.38	0.00	0.28	40.09	46.84	40.37	6.27
2032	48	0.00	-	-	-	-	-	-	-	-
2033	49	0.00	-	-	-	-	-	-	-	-
2034	50	-	-	-	-	-	-	-	-	-
2035	51	-	-	-	-	-	-	-	-	-
2036	52	-	-	-	-	-	-	-	-	-
2037	53	-	-	-	-	-	-	-	-	-
2038	54	-	-	-	-	-	-	-	-	-
2039	55	-	-	-	-	-	-	-	-	-
2040	56	-	-	-	-	-	-	-	-	-
2041	57	-	-	-	-	-	-	-	-	-
2042	58	-	-	-	-	-	-	-	-	-
2043	59	-	-	-	-	-	-	-	-	-
2044	60	-	-	-	-	-	-	-	-	-
2045	61	-	-	-	-	-	-	-	-	-
2046	62	-	-	-	-	-	-	-	-	-
2047	63	-	-	-	-	-	-	-	-	-
2048	64	-	-	-	-	-	-	-	-	-
2049	65	-	-	-	-	-	-	-	-	-
2050	66	-	-	-	-	-	-	-	-	-
2051	67	-	-	-	-	-	-	-	-	-
2052	68	-	-	-	-	-	-	-	-	-
2053	69	-	-	-	-	-	-	-	-	-
2054	70	-	-	-	-	-	-	-	-	-
2055	71	-	-	-	-	-	-	-	-	-
2056	72	-	-	-	-	-	-	-	-	-
2057	73	-	-	-	-	-	-	-	-	-
2058	74	-	-	-	-	-	-	-	-	-
2059	75	-	-	-	-	-	-	-	-	-
2060	76	-	-	-	-	-	-	-	-	-
2061	77	-	-	-	-	-	-	-	-	-
2062	78	-	-	-	-	-	-	-	-	-
2063	79	-	-	-	-	-	-	-	-	-
2064	80	-	-	-	-	-	-	-	-	-
2065	81	-	-	-	-	-	-	-	-	-
2066	82	-	-	-	-	-	-	-	-	-
2067	83	-	-	-	-	-	-	-	-	-
2068	84	-	-	-	-	-	-	-	-	-
2069	85	-	-	-	-	-	-	-	-	-
2070	86	-	-	-	-	-	-	-	-	-
2071	87	-	-	-	-	-	-	-	-	-
2072	88	-	-	-	-	-	-	-	-	-
2073	89	-	-	-	-	-	-	-	-	-
2074	90	-	-	-	-	-	-	-	-	-
2075	91	-	-	-	-	-	-	-	-	-
2076	92	-	-	-	-	-	-	-	-	-
2077	93	-	-	-	-	-	-	-	-	-
2078	94	-	-	-	-	-	-	-	-	-
2079	95	-	-	-	-	-	-	-	-	-
		<u>4.17</u>		<u>0.19</u>		<u>3.82</u>	<u>1884.23</u>	<u>2191.78</u>	<u>1868.59</u>	<u>303.16</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT LIABILITY  
and Transition entries at 01/01/2003  
(\$'000's)**

Location: Ghent Generating Station  
Asset: GH Spare GSU Transformer  
Asset Number: 1732720

Asset Original cost	2,482
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	2000
Retirement Date	2031
Asset Life	31
Age at 12/2002	2
Rem Life at 12/2002	29
Disc. Rate	6.61%
Initiation Rate	2.10%
Initiation Factor	1.9270
ARO current \$	4
Initiation Adjusted ARO	4
PV @ 1% Year	0.60

Journal Entries @ 01/01/03

Transition Entry		Reg Asset/(Reg Liability)
Dr	Cr	
ARO Asset-317	0.60	
Reg Credits-407.4	0.00	(15.28)
Regulatory Asset-182.3	0.00	
Ek. Deductions-435	0.00	15.28
Acc Depreciation-108	15.39	0.02
ARO Liability-230		0.69
	15.99	15.99

Cal Year	Year	GAAP		Regulatory		Income Statement Effect	Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation				
2001	1	0.60	0.04	0.64	0.01	-	7.69	47.21	7.64
2002	2	0.64	0.04	0.69	0.01	-	7.69	47.21	7.64
2003	3	0.69	0.05	0.73	0.01	0.06	7.69	47.22	7.65
2004	4	0.73	0.05	0.78	0.01	0.06	7.69	47.22	7.65
2005	5	0.78	0.05	0.83	0.01	0.06	7.69	47.22	7.64
2006	6	0.83	0.05	0.89	0.01	0.07	7.69	47.22	7.64
2007	7	0.89	0.05	0.94	0.01	0.07	7.69	47.23	7.64
2008	8	0.94	0.06	1.01	0.01	0.07	7.69	47.23	7.63
2009	9	1.01	0.07	1.07	0.01	0.08	7.69	47.24	7.63
2010	10	1.07	0.07	1.14	0.01	0.08	7.69	47.24	7.62
2011	11	1.14	0.08	1.22	0.01	0.09	7.69	47.25	7.62
2012	12	1.22	0.08	1.30	0.01	0.09	7.69	47.25	7.61
2013	13	1.30	0.09	1.39	0.01	0.10	7.69	47.26	7.61
2014	14	1.39	0.09	1.48	0.01	0.10	7.69	47.26	7.60
2015	15	1.48	0.10	1.57	0.01	0.11	7.69	47.27	7.60
2016	16	1.57	0.10	1.68	0.01	0.12	7.69	47.27	7.59
2017	17	1.68	0.11	1.79	0.01	0.12	7.69	47.28	7.59
2018	18	1.79	0.12	1.91	0.01	0.13	7.69	47.29	7.58
2019	19	1.91	0.13	2.03	0.01	0.14	7.69	47.30	7.57
2020	20	2.03	0.13	2.17	0.01	0.15	7.69	47.30	7.56
2021	21	2.17	0.14	2.31	0.01	0.15	7.69	47.31	7.55
2022	22	2.31	0.15	2.46	0.01	0.16	7.69	47.32	7.54
2023	23	2.46	0.16	2.63	0.01	0.17	7.69	47.33	7.53
2024	24	2.63	0.17	2.80	0.01	0.19	7.69	47.34	7.52
2025	25	2.80	0.19	2.99	0.01	0.20	7.69	47.35	7.51
2026	26	2.99	0.20	3.18	0.01	0.21	7.69	47.37	7.50
2027	27	3.18	0.21	3.39	0.01	0.22	7.69	47.38	7.48
2028	28	3.39	0.22	3.62	0.01	0.24	7.69	47.39	7.47
2029	29	3.62	0.24	3.86	0.01	0.25	7.69	47.41	7.45
2030	30	3.86	0.26	4.11	0.01	0.27	7.69	47.42	7.44
2031	31	4.11	0.27	4.38	0.01	0.28	7.69	47.44	7.42
2032	32	0.00	0.00	-	-	-	-	-	-
2033	33	0.00	0.00	-	-	-	-	-	-
2034	34	0.00	0.00	-	-	-	-	-	-
2035	35	0.00	0.00	-	-	-	-	-	-
2036	36	0.00	0.00	-	-	-	-	-	-
2037	37	0.00	0.00	-	-	-	-	-	-
2038	38	0.00	0.00	-	-	-	-	-	-
2039	39	0.00	0.00	-	-	-	-	-	-
2040	40	0.00	0.00	-	-	-	-	-	-
2041	41	0.00	0.00	-	-	-	-	-	-
2042	42	0.00	0.00	-	-	-	-	-	-

**CALCULATION OF FASB 143 ASSET RETIREMENT LIABILITIES  
and Transition entries at 01/01/2003  
(\$000's)**

Location Asset Asset Number	Chert Generating Station GH Spare GSU Transformer 1732720											
2043	43											0.00
2044	44											0.00
2045	45											0.00
2046	46											0.00
2047	47											0.00
2048	48											0.00
2049	49											0.00
2050	50											0.00
2051	51											
2052	52											
2053	53											
2054	54											
2055	55											
2056	56											
2057	57											
2058	58											
2059	59											
2060	60											
2061	61											
2062	62											
2063	63											
2064	64											
2065	65											
2066	66											
2067	67											
2068	68											
2069	69											
2070	70											
2071	71											
2072	72											
2073	73											
2074	74											
2075	75											
2076	76											
2077	77											
2078	78											
2079	79											
2080	80											
2081	81											
2082	82											
2083	83											
2084	84											
2085	85											
2086	86											
2087	87											
2088	88											
2089	89											
2090	90											
2091	91											
2092	92											
2093	93											
2094	94											
2095	95											
			0.36					4.03				
							1461.90					
									238.52			
										1700.75		
											1466.04	
												234.72

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Location Ghent Generating Station  
Asset Underground Tank Coal Yard GH1  
Asset Number 104400

Asset Original cost	95
Reg Depr Rate	3.12%
Salvage Rate	0.30%
GAAP Depr. Rate	2.82%
Year Installed	1974
Retirement Date	2020
Asset Life	46
Age at 12/2002	28
Rem Life at 12/2002	18
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.4537
ARO current \$	13
Inflation Adjusted ARO	19
PV @ 1% Year	0.99

**Journal Entries @ 01/01/2003**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.99		
Regulatory Asset-182.3	0.00		(2.22)
Reg Credits-407.4		0.00	
Ex. Deductions-435		0.00	
Reg Liability-254		2.22	
Acc Depreciation-108	7.98		0.79
ARO Liability-230		5.97	
	8.97	8.97	

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
		1-Jan	31-Dec					Depreciation	Removal Cost	Total Regulatory		
1975	1	0.99	0.99	0.07	1.06	0.03	-	2.68	0.29	2.96	2.77	0.19
1976	2	1.06	1.06	0.07	1.13	0.03	-	2.68	0.29	2.96	2.78	0.19
1977	3	1.13	1.13	0.07	1.21	0.03	-	2.68	0.29	2.96	2.78	0.18
1978	4	1.21	1.21	0.08	1.28	0.03	-	2.68	0.29	2.96	2.79	0.18
1979	5	1.28	1.28	0.08	1.37	0.03	-	2.68	0.29	2.96	2.79	0.17
1980	6	1.37	1.37	0.09	1.46	0.03	-	2.68	0.29	2.96	2.80	0.17
1981	7	1.46	1.46	0.10	1.56	0.03	-	2.68	0.29	2.96	2.80	0.16
1982	8	1.56	1.56	0.11	1.66	0.03	-	2.68	0.29	2.96	2.81	0.15
1983	9	1.66	1.66	0.11	1.77	0.03	-	2.68	0.29	2.96	2.82	0.15
1984	10	1.77	1.77	0.12	1.89	0.03	-	2.68	0.29	2.96	2.82	0.14
1985	11	1.89	1.89	0.12	2.01	0.03	-	2.68	0.29	2.96	2.83	0.13
1986	12	2.01	2.01	0.13	2.14	0.03	-	2.68	0.29	2.96	2.84	0.12
1987	13	2.14	2.14	0.14	2.29	0.03	-	2.68	0.29	2.96	2.85	0.12
1988	14	2.29	2.29	0.15	2.44	0.03	-	2.68	0.29	2.96	2.85	0.11
1989	15	2.44	2.44	0.16	2.60	0.03	-	2.68	0.29	2.96	2.87	0.10
1990	16	2.60	2.60	0.17	2.77	0.03	-	2.68	0.29	2.96	2.88	0.09
1991	17	2.77	2.77	0.18	2.95	0.03	-	2.68	0.29	2.96	2.89	0.07
1992	18	2.95	2.95	0.20	3.15	0.03	-	2.68	0.29	2.96	2.90	0.06
1993	19	3.15	3.15	0.21	3.36	0.03	-	2.68	0.29	2.96	2.92	0.05
1994	20	3.36	3.36	0.22	3.58	0.03	-	2.68	0.29	2.96	2.93	0.04
1995	21	3.58	3.58	0.24	3.81	0.03	-	2.68	0.29	2.96	2.94	0.02
1996	22	3.81	3.81	0.25	4.07	0.03	-	2.68	0.29	2.96	2.96	0.00
1997	23	4.07	4.07	0.27	4.34	0.03	-	2.68	0.29	2.96	2.98	(0.01)
1998	24	4.34	4.34	0.29	4.62	0.03	-	2.68	0.29	2.96	2.99	(0.03)
1999	25	4.62	4.62	0.31	4.93	0.03	-	2.68	0.29	2.96	3.01	(0.05)
2000	26	4.93	4.93	0.33	5.25	0.03	-	2.68	0.29	2.96	3.03	(0.07)
2001	27	5.25	5.25	0.35	5.60	0.03	-	2.68	0.29	2.96	3.05	(0.09)
2002	28	5.60	5.60	0.37	5.97	0.03	-	2.68	0.29	2.96	3.08	(0.11)

**CALCULATION OF FASB 143 ASSOCIATED RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Location Asset Asset Number	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044		
Ghent Generating Station Underground Tank Coal Yard GH1 104400	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70		
	5.97	6.37	6.79	7.23	7.71	8.22	8.77	9.35	9.96	10.62	11.32	12.07	12.87	13.72	14.63	15.60	16.63	17.73	18.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.39	0.42	0.45	0.48	0.51	0.54	0.58	0.62	0.66	0.70	0.75	0.80	0.85	0.91	0.97	1.03	1.10	1.17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	6.37	6.79	7.23	7.71	8.22	8.77	9.35	9.96	10.62	11.32	12.07	12.87	13.72	14.63	15.60	16.63	17.73	18.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	0.42	0.45	0.48	0.51	0.54	0.57	0.61	0.65	0.69	0.73	0.78	0.83	0.88	0.94	1.00	1.06	1.13	1.20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	3.10	3.13	3.16	3.19	3.22	3.25	3.29	3.32	3.37	3.41	3.46	3.51	3.56	3.61	3.67	3.74	3.81	3.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	(0.11)	(0.14)	(0.16)	(0.19)	(0.22)	(0.26)	(0.29)	(0.33)	(0.37)	(0.42)	(0.46)	(0.51)	(0.57)	(0.62)	(0.68)	(0.75)	(0.81)	(0.89)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	13.432	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	123.23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	136.85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	142.43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$000's)

Location: Ghent Generating Station  
Asset: Station Fuel Oil Piping GH2  
Asset Number: 104973

Asset Original cost	185
Reg Depr Rate	1.84%
Salvage Rate	0.35%
GAAP Depr. Rate	1.49%
Year installed	1977
Retirement Date	2024
Asset Life	47
Age at 12/2002	25
Rem Life at 12/2002	22
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.5797
ARO current \$	4
Inflation Adjusted ARO	6
PV @ IS Year	0.31

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.31		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4			(14.84)
Ex. Deductions-435	0.00		
Reg Liability-254			14.84
Acc Depreciation-108	16.19		0.12
ARO Liability-230			1.55
	16.50	16.50	

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
		1-Jan	1-Jan					Depreciation	Removal Cost	Total Regulatory		
1978	1	0.31	0.31	0.02	0.33	0.00	0.000	2.76	0.65	3.40	2.78	0.62
1979	2	0.33	0.33	0.02	0.35	0.00	0.000	2.76	0.65	3.40	2.78	0.62
1980	3	0.35	0.38	0.02	0.38	0.00	0.000	2.76	0.65	3.40	2.78	0.62
1981	4	0.38	0.40	0.02	0.40	0.00	0.000	2.76	0.65	3.40	2.79	0.62
1982	5	0.40	0.43	0.03	0.43	0.00	0.000	2.76	0.65	3.40	2.79	0.62
1983	6	0.43	0.46	0.03	0.46	0.00	0.000	2.76	0.65	3.40	2.79	0.62
1984	7	0.46	0.49	0.03	0.49	0.00	0.000	2.76	0.65	3.40	2.79	0.61
1985	8	0.49	0.52	0.03	0.52	0.00	0.000	2.76	0.65	3.40	2.79	0.61
1986	9	0.52	0.56	0.03	0.56	0.00	0.000	2.76	0.65	3.40	2.80	0.61
1987	10	0.56	0.59	0.04	0.59	0.00	0.000	2.76	0.65	3.40	2.80	0.61
1988	11	0.59	0.63	0.04	0.63	0.00	0.000	2.76	0.65	3.40	2.80	0.61
1989	12	0.63	0.67	0.04	0.67	0.00	0.000	2.76	0.65	3.40	2.80	0.60
1990	13	0.67	0.72	0.04	0.72	0.00	0.000	2.76	0.65	3.40	2.80	0.60
1991	14	0.72	0.76	0.05	0.76	0.00	0.000	2.76	0.65	3.40	2.81	0.60
1992	15	0.76	0.81	0.05	0.81	0.00	0.000	2.76	0.65	3.40	2.81	0.60
1993	16	0.81	0.87	0.05	0.87	0.00	0.000	2.76	0.65	3.40	2.81	0.59
1994	17	0.87	0.93	0.06	0.93	0.00	0.000	2.76	0.65	3.40	2.82	0.59
1995	18	0.93	0.99	0.06	0.99	0.00	0.000	2.76	0.65	3.40	2.82	0.59
1996	19	0.99	1.05	0.07	1.05	0.00	0.000	2.76	0.65	3.40	2.82	0.58
1997	20	1.05	1.12	0.07	1.12	0.00	0.000	2.76	0.65	3.40	2.83	0.58
1998	21	1.12	1.20	0.07	1.20	0.00	0.000	2.76	0.65	3.40	2.83	0.57
1999	22	1.20	1.28	0.08	1.28	0.00	0.000	2.76	0.65	3.40	2.84	0.57
2000	23	1.28	1.36	0.08	1.36	0.00	0.000	2.76	0.65	3.40	2.84	0.56
2001	24	1.36	1.45	0.09	1.45	0.00	0.000	2.76	0.65	3.40	2.85	0.56
2002	25	1.45	1.55	0.10	1.55	0.00	0.000	2.76	0.65	3.40	2.85	0.55
2003	26	1.55	1.65	0.10	1.65	0.00	0.107	2.76	0.65	3.40	2.86	0.55
2004	27	1.65	1.76	0.11	1.76	0.00	0.114	2.76	0.65	3.41	2.86	0.55
2005	28	1.76	1.87	0.12	1.87	0.00	0.121	2.76	0.65	3.41	2.87	0.54
											2.88	0.53





**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Location Ghent Generating Station  
Asset Chemical Tanks GH4  
Asset Number 105544

Asset Original cost	48
Reg Depr Rate	2.16%
Salvage Rate	0.23%
GAAP Depr. Rate	1.93%
Year Installed	1984
Retirement Date	2031
Asset Life	47
Age at 12/2002	18
Rem Life at 12/2002	29
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.8270
ARO current \$	13
Inflation Adjusted ARO	24
PV @ IS Year	1.17

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	1.17		
Regulatory Asset-182.3	0.96		0.96
Reg Credits-407.4		0.96	
Ex. Deductions-435			0.00
Reg Liability-254	1.99		0.41
Acc Depreciation-108			3.71
ARO Liability-230			5.08
	5.08		

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1985	1	1.17	0.08	1.25	0.02	0.000	0.93	0.11	1.04	1.03	0.01
1986	2	1.25	0.08	1.33	0.02	0.000	0.93	0.11	1.04	1.03	0.01
1987	3	1.33	0.09	1.42	0.02	0.000	0.93	0.11	1.04	1.04	(0.00)
1988	4	1.42	0.09	1.51	0.02	0.000	0.93	0.11	1.04	1.04	(0.01)
1989	5	1.51	0.10	1.62	0.02	0.000	0.93	0.11	1.04	1.05	(0.01)
1990	6	1.62	0.11	1.72	0.02	0.000	0.93	0.11	1.04	1.06	(0.02)
1991	7	1.72	0.11	1.84	0.02	0.000	0.93	0.11	1.04	1.06	(0.02)
1992	8	1.84	0.12	1.96	0.02	0.000	0.93	0.11	1.04	1.07	(0.03)
1993	9	1.96	0.13	2.09	0.02	0.000	0.93	0.11	1.04	1.08	(0.04)
1994	10	2.09	0.14	2.22	0.02	0.000	0.93	0.11	1.04	1.09	(0.05)
1995	11	2.22	0.15	2.37	0.02	0.000	0.93	0.11	1.04	1.10	(0.06)
1996	12	2.37	0.16	2.53	0.02	0.000	0.93	0.11	1.04	1.11	(0.07)
1997	13	2.53	0.17	2.70	0.02	0.000	0.93	0.11	1.04	1.12	(0.08)
1998	14	2.70	0.18	2.87	0.02	0.000	0.93	0.11	1.04	1.13	(0.09)
1999	15	2.87	0.19	3.06	0.02	0.000	0.93	0.11	1.04	1.14	(0.10)
2000	16	3.06	0.20	3.27	0.02	0.000	0.93	0.11	1.04	1.15	(0.11)
2001	17	3.27	0.22	3.48	0.02	0.000	0.93	0.11	1.04	1.16	(0.13)
2002	18	3.48	0.23	3.71	0.02	0.000	0.93	0.11	1.04	1.18	(0.14)
2003	19	3.71	0.25	3.96	0.02	0.268	0.93	0.11	1.06	1.19	(0.15)
2004	20	3.96	0.26	4.22	0.02	0.284	0.93	0.11	1.06	1.21	(0.17)
2005	21	4.22	0.28	4.50	0.02	0.301	0.93	0.11	1.06	1.23	(0.19)
2006	22	4.50	0.30	4.79	0.02	0.320	0.93	0.11	1.06	1.25	(0.21)
2007	23	4.79	0.32	5.11	0.02	0.340	0.93	0.11	1.06	1.27	(0.23)
2008	24	5.11	0.34	5.45	0.02	0.360	0.93	0.11	1.06	1.29	(0.25)
2009	25	5.45	0.36	5.81	0.02	0.383	0.93	0.11	1.06	1.31	(0.27)
2010	26	5.81	0.38	6.19	0.02	0.407	0.93	0.11	1.06	1.33	(0.30)
2011	27	6.19	0.41	6.60	0.02	0.432	0.93	0.11	1.06	1.36	(0.33)
2012	28	6.60	0.44	7.04	0.02	0.459	0.93	0.11	1.06	1.39	(0.33)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
 and Transition entries at 01/01/2003  
 (\$'000's)

Location Asset Asset Number	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054		
Ghent Generating Station Chemical Tanks GH4 105544	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70		
	7.04	7.50	8.00	8.53	9.09	9.69	10.34	11.02	11.75	12.52	13.35	14.23	15.17	16.18	17.25	18.39	19.60	20.90	22.28	23.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.47	0.50	0.53	0.56	0.60	0.64	0.68	0.73	0.78	0.83	0.88	0.94	1.00	1.07	1.14	1.22	1.30	1.38	1.47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	7.50	8.00	8.53	9.09	9.69	10.34	11.02	11.75	12.52	13.35	14.23	15.17	16.18	17.25	18.39	19.60	20.90	22.28	23.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	0.488	0.519	0.551	0.586	0.624	0.663	0.706	0.751	0.799	0.850	0.905	0.963	1.03	1.09	1.16	1.24	1.32	1.40	1.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	1.41	1.45	1.48	1.51	1.55	1.59	1.63	1.68	1.73	1.78	1.83	1.89	1.95	2.02	2.09	2.16	2.24	2.33	2.42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	(0.35)	(0.39)	(0.42)	(0.45)	(0.48)	(0.53)	(0.57)	(0.62)	(0.67)	(0.72)	(0.77)	(0.83)	(0.89)	(0.96)	(1.03)	(1.10)	(1.19)	(1.27)	(1.36)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	22.58	20.696	1.06	43.54	49.39	5.19	67.18	(17.80)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$000's)

Location Ghent Generating Station  
Asset Sewage Treatment Plant GH1  
Asset Number 104352

Asset Original cost	23
Reg Depr Rate	3.12%
Salvage Rate	0.30%
GAAP Depr. Rate	2.82%
Year Installed	1974
Retirement Date	2020
Asset Life	46
Age at 12/2002	28
Rem Life at 12/2002	18
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.4537
ARO current \$	10
Inflation Adjusted ARO	15
PV @ IS Year	0.77

Journal Entries @ 01/01/03

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.77		
Regulatory Asset-182.3	2.50		2.50
Reg Credits-407.4		2.50	
Ex. Deductions-435	2.50		
Reg Liability-254		0.00	
Acc Depreciation-108	1.93		
ARO Liability-230		4.59	
	7.70	7.70	

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory				
		1-Jan	31-Dec					Depreciation	Removal Cost	Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
1975	1	0.77	0.82	0.05	0.82	0.02	0.000	0.65	0.07	0.72	0.72	(0.00)
1976	2	0.82	0.87	0.05	0.87	0.02	0.000	0.65	0.07	0.72	0.72	(0.01)
1977	3	0.87	0.93	0.06	0.93	0.02	0.000	0.65	0.07	0.72	0.73	(0.01)
1978	4	0.93	0.99	0.06	0.99	0.02	0.000	0.65	0.07	0.72	0.73	(0.01)
1979	5	0.99	1.05	0.07	1.05	0.02	0.000	0.65	0.07	0.72	0.74	(0.02)
1980	6	1.05	1.12	0.07	1.12	0.02	0.000	0.65	0.07	0.72	0.74	(0.02)
1981	7	1.12	1.20	0.08	1.20	0.02	0.000	0.65	0.07	0.72	0.74	(0.03)
1982	8	1.20	1.28	0.08	1.28	0.02	0.000	0.65	0.07	0.72	0.75	(0.03)
1983	9	1.28	1.36	0.09	1.36	0.02	0.000	0.65	0.07	0.72	0.75	(0.03)
1984	10	1.36	1.45	0.09	1.45	0.02	0.000	0.65	0.07	0.72	0.76	(0.04)
1985	11	1.45	1.55	0.10	1.55	0.02	0.000	0.65	0.07	0.72	0.76	(0.04)
1986	12	1.55	1.65	0.10	1.65	0.02	0.000	0.65	0.07	0.72	0.77	(0.05)
1987	13	1.65	1.76	0.11	1.76	0.02	0.000	0.65	0.07	0.72	0.77	(0.05)
1988	14	1.76	1.87	0.12	1.87	0.02	0.000	0.65	0.07	0.72	0.78	(0.06)
1989	15	1.87	2.00	0.12	2.00	0.02	0.000	0.65	0.07	0.72	0.79	(0.07)
1990	16	2.00	2.13	0.13	2.13	0.02	0.000	0.65	0.07	0.72	0.79	(0.08)
1991	17	2.13	2.27	0.14	2.27	0.02	0.000	0.65	0.07	0.72	0.80	(0.08)
1992	18	2.27	2.42	0.15	2.42	0.02	0.000	0.65	0.07	0.72	0.81	(0.09)
1993	19	2.42	2.58	0.16	2.58	0.02	0.000	0.65	0.07	0.72	0.82	(0.10)
1994	20	2.58	2.75	0.17	2.75	0.02	0.000	0.65	0.07	0.72	0.83	(0.11)
1995	21	2.75	2.93	0.18	2.93	0.02	0.000	0.65	0.07	0.72	0.84	(0.12)
1996	22	2.93	3.13	0.19	3.13	0.02	0.000	0.65	0.07	0.72	0.85	(0.13)
1997	23	3.13	3.34	0.21	3.34	0.02	0.000	0.65	0.07	0.72	0.86	(0.15)
1998	24	3.34	3.56	0.22	3.56	0.02	0.000	0.65	0.07	0.72	0.88	(0.16)
1999	25	3.56	3.79	0.24	3.79	0.02	0.000	0.65	0.07	0.72	0.89	(0.17)
2000	26	3.79	4.04	0.25	4.04	0.02	0.000	0.65	0.07	0.72	0.91	(0.19)
2001	27	4.04	4.31	0.27	4.31	0.02	0.000	0.65	0.07	0.72	0.92	(0.20)
2002	28	4.31	4.59	0.28	4.59	0.02	0.000	0.65	0.07	0.72	0.94	(0.22)
								0.65	0.07	0.72	0.95	(0.24)

2003	29	4.59	0.30	4.90	0.02	0.325	0.65	0.07	0.74	0.97	(0.23)
2004	30	4.90	0.32	5.22	0.02	0.345	0.65	0.07	0.74	0.99	(0.25)
2005	31	5.22	0.35	5.57	0.02	0.367	0.65	0.07	0.74	1.02	(0.28)
2006	32	5.57	0.37	5.93	0.02	0.389	0.65	0.07	0.74	1.04	(0.30)
2007	33	5.93	0.39	6.33	0.02	0.414	0.65	0.07	0.74	1.06	(0.32)
2008	34	6.33	0.42	6.74	0.02	0.440	0.65	0.07	0.74	1.09	(0.35)
2009	35	6.74	0.45	7.19	0.02	0.467	0.65	0.07	0.74	1.12	(0.38)
2010	36	7.19	0.48	7.66	0.02	0.497	0.65	0.07	0.74	1.15	(0.41)
2011	37	7.66	0.51	8.17	0.02	0.528	0.65	0.07	0.74	1.18	(0.44)
2012	38	8.17	0.54	8.71	0.02	0.562	0.65	0.07	0.74	1.21	(0.47)
2013	39	8.71	0.58	9.29	0.02	0.597	0.65	0.07	0.74	1.25	(0.51)
2014	40	9.29	0.61	9.90	0.02	0.635	0.65	0.07	0.74	1.28	(0.54)
2015	41	9.90	0.65	10.56	0.02	0.68	0.65	0.07	0.74	1.32	(0.59)
2016	42	10.56	0.70	11.25	0.02	0.72	0.65	0.07	0.74	1.37	(0.63)
2017	43	11.25	0.74	12.00	0.02	0.77	0.65	0.07	0.74	1.41	(0.67)
2018	44	12.00	0.79	12.79	0.02	0.81	0.65	0.07	0.74	1.46	(0.72)
2019	45	12.79	0.85	13.64	0.02	0.87	0.65	0.07	0.74	1.52	(0.76)
2020	46	13.64	0.90	14.54	0.02	0.92	0.65	0.07	0.74	1.57	(0.83)
2021	47	-	-	-	-	-	-	-	-	-	-
2022	48	-	-	-	-	-	-	-	-	-	-
2023	49	-	-	-	-	-	-	-	-	-	-
2024	50	-	-	-	-	-	-	-	-	-	-
2025	51	-	-	-	-	-	-	-	-	-	-
2026	52	-	-	-	-	-	-	-	-	-	-
2027	53	-	-	-	-	-	-	-	-	-	-
2028	54	-	-	-	-	-	-	-	-	-	-
2029	55	-	-	-	-	-	-	-	-	-	-
2030	56	-	-	-	-	-	-	-	-	-	-
2031	57	-	-	-	-	-	-	-	-	-	-
2032	58	-	-	-	-	-	-	-	-	-	-
2033	59	-	-	-	-	-	-	-	-	-	-
2034	60	-	-	-	-	-	-	-	-	-	-
2035	61	-	-	-	-	-	-	-	-	-	-
2036	62	-	-	-	-	-	-	-	-	-	-
2037	63	-	-	-	-	-	-	-	-	-	-
2038	64	-	-	-	-	-	-	-	-	-	-
2039	65	-	-	-	-	-	-	-	-	-	-
2040	66	-	-	-	-	-	-	-	-	-	-
2041	67	-	-	-	-	-	-	-	-	-	-
2042	68	-	-	-	-	-	-	-	-	-	-
2043	69	-	-	-	-	-	-	-	-	-	-
2044	70	-	-	-	-	-	-	-	-	-	-
		13.77	-	-	0.99	10.332	29.84	3.17	33.40	44.60	(11.20)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location: Ghent Generating Station unit 1  
Asset: Coal Storage  
Asset Number: 104329

Asset Original cost	75
Reg Depr Rate	3.12%
Salvage Rate	0.30%
GAAP Depr. Rate	2.82%
Year Installed	1994
Retirement Date	2020
Asset Life	26
Age at 12/2002	8
Rem Life at 12/2002	18
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.4537
ARO current \$	578
Inflation Adjusted ARO	966
PV @ IS Year	186.61

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg. Liability)
	Dr	Cr	
ARO Asset-317	186.61		
Regulatory Asset-182.3	165.09		165.09
Reg Credits-407.4		165.09	
Ex. Deductions-435	165.09		
Reg Liability-254		0.00	
Acc Depreciation-108	1.80		42.10
ARO Liability-230		311.41	
	518.60	518.60	

Cal Year	Year	GAAP		Regulatory		Annual Income Statement Effect	Removal Cost	Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation					
1995	1	186.61	12.34	198.95	5.263	-	2.12	2.340	19.713	(17.373)
1996	2	198.95	13.15	212.10	5.263	-	2.12	2.340	20.528	(18.188)
1997	3	212.10	14.02	226.12	5.263	-	2.12	2.340	21.397	(19.057)
1998	4	226.12	14.95	241.07	5.263	-	2.12	2.340	22.324	(19.984)
1999	5	241.07	15.93	257.00	5.263	-	2.12	2.340	23.312	(20.972)
2000	6	257.00	16.99	273.99	5.263	-	2.12	2.340	24.365	(22.025)
2001	7	273.99	18.11	292.10	5.263	-	2.12	2.340	25.488	(23.148)
2002	8	292.10	19.31	311.41	5.263	-	2.12	2.340	26.685	(24.345)
2003	9	311.41	20.58	331.99	5.263	25.85	2.12	2.340	27.962	(20.359)
2004	10	331.99	21.94	353.94	5.263	27.21	2.12	2.340	29.322	(21.720)
2005	11	353.94	23.40	377.33	5.263	28.66	2.12	2.340	30.773	(23.170)
2006	12	377.33	24.94	402.27	5.263	30.20	2.12	2.340	32.319	(24.717)
2007	13	402.27	26.69	428.96	5.263	31.85	2.12	2.340	33.968	(26.365)
2008	14	428.96	28.35	457.21	5.263	33.61	2.12	2.340	35.725	(28.123)
2009	15	457.21	30.22	487.43	5.263	35.48	2.12	2.340	37.599	(29.997)
2010	16	487.43	32.22	519.65	5.263	37.48	2.12	2.340	39.597	(31.994)
2011	17	519.65	34.35	554.00	5.263	39.61	2.12	2.340	41.727	(34.124)
2012	18	554.00	36.62	590.62	5.263	41.88	2.12	2.340	43.997	(36.395)
2013	19	590.62	39.04	629.66	5.263	44.30	2.12	2.340	46.418	(38.815)
2014	20	629.66	41.62	671.28	5.263	46.88	2.12	2.340	48.998	(41.396)
2015	21	671.28	44.37	715.65	5.263	49.63	2.12	2.340	51.749	(44.147)
2016	22	715.65	47.30	762.96	5.263	52.57	2.12	2.340	54.682	(47.080)
2017	23	762.96	50.43	813.39	5.263	55.69	2.12	2.340	57.809	(50.207)
2018	24	813.39	53.77	867.16	5.263	59.03	2.12	2.340	61.143	(53.540)
2019	25	867.16	57.32	924.47	5.263	62.58	2.12	2.340	64.697	(57.094)
2020	26	924.47	61.11	985.58	5.263	66.37	2.12	2.340	68.485	(60.683)
2021	27	0.00	-	-	-	-	-	-	-	-
2022	28	0.00	-	-	-	-	-	-	-	-

CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)

Location Asset Asset Number	Ghent Generating Station unit 1 Coal Storage 104329									
2023	29	0.00								
2024	30	0.00								
2025	31	0.00								
2026	32	0.00								
2027	33	0.00								
2028	34	0.00								
2029	35	0.00								
2030	36	0.00								
2031	37	0.00								
2032	38	0.00								
2033	39	0.00								
2034	40									
2035	41									
2036	42									
2037	43									
2038	44									
2039	45									
2040	46									
2041	47									
2042	48									
2043	49									
2044	50									
2045	51									
2046	52									
2047	53									
2048	54									
2049	55									
2050	56									
2051	57									
2052	58									
2053	59									
2054	60									
2055	61									
2056	62									
2057	63									
2058	64									
2059	65									
2060	66									
2061	-67									
2062	68									
2063	69									
2064	70									
		<u>798.97</u>	<u>136.83</u>	<u>768.90</u>	<u>54.99</u>	<u>5.95</u>	<u>155.566</u>	<u>990.78</u>		<u>(835.22)</u>

CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)

Location Ghent Generating Station  
Asset  
Asset Number

Original cost	
Depr Rate	3.12%
Salvage Rate	0.30%
GAAP Depr. Rate	2.82%
Year Installed	1984
Retirement Date	2034
Asset Life	50
Age at 12/2002	18
Rem Life at 12/2002	32
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.9446
ARO current \$	
Inflation Adjusted ARO	0
PV @ 15 Year	0.00

Journal Entries @ 01/01/03		Transition Entry		Reg Asset/(Reg Liability)
		Dr	Cr	
ARO Asset-317		0.00		
Regulatory Asset-182.3		0.00		
Reg Credits-407.4			0.00	
Ex. Deductions-435		0.00		
Reg Liability-254			0.00	
Acc Depreciation-108		0.00		
ARO Liability-230			0.00	
		0.00		
GAAP				
		Regulatory		

Cal Year	Year	Liability Balance 1-Jan	Annual Accrion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Depreciation	Removal Cost	Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
1985	1	0.00	-	-	-	0.000	-	-	-	-	-
1986	2	0.00	-	-	-	0.000	-	-	-	-	-
1987	3	0.00	-	-	-	0.000	-	-	-	-	-
1988	4	0.00	-	-	-	0.000	-	-	-	-	-
1989	5	0.00	-	-	-	0.000	-	-	-	-	-
1990	6	0.00	-	-	-	0.000	-	-	-	-	-
1991	7	0.00	-	-	-	0.000	-	-	-	-	-
1992	8	0.00	-	-	-	0.000	-	-	-	-	-
1993	9	0.00	-	-	-	0.000	-	-	-	-	-
1994	10	0.00	-	-	-	0.000	-	-	-	-	-
1995	11	0.00	-	-	-	0.000	-	-	-	-	-
1996	12	0.00	-	-	-	0.000	-	-	-	-	-
1997	13	0.00	-	-	-	0.000	-	-	-	-	-
1998	14	0.00	-	-	-	0.000	-	-	-	-	-
1999	15	0.00	-	-	-	0.000	-	-	-	-	-
2000	16	0.00	-	-	-	0.000	-	-	-	-	-
2001	17	0.00	-	-	-	0.000	-	-	-	-	-
2002	18	0.00	-	-	-	0.000	-	-	-	-	-
2003	19	0.00	-	-	-	0.000	-	-	-	-	-
2004	20	0.00	-	-	-	0.000	-	-	-	-	-
2005	21	0.00	-	-	-	0.000	-	-	-	-	-
06	22	0.00	-	-	-	0.000	-	-	-	-	-
07	23	0.00	-	-	-	0.000	-	-	-	-	-
08	24	0.00	-	-	-	0.000	-	-	-	-	-
09	25	0.00	-	-	-	0.000	-	-	-	-	-
2010	26	0.00	-	-	-	0.000	-	-	-	-	-
2011	27	0.00	-	-	-	0.000	-	-	-	-	-
2012	28	0.00	-	-	-	0.000	-	-	-	-	-
2013	29	0.00	-	-	-	0.000	-	-	-	-	-
2014	30	0.00	-	-	-	0.000	-	-	-	-	-
2015	31	0.00	-	-	-	0.000	-	-	-	-	-
2016	32	0.00	-	-	-	0.000	-	-	-	-	-
2017	33	0.00	-	-	-	0.000	-	-	-	-	-
2018	34	0.00	-	-	-	0.000	-	-	-	-	-
2019	35	0.00	-	-	-	0.000	-	-	-	-	-
2020	36	0.00	-	-	-	0.000	-	-	-	-	-
2021	37	0.00	-	-	-	0.000	-	-	-	-	-
2022	38	0.00	-	-	-	0.000	-	-	-	-	-
2023	39	0.00	-	-	-	0.000	-	-	-	-	-
2024	40	0.00	-	-	-	0.000	-	-	-	-	-
2025	41	0.00	-	-	-	0.000	-	-	-	-	-
2026	42	-	-	-	-	-	-	-	-	-	-
2027	43	-	-	-	-	-	-	-	-	-	-
2028	44	-	-	-	-	-	-	-	-	-	-
2029	45	-	-	-	-	-	-	-	-	-	-
2030	46	-	-	-	-	-	-	-	-	-	-
2031	47	-	-	-	-	-	-	-	-	-	-
2032	48	-	-	-	-	-	-	-	-	-	-
2033	49	-	-	-	-	-	-	-	-	-	-
2034	50	-	-	-	-	-	-	-	-	-	-
2035	51	-	-	-	-	-	-	-	-	-	-
2036	52	-	-	-	-	-	-	-	-	-	-
2037	53	-	-	-	-	-	-	-	-	-	-
2038	54	-	-	-	-	-	-	-	-	-	-
2039	55	-	-	-	-	-	-	-	-	-	-
2040	56	-	-	-	-	-	-	-	-	-	-
2041	57	-	-	-	-	-	-	-	-	-	-
2042	58	-	-	-	-	-	-	-	-	-	-
2043	59	-	-	-	-	-	-	-	-	-	-
2044	60	-	-	-	-	-	-	-	-	-	-
2045	61	-	-	-	-	-	-	-	-	-	-
2046	62	-	-	-	-	-	-	-	-	-	-
2047	63	-	-	-	-	-	-	-	-	-	-
08	64	-	-	-	-	-	-	-	-	-	-
	65	-	-	-	-	-	-	-	-	-	-
	66	-	-	-	-	-	-	-	-	-	-
2051	67	-	-	-	-	-	-	-	-	-	-
2052	68	-	-	-	-	-	-	-	-	-	-
2053	69	-	-	-	-	-	-	-	-	-	-
2054	70	-	-	-	-	-	-	-	-	-	-
			0.00			0.000					



Green River Generating Station

Kentucky Utilities Company  
CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition Entries at 01/01/2003  
(\$000's)

Accretion Expense	2003 Post Implementation Journal Entries										Transition Journal Entries @ 01/01/03													
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
	352.24	375.52	400.35	426.91	452.02	485.10	517.16	551.35	587.79	626.65	669.07	712.23	756.30	809.49	879.90	962.34	1059.81	1175.43	1311.33	1479.80	1683.16	1934.74	2247.87	2740.00
Ash Pond	0.21	0.24	0.28	0.27	0.29	0.31	0.33	0.35	0.38	0.40	0.43	0.46	0.49	0.52	0.56	0.60	0.65	0.70	0.76	0.82	0.89	0.96	1.04	1.13
GR2 GSU Transformer	0.21	0.24	0.28	0.27	0.29	0.31	0.33	0.35	0.38	0.40	0.43	0.46	0.49	0.52	0.56	0.60	0.65	0.70	0.76	0.82	0.89	0.96	1.04	1.13
GR3 GSU Transformer	0.22	0.23	0.25	0.26	0.28	0.30	0.32	0.34	0.36	0.38	0.41	0.44	0.47	0.50	0.53	0.56	0.60	0.64	0.69	0.74	0.79	0.85	0.90	0.96
GR4 GSU Transformer	0.22	0.23	0.25	0.26	0.28	0.30	0.32	0.34	0.36	0.38	0.41	0.44	0.47	0.50	0.53	0.56	0.60	0.64	0.69	0.74	0.79	0.85	0.90	0.96
GR4 Oil Storage Tanks	0.35	0.37	0.39	0.42	0.45	0.48	0.51	0.54	0.58	0.61	0.65	0.70	0.75	0.79	0.85	0.90	0.96	1.01	1.08	1.14	1.21	1.28	1.36	1.45
Underground Tanks 1&2	0.47	0.50	0.53	0.57	0.61	0.65	0.69	0.73	0.78	0.83	0.89	0.95	1.01	1.08	1.14	1.21	1.28	1.36	1.45	1.53	1.62	1.71	1.81	1.92
Mercury Sources	0.07	0.07	0.08	0.08	0.09	0.10	0.10	0.11	0.12	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26
Sewage Treatment Plant	0.17	0.18	0.20	0.21	0.22	0.24	0.25	0.27	0.29	0.31	0.33	0.35	0.37	0.40	0.42	0.45	0.48	0.51	0.54	0.57	0.60	0.63	0.66	0.69
C-7 Storage	3.25	3.46	3.69	3.94	4.20	4.47	4.77	5.08	5.42	5.78	6.16	6.57	7.00	7.46	7.95	8.46	8.99	9.55	10.14	10.75	11.39	12.06	12.76	13.49
Hazardous Material Tanks	0.21	0.22	0.24	0.25	0.27	0.29	0.30	0.32	0.35	0.37	0.39	0.42	0.45	0.48	0.51	0.54	0.57	0.60	0.63	0.66	0.69	0.72	0.75	0.78
Limestone Silo	0.22	0.23	0.25	0.26	0.28	0.30	0.32	0.34	0.36	0.38	0.41	0.44	0.47	0.50	0.53	0.56	0.59	0.62	0.65	0.68	0.71	0.74	0.77	0.80
Nuclear Source	0.03	0.04	0.04	0.04	0.04	0.05	0.05	0.05	0.06	0.06	0.07	0.07	0.07	0.08	0.08	0.08	0.09	0.09	0.10	0.10	0.10	0.10	0.11	0.11
Annual Accretion	357.89	381.54	406.76	433.65	462.32	492.88	525.45	560.19	597.21	636.89	678.78	723.64	771.48	822.47	877.71	937.34	1001.58	1070.64	1144.82	1224.45	1309.95	1401.84	1500.58	
Annual Depreciation Expense	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42	8.42
GR2 GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
GR3 GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
GR4 GSU Transformer	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	
GR4 Oil Storage Tanks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Underground Tanks 1&2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Mercury Sources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Sewage Treatment Plant	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	
C-7 Storage	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	
Hazardous Material Tanks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Limestone Silo	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	
Nuclear Source	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Annual Depreciation	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	8.67	
Total Depr/Accret	366.56	390.22	415.44	442.32	470.99	501.55	534.12	568.86	605.89	645.36	687.45	732.31	780.15	831.14	887.38	947.07	1010.62	1078.34	1150.64	1228.03	1311.22	1400.85	1507.53	

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition Costs at 01/01/2003  
(\$000's)**

Location: Green River 1&2  
Asset: Ash Pond  
Asset Number: 102983

Asset Original cost	152
Reg Depr Rate	1.71%
Salvage Rate	0.82%
GAAP Depr. Rate	0.89%
Year Installed	1975
Retirement Date	2016
Asset Life	41
Age at 12/2002	27
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	9760
Inflation Adjusted ARO	13056
PV @ IS Year	946.44

**Journal Entries @ 01/01/03**

	Transition Entry		Req Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	946.44		
Regulatory Asset-182.3	4576.25		4,576.25
Reg Credits-407.4		4576.25	
Ex. Deductions-435			
Reg Liability-254		0.00	
Acc Depreciation-108	33.65		
ARO Liability-230		5328.92	
	10,132.60	10,132.60	

Cal Year	Year	GAAP		Regulatory		Total GAAP	Total Regulatory	Removal Cost	Regulatory (Asset)/Liability
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation				
1976	1	946.44	62.56	1,009.00	8.42	72.34	2.60	1.25	(69.74)
1977	2	1009.00	66.70	1,075.70	8.42	76.47	2.60	1.25	(73.87)
1978	3	1075.70	71.10	1,146.80	8.42	80.88	2.60	1.25	(78.28)
1979	4	1146.80	75.80	1,222.61	8.42	85.58	2.60	1.25	(82.98)
1980	5	1222.61	80.81	1,303.42	8.42	90.59	2.60	1.25	(87.99)
1981	6	1303.42	86.16	1,389.58	8.42	95.93	2.60	1.25	(93.33)
1982	7	1389.58	91.85	1,481.43	8.42	101.63	2.60	1.25	(99.03)
1983	8	1481.43	97.92	1,579.35	8.42	107.70	2.60	1.25	(105.10)
1984	9	1579.35	104.39	1,683.74	8.42	114.17	2.60	1.25	(111.57)
1985	10	1683.74	111.30	1,795.04	8.42	121.07	2.60	1.25	(118.47)
1986	11	1795.04	118.65	1,913.69	8.42	128.43	2.60	1.25	(125.83)
1987	12	1913.69	126.50	2,040.19	8.42	136.27	2.60	1.25	(133.67)
1988	13	2040.19	134.86	2,175.04	8.42	144.63	2.60	1.25	(142.03)
1989	14	2175.04	143.77	2,318.81	8.42	153.55	2.60	1.25	(150.95)
1990	15	2318.81	153.27	2,472.09	8.42	163.05	2.60	1.25	(160.45)
1991	16	2472.09	163.40	2,635.49	8.42	173.18	2.60	1.25	(170.58)
1992	17	2635.49	174.21	2,809.70	8.42	183.98	2.60	1.25	(181.38)
1993	18	2809.70	185.72	2,995.42	8.42	195.50	2.60	1.25	(192.90)
1994	19	2995.42	198.00	3,193.42	8.42	207.77	2.60	1.25	(205.17)
1995	20	3193.42	211.08	3,404.50	8.42	220.86	2.60	1.25	(218.26)
1996	21	3404.50	225.04	3,629.54	8.42	234.81	2.60	1.25	(232.21)
1997	22	3629.54	239.91	3,869.45	8.42	249.69	2.60	1.25	(247.09)
1998	23	3869.45	255.77	4,125.22	8.42	265.55	2.60	1.25	(262.95)
1999	24	4125.22	272.68	4,397.90	8.42	282.45	2.60	1.25	(279.85)
2000	25	4397.90	290.70	4,688.60	8.42	300.48	2.60	1.25	(297.88)
2001	26	4688.60	309.92	4,998.52	8.42	319.69	2.60	1.25	(317.09)
2002	27	4998.52	330.40	5,328.92	8.42	340.18	2.60	1.25	(337.58)
2003	28	5328.92	352.24	5,681.16	8.42	362.02	11.02	1.25	(351.00)
2004	29	5681.16	375.52	6,056.68	8.42	385.30	11.02	1.25	(374.28)
2005	30	6056.68	400.35	6,457.03	8.42	410.12	11.02	1.25	(399.10)
2006	31	6457.03	426.81	6,883.84	8.42	436.59	11.02	1.25	(425.56)



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01**  
(\$'000's)

Location: Green River  
Asset: G1-2 GSW Transformer  
Asset Number: 045207

Asset Original cost	220
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1950
Retirement Date	2016
Asset Life	66
Age at 12/2002	52
Rem Life at 12/2002	14
Disc Rate	6.81%
Initiation Rate	2.10%
Initiation Factor	1.3377
ARO current \$	6.25
Initiation Adjusted ARO	0
PV @ IS Year	0.12

Journal Entries @ 01/01/03

Transition Entry	
Dr	Cr
ARO Asset-317	
Regulatory Asset-182.3	
Reg Credits-407.4	(32.05)
Ex. Deductions-435	
Reg Liability-254	
Acc Depreciation-108	32.05
ARO Liability-230	0.12
	3.41
	35.59

Cal Year	Year	GAAP		Regulatory		Income Statement Effect	Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation				
1951	1	0.12	0.01	0.13	0.00	-	4.86	4.19	0.67
1952	2	0.13	0.01	0.14	0.00	-	4.86	4.19	0.67
1953	3	0.14	0.01	0.15	0.00	-	4.86	4.19	0.67
1954	4	0.15	0.01	0.16	0.00	-	4.86	4.19	0.67
1955	5	0.16	0.01	0.17	0.00	-	4.86	4.19	0.67
1956	6	0.17	0.01	0.18	0.00	-	4.86	4.19	0.67
1957	7	0.18	0.01	0.19	0.00	-	4.86	4.19	0.67
1958	8	0.19	0.01	0.20	0.00	-	4.86	4.19	0.67
1959	9	0.20	0.01	0.21	0.00	-	4.86	4.19	0.67
1960	10	0.21	0.01	0.22	0.00	-	4.86	4.19	0.67
1961	11	0.22	0.01	0.23	0.00	-	4.86	4.19	0.67
1962	12	0.23	0.02	0.25	0.00	-	4.86	4.20	0.67
1963	13	0.25	0.02	0.26	0.00	-	4.86	4.20	0.66
1964	14	0.26	0.02	0.28	0.00	-	4.86	4.20	0.66
1965	15	0.28	0.02	0.30	0.00	-	4.86	4.20	0.66
1966	16	0.30	0.02	0.32	0.00	-	4.86	4.20	0.66
1967	17	0.32	0.02	0.34	0.00	-	4.86	4.20	0.66
1968	18	0.34	0.02	0.36	0.00	-	4.86	4.20	0.66
1969	19	0.36	0.02	0.39	0.00	-	4.86	4.20	0.66
1970	20	0.39	0.03	0.41	0.00	-	4.86	4.21	0.66
1971	21	0.41	0.03	0.44	0.00	-	4.86	4.21	0.65
1972	22	0.44	0.03	0.47	0.00	-	4.86	4.21	0.65
1973	23	0.47	0.03	0.50	0.00	-	4.86	4.21	0.65
1974	24	0.50	0.03	0.53	0.00	-	4.86	4.22	0.65
1975	25	0.53	0.04	0.57	0.00	-	4.86	4.22	0.65
1976	26	0.57	0.04	0.61	0.00	-	4.86	4.22	0.64
1977	27	0.61	0.04	0.65	0.00	-	4.86	4.22	0.64
1978	28	0.65	0.04	0.69	0.00	-	4.86	4.22	0.64
1979	29	0.69	0.05	0.73	0.00	-	4.86	4.23	0.64
1980	30	0.73	0.05	0.78	0.00	-	4.86	4.23	0.63
1981	31	0.78	0.05	0.83	0.00	-	4.86	4.23	0.63
1982	32	0.83	0.06	0.89	0.00	-	4.86	4.23	0.62
1983	33	0.89	0.06	0.95	0.00	-	4.86	4.24	0.62
1984	34	0.95	0.06	1.01	0.00	-	4.86	4.24	0.62
1985	35	1.01	0.07	1.08	0.00	-	4.86	4.25	0.61
1986	36	1.08	0.07	1.15	0.00	-	4.86	4.25	0.61
1987	37	1.15	0.08	1.23	0.00	-	4.86	4.25	0.61
1988	38	1.23	0.08	1.31	0.00	-	4.86	4.26	0.60
1989	39	1.31	0.09	1.39	0.00	-	4.86	4.27	0.60
1990	40	1.39	0.09	1.48	0.00	-	4.86	4.27	0.59
1991	143 model-Green River	1.48	0.10	1.58	0.00	-	4.86	4.28	0.58
	3/31/2003	1.58	0.10	1.69	0.00	-	4.86	4.29	0.58



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01.**  
(\$000's)

Location Green River  
Asset GR3 GSU Transformer  
Asset Number 045084

Asset Original cost	220
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1954
Retirement Date	2016
Asset Life	82
Age at 12/2002	48
Rem Life at 12/2002	14
Disc Rate	6.81%
Inflation Rate	2.10%
Inflation Factor	1.3777
ARO current \$	625
Inflation Adjusted ARO	8
PV @ IS Year	0.16

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.16		
Regulatory Asset-182.3	0.00		(29.34)
Reg Credits-407.4		0.00	
Ex. Deductions-435		0.00	
Reg Liability-254		29.34	
Acc. Depreciation-106	32.74		0.14
ARO Liability-230		3.41	
	32.89	32.89	

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
		1-Jan	31-Dec					Depreciation	Removal Cost	Total Regulatory		
1955	1	0.16	0.01	0.01	0.17	0.00	-	4.18	0.68	4.86	4.19	0.67
1956	2	0.17	0.01	0.01	0.18	0.00	-	4.18	0.68	4.86	4.19	0.67
1957	3	0.18	0.01	0.01	0.19	0.00	-	4.18	0.68	4.86	4.19	0.67
1958	4	0.19	0.01	0.01	0.20	0.00	-	4.18	0.68	4.86	4.20	0.67
1959	5	0.20	0.01	0.01	0.22	0.00	-	4.18	0.68	4.86	4.20	0.67
1960	6	0.22	0.01	0.01	0.23	0.00	-	4.18	0.68	4.86	4.20	0.66
1961	7	0.23	0.02	0.02	0.25	0.00	-	4.18	0.68	4.86	4.20	0.66
1962	8	0.25	0.02	0.02	0.28	0.00	-	4.16	0.68	4.86	4.20	0.66
1963	9	0.26	0.02	0.02	0.28	0.00	-	4.16	0.68	4.86	4.20	0.66
1964	10	0.28	0.02	0.02	0.30	0.00	-	4.18	0.68	4.86	4.20	0.66
1965	11	0.30	0.02	0.02	0.32	0.00	-	4.18	0.68	4.86	4.20	0.66
1966	12	0.32	0.02	0.02	0.34	0.00	-	4.16	0.68	4.86	4.20	0.66
1967	13	0.34	0.02	0.02	0.36	0.00	-	4.18	0.68	4.86	4.21	0.66
1968	14	0.36	0.02	0.02	0.39	0.00	-	4.18	0.68	4.86	4.21	0.66
1969	15	0.39	0.03	0.03	0.41	0.00	-	4.18	0.68	4.86	4.21	0.65
1970	16	0.41	0.03	0.03	0.44	0.00	-	4.18	0.68	4.86	4.21	0.65
1971	17	0.44	0.03	0.03	0.47	0.00	-	4.18	0.68	4.86	4.21	0.65
1972	18	0.47	0.03	0.03	0.50	0.00	-	4.18	0.68	4.86	4.21	0.65
1973	19	0.50	0.03	0.03	0.53	0.00	-	4.18	0.68	4.86	4.21	0.65
1974	20	0.53	0.04	0.04	0.57	0.00	-	4.18	0.68	4.86	4.22	0.65
1975	21	0.57	0.04	0.04	0.61	0.00	-	4.18	0.68	4.86	4.22	0.64
1976	22	0.61	0.04	0.04	0.65	0.00	-	4.18	0.68	4.86	4.22	0.64
1977	23	0.65	0.04	0.04	0.69	0.00	-	4.18	0.68	4.86	4.22	0.64
1978	24	0.69	0.05	0.05	0.73	0.00	-	4.18	0.68	4.86	4.23	0.64
1979	25	0.73	0.05	0.05	0.78	0.00	-	4.18	0.68	4.86	4.23	0.63
1980	26	0.78	0.05	0.05	0.83	0.00	-	4.18	0.68	4.86	4.23	0.63
1981	27	0.83	0.06	0.06	0.89	0.00	-	4.18	0.68	4.86	4.24	0.63
1982	28	0.89	0.06	0.06	0.95	0.00	-	4.18	0.68	4.86	4.24	0.62
1983	29	0.95	0.06	0.06	1.01	0.00	-	4.18	0.68	4.86	4.24	0.62
1984	30	1.01	0.07	0.07	1.08	0.00	-	4.18	0.68	4.86	4.25	0.62
1985	31	1.08	0.07	0.07	1.15	0.00	-	4.18	0.68	4.86	4.25	0.61
1986	32	1.15	0.08	0.08	1.23	0.00	-	4.18	0.68	4.86	4.25	0.61
1987	33	1.23	0.08	0.08	1.31	0.00	-	4.18	0.68	4.86	4.26	0.60
1988	34	1.31	0.09	0.09	1.39	0.00	-	4.18	0.68	4.86	4.27	0.60
1989	35	1.39	0.09	0.09	1.48	0.00	-	4.18	0.68	4.86	4.27	0.59
1990	36	1.48	0.10	0.10	1.58	0.00	-	4.18	0.68	4.86	4.28	0.59
1991	37	1.58	0.10	0.10	1.69	0.00	-	4.18	0.68	4.86	4.28	0.58
1992	38	1.69	0.11	0.11	1.80	0.00	-	4.18	0.68	4.86	4.29	0.57
1993	39	1.80	0.12	0.12	1.92	0.00	-	4.18	0.68	4.86	4.29	0.57
1994	40	1.92	0.13	0.13	2.04	0.00	-	4.18	0.68	4.86	4.30	0.58
1995	143 model-Green River at 1/1	2.04	0.14	0.14	2.18	0.00	-	4.18	0.68	4.86	4.31	0.55
	3/31/2003										4.32	0.54



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/03  
(\$000's)**

Location: Green River  
Asset: GR4 GSD Transformer  
Asset Number: 045281

Asset Original cost	691
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1987
Retirement Date	2017
Asset Life	30
Age at 12/2002	15
Rem Life at 12/2002	15
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3658
ARO current \$	6.25
Inflation Adjusted ARO	9
PV @ 15 Year	1.25

**Journal Entries @ 01/01/03**

	Transition Entry		Req. Asset/Reg. Liability
	Dr	Cr	
ARO Asset-317	1.25		
Regulatory Asset-192.3	0.00		(29.76)
Reg Credits-407.4	0.00		
Ex. Deductions-435	0.00		
Reg Liability-254		29.76	
Acc Depreciation-108		0.36	
ARO Liability-230		3.27	
	33.38	33.38	

Cal Year	Year	Liability Balance		Annual Accretion	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
		1-Jan	31-Dec				Depreciation	Removal Cost		
1988	1	1.25	1.33	0.08	0.02	-	13.13	2.14	15.27	2.04
1989	2	1.33	1.42	0.09	0.02	-	13.13	2.14	15.27	2.03
1990	3	1.42	1.52	0.09	0.02	-	13.13	2.14	15.27	2.02
1991	4	1.52	1.62	0.10	0.02	-	13.13	2.14	15.27	2.02
1992	5	1.62	1.72	0.11	0.02	-	13.13	2.14	15.27	2.01
1993	6	1.72	1.84	0.11	0.02	-	13.13	2.14	15.27	2.00
1994	7	1.84	1.96	0.12	0.02	-	13.13	2.14	15.27	1.99
1995	8	1.96	2.09	0.13	0.02	-	13.13	2.14	15.27	1.98
1996	9	2.09	2.23	0.14	0.02	-	13.13	2.14	15.27	1.96
1997	10	2.23	2.37	0.15	0.02	-	13.13	2.14	15.27	1.95
1998	11	2.37	2.53	0.16	0.02	-	13.13	2.14	15.27	1.94
1999	12	2.53	2.70	0.17	0.02	-	13.13	2.14	15.27	1.93
2000	13	2.70	2.88	0.18	0.02	-	13.13	2.14	15.27	1.92
2001	14	2.88	3.07	0.19	0.02	-	13.13	2.14	15.27	1.92
2002	15	3.07	3.27	0.20	0.02	-	13.13	2.14	15.27	1.92
2003	16	3.27	3.48	0.22	0.02	0.24	13.13	2.14	15.29	1.93
2004	17	3.48	3.71	0.23	0.02	0.25	13.13	2.14	15.29	1.91
2005	18	3.71	3.96	0.25	0.02	0.27	13.13	2.14	15.29	1.91
2006	19	3.96	4.22	0.26	0.02	0.29	13.13	2.14	15.29	1.88
2007	20	4.22	4.50	0.28	0.02	0.30	13.13	2.14	15.29	1.86
2008	21	4.50	4.80	0.30	0.02	0.32	13.13	2.14	15.29	1.84
2009	22	4.80	5.12	0.32	0.02	0.34	13.13	2.14	15.29	1.82
2010	23	5.12	5.45	0.34	0.02	0.36	13.13	2.14	15.29	1.80
2011	24	5.45	5.81	0.36	0.02	0.38	13.13	2.14	15.29	1.78
2012	25	5.81	6.20	0.38	0.02	0.41	13.13	2.14	15.29	1.76
2013	26	6.20	6.61	0.41	0.02	0.43	13.13	2.14	15.29	1.73
2014	27	6.61	7.04	0.44	0.02	0.46	13.13	2.14	15.29	1.71
2015	28	7.04	7.51	0.47	0.02	0.49	13.13	2.14	15.29	1.68
2016	29	7.51	8.01	0.50	0.02	0.52	13.13	2.14	15.29	1.65
2017	30	8.01	8.54	0.53	0.02	0.55	13.13	2.14	15.29	1.61
2018	31	0.00	-	-	-	-	-	-	-	-
2019	32	0.00	-	-	-	-	-	-	-	-
2020	33	0.00	-	-	-	-	-	-	-	-
2021	34	0.00	-	-	-	-	-	-	-	-
2022	35	0.00	-	-	-	-	-	-	-	-
2023	36	0.00	-	-	-	-	-	-	-	-
2024	37	0.00	-	-	-	-	-	-	-	-
2025	38	0.00	-	-	-	-	-	-	-	-
2026	39	0.00	-	-	-	-	-	-	-	-
2027	40	0.00	-	-	-	-	-	-	-	-
2028	143 model-Green River.xls	0.00	-	-	-	-	-	-	-	-
	3/31/2003									



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
 and Transition entries at 01/01:  
 (\$'000's)**

Location Asset Asset Number	Green River GR4 GSU Transformer 045281								
2029	42	0.00							
2030	43	0.00							
2031	44	0.00							
2032	45	0.00							
2033	46	0.00							
2034	47	0.00							
2035	48	0.00							
2036	49	0.00							
2037	50	0.00							
2038	51								
2039	52								
2040	53								
2041	54								
2042	55								
2043	56								
2044	57								
2045	58								
2046	59								
2047	60								
2048	61								
2049	62								
2050	63								
2051	64								
2052	65								
2053	66								
2054	67								
2055	68								
2056	69								
2057	70								
2058	71								
2059	72								
2060	73								
2061	74								
2062	75								
2063	76								
2064	77								
2065	78								
2066	79								
2067	80								
2068	81								
2069	82								
2070	83								
2071	84								
2072	85								
2073	86								
2074	87								
2075	88								
2076	89								
2077	90								
2078	91								
2079	92								
2080	93								
2081	94								
2082	95								
		7.29							
			0.71						
				5.62					
					393.87				
						64.26			
							458.49		
								401.87	
									56.62

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/03  
(\$000's)**

Location: Green River  
Asset: GSU Spare Transformer  
Asset Number: 045085

Asset Original cost	169
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1954
Retirement Date	2017
Asset Life	63
Age at 12/2002	48
Rem Life at 12/2002	15
Disc Rate	6.61%
Inflation Rate	2.10%
Initiation Factor	1.3658
ARO current \$	6.25
Inflation Adjusted ARO	9
PV @ US Year	0.15

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.15		
Regulatory Asset-162.3	0.00		(21.89)
Reg Credits-407.4		0.00	
Ex. Deductions-435	0.00		
Reg Liability-254	25.15		
Acc Depreciation-108		0.14	
ARO Liability-230		3.27	
	25.30	25.30	

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
		1-Jan	1-Dec					Depreciation	Removal Cost		
1955	1	0.15	0.16	0.01	0.16	0.00	-	3.21	0.52	3.73	0.51
1956	2	0.16	0.17	0.01	0.17	0.00	-	3.21	0.52	3.73	0.51
1957	3	0.17	0.18	0.01	0.18	0.00	-	3.21	0.52	3.73	0.51
1958	4	0.18	0.20	0.02	0.20	0.00	-	3.21	0.52	3.73	0.51
1959	5	0.20	0.21	0.01	0.21	0.00	-	3.21	0.52	3.73	0.51
1960	6	0.21	0.22	0.01	0.22	0.00	-	3.21	0.52	3.73	0.51
1961	7	0.22	0.24	0.02	0.24	0.00	-	3.21	0.52	3.73	0.51
1962	8	0.24	0.25	0.02	0.25	0.00	-	3.21	0.52	3.73	0.51
1963	9	0.25	0.27	0.02	0.27	0.00	-	3.21	0.52	3.73	0.51
1964	10	0.27	0.29	0.02	0.29	0.00	-	3.21	0.52	3.73	0.50
1965	11	0.29	0.31	0.02	0.31	0.00	-	3.21	0.52	3.73	0.50
1966	12	0.31	0.33	0.02	0.33	0.00	-	3.21	0.52	3.73	0.50
1967	13	0.33	0.35	0.02	0.35	0.00	-	3.21	0.52	3.73	0.50
1968	14	0.35	0.37	0.02	0.37	0.00	-	3.21	0.52	3.73	0.50
1969	15	0.37	0.40	0.03	0.40	0.00	-	3.21	0.52	3.73	0.50
1970	16	0.40	0.42	0.03	0.42	0.00	-	3.21	0.52	3.73	0.50
1971	17	0.42	0.45	0.03	0.45	0.00	-	3.21	0.52	3.73	0.49
1972	18	0.45	0.48	0.03	0.48	0.00	-	3.21	0.52	3.73	0.49
1973	19	0.48	0.51	0.03	0.51	0.00	-	3.21	0.52	3.73	0.49
1974	20	0.51	0.54	0.04	0.54	0.00	-	3.21	0.52	3.73	0.49
1975	21	0.54	0.58	0.04	0.58	0.00	-	3.21	0.52	3.73	0.49
1976	22	0.58	0.62	0.04	0.62	0.00	-	3.21	0.52	3.73	0.49
1977	23	0.62	0.66	0.04	0.66	0.00	-	3.21	0.52	3.73	0.49
1978	24	0.66	0.70	0.04	0.70	0.00	-	3.21	0.52	3.73	0.48
1979	25	0.70	0.75	0.05	0.75	0.00	-	3.21	0.52	3.73	0.48
1980	26	0.75	0.80	0.05	0.80	0.00	-	3.21	0.52	3.73	0.48
1981	27	0.80	0.85	0.05	0.85	0.00	-	3.21	0.52	3.73	0.47
1982	28	0.85	0.91	0.06	0.91	0.00	-	3.21	0.52	3.73	0.47
1983	29	0.91	0.97	0.06	0.97	0.00	-	3.21	0.52	3.73	0.47
1984	30	0.97	1.03	0.06	1.03	0.00	-	3.21	0.52	3.73	0.46
1985	31	1.03	1.10	0.07	1.10	0.00	-	3.21	0.52	3.73	0.46
1986	32	1.10	1.17	0.07	1.17	0.00	-	3.21	0.52	3.73	0.46
1987	33	1.17	1.25	0.08	1.25	0.00	-	3.21	0.52	3.73	0.45
1988	34	1.25	1.33	0.08	1.33	0.00	-	3.21	0.52	3.73	0.45
1989	35	1.33	1.42	0.09	1.42	0.00	-	3.21	0.52	3.73	0.44
1990	36	1.42	1.52	0.09	1.52	0.00	-	3.21	0.52	3.73	0.44
1991	37	1.52	1.62	0.10	1.62	0.00	-	3.21	0.52	3.73	0.43
1992	38	1.62	1.72	0.11	1.72	0.00	-	3.21	0.52	3.73	0.43
1993	39	1.72	1.84	0.12	1.84	0.00	-	3.21	0.52	3.73	0.42
1994	40	1.84	1.96	0.13	1.96	0.00	-	3.21	0.52	3.73	0.41
1995	143 model-Green River.xls 3/31/2003	1.96	2.09	0.13	2.09	0.00	-	3.21	0.52	3.73	0.40

CALCULATION OF FASB 143 ASSET RETIREMENT LIABILITY  
 and Transition entries at 01/01,  
 (\$000's)

Location Asset Number	Green River GSU Spare Transformer 045085	2009	0.14	2.23	0.00	3.21	0.52	3.73	3.35	0.38
1996	42	2.09	0.14	2.23	0.00	3.21	0.52	3.73	3.35	0.38
1997	43	2.23	0.15	2.37	0.00	3.21	0.52	3.73	3.36	0.37
1998	44	2.37	0.16	2.53	0.00	3.21	0.52	3.73	3.37	0.36
1999	45	2.53	0.17	2.70	0.00	3.21	0.52	3.73	3.38	0.35
2000	46	2.70	0.18	2.88	0.00	3.21	0.52	3.73	3.39	0.34
2001	47	2.88	0.19	3.07	0.00	3.21	0.52	3.73	3.40	0.33
2002	48	3.07	0.20	3.27	0.00	3.21	0.52	3.73	3.42	0.32
2003	49	3.27	0.22	3.48	0.00	3.21	0.52	3.74	3.43	0.31
2004	50	3.48	0.23	3.71	0.00	3.21	0.52	3.74	3.44	0.29
2005	51	3.71	0.25	3.96	0.00	3.21	0.52	3.74	3.46	0.28
2006	52	3.96	0.26	4.22	0.00	3.21	0.52	3.74	3.48	0.28
2007	53	4.22	0.28	4.50	0.00	3.21	0.52	3.74	3.49	0.24
2008	54	4.50	0.30	4.80	0.00	3.21	0.52	3.74	3.51	0.23
2009	55	4.80	0.32	5.12	0.00	3.21	0.52	3.74	3.53	0.21
2010	56	5.12	0.34	5.45	0.00	3.21	0.52	3.74	3.55	0.19
2011	57	5.45	0.36	5.81	0.00	3.21	0.52	3.74	3.57	0.16
2012	58	5.81	0.38	6.20	0.00	3.21	0.52	3.74	3.60	0.14
2013	59	6.20	0.41	6.61	0.00	3.21	0.52	3.74	3.62	0.11
2014	60	6.61	0.44	7.04	0.00	3.21	0.52	3.74	3.65	0.09
2015	61	7.04	0.47	7.51	0.00	3.21	0.52	3.74	3.68	0.08
2016	62	7.51	0.50	8.01	0.00	3.21	0.52	3.74	3.71	0.03
2017	63	8.01	0.53	8.54	0.00	3.21	0.52	3.74	3.74	(0.01)
2018	64	-	-	-	-	-	-	-	-	-
2019	65	-	-	-	-	-	-	-	-	-
2020	66	-	-	-	-	-	-	-	-	-
2021	67	-	-	-	-	-	-	-	-	-
2022	68	-	-	-	-	-	-	-	-	-
2023	69	-	-	-	-	-	-	-	-	-
2024	70	-	-	-	-	-	-	-	-	-
2025	71	-	-	-	-	-	-	-	-	-
2026	72	-	-	-	-	-	-	-	-	-
2027	73	-	-	-	-	-	-	-	-	-
2028	74	-	-	-	-	-	-	-	-	-
2029	75	-	-	-	-	-	-	-	-	-
2030	76	-	-	-	-	-	-	-	-	-
2031	77	-	-	-	-	-	-	-	-	-
2032	78	-	-	-	-	-	-	-	-	-
2033	79	-	-	-	-	-	-	-	-	-
2034	80	-	-	-	-	-	-	-	-	-
2035	81	-	-	-	-	-	-	-	-	-
2036	82	-	-	-	-	-	-	-	-	-
2037	83	-	-	-	-	-	-	-	-	-
2038	84	-	-	-	-	-	-	-	-	-
2039	85	-	-	-	-	-	-	-	-	-
2040	86	-	-	-	-	-	-	-	-	-
2041	87	-	-	-	-	-	-	-	-	-
2042	88	-	-	-	-	-	-	-	-	-
2043	89	-	-	-	-	-	-	-	-	-
2044	90	-	-	-	-	-	-	-	-	-
2045	91	-	-	-	-	-	-	-	-	-
2046	92	-	-	-	-	-	-	-	-	-
2047	93	-	-	-	-	-	-	-	-	-
2048	94	-	-	-	-	-	-	-	-	-
2049	95	-	-	-	-	-	-	-	-	-
		6.38	5.31	202.29	0.16	33.01	235.34	210.86	24.48	

**CALCULATION OF FASB 143 ARO RETIREMENT OBLIGATION  
and Transition Credits at 01/01/2003**  
(\$000's)

Location Green River  
Asset GR4 Oil Storage tanks  
Asset Number 103939

Asset Original cost	58
Reg Depr Rate	3.10%
Salvage Rate	0.78%
GAAP Depr. Rate	2.32%
Year Installed	1978
Retirement Date	2017
Asset Life	39
Age at 12/2002	24
Rem Life at 12/2002	15
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3658
ARO current \$	10
Inflation Adjusted ARO	14
PV @ IS Year	1.13

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	1.13		
Regulatory Asset-182.3	0.00		(6.13)
Reg Credits-407.4		0.00	
Ex. Deductions-435	0.00		
Reg Liability-254		6.13	
Acc Depreciation-108	10.86		
ARO Liability-230		5.23	
	11.98	11.98	

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Regulatory (Asset)/Liability	
		1-Jan	1-Dec					Depreciation	Removal Cost	Total Regulatory		Total GAAP
1979	1	1.13	1.13	0.07	1.20	0.03	-	1.35	0.45	1.80	1.45	0.35
1980	2	1.20	1.28	0.08	1.28	0.03	-	1.35	0.45	1.80	1.45	0.35
1981	3	1.28	1.36	0.08	1.36	0.03	-	1.35	0.45	1.80	1.46	0.34
1982	4	1.36	1.45	0.09	1.45	0.03	-	1.35	0.45	1.80	1.46	0.34
1983	5	1.45	1.55	0.10	1.55	0.03	-	1.35	0.45	1.80	1.47	0.33
1984	6	1.55	1.65	0.10	1.65	0.03	-	1.35	0.45	1.80	1.47	0.33
1985	7	1.65	1.76	0.11	1.76	0.03	-	1.35	0.45	1.80	1.47	0.32
1986	8	1.76	1.88	0.12	1.88	0.03	-	1.35	0.45	1.80	1.49	0.31
1987	9	1.88	2.00	0.12	2.00	0.03	-	1.35	0.45	1.80	1.50	0.30
1988	10	2.00	2.13	0.13	2.13	0.03	-	1.35	0.45	1.80	1.50	0.29
1989	11	2.13	2.28	0.14	2.28	0.03	-	1.35	0.45	1.80	1.51	0.29
1990	12	2.28	2.43	0.15	2.43	0.03	-	1.35	0.45	1.80	1.52	0.28
1991	13	2.43	2.59	0.16	2.59	0.03	-	1.35	0.45	1.80	1.53	0.27
1992	14	2.59	2.76	0.17	2.76	0.03	-	1.35	0.45	1.80	1.54	0.26
1993	15	2.76	2.94	0.18	2.94	0.03	-	1.35	0.45	1.80	1.55	0.24
1994	16	2.94	3.13	0.19	3.13	0.03	-	1.35	0.45	1.80	1.57	0.23
1995	17	3.13	3.34	0.21	3.34	0.03	-	1.35	0.45	1.80	1.58	0.22
1996	18	3.34	3.56	0.22	3.56	0.03	-	1.35	0.45	1.80	1.59	0.21
1997	19	3.56	3.80	0.24	3.80	0.03	-	1.35	0.45	1.80	1.61	0.19
1998	20	3.80	4.05	0.25	4.05	0.03	-	1.35	0.45	1.80	1.62	0.18
1999	21	4.05	4.32	0.27	4.32	0.03	-	1.35	0.45	1.80	1.64	0.16
2000	22	4.32	4.60	0.29	4.60	0.03	-	1.35	0.45	1.80	1.66	0.14
2001	23	4.60	4.90	0.30	4.90	0.03	-	1.35	0.45	1.80	1.68	0.12
2002	24	4.90	5.23	0.32	5.23	0.03	-	1.35	0.45	1.80	1.70	0.10
2003	25	5.23	5.57	0.35	5.57	0.03	0.37	1.35	0.45	1.82	1.72	0.11
2004	26	5.57	5.94	0.37	5.94	0.03	0.39	1.35	0.45	1.82	1.74	0.08
2005	27	5.94	6.34	0.39	6.34	0.03	0.42	1.35	0.45	1.82	1.76	0.06
2006	28	6.34	6.75	0.42	6.75	0.03	0.44	1.35	0.45	1.82	1.79	0.03
2007	29	6.75	7.20	0.45	7.20	0.03	0.47	1.35	0.45	1.82	1.82	0.01
2008	30	7.20	7.68	0.48	7.68	0.03	0.50	1.35	0.45	1.82	1.85	(0.02)
2009-143 model-Green River.xls	31	7.68	8.18	0.51	8.18	0.03	0.53	1.35	0.45	1.82	1.88	(0.06)

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CALCULATION OF FASB 143 / NET RETIREMENT OBLIGATION  
and Transition s at 01/01/2003

Location Asset Asset Number	Green River GR4 Oil Storage tanks 103939	8.18	0.54	8.73	0.03	0.57	1.35	0.45	1.82	1.82	1.91	(0.09)
2010		8.18	0.54	8.73	0.03	0.57	1.35	0.45	1.82	1.82	1.91	(0.09)
2011		8.73	0.58	9.30	0.03	0.60	1.35	0.45	1.82	1.82	1.95	(0.12)
2012		9.30	0.61	9.92	0.03	0.64	1.35	0.45	1.82	1.82	1.99	(0.16)
2013		9.92	0.66	10.57	0.03	0.68	1.35	0.45	1.82	1.82	2.03	(0.20)
2014		10.57	0.70	11.27	0.03	0.72	1.35	0.45	1.82	1.82	2.07	(0.25)
2015		11.27	0.75	12.02	0.03	0.77	1.35	0.45	1.82	1.82	2.12	(0.29)
2016		12.02	0.79	12.81	0.03	0.82	1.35	0.45	1.82	1.82	2.17	(0.34)
2017		12.81	0.85	13.66	0.03	0.87	1.35	0.45	1.82	1.82	2.22	(0.39)
2018		0.00	-	-	-	-	-	-	-	-	-	-
2019		0.00	-	-	-	-	-	-	-	-	-	-
2020		0.00	-	-	-	-	-	-	-	-	-	-
2021		-	-	-	-	-	-	-	-	-	-	-
2022		-	-	-	-	-	-	-	-	-	-	-
2023		-	-	-	-	-	-	-	-	-	-	-
2024		-	-	-	-	-	-	-	-	-	-	-
2025		-	-	-	-	-	-	-	-	-	-	-
2026		-	-	-	-	-	-	-	-	-	-	-
2027		-	-	-	-	-	-	-	-	-	-	-
2028		-	-	-	-	-	-	-	-	-	-	-
2029		-	-	-	-	-	-	-	-	-	-	-
2030		-	-	-	-	-	-	-	-	-	-	-
2031		-	-	-	-	-	-	-	-	-	-	-
2032		-	-	-	-	-	-	-	-	-	-	-
2033		-	-	-	-	-	-	-	-	-	-	-
2034		-	-	-	-	-	-	-	-	-	-	-
2035		-	-	-	-	-	-	-	-	-	-	-
2036		-	-	-	-	-	-	-	-	-	-	-
2037		-	-	-	-	-	-	-	-	-	-	-
2038		-	-	-	-	-	-	-	-	-	-	-
2039		-	-	-	-	-	-	-	-	-	-	-
2040		-	-	-	-	-	-	-	-	-	-	-
2041		-	-	-	-	-	-	-	-	-	-	-
2042		-	-	-	-	-	-	-	-	-	-	-
2043		-	-	-	-	-	-	-	-	-	-	-
2044		-	-	-	-	-	-	-	-	-	-	-
2045		-	-	-	-	-	-	-	-	-	-	-
2046		-	-	-	-	-	-	-	-	-	-	-
2047		-	-	-	-	-	-	-	-	-	-	-
2048		-	-	-	-	-	-	-	-	-	-	-
		<u>12.53</u>			<u>1.02</u>	<u>8.821</u>	<u>52.48</u>	<u>17.64</u>	<u>70.51</u>	<u>66.03</u>	<u>4.48</u>	

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition Credits at 01/01/2003  
(\$'000's)**

Location: Green River  
Asset: Underground Tanks 1&2  
Asset Number: 1706389

Asset Original cost	23
Reg Depr Rate	1.71%
Salvage Rate	0.82%
GAAP Depr. Rate	0.89%
Year Installed	2000
Retirement Date	2016
Asset Life	16
Age at 12/2002	2
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	13
Inflation Adjusted ARO	17
PV @ IS Year	6.25

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	6.25		
Regulatory Asset-182.3	0.59		0.59
Reg Credits-407.4		0.59	
Ex. Deductions-435	0.59		
Reg Liability-254		0.00	0.00
Acc Depreciation-108	0.38		0.11
ARO Liability-230		7.10	7.10
	7.80		7.80

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Regulatory (Asset)/Liability	
							Depreciation	Removal Cost	Total Regulatory		
2001	1	6.25	0.41	6.66	0.06	-	0.20	0.19	0.39	0.67	(0.28)
2002	2	6.66	0.44	7.10	0.06	-	0.20	0.19	0.39	0.70	(0.31)
2003	3	7.10	0.47	7.57	0.06	0.52	0.20	0.19	0.45	0.73	(0.28)
2004	4	7.57	0.50	8.07	0.06	0.56	0.20	0.19	0.45	0.76	(0.31)
2005	5	8.07	0.53	8.60	0.06	0.59	0.20	0.19	0.45	0.79	(0.34)
2006	6	8.60	0.57	9.17	0.06	0.62	0.20	0.19	0.45	0.83	(0.38)
2007	7	9.17	0.61	9.78	0.06	0.66	0.20	0.19	0.45	0.87	(0.42)
2008	8	9.78	0.65	10.42	0.06	0.70	0.20	0.19	0.45	0.91	(0.46)
2009	9	10.42	0.69	11.11	0.06	0.74	0.20	0.19	0.45	0.95	(0.50)
2010	10	11.11	0.73	11.84	0.06	0.79	0.20	0.19	0.45	0.99	(0.55)
2011	11	11.84	0.78	12.63	0.06	0.84	0.20	0.19	0.45	1.04	(0.59)
2012	12	12.63	0.83	13.46	0.06	0.89	0.20	0.19	0.45	1.09	(0.65)
2013	13	13.46	0.89	14.35	0.06	0.95	0.20	0.19	0.45	1.15	(0.70)
2014	14	14.35	0.95	15.30	0.06	1.00	0.20	0.19	0.45	1.21	(0.76)
2015	15	15.30	1.01	16.31	0.06	1.07	0.20	0.19	0.45	1.27	(0.82)
2016	16	16.31	1.08	17.39	0.06	1.13	0.20	0.19	0.45	1.34	(0.89)
2017	17	0.00	-	-	-	-	-	-	-	-	-
2018	18	0.00	-	-	-	-	-	-	-	-	-
2019	19	0.00	-	-	-	-	-	-	-	-	-
2020	20	0.00	-	-	-	-	-	-	-	-	-
2021	21	0.00	-	-	-	-	-	-	-	-	-
2022	22	0.00	-	-	-	-	-	-	-	-	-
2023	23	0.00	-	-	-	-	-	-	-	-	-
2024	24	0.00	-	-	-	-	-	-	-	-	-
2025	25	0.00	-	-	-	-	-	-	-	-	-
2026	26	0.00	-	-	-	-	-	-	-	-	-
2027	27	0.00	-	-	-	-	-	-	-	-	-
2028	28	0.00	-	-	-	-	-	-	-	-	-
2029	29	0.00	-	-	-	-	-	-	-	-	-
2030	30	0.00	-	-	-	-	-	-	-	-	-
2031	31	0.00	-	-	-	-	-	-	-	-	-
2031	31	0.00	-	-	-	-	-	-	-	-	-



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition Effects at 01/01/2003  
(\$000's)**

Location: Green River 4  
Asset: Mercury Sources  
Asset Number: Not related to specific asset #

Asset Original cost	
Reg Depr Rate	3.10%
Salvage Rate	0.78%
GAAP Depr. Rate	2.32%
Year Installed	1959
Retirement Date	2017
Asset Life	58
Age at 12/2002	43
Rem Life at 12/2002	15
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3658
ARO current \$	2
Inflation Adjusted ARO	3
PV @ 1% Year	0.07

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.07		
Regulatory Asset-182.3	1.05		1.05
Reg Credits-407.4		1.05	
Ex. Deductions-435	1.05		
Reg Liability-254			
Acc Depreciation-108	0.00		
ARO Liability-230		1.05	
	2.16	2.16	

**GAAP**

**Regulatory**

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory	
1960	1	0.07	0.00	0.07	0.00	0.000	-	-	-	(0.01)
1961	2	0.07	0.00	0.08	0.00	0.000	-	-	-	(0.01)
1962	3	0.08	0.01	0.08	0.00	0.000	-	-	-	(0.01)
1963	4	0.08	0.01	0.09	0.00	0.000	-	-	-	(0.01)
1964	5	0.09	0.01	0.09	0.00	0.000	-	-	-	(0.01)
1965	6	0.09	0.01	0.10	0.00	0.000	-	-	-	(0.01)
1966	7	0.10	0.01	0.10	0.00	0.000	-	-	-	(0.01)
1967	8	0.10	0.01	0.11	0.00	0.000	-	-	-	(0.01)
1968	9	0.11	0.01	0.12	0.00	0.000	-	-	-	(0.01)
1969	10	0.12	0.01	0.13	0.00	0.000	-	-	-	(0.01)
1970	11	0.13	0.01	0.13	0.00	0.000	-	-	-	(0.01)
1971	12	0.13	0.01	0.14	0.00	0.000	-	-	-	(0.01)
1972	13	0.14	0.01	0.15	0.00	0.000	-	-	-	(0.01)
1973	14	0.15	0.01	0.16	0.00	0.000	-	-	-	(0.01)
1974	15	0.16	0.01	0.17	0.00	0.000	-	-	-	(0.01)
1975	16	0.17	0.01	0.19	0.00	0.000	-	-	-	(0.01)
1976	17	0.19	0.01	0.20	0.00	0.000	-	-	-	(0.01)
1977	18	0.20	0.01	0.21	0.00	0.000	-	-	-	(0.01)
1978	19	0.21	0.01	0.23	0.00	0.000	-	-	-	(0.01)
1979	20	0.23	0.01	0.24	0.00	0.000	-	-	-	(0.01)
1980	21	0.24	0.02	0.26	0.00	0.000	-	-	-	(0.02)
1981	22	0.26	0.02	0.27	0.00	0.000	-	-	-	(0.02)
1982	23	0.27	0.02	0.29	0.00	0.000	-	-	-	(0.02)
1983	24	0.29	0.02	0.31	0.00	0.000	-	-	-	(0.02)
1984	25	0.31	0.02	0.33	0.00	0.000	-	-	-	(0.02)
1985	26	0.33	0.02	0.35	0.00	0.000	-	-	-	(0.02)
1986	27	0.35	0.02	0.38	0.00	0.000	-	-	-	(0.02)
1987	28	0.38	0.02	0.40	0.00	0.000	-	-	-	(0.02)
1988	29	0.40	0.03	0.43	0.00	0.000	-	-	-	(0.03)
1989	30	0.43	0.03	0.46	0.00	0.000	-	-	-	(0.03)
1990	31	0.46	0.03	0.49	0.00	0.000	-	-	-	(0.03)



CALCULATION OF FASB 143  
and Transition  
s at 01/01/2003  
(\$000's)

Location Asset	Asset Number	Green River 4 Mercury Sources Not related to specific asset #	0.49	0.03	0.52	0.00	0.000	-	0.03	(0.03)
1991										
1992			0.52	0.03	0.55	0.00	0.000	-	0.04	(0.04)
1993			0.55	0.04	0.59	0.00	0.000	-	0.04	(0.04)
1994			0.59	0.04	0.63	0.00	0.000	-	0.04	(0.04)
1995			0.63	0.04	0.67	0.00	0.000	-	0.04	(0.04)
1996			0.67	0.04	0.71	0.00	0.000	-	0.05	(0.05)
1997			0.71	0.05	0.76	0.00	0.000	-	0.05	(0.05)
1998			0.76	0.05	0.81	0.00	0.000	-	0.06	(0.06)
1999			0.81	0.05	0.86	0.00	0.000	-	0.06	(0.06)
2000			0.86	0.06	0.92	0.00	0.000	-	0.07	(0.07)
2001			0.92	0.06	0.98	0.00	0.000	-	0.08	(0.08)
2002			0.98	0.06	1.05	0.00	0.000	-	0.08	(0.08)
2003			1.05	0.07	1.11	0.00	0.000	-	0.09	(0.09)
2004			1.11	0.07	1.19	0.00	0.07	0.00	0.10	(0.10)
2005			1.19	0.08	1.27	0.00	0.08	0.00	0.11	(0.11)
2006			1.27	0.08	1.35	0.00	0.08	0.00	0.12	(0.12)
2007			1.35	0.09	1.44	0.00	0.09	0.00	0.13	(0.13)
2008			1.44	0.10	1.54	0.00	0.09	0.00	0.14	(0.14)
2009			1.54	0.10	1.64	0.00	0.10	0.00	0.15	(0.15)
2010			1.64	0.11	1.75	0.00	0.10	0.00	0.16	(0.16)
2011			1.75	0.12	1.86	0.00	0.11	0.00	0.17	(0.17)
2012			1.86	0.12	1.98	0.00	0.12	0.00	0.17	(0.17)
2013			1.98	0.13	2.11	0.00	0.12	0.00	-	-
2014			2.11	0.14	2.25	0.00	0.13	0.00	-	-
2015			2.25	0.15	2.40	0.00	0.14	0.00	-	-
2016			2.40	0.16	2.56	0.00	0.15	0.00	-	-
2017			2.56	0.17	2.73	0.00	0.16	0.00	-	-
2018			-	-	-	0.00	0.17	0.00	-	-
2019			-	-	-	-	-	-	-	-
2020			-	-	-	-	-	-	-	-
2021			-	-	-	-	-	-	-	-
2022			-	-	-	-	-	-	-	-
2023			-	-	-	-	-	-	-	-
2024			-	-	-	-	-	-	-	-
2025			-	-	-	-	-	-	-	-
2026			-	-	-	-	-	-	-	-
2027			-	-	-	-	-	-	-	-
2028			-	-	-	-	-	-	-	-
2029			-	-	-	-	-	-	-	-
			<u>2.66</u>	<u>2.66</u>	<u>2.73</u>	<u>0.09</u>	<u>1.709</u>	<u>0.02</u>	<u>2.75</u>	<u>(2.73)</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition Costs at 01/01/2003  
(\$000's)**

Location Green River 4  
Asset Sewage Treatment Plant  
Asset Number 132623

Asset Original cost	98
Reg Depr Rate	3.10%
Salvage Rate	0.78%
GAAP Depr. Rate	2.32%
Year Installed	1997
Retirement Date	2017
Asset Life	20
Age at 12/2002	5
Rem Life at 12/2002	15
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3656
ARO current \$	5
Inflation Adjusted ARO	7
PV @ IS Year	1.90

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg. Liability)
	Dr	Cr	
ARO Asset-317	1.90		
Regulatory Asset-182.3	0.00		(2.89)
Reg Credits-407.4		0.00	
Ex. Deductions-435	0.00		
Reg Liability-254		2.89	
Acc Depreciation-108	3.82		
ARO Liability-230		2.61	
	5.72	5.72	

Cal Year	Year	GAAP				Regulatory				Regulatory (Asset)/Liability	
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Depreciation	Removal Cost	Total Regulatory		Total GAAP
1998	1	1.90	0.13	2.02	0.04	0.000	2.27	0.76	3.04	2.44	0.59
1999	2	2.02	0.13	2.16	0.04	0.000	2.27	0.76	3.04	2.45	0.59
2000	3	2.16	0.14	2.30	0.04	0.000	2.27	0.76	3.04	2.46	0.58
2001	4	2.30	0.15	2.45	0.04	0.000	2.27	0.76	3.04	2.47	0.57
2002	5	2.45	0.16	2.61	0.04	0.000	2.27	0.76	3.04	2.48	0.56
2003	6	2.61	0.17	2.79	0.04	0.217	2.27	0.76	3.08	2.49	0.59
2004	7	2.79	0.18	2.97	0.04	0.228	2.27	0.76	3.08	2.50	0.58
2005	8	2.97	0.20	3.17	0.04	0.240	2.27	0.76	3.08	2.51	0.57
2006	9	3.17	0.21	3.38	0.04	0.253	2.27	0.76	3.08	2.53	0.55
2007	10	3.38	0.22	3.60	0.04	0.267	2.27	0.76	3.08	2.54	0.54
2008	11	3.60	0.24	3.84	0.04	0.282	2.27	0.76	3.08	2.56	0.53
2009	12	3.84	0.25	4.09	0.04	0.298	2.27	0.76	3.08	2.57	0.51
2010	13	4.09	0.27	4.36	0.04	0.315	2.27	0.76	3.08	2.59	0.49
2011	14	4.36	0.29	4.65	0.04	0.332	2.27	0.76	3.08	2.61	0.48
2012	15	4.65	0.31	4.96	0.04	0.351	2.27	0.76	3.08	2.63	0.46
2013	16	4.96	0.33	5.29	0.04	0.372	2.27	0.76	3.08	2.65	0.44
2014	17	5.29	0.35	5.64	0.04	0.393	2.27	0.76	3.08	2.67	0.41
2015	18	5.64	0.37	6.01	0.04	0.417	2.27	0.76	3.08	2.69	0.39
2016	19	6.01	0.40	6.41	0.04	0.441	2.27	0.76	3.08	2.71	0.37
2017	20	6.41	0.42	6.83	0.04	0.467	2.27	0.76	3.08	2.74	0.34
2018	21	0.00	-	-	-	0.000	-	-	-	-	-
2019	22	0.00	-	-	-	0.000	-	-	-	-	-
2020	23	0.00	-	-	-	0.000	-	-	-	-	-
2021	24	0.00	-	-	-	0.000	-	-	-	-	-
2022	25	0.00	-	-	-	0.000	-	-	-	-	-
2023	26	0.00	-	-	-	0.000	-	-	-	-	-
2024	27	0.00	-	-	-	0.000	-	-	-	-	-
2025	28	0.00	-	-	-	0.000	-	-	-	-	-
2026	29	0.00	-	-	-	0.000	-	-	-	-	-
2027	30	0.00	-	-	-	0.000	-	-	-	-	-
2028	31	0.00	-	-	-	0.000	-	-	-	-	-
2028	31	0.00	-	-	-	0.000	-	-	-	-	-

CALCULATION OF FASB 143 ACTUARIAL RETIREMENT OBLIGATION  
and Transition Obligations at 01/01/2003  
(\$'000's)

Location	Asset Number	Green River 4 Sewage Treatment Plant								
2029		32	0.00	0.000						
2030		33	0.00	0.000						
2031		34	0.00	0.000						
2032		35	0.00	0.000						
2033		36	0.00	0.000						
2034		37	0.00	0.000						
2035		38	0.00	0.000						
2036		39	0.00	0.000						
2037		40	0.00	0.000						
2038		41	0.00	0.000						
2039		42	0.00	0.000						
2040		43	0.00	-						
2041		44								
2042		45								
2043		46								
2044		47								
2045		48								
2046		49								
2047		50								
2048		51								
2049		52								
2050		53								
2051		54								
2052		55								
2053		56								
2054		57								
2055		58								
2056		59								
2057		60								
2058		61								
2059		62								
2060		63								
2061		64								
2062		65								
2063		66								
2064		67								
2065		68								
2066		69								
2067		70								
			4.93	0.88	4.875	45.47	15.29	61.42	51.28	10.14

**CALCULATION OF FASB 143 / RETIREMENT OBLIGATION  
and Transition at 01/01/2003**  
(5000's)

Location: Green River 1&2  
Asset: Coal Storage  
Asset Number: 103022

Asset Original cost	29
Reg Depr Rate	1.71%
Salvage Rate	0.82%
GAAP Depr. Rate	0.89%
Year Installed	1975
Retirement Date	2016
Asset Life	41
Age at 12/2002	27
Rem Life at 12/2002	14
Disc Rate	6.61%
Initiation Rate	2.10%
Initiation Factor	1.3377
ARO current \$	90
Initiation Adjusted ARO	120
PV @ IS Year	87.3

Journal Entries @ 01/01/03		Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr		
ARO Asset-317	8.73			
Regulatory Asset-182.3	36.09			
Reg Credits-407.4		36.09		36.09
Ex. Deductions-435				
Reg Liability-254				
Acc Depreciation-108	6.42			
ARO Liability-230				
	87.33			

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
		1-Jan	31-Dec					Depreciation	Removal Cost	Total Regulatory		
1976	1	8.73	9.30	0.58	9.30	0.078	-	0.26	0.24	0.496	0.913	(0.417)
1977	2	9.30	9.92	0.62	9.92	0.078	-	0.26	0.24	0.496	0.951	(0.455)
1978	3	9.92	10.58	0.66	10.58	0.078	-	0.26	0.24	0.496	0.991	(0.496)
1979	4	10.58	11.27	0.70	11.27	0.078	-	0.26	0.24	0.496	1.035	(0.539)
1980	5	11.27	12.02	0.75	12.02	0.078	-	0.26	0.24	0.496	1.081	(0.585)
1981	6	12.02	12.81	0.79	12.81	0.078	-	0.26	0.24	0.496	1.130	(0.634)
1982	7	12.81	13.66	0.85	13.66	0.078	-	0.26	0.24	0.496	1.183	(0.687)
1983	8	13.66	14.56	0.90	14.56	0.078	-	0.26	0.24	0.496	1.239	(0.743)
1984	9	14.56	15.53	0.96	15.53	0.078	-	0.26	0.24	0.496	1.298	(0.803)
1985	10	15.53	16.55	1.03	16.55	0.078	-	0.26	0.24	0.496	1.362	(0.866)
1986	11	16.55	17.65	1.09	17.65	0.078	-	0.26	0.24	0.496	1.430	(0.934)
1987	12	17.65	18.81	1.17	18.81	0.078	-	0.26	0.24	0.496	1.502	(1.006)
1988	13	18.81	20.06	1.24	20.06	0.078	-	0.26	0.24	0.496	1.579	(1.083)
1989	14	20.06	21.38	1.33	21.38	0.078	-	0.26	0.24	0.496	1.662	(1.166)
1990	15	21.38	22.80	1.41	22.80	0.078	-	0.26	0.24	0.496	1.749	(1.253)
1991	16	22.80	24.30	1.51	24.30	0.078	-	0.26	0.24	0.496	1.843	(1.347)
1992	17	24.30	25.91	1.61	25.91	0.078	-	0.26	0.24	0.496	1.942	(1.446)
1993	18	25.91	27.62	1.71	27.62	0.078	-	0.26	0.24	0.496	2.048	(1.552)
1994	19	27.62	29.45	1.83	29.45	0.078	-	0.26	0.24	0.496	2.162	(1.666)
1995	20	29.45	31.39	1.95	31.39	0.078	-	0.26	0.24	0.496	2.282	(1.786)
1996	21	31.39	33.47	2.08	33.47	0.078	-	0.26	0.24	0.496	2.411	(1.915)
1997	22	33.47	35.68	2.21	35.68	0.078	-	0.26	0.24	0.496	2.548	(2.052)
1998	23	35.68	38.04	2.36	38.04	0.078	-	0.26	0.24	0.496	2.694	(2.198)
1999	24	38.04	40.55	2.51	40.55	0.078	-	0.26	0.24	0.496	2.850	(2.354)
2000	25	40.55	43.24	2.68	43.24	0.078	-	0.26	0.24	0.496	3.016	(2.521)
2001	26	43.24	46.09	2.86	46.09	0.078	-	0.26	0.24	0.496	3.194	(2.698)
2002	27	46.09	49.14	3.05	49.14	0.078	-	0.26	0.24	0.496	3.383	(2.887)
2003	28	49.14	52.39	3.25	52.39	0.078	3.33	0.26	0.24	0.496	3.584	(3.010)
2004	29	52.39	55.85	3.46	55.85	0.078	3.54	0.26	0.24	0.496	3.799	(3.225)
2005	30	55.85	59.54	3.69	59.54	0.078	3.77	0.26	0.24	0.496	4.027	(3.454)
2006	31	59.54	63.48	3.94	63.48	0.078	4.01	0.26	0.24	0.496	4.272	(3.698)



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$'000's)

Location: Green River  
Asset: Hazardous Material Tanks  
Asset Number:

Asset Original cost	
Reg Depr Rate	3.10%
Salvage Rate	0.78%
GAAP Depr. Rate	2.32%
Year Installed	1959
Retirement Date	2017
Asset Life	56
Age at 12/2002	43
Rem Life at 12/2002	15
Disc Rate	6.61%
Inflation Rate	2.10%
Initiation Factor	1.3658
ARO current \$	6
Initiation Adjusted ARO	8
PV @ IS Year	0.20

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.20		
Regulatory Asset-182.3	3.14		3.14
Reg Credits-407.4		3.14	
Ex. Deductions-435	3.14		
Reg Liability-254		0.00	0.00
Acc Depreciation-108	0.00		0.20
ARO Liability-230		3.14	3.14
	6.47	6.47	

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
		1-Jan	1-Jan					Depreciation	Removal Cost	Total Regulatory		
1960	1	0.20	0.20	0.01	0.21	0.00	0.000	-	-	-	0.02	(0.02)
1961	2	0.21	0.21	0.01	0.23	0.00	0.000	-	-	-	0.02	(0.02)
1962	3	0.23	0.23	0.02	0.24	0.00	0.000	-	-	-	0.02	(0.02)
1963	4	0.24	0.24	0.02	0.26	0.00	0.000	-	-	-	0.02	(0.02)
1964	5	0.26	0.26	0.02	0.28	0.00	0.000	-	-	-	0.02	(0.02)
1965	6	0.28	0.28	0.02	0.29	0.00	0.000	-	-	-	0.02	(0.02)
1966	7	0.29	0.29	0.02	0.31	0.00	0.000	-	-	-	0.02	(0.02)
1967	8	0.31	0.31	0.02	0.33	0.00	0.000	-	-	-	0.02	(0.02)
1968	9	0.33	0.33	0.02	0.38	0.00	0.000	-	-	-	0.03	(0.03)
1969	10	0.36	0.36	0.02	0.38	0.00	0.000	-	-	-	0.03	(0.03)
1970	11	0.38	0.38	0.03	0.40	0.00	0.000	-	-	-	0.03	(0.03)
1971	12	0.40	0.40	0.03	0.43	0.00	0.000	-	-	-	0.03	(0.03)
1972	13	0.43	0.43	0.03	0.46	0.00	0.000	-	-	-	0.03	(0.03)
1973	14	0.46	0.46	0.03	0.49	0.00	0.000	-	-	-	0.03	(0.03)
1974	15	0.49	0.49	0.03	0.52	0.00	0.000	-	-	-	0.04	(0.04)
1975	16	0.52	0.52	0.03	0.56	0.00	0.000	-	-	-	0.04	(0.04)
1976	17	0.56	0.56	0.04	0.59	0.00	0.000	-	-	-	0.04	(0.04)
1977	18	0.59	0.59	0.04	0.63	0.00	0.000	-	-	-	0.04	(0.04)
1978	19	0.63	0.63	0.04	0.68	0.00	0.000	-	-	-	0.04	(0.04)
1979	20	0.68	0.68	0.04	0.72	0.00	0.000	-	-	-	0.05	(0.05)
1980	21	0.72	0.72	0.05	0.77	0.00	0.000	-	-	-	0.05	(0.05)
1981	22	0.77	0.77	0.05	0.82	0.00	0.000	-	-	-	0.05	(0.05)
1982	23	0.82	0.82	0.05	0.87	0.00	0.000	-	-	-	0.06	(0.06)
1983	24	0.87	0.87	0.06	0.93	0.00	0.000	-	-	-	0.06	(0.06)
1984	25	0.93	0.93	0.06	0.99	0.00	0.000	-	-	-	0.07	(0.07)

1985	26	0.99	0.07	1.06	0.00	0.000	0.000	0.07	(0.07)
1986	27	1.06	0.07	1.13	0.00	0.000	0.000	0.07	(0.07)
1987	28	1.13	0.07	1.20	0.00	0.000	0.000	0.08	(0.08)
1988	29	1.20	0.08	1.28	0.00	0.000	0.000	0.08	(0.08)
1989	30	1.28	0.08	1.37	0.00	0.000	0.000	0.09	(0.09)
1990	31	1.37	0.08	1.46	0.00	0.000	0.000	0.09	(0.09)
1991	32	1.46	0.10	1.55	0.00	0.000	0.000	0.10	(0.10)
1992	33	1.55	0.10	1.65	0.00	0.000	0.000	0.11	(0.11)
1993	34	1.65	0.11	1.76	0.00	0.000	0.000	0.11	(0.11)
1994	35	1.76	0.12	1.88	0.00	0.000	0.000	0.12	(0.12)
1995	36	1.88	0.12	2.00	0.00	0.000	0.000	0.13	(0.13)
1996	37	2.00	0.13	2.14	0.00	0.000	0.000	0.14	(0.14)
1997	38	2.14	0.14	2.28	0.00	0.000	0.000	0.15	(0.15)
1998	39	2.28	0.15	2.43	0.00	0.000	0.000	0.16	(0.16)
1999	40	2.43	0.16	2.59	0.00	0.000	0.000	0.17	(0.17)
2000	41	2.59	0.17	2.76	0.00	0.000	0.000	0.18	(0.18)
2001	42	2.76	0.18	2.94	0.00	0.000	0.000	0.18	(0.18)
2002	43	2.94	0.19	3.14	0.00	0.000	0.000	0.20	(0.20)
2003	44	3.14	0.21	3.34	0.00	0.21	0.21	0.20	(0.21)
2004	45	3.34	0.22	3.57	0.00	0.23	0.23	0.23	(0.22)
2005	46	3.57	0.24	3.80	0.00	0.24	0.24	0.24	(0.24)
2006	47	3.80	0.25	4.05	0.00	0.26	0.26	0.26	(0.25)
2007	48	4.05	0.27	4.32	0.00	0.27	0.27	0.27	(0.27)
2008	49	4.32	0.29	4.61	0.00	0.29	0.29	0.29	(0.29)
2009	50	4.61	0.30	4.91	0.00	0.31	0.31	0.31	(0.30)
2010	51	4.91	0.32	5.24	0.00	0.33	0.33	0.33	(0.32)
2011	52	5.24	0.35	5.58	0.00	0.35	0.35	0.35	(0.35)
2012	53	5.58	0.37	5.95	0.00	0.37	0.37	0.37	(0.37)
2013	54	5.95	0.39	6.34	0.00	0.40	0.40	0.40	(0.39)
2014	55	6.34	0.42	6.76	0.00	0.42	0.42	0.42	(0.42)
2015	56	6.76	0.45	7.21	0.00	0.45	0.45	0.45	(0.45)
2016	57	7.21	0.48	7.69	0.00	0.48	0.48	0.48	(0.48)
2017	58	7.69	0.51	8.19	0.00	0.51	0.51	0.51	(0.51)
2018	59	-	-	-	0.00	-	-	-	-
2019	60	-	-	-	0.00	-	-	-	-
2020	61	-	-	-	0.00	-	-	-	-
2021	62	-	-	-	0.00	-	-	-	-
2022	63	-	-	-	0.00	-	-	-	-
2023	64	-	-	-	0.00	-	-	-	-
2024	65	-	-	-	0.00	-	-	-	-
2025	66	-	-	-	0.00	-	-	-	-
2026	67	-	-	-	0.00	-	-	-	-
2027	68	-	-	-	0.00	-	-	-	-
2028	69	-	-	-	0.00	-	-	-	-
2029	70	-	-	-	0.00	-	-	-	-
		7.89	0.27	5.127	0.07	8.28	0.07	8.28	(6.19)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location: Green River 1&2  
Asset: Limestone Silo  
Asset Number: 103234

Asset Original cost	206
Reg Depr Rate	1.71%
Salvage Rate	0.82%
GAAP Depr. Rate	0.89%
Year Installed	1975
Retirement Date	2016
Asset Life	41
Age at 12/2002	27
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	6
Inflation Adjusted ARO	8
PV @ IS Year	0.58

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.58		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4		0.00	(42.77)
Ex. Deductions-435	0.00		
Reg Liability-254		42.77	
Acc Depreciation-108	45.61		
ARO Liability-230		0.14	
		3.28	
	46.19		

Cal Year	Year	GAAP			Regulatory			Total GAAP	Regulatory (Asset)/Liability		
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Depreciation			Removal Cost	Total Regulatory
1976	1	0.58	0.04	0.62	0.01	0.000	1.83	1.69	3.52	1.88	1.65
1977	2	0.62	0.04	0.66	0.01	0.000	1.83	1.69	3.52	1.88	1.64
1978	3	0.66	0.04	0.71	0.01	0.000	1.83	1.69	3.52	1.88	1.64
1979	4	0.71	0.05	0.75	0.01	0.000	1.83	1.69	3.52	1.89	1.64
1980	5	0.75	0.05	0.80	0.01	0.000	1.83	1.69	3.52	1.89	1.63
1981	6	0.80	0.05	0.85	0.01	0.000	1.83	1.69	3.52	1.89	1.63
1982	7	0.85	0.08	0.91	0.01	0.000	1.83	1.69	3.52	1.89	1.63
1983	8	0.91	0.06	0.97	0.01	0.000	1.83	1.69	3.52	1.90	1.63
1984	9	0.97	0.06	1.04	0.01	0.000	1.83	1.69	3.52	1.90	1.62
1985	10	1.04	0.07	1.10	0.01	0.000	1.83	1.69	3.52	1.90	1.62
1986	11	1.10	0.07	1.18	0.01	0.000	1.83	1.69	3.52	1.91	1.62
1987	12	1.18	0.08	1.25	0.01	0.000	1.83	1.69	3.52	1.91	1.61
1988	13	1.25	0.08	1.34	0.01	0.000	1.83	1.69	3.52	1.92	1.61
1989	14	1.34	0.09	1.43	0.01	0.000	1.83	1.69	3.52	1.92	1.60
1990	15	1.43	0.09	1.52	0.01	0.000	1.83	1.69	3.52	1.93	1.60
1991	16	1.52	0.10	1.62	0.01	0.000	1.83	1.69	3.52	1.93	1.59
1992	17	1.62	0.11	1.73	0.01	0.000	1.83	1.69	3.52	1.94	1.58
1993	18	1.73	0.11	1.84	0.01	0.000	1.83	1.69	3.52	1.95	1.58
1994	19	1.84	0.12	1.96	0.01	0.000	1.83	1.69	3.52	1.95	1.57
1995	20	1.96	0.13	2.09	0.01	0.000	1.83	1.69	3.52	1.96	1.56
1996	21	2.09	0.14	2.23	0.01	0.000	1.83	1.69	3.52	1.97	1.55
1997	22	2.23	0.15	2.38	0.01	0.000	1.83	1.69	3.52	1.97	1.55
1998	23	2.38	0.16	2.54	0.01	0.000	1.83	1.69	3.52	1.98	1.54
1999	24	2.54	0.17	2.70	0.01	0.000	1.83	1.69	3.52	2.00	1.53
2000	25	2.70	0.18	2.88	0.01	0.000	1.83	1.69	3.52	2.01	1.53
							1.83	1.69	3.52	2.02	1.51



2001	26	2.88	0.19	3.07	0.01	0.000	1.83	1.69	3.52	2.03	1.49
2002	27	3.07	0.20	3.28	0.01	0.000	1.83	1.69	3.52	2.04	1.48
2003	28	3.28	0.22	3.49	0.01	0.222	1.83	1.69	3.53	2.06	1.47
2004	29	3.49	0.23	3.72	0.01	0.236	1.83	1.69	3.53	2.07	1.46
2005	30	3.72	0.25	3.97	0.01	0.251	1.83	1.69	3.53	2.08	1.44
2006	31	3.97	0.26	4.23	0.01	0.268	1.83	1.69	3.53	2.10	1.43
2007	32	4.23	0.28	4.51	0.01	0.285	1.83	1.69	3.53	2.12	1.41
2008	33	4.51	0.30	4.81	0.01	0.303	1.83	1.69	3.53	2.14	1.41
2009	34	4.81	0.32	5.13	0.01	0.323	1.83	1.69	3.53	2.16	1.39
2010	35	5.13	0.34	5.47	0.01	0.344	1.83	1.69	3.53	2.18	1.37
2011	36	5.47	0.36	5.83	0.01	0.367	1.83	1.69	3.53	2.20	1.35
2012	37	5.83	0.39	6.21	0.01	0.390	1.83	1.69	3.53	2.22	1.33
2013	38	6.21	0.41	6.62	0.01	0.416	1.83	1.69	3.53	2.24	1.30
2014	39	6.62	0.44	7.06	0.01	0.443	1.83	1.69	3.53	2.25	1.28
2015	40	7.06	0.47	7.53	0.01	0.472	1.83	1.69	3.53	2.28	1.25
2016	41	7.53	0.50	8.03	0.01	0.50	1.83	1.69	3.53	2.31	1.22
2017	42						1.83	1.69	3.53	2.34	1.19
2018	43										
2019	44										
2020	45										
2021	46										
2022	47										
2023	48										
2024	49										
2025	50										
2026	51										
2027	52										
2028	53										
2029	54										
2030	55										
2031	56										
2032	57										
2033	58										
2034	59										
2035	60										
2036	61										
2037	62										
2038	63										
2039	64										
2040	65										
2041	66										
2042	67										
2043	68										
2044	69										
2045	70										
		7.44					75.17	69.26	144.50	82.83	61.67
					0.21	4.823					

CALCULATION OF FASB 143 A RETIREMENT OBLIGATION  
and Transition Credits at 01/01/2003  
(\$000's)

Location: Green River  
Asset: Nuclear Source  
Asset Number:

Asset Original cost	
Reg Depr Rate	3.10%
Salvage Rate	0.78%
GAAP Depr. Rate	2.32%
Year Installed	1959
Retirement Date	2017
Asset Life	58
Age at 12/2002	43
Rem Life at 12/2002	15
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3658
ARO current \$	1
Inflation Adjusted ARO	1
PV @ IS Year	0.03

Journal Entries @ 01/01/03		Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr		
ARO Asset-317	0.03			
Regulatory Asset-182.3	0.52		0.52	
Reg Credits-407.4		0.52		
Ex. Deductions-435				
Reg Liability-254				
Acc Depreciation-108	0.00			
ARO Liability-230				
	1.08			
				1.08

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
		1-Jan	31-Dec					Depreciation	Removal Cost	Total Regulatory		
1960	1	0.03	0.04	0.00	0.04	0.00	0.000				0.00	(0.00)
1961	2	0.04	0.04	0.00	0.04	0.00	0.000				0.00	(0.00)
1962	3	0.04	0.04	0.00	0.04	0.00	0.000				0.00	(0.00)
1963	4	0.04	0.04	0.00	0.04	0.00	0.000				0.00	(0.00)
1964	5	0.04	0.05	0.00	0.05	0.00	0.000				0.00	(0.00)
1965	6	0.05	0.05	0.00	0.05	0.00	0.000				0.00	(0.00)
1966	7	0.05	0.05	0.00	0.05	0.00	0.000				0.00	(0.00)
1967	8	0.05	0.06	0.00	0.06	0.00	0.000				0.00	(0.00)
1968	9	0.06	0.06	0.00	0.06	0.00	0.000				0.00	(0.00)
1969	10	0.06	0.06	0.00	0.06	0.00	0.000				0.00	(0.00)
1970	11	0.06	0.07	0.00	0.07	0.00	0.000				0.00	(0.00)
1971	12	0.07	0.07	0.00	0.07	0.00	0.000				0.00	(0.00)
1972	13	0.07	0.07	0.00	0.07	0.00	0.000				0.00	(0.00)
1973	14	0.08	0.08	0.01	0.08	0.00	0.000				0.01	(0.01)
1974	15	0.08	0.09	0.01	0.09	0.00	0.000				0.01	(0.01)
1975	16	0.09	0.09	0.01	0.09	0.00	0.000				0.01	(0.01)
1976	17	0.09	0.10	0.01	0.10	0.00	0.000				0.01	(0.01)
1977	18	0.10	0.11	0.01	0.11	0.00	0.000				0.01	(0.01)
1978	19	0.11	0.11	0.01	0.11	0.00	0.000				0.01	(0.01)
1979	20	0.11	0.12	0.01	0.12	0.00	0.000				0.01	(0.01)
1980	21	0.12	0.13	0.01	0.13	0.00	0.000				0.01	(0.01)
1981	22	0.13	0.14	0.01	0.14	0.00	0.000				0.01	(0.01)
1982	23	0.14	0.15	0.01	0.15	0.00	0.000				0.01	(0.01)
1983	24	0.15	0.15	0.01	0.15	0.00	0.000				0.01	(0.01)
1984	25	0.15	0.17	0.01	0.17	0.00	0.000				0.01	(0.01)
1985	26	0.17	0.18	0.01	0.18	0.00	0.000				0.01	(0.01)
1986	27	0.18	0.19	0.01	0.19	0.00	0.000				0.01	(0.01)
1987	28	0.19	0.20	0.01	0.20	0.00	0.000				0.01	(0.01)
1988	29	0.20	0.21	0.01	0.21	0.00	0.000				0.01	(0.01)
1989	30	0.21	0.23	0.01	0.23	0.00	0.000				0.01	(0.01)
1990/143 model-Green River.xls31	3/31/2003	0.23	0.24	0.02	0.24	0.00	0.000				0.02	(0.02)

CALCULATION OF FASB 143 A RETIREMENT OBLIGATION  
 and Transition € at 01/01/2003  
 (\$000's)

Location Asset Asset Number	Green River Nuclear Source	0.24	0.02	0.26	0.00	0.000	-	-	-	0.02	(0.02)
1991	32	0.24	0.02	0.26	0.00	0.000	-	-	-	0.02	(0.02)
1992	33	0.26	0.02	0.28	0.00	0.000	-	-	-	0.02	(0.02)
1993	34	0.28	0.02	0.29	0.00	0.000	-	-	-	0.02	(0.02)
1994	35	0.29	0.02	0.31	0.00	0.000	-	-	-	0.02	(0.02)
1995	36	0.31	0.02	0.33	0.00	0.000	-	-	-	0.02	(0.02)
1996	37	0.33	0.02	0.36	0.00	0.000	-	-	-	0.02	(0.02)
1997	38	0.36	0.02	0.38	0.00	0.000	-	-	-	0.02	(0.02)
1998	39	0.38	0.03	0.40	0.00	0.000	-	-	-	0.03	(0.03)
1999	40	0.40	0.03	0.43	0.00	0.000	-	-	-	0.03	(0.03)
2000	41	0.43	0.03	0.46	0.00	-	-	-	-	0.03	(0.03)
2001	42	0.46	0.03	0.49	0.00	-	-	-	-	0.03	(0.03)
2002	43	0.49	0.03	0.52	0.00	-	-	-	-	0.03	(0.03)
2003	44	0.52	0.03	0.56	0.00	0.04	0.00	0.00	0.00	0.04	(0.03)
2004	45	0.56	0.04	0.59	0.00	0.04	0.00	0.00	0.00	0.04	(0.04)
2005	46	0.59	0.04	0.63	0.00	0.04	0.00	0.00	0.00	0.04	(0.04)
2006	47	0.63	0.04	0.68	0.00	0.04	0.00	0.00	0.00	0.04	(0.04)
2007	48	0.68	0.04	0.72	0.00	0.05	0.00	0.00	0.00	0.05	(0.04)
2008	49	0.72	0.05	0.77	0.00	0.05	0.00	0.00	0.00	0.05	(0.04)
2009	50	0.77	0.05	0.82	0.00	0.05	0.00	0.00	0.00	0.05	(0.05)
2010	51	0.82	0.05	0.87	0.00	0.05	0.00	0.00	0.00	0.05	(0.05)
2011	52	0.87	0.06	0.93	0.00	0.06	0.00	0.00	0.00	0.06	(0.05)
2012	53	0.93	0.06	0.99	0.00	0.06	0.00	0.00	0.00	0.06	(0.05)
2013	54	0.99	0.07	1.06	0.00	0.07	0.00	0.00	0.00	0.06	(0.06)
2014	55	1.06	0.07	1.13	0.00	0.07	0.00	0.00	0.00	0.07	(0.06)
2015	56	1.13	0.07	1.20	0.00	0.08	0.00	0.00	0.00	0.07	(0.07)
2016	57	1.20	0.08	1.28	0.00	0.08	0.00	0.00	0.00	0.08	(0.07)
2017	58	1.28	0.08	1.37	0.00	0.09	0.00	0.00	0.00	0.08	(0.08)
2018	59	-	-	-	0.04	0.00	0.00	0.00	0.00	0.09	(0.08)
2019	60	-	-	-	-	-	-	-	-	-	-
2020	61	-	-	-	-	-	-	-	-	-	-
2021	62	-	-	-	-	-	-	-	-	-	-
2022	63	-	-	-	-	-	-	-	-	-	-
2023	64	-	-	-	-	-	-	-	-	-	-
2024	65	-	-	-	-	-	-	-	-	-	-
2025	66	-	-	-	-	-	-	-	-	-	-
2026	67	-	-	-	-	-	-	-	-	-	-
2027	68	-	-	-	-	-	-	-	-	-	-
2028	69	-	-	-	-	-	-	-	-	-	-
2029	70	-	-	-	-	-	-	-	-	-	-
		<u>1.33</u>		<u>0.04</u>		<u>0.855</u>		<u>0.01</u>		<u>1.38</u>	<u>(1.37)</u>

Kentucky Utilities Company  
CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)

Iyona Generating Station

Estimated Settlement Cost Current \$ 1,085  
PV Estimated Settlement Cost at 2.10% Inflation 1,451  
PV Settlement Cost at 6.61% Discount Rate 108

Transition Journal Entries @ 01/01/03

	Dr	Cr
ARO Asset	108.2	-
Reg Asset	309.2	-
Reg Credits	-	309.2
Extr. Deductions	309.2	-
Reg Liabilities	-	60.8
Acc Depreciat	261.7	25.8
ARO Liability	-	592.4
	988.21	988.21

2003 Post Implementation Journal Entries

	Dr	Cr
Accretion Exp	39.2	-
Depreciation	1.1	-
Reg Assets	-	40.3
ACC Depreciation	-	1.1
ARO Liability	-	39.2
Reg Credits	-	40.3
	80.54	80.54

Accretion Expense

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Ash Ponds	27.10	28.80	30.81	32.84	35.01	37.33	39.79	42.42	45.23	48.22	51.41	54.80	58.43	62.29	66.39	70.74	75.34	80.19	85.29	90.64	96.25	102.12	108.16
Service Water Pump Structure	6.50	6.95	7.42	7.92	8.44	9.00	9.59	10.22	10.90	11.62	12.39	13.21	14.08	15.01	16.00	17.04	18.14	19.29	20.50	21.76	23.08	24.45	25.88
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fuel Oil Tanks Unit 1	1.84	1.96	2.09	2.25	2.42	2.60	2.79	2.99	3.21	3.45	3.72	4.02	4.35	4.71	5.09	5.49	5.92	6.38	6.86	7.36	7.88	8.42	8.98
Station Fuel Oil Piping	0.51	0.54	0.57	0.61	0.65	0.70	0.74	0.79	0.84	0.90	0.96	1.02	1.08	1.16	1.23	1.31	1.39	1.48	1.57	1.66	1.75	1.84	1.93
Mercury Sources	0.11	0.12	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.21	0.22	0.23	0.25	0.26	0.28	0.30	0.32	0.34	0.36	0.39	0.41	0.44
Mercury Treatment Plant	0.18	0.19	0.21	0.22	0.23	0.25	0.26	0.28	0.30	0.32	0.34	0.36	0.39	0.41	0.44	0.46	0.49	0.51	0.54	0.57	0.60	0.63	0.66
Coal Storage	1.08	1.15	1.23	1.31	1.40	1.49	1.59	1.69	1.81	1.93	2.05	2.19	2.33	2.49	2.64	2.80	2.97	3.14	3.32	3.50	3.69	3.88	4.07
Annual Accretion	39.16	41.75	44.51	47.45	50.58	53.93	57.49	61.28	65.34	69.66	74.27	79.18	84.41	89.98	95.89	102.14	108.74	115.69	122.99	130.64	138.64	146.99	155.69

Depreciation Expense

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Ash Ponds	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Service Water Pump Structure	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GSU Transformer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fuel Oil Tanks Unit 1	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Station Fuel Oil Piping	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Mercury Sources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mercury Treatment Plant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Coal Storage	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Annual Depreciation	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11

Total Depr/Accret

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
	40.27	42.86	45.62	48.56	51.70	55.04	58.61	62.41	66.48	70.78	75.38	80.28	85.52	91.10										

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location: Tyrone Generating Station  
Asset: Ash Pond  
Asset Number: 101281

Asset Original cost	575
Reg Depr Rate	2.13%
Salvage Rate	1.10%
GAAP Depr. Rate	1.03%
Year Installed	1977
Retirement Date	2016
Asset Life	39
Age at 12/2002	25
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
ARO current \$	1,337.7
Inflation Adjusted ARO	751
PV @ IS Year	1005
	82.77

**Journal Entries @ 01/01/2003**

	Transition Entry		Req Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	82.77		
Regulatory Asset-182.3	190.46		190.46
Reg Credits-407.4		190.46	
Ex. Deductions-435	190.46		
Reg Liability-254		0.00	
Acc Depreciation-108	158.13		
ARO Liability-230		410.04	
	621.82	621.82	

Cal Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
		1-Jan	31-Dec					Depreciation	Removal Cost		
1978	1	82.77	82.77	5.47	88.24	0.85	-	5.92	6.33	12.25	0.00
1979	2	86.24	86.24	5.83	94.08	0.85	-	5.92	6.33	12.25	0.00
1980	3	94.08	94.08	6.22	100.29	0.85	-	5.92	6.33	12.25	(0.36)
1981	4	100.29	100.29	6.63	106.92	0.85	-	5.92	6.33	12.25	(0.75)
1982	5	106.92	106.92	7.07	113.99	0.85	-	5.92	6.33	12.25	(1.16)
1983	6	113.99	113.99	7.53	121.53	0.85	-	5.92	6.33	12.25	(1.60)
1984	7	121.53	121.53	8.03	129.56	0.85	-	5.92	6.33	12.25	(2.06)
1985	8	129.56	129.56	8.56	138.12	0.85	-	5.92	6.33	12.25	(2.56)
1986	9	138.12	138.12	9.13	147.25	0.85	-	5.92	6.33	12.25	(3.09)
1987	10	147.25	147.25	9.73	156.99	0.85	-	5.92	6.33	12.25	(3.66)
1988	11	156.99	156.99	10.38	167.36	0.85	-	5.92	6.33	12.25	(4.26)
1989	12	167.36	167.36	11.06	178.43	0.85	-	5.92	6.33	12.25	(4.80)
1990	13	178.43	178.43	11.78	190.22	0.85	-	5.92	6.33	12.25	(5.59)
1991	14	190.22	190.22	12.57	202.79	0.85	-	5.92	6.33	12.25	(6.32)
1992	15	202.79	202.79	13.40	216.20	0.85	-	5.92	6.33	12.25	(7.10)
1993	16	216.20	216.20	14.29	230.49	0.85	-	5.92	6.33	12.25	(7.93)
1994	17	230.49	230.49	15.24	245.72	0.85	-	5.92	6.33	12.25	(8.82)
1995	18	245.72	245.72	16.24	261.97	0.85	-	5.92	6.33	12.25	(9.76)
1996	19	261.97	261.97	17.32	279.28	0.85	-	5.92	6.33	12.25	(10.77)
1997	20	279.28	279.28	18.46	297.74	0.85	-	5.92	6.33	12.25	(11.84)
1998	21	297.74	297.74	19.68	317.42	0.85	-	5.92	6.33	12.25	(12.99)
1999	22	317.42	317.42	20.98	338.40	0.85	-	5.92	6.33	12.25	(14.21)
2000	23	338.40	338.40	22.37	360.77	0.85	-	5.92	6.33	12.25	(15.51)
2001	24	360.77	360.77	23.85	384.62	0.85	-	5.92	6.33	12.25	(16.90)
2002	25	384.62	384.62	25.42	410.04	0.85	-	5.92	6.33	12.25	(18.37)
2003	26	410.04	410.04	27.10	437.15	0.85	27.96	5.92	6.33	12.25	(19.95)
2004	27	437.15	437.15	28.90	466.04	0.85	29.75	5.92	6.33	12.25	(20.78)
2005	28	466.04	466.04	30.81	496.85	0.85	31.66	5.92	6.33	12.25	(22.57)
2006	29	496.85	496.85	32.84	529.69	0.85	33.69	5.92	6.33	12.25	(24.48)
2007	30	529.69	529.69	35.01	564.70	0.85	35.86	5.92	6.33	12.25	(26.52)
2008	31	564.70	564.70	37.33	602.03	0.85	38.18	5.92	6.33	12.25	(28.69)
											(31.00)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
 and Transition entries at 01/01/2003  
 (\$000's)**

Location Asset Asset Number	Tyrone Generating Station Ash Pond 101281	602.03	39.79	641.82	0.85	40.65	5.92	6.33	13.10	46.57	(33.47)
2009	32	602.03	39.79	641.82	0.85	40.65	5.92	6.33	13.10	46.57	(33.47)
2010	33	641.82	42.42	684.25	0.85	43.28	5.92	6.33	13.10	49.20	(36.10)
2011	34	684.25	45.23	729.48	0.85	46.08	5.92	6.33	13.10	52.00	(38.90)
2012	35	729.48	48.22	777.69	0.85	49.07	5.92	6.33	13.10	54.99	(41.89)
2013	36	777.69	51.41	829.10	0.85	52.26	5.92	6.33	13.10	58.18	(45.08)
2014	37	829.10	54.80	883.90	0.85	55.66	5.92	6.33	13.10	61.58	(48.48)
2015	38	883.90	58.43	942.33	0.85	59.28	5.92	6.33	13.10	65.20	(52.10)
2016	39	942.33	62.29	1,004.62	0.85	63.14	5.92	6.33	13.10	69.06	(55.96)
2017	40	-	-	-	-	-	-	-	-	-	-
2018	41	-	-	-	-	-	-	-	-	-	-
2019	42	-	-	-	-	-	-	-	-	-	-
2020	43	-	-	-	-	-	-	-	-	-	-
2021	44	-	-	-	-	-	-	-	-	-	-
2022	45	-	-	-	-	-	-	-	-	-	-
2023	46	-	-	-	-	-	-	-	-	-	-
2024	47	-	-	-	-	-	-	-	-	-	-
2025	48	-	-	-	-	-	-	-	-	-	-
2026	49	-	-	-	-	-	-	-	-	-	-
2027	50	-	-	-	-	-	-	-	-	-	-
2028	51	-	-	-	-	-	-	-	-	-	-
2029	52	-	-	-	-	-	-	-	-	-	-
2030	53	-	-	-	-	-	-	-	-	-	-
2031	54	-	-	-	-	-	-	-	-	-	-
2032	55	-	-	-	-	-	-	-	-	-	-
2033	56	-	-	-	-	-	-	-	-	-	-
2034	57	-	-	-	-	-	-	-	-	-	-
2035	58	-	-	-	-	-	-	-	-	-	-
2036	59	-	-	-	-	-	-	-	-	-	-
2037	60	-	-	-	-	-	-	-	-	-	-
2038	61	-	-	-	-	-	-	-	-	-	-
2039	62	-	-	-	-	-	-	-	-	-	-
2040	63	-	-	-	-	-	-	-	-	-	-
2041	64	-	-	-	-	-	-	-	-	-	-
2042	65	-	-	-	-	-	-	-	-	-	-
2043	66	-	-	-	-	-	-	-	-	-	-
2044	67	-	-	-	-	-	-	-	-	-	-
2045	68	-	-	-	-	-	-	-	-	-	-
2046	69	-	-	-	-	-	-	-	-	-	-
2047	70	-	-	-	-	-	-	-	-	-	-
2048	71	-	-	-	-	-	-	-	-	-	-
2049	72	-	-	-	-	-	-	-	-	-	-
		<u>921.85</u>			<u>33.25</u>	<u>606.509</u>	<u>230.98</u>	<u>246.68</u>	<u>489.59</u>	<u>1,186.07</u>	<u>(696.48)</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$'000's)

Location: Tyrone Generating Station  
Asset: Service Water Pump Structure  
Asset Number: 101358

Asset Original cost	61
Reg Depr Rate	2.13%
Salvage Rate	1.10%
GAAP Depr. Rate	1.03%
Year Installed	1954
Retirement Date	2016
Asset Life	62
Age at 12/2002	48
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	181
Inflation Adjusted ARO	242
PV @ IS Year	4.58

Journal Entries @ 01/01/03

	DR	CR	Reg Asset/(Reg Liability)
ARO Asset-317	4.58		
Reg Credits-407.4	64.30		64.30
Ex. Deductions-435	64.30		
Reg Liability-254		0.00	
Acc Depreciation-108		2.26	
ARO Liability-230		98.83	
	165.39	165.39	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1955	1	4.58	0.30	4.88	0.05	0.000	0.63	0.67	1.30	0.98	0.32
1956	2	4.88	0.32	5.20	0.05	0.000	0.63	0.67	1.30	1.00	0.30
1957	3	5.20	0.34	5.55	0.05	0.000	0.63	0.67	1.30	1.02	0.28
1958	4	5.55	0.37	5.91	0.05	0.000	0.63	0.67	1.30	1.04	0.26
1959	5	5.91	0.39	6.30	0.05	0.000	0.63	0.67	1.30	1.07	0.23
1960	6	6.30	0.42	6.72	0.05	0.000	0.63	0.67	1.30	1.09	0.21
1961	7	6.72	0.44	7.16	0.05	0.000	0.63	0.67	1.30	1.12	0.18
1962	8	7.16	0.47	7.64	0.05	0.000	0.63	0.67	1.30	1.15	0.15
1963	9	7.64	0.50	8.14	0.05	0.000	0.63	0.67	1.30	1.18	0.12
1964	10	8.14	0.54	8.68	0.05	0.000	0.63	0.67	1.30	1.21	0.09
1965	11	8.68	0.57	9.25	0.05	0.000	0.63	0.67	1.30	1.25	0.05
1966	12	9.25	0.61	9.87	0.05	0.000	0.63	0.67	1.30	1.29	0.01
1967	13	9.87	0.65	10.52	0.05	0.000	0.63	0.67	1.30	1.33	(0.03)
1968	14	10.52	0.70	11.21	0.05	0.000	0.63	0.67	1.30	1.37	(0.07)
1969	15	11.21	0.74	11.95	0.05	0.000	0.63	0.67	1.30	1.42	(0.12)
1970	16	11.95	0.79	12.74	0.05	0.000	0.63	0.67	1.30	1.47	(0.17)
1971	17	12.74	0.84	13.59	0.05	0.000	0.63	0.67	1.30	1.52	(0.22)
1972	18	13.59	0.90	14.49	0.05	0.000	0.63	0.67	1.30	1.57	(0.27)
1973	19	14.49	0.96	15.44	0.05	0.000	0.63	0.67	1.30	1.63	(0.33)
1974	20	15.44	1.02	16.46	0.05	0.000	0.63	0.67	1.30	1.70	(0.40)
1975	21	16.46	1.09	17.55	0.05	0.000	0.63	0.67	1.30	1.76	(0.46)
1976	22	17.55	1.16	18.71	0.05	0.000	0.63	0.67	1.30	1.84	(0.54)
1977	23	18.71	1.24	19.95	0.05	0.000	0.63	0.67	1.30	1.91	(0.61)
1978	24	19.95	1.32	21.27	0.05	0.000	0.63	0.67	1.30	1.99	(0.68)
1979	25	21.27	1.41	22.67	0.05	0.000	0.63	0.67	1.30	2.08	(0.76)
1980	26	22.67	1.50	24.17	0.05	0.000	0.63	0.67	1.30	2.17	(0.87)
1981	27	24.17	1.60	25.77	0.05	0.000	0.63	0.67	1.30	2.27	(0.97)
1982	28	25.77	1.70	27.47	0.05	0.000	0.63	0.67	1.30	2.38	(1.08)
1983	29	27.47	1.82	29.29	0.05	0.000	0.63	0.67	1.30	2.49	(1.19)
1984	30	29.29	1.94	31.23	0.05	0.000	0.63	0.67	1.30	2.61	(1.31)
1985	31	31.23	2.06	33.29	0.05	0.000	0.63	0.67	1.30	2.74	(1.44)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Location Asset Asset Number	Tyrone Generating Station Service Water Pump Structure 101358	32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72	33.29 35.49 37.84 40.34 43.00 45.85 48.88 52.11 55.55 59.22 63.14 67.31 71.76 76.50 81.56 86.95 92.70 98.83 105.36 112.32 119.75 127.66 136.10 145.10 154.69 164.91 175.81 187.43 199.82 213.03 227.11 242.12	2.20 2.35 2.50 2.67 2.84 3.03 3.23 3.44 3.67 3.91 4.17 4.45 4.74 5.06 5.39 5.75 6.13 6.53 6.96 7.42 7.92 8.44 9.00 9.59 10.22 10.90 11.62 12.39 13.21 14.08 15.01	0.05 0.05	0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 6.58 7.01 7.47 7.96 8.49 9.04 9.64 10.27 10.95 11.67 12.44 13.26 14.13 15.06	0.63 0.63	0.67 0.67	1.30 1.30 1.30 1.30 1.30 1.30 1.30 1.30 1.30 1.30 1.30 1.30 1.30 1.30 1.35	2.88 3.02 3.18 3.34 3.52 3.71 3.91 4.12 4.35 4.59 4.85 5.12 5.42 5.73 6.07 6.42 6.80 7.21 7.64 8.10 8.59 9.11 9.67 10.27 10.90 11.58 12.30 13.06 13.88 14.76 15.69	(1.58) (1.72) (1.88) (2.04) (2.22) (2.41) (2.61) (2.82) (3.05) (3.29) (3.55) (3.83) (4.12) (4.43) (4.77) (5.12) (5.50) (5.86) (6.29) (6.75) (7.24) (7.77) (8.33) (8.92) (9.55) (10.23) (10.95) (11.72) (12.54) (13.41) (14.34)
		<b>237.55</b>	<b>2.92</b>	<b>143.959</b>	<b>38.95</b>	<b>41.60</b>	<b>81.22</b>	<b>279.43</b>	<b>(198.21)</b>		



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Location: Tyrone Generating Station  
Asset: GSU Transformer  
Asset Number: 031481

Asset Original cost	24
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1950
Retirement Date	2016
Asset Life	66
Age at 12/2002	52
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	0
Inflation Adjusted ARO	0
PV @ 15 Year	0.00

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4		0.00	(3.87)
Ex. Deductions-435	0.00		
Reg Liability-254		3.87	
Acc Depreciation-108	3.87		
ARO Liability-230	0.00		
	3.87		3.87

Cal Year	Year	GAAP		Regulatory		Total GAAP	Total Regulatory	Regulatory (Asset)/Liability
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation			
1951	1	0.00	-	-	-	0.46	0.53	0.07
1952	2	0.00	-	-	-	0.46	0.53	0.07
1953	3	0.00	-	-	-	0.46	0.53	0.07
1954	4	0.00	-	-	-	0.46	0.53	0.07
1955	5	0.00	-	-	-	0.46	0.53	0.07
1956	6	0.00	-	-	-	0.46	0.53	0.07
1957	7	0.00	-	-	-	0.46	0.53	0.07
1958	8	0.00	-	-	-	0.46	0.53	0.07
1959	9	0.00	-	-	-	0.46	0.53	0.07
1960	10	0.00	-	-	-	0.46	0.53	0.07
1961	11	0.00	-	-	-	0.46	0.53	0.07
1962	12	0.00	-	-	-	0.46	0.53	0.07
1963	13	0.00	-	-	-	0.46	0.53	0.07
1964	14	0.00	-	-	-	0.46	0.53	0.07
1965	15	0.00	-	-	-	0.46	0.53	0.07
1966	16	0.00	-	-	-	0.46	0.53	0.07
1967	17	0.00	-	-	-	0.46	0.53	0.07
1968	18	0.00	-	-	-	0.46	0.53	0.07
1969	19	0.00	-	-	-	0.46	0.53	0.07
1970	20	0.00	-	-	-	0.46	0.53	0.07
1971	21	0.00	-	-	-	0.46	0.53	0.07
1972	22	0.00	-	-	-	0.46	0.53	0.07
1973	23	0.00	-	-	-	0.46	0.53	0.07
1974	24	0.00	-	-	-	0.46	0.53	0.07
1975	25	0.00	-	-	-	0.46	0.53	0.07
1976	26	0.00	-	-	-	0.46	0.53	0.07
1977	27	0.00	-	-	-	0.46	0.53	0.07
1978	28	0.00	-	-	-	0.46	0.53	0.07
1979	29	0.00	-	-	-	0.46	0.53	0.07
1980	30	0.00	-	-	-	0.46	0.53	0.07
1981	31	0.00	-	-	-	0.46	0.53	0.07

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**

(\$000's)

Location Asset Asset Number	Tyrone Generating Station GSU Transformer 051481											
1982		0.00										
1983	32	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1984	33	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1985	34	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1986	35	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1987	36	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1988	37	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1989	38	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1990	39	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1991	40	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1992	41	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1993	42	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1994	43	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1995	44	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1996	45	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1997	46	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1998	47	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
1999	48	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2000	49	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2001	50	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2002	51	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2003	52	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2004	53	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2005	54	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2006	55	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2007	56	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2008	57	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2009	58	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2010	59	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2011	60	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2012	61	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2013	62	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2014	63	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2015	64	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2016	65	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2017	66	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2018	67	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2019	68	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2020	69	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2021	70	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
2022	71	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
	72	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07		
		<u>0.00</u>	<u>30.10</u>	<u>4.91</u>	<u>35.01</u>	<u>30.10</u>	<u>4.91</u>	<u>30.10</u>	<u>4.91</u>	<u>30.10</u>	<u>4.91</u>	<u>4.91</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location Tyrone Generating Station  
Asset GSU Transformer  
Asset Number 051482

Original cost	24
Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1950
Retirement Date	2016
Asset Life	66
Age at 12/2002	52
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	0
Inflation Adjusted ARO	0
PV @ IS Year	0.00

Journal Entries @ 01/01/03

	Transition Entry		Reg Asset/Reg Liability
	Dr	Cr	
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4			(3.87)
Ex. Deductions-435	0.00	0.00	
Reg Liability-254		3.87	
Acc Depreciation-108	3.87	0.00	
ARO Liability-230		0.00	
	<u>3.87</u>	<u>3.87</u>	

Cal Year	Year	GAAP		Regulatory		Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability	
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation		Depreciation	Removal Cost			Total Regulatory
1951	1	0.00	-	-	-	-	-	-	-	-	
1952	2	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1953	3	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1954	4	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1955	5	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1956	6	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1957	7	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1958	8	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1959	9	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1960	10	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1961	11	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1962	12	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1963	13	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1964	14	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1965	15	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1966	16	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1967	17	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1968	18	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1969	19	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1970	20	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1971	21	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1972	22	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1973	23	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1974	24	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1975	25	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1976	26	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1977	27	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1978	28	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1979	29	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1980	30	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1981	31	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1982	32	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1983	33	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1984	34	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1985	35	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1986	36	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1987	37	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1988	38	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1989	39	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1990	40	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1991	41	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1992	42	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1993	43	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1994	44	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1995	45	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1996	46	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1997	47	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1998	48	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
1999	49	0.00	-	-	-	-	0.46	0.07	0.53	0.46	
2000	50	-	-	-	-	-	0.46	0.07	0.53	0.46	
2001	51	-	-	-	-	-	0.46	0.07	0.53	0.46	
2002	52	-	-	-	-	-	0.46	0.07	0.53	0.46	
2003	53	-	-	-	-	-	0.46	0.07	0.53	0.46	
2004	54	-	-	-	-	-	0.46	0.07	0.53	0.46	
2005	55	-	-	-	-	-	0.46	0.07	0.53	0.46	
2006	56	-	-	-	-	-	0.46	0.07	0.53	0.46	
2007	57	-	-	-	-	-	0.46	0.07	0.53	0.46	
2008	58	-	-	-	-	-	0.46	0.07	0.53	0.46	
2009	59	-	-	-	-	-	0.46	0.07	0.53	0.46	
2010	60	-	-	-	-	-	0.46	0.07	0.53	0.46	
2011	61	-	-	-	-	-	0.46	0.07	0.53	0.46	
2012	62	-	-	-	-	-	0.46	0.07	0.53	0.46	
2013	63	-	-	-	-	-	0.46	0.07	0.53	0.46	
2014	64	-	-	-	-	-	0.46	0.07	0.53	0.46	
2015	65	-	-	-	-	-	0.46	0.07	0.53	0.46	
2016	66	-	-	-	-	-	0.46	0.07	0.53	0.46	
2017	67	-	-	-	-	-	0.46	0.07	0.53	0.46	
2018	68	-	-	-	-	-	-	-	-	-	
2019	69	-	-	-	-	-	-	-	-	-	
2020	70	-	-	-	-	-	-	-	-	-	
2021	71	-	-	-	-	-	-	-	-	-	
2022	72	-	-	-	-	-	-	-	-	-	
		<u>0.00</u>			<u>0.00</u>	<u>0.00</u>	<u>30.10</u>	<u>4.91</u>	<u>35.01</u>	<u>30.10</u>	<u>4.91</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location: Tyrone Generating Station  
Asset: GSU Transformer  
Asset Number: 051480

Asset Original cost	24
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1950
Retirement Date	2016
Asset Life	66
Age at 12/2002	52
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	0
Inflation Adjusted ARO	0
PV @ IS Year	0.00

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg. Liability)
	Dr	Cr	
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4		0.00	(3.87)
Ex. Deductions-435	0.00		
Reg Liability-254	3.87		
Acc Depreciation-108	0.00		
ARO Liability-230	0.00		
	3.87		3.87

Cal Year	Year	Liability Balance 1-Jan	GAAP		Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
			Annual Accretion	Liability Balance 31-Dec		Annual Depreciation	Depreciation	Removal Cost		
1951	1	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1952	2	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1953	3	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1954	4	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1955	5	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1956	6	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1957	7	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1958	8	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1959	9	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1960	10	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1961	11	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1962	12	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1963	13	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1964	14	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1965	15	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1966	16	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1967	17	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1968	18	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1969	19	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1970	20	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1971	21	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1972	22	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1973	23	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1974	24	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1975	25	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1976	26	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1977	27	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1978	28	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1979	29	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1980	30	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07
1981	31	0.00	-	-	-	0.46	0.07	0.53	0.46	0.07

CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
 and Transition entries at 01/01/2003  
 (\$000's)

Location Asset Number	Tyrone Generating Station GSN Transformer 051480																		
1982	32	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1983	33	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1984	34	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1985	35	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1986	36	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1987	37	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1988	38	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1989	39	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1990	40	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1991	41	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1992	42	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1993	43	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1994	44	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1995	45	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1996	46	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1997	47	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1998	48	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
1999	49	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2000	50	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2001	51	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2002	52	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2003	53	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2004	54	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2005	55	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2006	56	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2007	57	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2008	58	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2009	59	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2010	60	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2011	61	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2012	62	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2013	63	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2014	64	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2015	65	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2016	66	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2017	67	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2018	68	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2019	69	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2020	70	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2021	71	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
2022	72	0.00	0.46	0.07	0.53	0.46	0.07	0.46	0.07	0.07	0.07	0.07							
											0.00	0.00	30.10	35.01	30.10	4.91	4.91	30.10	4.91

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$000's)

Location: Tyrone Generating Station  
Asset: GSU Transformer  
Asset Number: 051477

Asset Original cost	34
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1950
Retirement Date	2016
Asset Life	66
Age at 12/2002	52
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	0
Inflation Adjusted ARO	0
PV @ IS Year	0.00

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg. Liability)
	Dr	Cr	
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4		0.00	(5.48)
Ex. Deductions-435	0.00		
Reg Liability-254		5.48	
Acc Depreciation-108	5.48		
ARO Liability-230		0.00	
	5.48	5.48	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1951	1	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1952	2	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1953	3	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1954	4	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1955	5	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1956	6	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1957	7	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1958	8	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1959	9	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1960	10	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1961	11	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1962	12	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1963	13	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1964	14	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1965	15	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1966	16	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1967	17	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1968	18	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1969	19	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1970	20	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1971	21	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1972	22	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1973	23	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1974	24	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1975	25	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1976	26	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1977	27	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1978	28	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1979	29	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1980	30	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1981	31	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
 and Transition entries at 01/01/2003  
 (\$000's)**

Location Asset Asset Number	Tyrone Generating Station GSU Transformer 051477												
1982	32	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1983	33	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1984	34	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1985	35	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1986	36	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1987	37	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1988	38	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1989	39	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1990	40	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1991	41	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1992	42	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1993	43	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1994	44	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1995	45	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1996	46	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1997	47	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1998	48	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
1999	49	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2000	50	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2001	51	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2002	52	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2003	53	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2004	54	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2005	55	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2006	56	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2007	57	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2008	58	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2009	59	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2010	60	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2011	61	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2012	62	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2013	63	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2014	64	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2015	65	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2016	66	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2017	67	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2018	68	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2019	69	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2020	70	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2021	71	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
2022	72	0.00	0.00	0.65	0.11	0.75	0.65	0.11	0.11	0.11	0.11	0.11	0.11
		0.00	0.00	42.64	6.96	49.59	42.64	6.96	42.64	49.59	42.64	6.96	6.96

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location Tyrone Generating Station  
Asset GSU Transformer  
Asset Number 051476

Asset Original cost	34
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1950
Retirement Date	2016
Asset Life	66
Age at 12/2002	52
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	0
Inflation Adjusted ARO	0
PV @ IS Year	0.00

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg. Liability)
	Dr	Cr	
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		(5.48)
Reg Credits-407.4		0.00	
Ex. Deductions-435	0.00		
Reg Liability-254		5.48	5.48
Acc Depreciation-108	5.48		0.00
ARO Liability-230		0.00	0.00
	5.48	5.48	

Cal Year	Year	GAAP			Regulatory			Total GAAP	Total Regulatory	Regulatory (Asset)/Liability	
		Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Depreciation				Removal Cost
1951	1	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1952	2	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1953	3	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1954	4	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1955	5	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1956	6	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1957	7	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1958	8	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1959	9	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1960	10	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1961	11	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1962	12	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1963	13	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1964	14	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1965	15	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1966	16	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1967	17	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1968	18	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1969	19	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1970	20	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1971	21	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1972	22	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1973	23	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1974	24	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1975	25	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1976	26	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1977	27	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1978	28	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1979	29	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1980	30	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11
1981	31	0.00	-	-	-	-	0.65	0.11	0.75	0.65	0.11





**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Tyrone Generating Station  
GSU Transformer  
Asset Number 051478

Asset Original cost	34
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1950
Retirement Date	2016
Asset Life	66
Age at 12/2002	52
Rem Life at 12/2002	14
Disc Rate	6.81%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	0
Inflation Adjusted ARO	0
PV @ 15 Year	0.00

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4		0.00	(5.48)
Ex. Deductions-435	0.00		
Reg Liability-254		5.48	
Acc Depreciation-108	5.48		
ARO Liability-230		0.00	
	5.48	5.48	

Cal Year	Year	Liability Balance 1-Jan	GAAP		Income Statement Effect	Regulatory		Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
			Annual Accretion	Liability Balance 31-Dec		Annual Depreciation	Depreciation			
1951	1	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1952	2	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1953	3	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1954	4	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1955	5	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1956	6	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1957	7	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1958	8	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1959	9	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1960	10	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1961	11	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1962	12	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1963	13	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1964	14	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1965	15	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1966	16	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1967	17	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1968	18	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1969	19	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1970	20	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1971	21	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1972	22	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1973	23	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1974	24	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1975	25	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1976	26	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1977	27	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1978	28	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1979	29	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1980	30	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11
1981	31	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11

CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)

Location Asset Asset Number	Tyrone Generating Station GSU Transformer 051478												
1982	32	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1983	33	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1984	34	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1985	35	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1986	36	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1987	37	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1988	38	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1989	39	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1990	40	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1991	41	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1992	42	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1993	43	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1994	44	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1995	45	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1996	46	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1997	47	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1998	48	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
1999	49	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2000	50	0.00	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2001	51	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2002	52	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2003	53	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2004	54	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2005	55	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2006	56	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2007	57	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2008	58	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2009	59	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2010	60	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2011	61	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2012	62	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2013	63	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2014	64	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2015	65	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2016	66	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2017	67	-	-	-	-	0.65	0.11	0.75	0.65	0.11	0.11	0.11	
2018	68	-	-	-	-	-	-	-	-	-	-	-	
2019	69	-	-	-	-	-	-	-	-	-	-	-	
2020	70	-	-	-	-	-	-	-	-	-	-	-	
2021	71	-	-	-	-	-	-	-	-	-	-	-	
2022	72	-	-	-	-	-	-	-	-	-	-	-	
			0.00				0.00						
						42.64	6.96	49.59					6.96
													42.64

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$'000's)

Location: Tyrone Generating Station  
Asset: GSU Transformer  
Asset Number: 051486

Asset Original cost	184
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1954
Retirement Date	2016
Asset Life	62
Age at 12/2002	48
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	0
Inflation Adjusted ARO	0
PV @ IS Year	0.00

**Journal Entries @ 01/01/03**

	Transition Entry		Reg. Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4		0.00	(27.38)
Ex. Deductions-435	0.00		
Reg Liability-254		27.38	
Acc Depreciation-108	27.38		
ARO Liability-230		0.00	
	27.38	27.38	

Cal Year	Year	Liability Balance 1-Jan	GAAP		Regulatory		Total Regulatory	Total GAAP	Regulatory (Asset)/Liability	
			Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect				Depreciation
1955	1	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1956	2	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1957	3	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1958	4	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1959	5	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1960	6	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1961	7	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1962	8	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1963	9	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1964	10	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1965	11	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1966	12	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1967	13	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1968	14	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1969	15	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1970	16	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1971	17	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1972	18	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1973	19	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1974	20	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1975	21	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1976	22	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1977	23	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1978	24	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1979	25	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1980	26	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1981	27	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1982	28	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1983	29	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1984	30	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57
1985	31	0.00	-	-	-	3.50	0.57	4.07	3.50	0.57

CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
 and Transition entries at 01/01/2003  
 (\$000's)

Location Asset Asset Number	Tyrone Generating Station GSU Transformer 051486	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026					
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
		32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72					
		3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50				
		4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07			
		0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57			
		216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75		
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	252.12	
		35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36		
		35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	
		35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	
		216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	
		35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	35.36	
		216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75	216.75
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location Tyrone Generating Station  
Asset G5U Transformer  
Asset Number 051487

Asset Original cost	36
Reg Depr Rate	2.21%
Salvage Rate	0.31%
GAAP Depr. Rate	1.90%
Year Installed	1954
Retirement Date	2016
Asset Life	62
Age at 12/2002	48
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	0
Inflation Adjusted ARO	0
PV @ IS Year	0.00

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.00		
Regulatory Asset-182.3	0.00		
Reg Credits-407.4		0.00	(5.36)
Ex. Deductions-435	0.00		
Reg Liability-254		5.36	
Acc Depreciation-108	5.36		
ARO Liability-230		0.00	
	5.36	5.36	

Cal Year	Year	Liability Balance 1-Jan	GAAP		Income Statement Effect	Regulatory			Total Regulatory	Total GAAP	Regulatory (Asset)/Liability
			Annual Accretion	Liability Balance 31-Dec		Annual Depreciation	Depreciation	Removal Cost			
1955	1	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1956	2	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1957	3	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1958	4	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1959	5	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1960	6	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1961	7	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1962	8	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1963	9	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1964	10	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1965	11	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1966	12	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1967	13	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1968	14	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1969	15	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1970	16	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1971	17	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1972	18	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1973	19	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1974	20	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1975	21	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1976	22	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1977	23	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1978	24	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1979	25	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1980	26	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1981	27	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1982	28	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1983	29	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1984	30	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11
1985	31	0.00	-	-	-	0.68	0.11	0.80	0.68	0.11	0.11

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
**and Transition entries at 01/01/2003**  
 (\$000's)

Location Asset Asset Number	Tyrone Generating Station GSU Transformer 051487											
1986	32	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1987	33	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1988	34	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1989	35	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1990	36	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1991	37	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1992	38	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1993	39	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1994	40	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1995	41	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1996	42	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1997	43	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1998	44	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
1999	45	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2000	46	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2001	47	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2002	48	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2003	49	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2004	50	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2005	51	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2006	52	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2007	53	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2008	54	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2009	55	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2010	56	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2011	57	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2012	58	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2013	59	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2014	60	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2015	61	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2016	62	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2017	63	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2018	64	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2019	65	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2020	66	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2021	67	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2022	68	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2023	69	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2024	70	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2025	71	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
2026	72	0.00	0.00	0.68	0.11	0.80	0.68	0.11	0.80	0.68	0.11	0.11
		<u>0.00</u>	<u>0.00</u>	<u>42.41</u>	<u>6.92</u>	<u>49.33</u>	<u>42.41</u>	<u>6.92</u>	<u>49.33</u>	<u>42.41</u>	<u>6.92</u>	<u>6.92</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location  
Asset  
Asset Number  
Tyronne Generating Station  
Fuel Oil Tanks Unit 1  
100858

Asset Original cost	2
Reg Depr Rate	2.13%
GAAP Depr. Rate	1.10%
Year Installed	1948
Retirement Date	2015
Asset Life	68
Age at 12/2002	54
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	51
Inflation Adjusted ARO	68
PV @ 15 Year	0.88

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	26.27		26.27
Regulatory Asset-182.3		26.27	
Reg Credits-407.4	26.27		
Ex. Deductions-435		0.00	
Reg Liability-254	1.19		0.49
Acc Depreciation-106		27.85	
ARO Liability-230			54.80
	54.80		54.80

Cat Year	Year	Liability Balance		Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/(Liability)
		1-Jan	31-Dec					Depreciation	Removal Cost		
1949	1	0.88	0.88	0.06	0.94	0.01	-	0.02	0.02	0.09	(0.05)
1950	2	0.94	0.94	0.06	1.00	0.01	-	0.02	0.02	0.09	(0.05)
1951	3	1.00	1.00	0.07	1.06	0.01	-	0.02	0.02	0.10	(0.05)
1952	4	1.06	1.06	0.07	1.13	0.01	-	0.02	0.02	0.10	(0.06)
1953	5	1.13	1.13	0.08	1.21	0.01	-	0.02	0.02	0.10	(0.06)
1954	6	1.21	1.21	0.08	1.29	0.01	-	0.02	0.02	0.11	(0.07)
1955	7	1.29	1.29	0.08	1.37	0.01	-	0.02	0.02	0.11	(0.07)
1956	8	1.37	1.37	0.09	1.47	0.01	-	0.02	0.02	0.12	(0.08)
1957	9	1.47	1.47	0.10	1.56	0.01	-	0.02	0.02	0.13	(0.08)
1958	10	1.56	1.56	0.10	1.67	0.01	-	0.02	0.02	0.13	(0.09)
1959	11	1.67	1.67	0.11	1.78	0.01	-	0.02	0.02	0.14	(0.10)
1960	12	1.78	1.78	0.12	1.89	0.01	-	0.02	0.02	0.15	(0.10)
1961	13	1.89	1.89	0.13	2.02	0.01	-	0.02	0.02	0.15	(0.11)
1962	14	2.02	2.02	0.13	2.15	0.01	-	0.02	0.02	0.16	(0.11)
1963	15	2.15	2.15	0.14	2.29	0.01	-	0.02	0.02	0.17	(0.12)
1964	16	2.29	2.29	0.15	2.45	0.01	-	0.02	0.02	0.18	(0.13)
1965	17	2.45	2.45	0.16	2.61	0.01	-	0.02	0.02	0.19	(0.14)
1966	18	2.61	2.61	0.17	2.78	0.01	-	0.02	0.02	0.20	(0.15)
1967	19	2.78	2.78	0.18	2.96	0.01	-	0.02	0.02	0.21	(0.16)
1968	20	2.96	2.96	0.20	3.16	0.01	-	0.02	0.02	0.23	(0.17)
1969	21	3.16	3.16	0.21	3.37	0.01	-	0.02	0.02	0.24	(0.18)
1970	22	3.37	3.37	0.22	3.59	0.01	-	0.02	0.02	0.25	(0.18)
1971	23	3.59	3.59	0.24	3.83	0.01	-	0.02	0.02	0.27	(0.21)
1972	24	3.83	3.83	0.25	4.08	0.01	-	0.02	0.02	0.28	(0.22)
1973	25	4.08	4.08	0.27	4.35	0.01	-	0.02	0.02	0.30	(0.24)
1974	26	4.35	4.35	0.29	4.64	0.01	-	0.02	0.02	0.32	(0.26)
1975	27	4.64	4.64	0.31	4.95	0.01	-	0.02	0.02	0.34	(0.27)
1976	28	4.95	4.95	0.33	5.27	0.01	-	0.02	0.02	0.36	(0.29)
1977	29	5.27	5.27	0.35	5.62	0.01	-	0.02	0.02	0.38	(0.31)
1978	30	5.62	5.62	0.37	5.99	0.01	-	0.02	0.02	0.40	(0.34)



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)**

Location Asset Asset Number	Tyone Generating Station Fuel Oil Tanks Unit 1 100856										
1979	31	5.99	0.40	6.39	0.01	0.02	0.02	0.04	0.43	(0.36)	
1980	32	6.39	0.42	6.81	0.01	0.02	0.02	0.04	0.45	(0.41)	
1981	33	6.81	0.45	7.26	0.01	0.02	0.02	0.04	0.48	(0.44)	
1982	34	7.26	0.48	7.74	0.01	0.02	0.02	0.04	0.51	(0.47)	
1983	35	7.74	0.51	8.25	0.01	0.02	0.02	0.04	0.54	(0.50)	
1984	36	8.25	0.55	8.80	0.01	0.02	0.02	0.04	0.58	(0.53)	
1985	37	8.80	0.58	9.38	0.01	0.02	0.02	0.04	0.61	(0.57)	
1986	38	9.38	0.62	10.00	0.01	0.02	0.02	0.04	0.65	(0.61)	
1987	39	10.00	0.66	10.66	0.01	0.02	0.02	0.04	0.69	(0.65)	
1988	40	10.66	0.70	11.37	0.01	0.02	0.02	0.04	0.73	(0.69)	
1989	41	11.37	0.75	12.12	0.01	0.02	0.02	0.04	0.78	(0.74)	
1990	42	12.12	0.80	12.92	0.01	0.02	0.02	0.04	0.83	(0.79)	
1991	43	12.92	0.85	13.77	0.01	0.02	0.02	0.04	0.88	(0.84)	
1992	44	13.77	0.91	14.68	0.01	0.02	0.02	0.04	0.94	(0.90)	
1993	45	14.68	0.97	15.65	0.01	0.02	0.02	0.04	1.00	(0.96)	
1994	46	15.65	1.03	16.69	0.01	0.02	0.02	0.04	1.06	(1.02)	
1995	47	16.69	1.10	17.79	0.01	0.02	0.02	0.04	1.13	(1.09)	
1996	48	17.79	1.18	18.97	0.01	0.02	0.02	0.04	1.21	(1.16)	
1997	49	18.97	1.25	20.22	0.01	0.02	0.02	0.04	1.28	(1.24)	
1998	50	20.22	1.34	21.56	0.01	0.02	0.02	0.04	1.37	(1.32)	
1999	51	21.56	1.42	22.98	0.01	0.02	0.02	0.04	1.45	(1.41)	
2000	52	22.98	1.52	24.50	0.01	0.02	0.02	0.04	1.55	(1.51)	
2001	53	24.50	1.62	26.12	0.01	0.02	0.02	0.04	1.65	(1.61)	
2002	54	26.12	1.73	27.85	0.01	0.02	0.02	0.04	1.76	(1.71)	
2003	55	27.85	1.84	29.69	0.01	0.02	0.02	0.05	1.87	(1.82)	
2004	56	29.69	1.96	31.65	0.01	0.02	0.02	0.05	1.99	(1.94)	
2005	57	31.65	2.09	33.74	0.01	0.02	0.02	0.05	2.12	(2.07)	
2006	58	33.74	2.23	35.97	0.01	0.02	0.02	0.05	2.26	(2.21)	
2007	59	35.97	2.38	38.35	0.01	0.02	0.02	0.05	2.41	(2.36)	
2008	60	38.35	2.53	40.88	0.01	0.02	0.02	0.05	2.56	(2.51)	
2009	61	40.88	2.70	43.59	0.01	0.02	0.02	0.05	2.73	(2.68)	
2010	62	43.59	2.88	46.47	0.01	0.02	0.02	0.05	2.91	(2.86)	
2011	63	46.47	3.07	49.54	0.01	0.02	0.02	0.05	3.10	(3.05)	
2012	64	49.54	3.27	52.81	0.01	0.02	0.02	0.05	3.30	(3.25)	
2013	65	52.81	3.49	56.30	0.01	0.02	0.02	0.05	3.52	(3.47)	
2014	66	56.30	3.72	60.03	0.01	0.02	0.02	0.05	3.75	(3.70)	
2015	67	60.03	3.97	63.99	0.01	0.02	0.02	0.05	4.00	(3.95)	
2016	68	63.99	4.23	68.22	0.01	0.02	0.02	0.05	4.26	(4.21)	
2017	69	-	-	-	-	-	-	-	-	-	
2018	70	-	-	-	-	-	-	-	-	-	
2019	71	-	-	-	-	-	-	-	-	-	
2020	72	-	-	-	-	-	-	-	-	-	
					0.62	1.40	1.50	3.02	69.36	(66.34)	
			57.34		40.504						

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$'000's)

Location: Tyrone Generating Station  
Asset: Fuel Oil Tanks  
Asset Number: 122567

Asset Original cost	2
Reg Depr Rate	2.13%
Salvage Rate	1.10%
GAAP Depr. Rate	1.03%
Year Installed	1996
Retirement Date	2016
Asset Life	20
Age at 12/2002	6
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	50
Inflation Adjusted ARO	67
PV @ IS Year	18.59

**Journal Entries @ 01/01/03**

	Transition Entry		Req Asset/(Req Liability)
	Dr	Cr	
ARO Asset-317	18.59		
Regulatory Asset-182.3	9.72		9.72
Reg Credits-407.4		9.72	
Ex. Deductions-435		9.72	
Reg Liability-254		0.13	0.00
Acc Depreciation-108		1.15	1.15
ARO Liability-230		27.30	27.30
	38.17		38.17

Cal Year	Year	Liability Balance 1-Jan	GAAP		Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
			Annual Accretion	Liability Balance 31-Dec			Depreciation	Removal Cost	Total Regulatory		
1997	1	18.59	1.23	19.82	0.19	-	0.02	0.02	0.04	1.44	(1.40)
1998	2	19.82	1.31	21.13	0.19	-	0.02	0.02	0.04	1.52	(1.48)
1999	3	21.13	1.40	22.53	0.19	-	0.02	0.02	0.04	1.61	(1.57)
2000	4	22.53	1.49	24.02	0.19	-	0.02	0.02	0.04	1.70	(1.66)
2001	5	24.02	1.59	25.61	0.19	-	0.02	0.02	0.04	1.80	(1.76)
2002	6	25.61	1.69	27.30	0.19	-	0.02	0.02	0.04	1.80	(1.86)
2003	7	27.30	1.80	29.10	0.19	2.00	0.02	0.02	0.23	2.02	(1.78)
2004	8	29.10	1.92	31.03	0.19	2.12	0.02	0.02	0.23	2.14	(1.90)
2005	9	31.03	2.05	33.08	0.19	2.24	0.02	0.02	0.23	2.26	(2.03)
2006	10	33.08	2.19	35.27	0.19	2.36	0.02	0.02	0.23	2.40	(2.16)
2007	11	35.27	2.33	37.60	0.19	2.52	0.02	0.02	0.23	2.54	(2.31)
2008	12	37.60	2.49	40.08	0.19	2.68	0.02	0.02	0.23	2.70	(2.46)
2009	13	40.08	2.65	42.73	0.19	2.84	0.02	0.02	0.23	2.86	(2.63)
2010	14	42.73	2.82	45.56	0.19	3.02	0.02	0.02	0.23	3.04	(2.80)
2011	15	45.56	3.01	48.57	0.19	3.20	0.02	0.02	0.23	3.22	(2.99)
2012	16	48.57	3.21	51.78	0.19	3.40	0.02	0.02	0.23	3.42	(3.19)
2013	17	51.78	3.42	55.20	0.19	3.61	0.02	0.02	0.23	3.63	(3.40)
2014	18	55.20	3.65	58.85	0.19	3.84	0.02	0.02	0.23	3.86	(3.63)
2015	19	58.85	3.89	62.74	0.19	4.08	0.02	0.02	0.23	4.10	(3.87)
2016	20	62.74	4.15	66.89	0.19	4.34	0.02	0.02	0.23	4.36	(4.12)
2017	21	0.00	-	-	-	-	-	-	-	-	-
2018	22	0.00	-	-	-	-	-	-	-	-	-
2019	23	0.00	-	-	-	-	-	-	-	-	-
2020	24	0.00	-	-	-	-	-	-	-	-	-
2021	25	0.00	-	-	-	-	-	-	-	-	-
2022	26	0.00	-	-	-	-	-	-	-	-	-
2023	27	0.00	-	-	-	-	-	-	-	-	-
2024	28	0.00	-	-	-	-	-	-	-	-	-
2025	29	0.00	-	-	-	-	-	-	-	-	-
2026	30	0.00	-	-	-	-	-	-	-	-	-
2027	31	0.00	-	-	-	-	-	-	-	-	-

CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$000's)

Location Asset Number	Tyrone Generating Station Fuel Oil Tanks							
2028	122567							
2029	32	0.00						
2030	33	0.00						
2031	34	0.00						
2032	35	0.00						
2033	36	0.00						
2034	37	0.00						
2035	38	0.00						
2036	39	0.00						
2037	40	0.00						
2038	41	0.00						
2039	42	0.00						
2040	43							
2041	44							
2042	45							
2043	46							
2044	47							
2045	48							
2046	49							
2047	50							
2048	51							
2049	52							
2050	53							
2051	54							
2052	55							
2053	56							
2054	57							
2055	58							
2056	59							
2057	60							
2058	61							
2059	62							
2060	63							
2061	64							
2062	65							
2063	66							
2064	67							
2065	68							
2066	69							
2067	70							
2068	71							
	72							
		48.29	3.83	42.267	0.41	0.44	3.53	52.53
								(49.00)

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$000's)

Tyrone Generating Station  
Station Fuel Oil Piping  
Not related to specific asset

Location	-
Asset	2.13%
Asset Number	1.10%
Asset Original cost	1.03%
Reg Depr Rate	1953
Salvage Rate	2016
GAAP Depr. Rate	63
Year Installed	49
Retirement Date	14
Asset Life	6.61%
Age at 12/2002	2.10%
Rem Life at 12/2002	1.3377
Disc Rate	14
Inflation Rate	19
Inflation Factor	0.33
ARO current \$	
Inflation Adjusted ARO	
PV @ IS Year	

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.33		
Regulatory Asset-182.3	7.48		7.48
Reg Credits-407.4		7.48	
Ex. Deductions-435	7.48		
Reg Liability-254		0.00	0.00
Acc Depreciation-108		0.17	0.17
ARO Liability-230		7.64	7.64
	15.29	15.29	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory		Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost		
1954	1	0.33	0.02	0.35	0.00	0.000	-	-	0.03	(0.03)
1955	2	0.35	0.02	0.38	0.00	0.000	-	-	0.03	(0.03)
1956	3	0.38	0.02	0.40	0.00	0.000	-	-	0.03	(0.03)
1957	4	0.40	0.03	0.43	0.00	0.000	-	-	0.03	(0.03)
1958	5	0.43	0.03	0.46	0.00	0.000	-	-	0.03	(0.03)
1959	6	0.46	0.03	0.49	0.00	0.000	-	-	0.03	(0.03)
1960	7	0.49	0.03	0.52	0.00	0.000	-	-	0.04	(0.04)
1961	8	0.52	0.03	0.55	0.00	0.000	-	-	0.04	(0.04)
1962	9	0.55	0.04	0.59	0.00	0.000	-	-	0.04	(0.04)
1963	10	0.59	0.04	0.63	0.00	0.000	-	-	0.05	(0.05)
1964	11	0.63	0.04	0.67	0.00	0.000	-	-	0.05	(0.05)
1965	12	0.67	0.04	0.72	0.00	0.000	-	-	0.05	(0.05)
1966	13	0.72	0.05	0.76	0.00	0.000	-	-	0.06	(0.06)
1967	14	0.76	0.05	0.81	0.00	0.000	-	-	0.06	(0.06)
1968	15	0.81	0.05	0.87	0.00	0.000	-	-	0.07	(0.07)
1969	16	0.87	0.06	0.92	0.00	0.000	-	-	0.07	(0.07)
1970	17	0.92	0.06	0.99	0.00	0.000	-	-	0.08	(0.08)
1971	18	0.99	0.07	1.05	0.00	0.000	-	-	0.08	(0.08)
1972	19	1.12	0.07	1.19	0.00	0.000	-	-	0.09	(0.09)
1973	20	1.19	0.08	1.27	0.00	0.000	-	-	0.09	(0.09)
1974	21	1.27	0.08	1.36	0.00	0.000	-	-	0.10	(0.10)
1975	22	1.36	0.09	1.45	0.00	0.000	-	-	0.11	(0.11)
1976	23	1.45	0.10	1.54	0.00	0.000	-	-	0.11	(0.11)
1977	24	1.54	0.10	1.65	0.00	0.000	-	-	0.12	(0.12)
1978	25	1.65	0.11	1.75	0.00	0.000	-	-	0.13	(0.13)
1979	26	1.75	0.12	1.87	0.00	0.000	-	-	0.14	(0.14)
1980	27	1.87	0.12	1.99	0.00	0.000	-	-	0.14	(0.14)
1981	28	1.99	0.13	2.12	0.00	0.000	-	-	0.15	(0.15)
1982	29	2.12	0.14	2.27	0.00	0.000	-	-		
1983	30	2.27	0.15	2.42	0.00	0.000	-	-		
1984	31	2.42								

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$000's)

Location Asset Asset Number	Tyrone Generating Station Station Fuel Oil Piping Not related to specific asset	2.42	0.16	2.57	0.00	0.000	-	-	-	0.16	(0.16)
1985	32	2.42	0.16	2.57	0.00	0.000	-	-	-	0.16	(0.16)
1986	33	2.57	0.17	2.75	0.00	0.000	-	-	-	0.17	(0.17)
1987	34	2.75	0.18	2.93	0.00	0.000	-	-	-	0.18	(0.18)
1988	35	2.93	0.19	3.12	0.00	0.000	-	-	-	0.19	(0.19)
1989	36	3.12	0.21	3.33	0.00	0.000	-	-	-	0.21	(0.21)
1990	37	3.33	0.22	3.55	0.00	0.000	-	-	-	0.22	(0.22)
1991	38	3.55	0.23	3.78	0.00	0.000	-	-	-	0.23	(0.23)
1992	39	3.78	0.25	4.03	0.00	0.000	-	-	-	0.25	(0.25)
1993	40	4.03	0.27	4.30	0.00	0.000	-	-	-	0.27	(0.27)
1994	41	4.30	0.28	4.58	0.00	0.000	-	-	-	0.28	(0.28)
1995	42	4.58	0.30	4.88	0.00	0.000	-	-	-	0.30	(0.30)
1996	43	4.88	0.32	5.21	0.00	0.000	-	-	-	0.32	(0.32)
1997	44	5.21	0.34	5.55	0.00	0.000	-	-	-	0.34	(0.34)
1998	45	5.55	0.37	5.92	0.00	0.000	-	-	-	0.37	(0.37)
1999	46	5.92	0.39	6.31	0.00	0.000	-	-	-	0.39	(0.39)
2000	47	6.31	0.42	6.73	0.00	0.000	-	-	-	0.42	(0.42)
2001	48	6.73	0.44	7.17	0.00	0.000	-	-	-	0.44	(0.44)
2002	49	7.17	0.47	7.64	0.00	0.000	-	-	-	0.47	(0.47)
2003	50	7.64	0.51	8.15	0.00	0.51	-	-	-	0.48	(0.48)
2004	51	8.15	0.54	8.69	0.00	0.54	0.00	-	0.00	0.51	(0.51)
2005	52	8.69	0.57	9.26	0.00	0.57	0.00	-	0.00	0.54	(0.54)
2006	53	9.26	0.61	9.87	0.00	0.61	0.00	-	0.00	0.58	(0.58)
2007	54	9.87	0.65	10.53	0.00	0.65	0.00	-	0.00	0.62	(0.62)
2008	55	10.53	0.70	11.22	0.00	0.70	0.00	-	0.00	0.66	(0.66)
2009	56	11.22	0.74	11.96	0.00	0.74	0.00	-	0.00	0.70	(0.70)
2010	57	11.96	0.79	12.76	0.00	0.79	0.00	-	0.00	0.75	(0.75)
2011	58	12.76	0.84	13.60	0.00	0.84	0.00	-	0.00	0.79	(0.79)
2012	59	13.60	0.90	14.50	0.00	0.90	0.00	-	0.00	0.85	(0.85)
2013	60	14.50	0.98	15.48	0.00	0.98	0.00	-	0.00	0.90	(0.90)
2014	61	15.48	1.02	16.48	0.00	1.02	0.00	-	0.00	0.96	(0.96)
2015	62	16.48	1.09	17.57	0.00	1.09	0.00	-	0.00	1.03	(1.03)
2016	63	17.57	1.16	18.73	0.00	1.16	0.00	-	0.00	1.09	(1.09)
2017	64	-	-	-	0.00	1.16	0.00	-	0.00	1.16	(1.16)
2018	65	-	-	-	-	-	-	-	-	-	-
2019	66	-	-	-	-	-	-	-	-	-	-
2020	67	-	-	-	-	-	-	-	-	-	-
2021	68	-	-	-	-	-	-	-	-	-	-
2022	69	-	-	-	-	-	-	-	-	-	-
2023	70	-	-	-	-	-	-	-	-	-	-
2024	71	-	-	-	-	-	-	-	-	-	-
2025	72	-	-	-	-	-	-	-	-	-	-
		<u>18.40</u>	<u>11.132</u>	<u>0.22</u>	<u>11.132</u>	<u>18.61</u>	<u>0.05</u>	<u>18.61</u>	<u>(18.56)</u>		

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$000's)

Tyrone Generating Station  
Mercury Sources  
Not related to specific asset #

Location	
Asset	
Asset Number	
Asset Original cost	
Reg Depr Rate	2.13%
Salvage Rate	1.10%
GAAP Depr. Rate	1.03%
Year Installed	1953
Retirement Date	2016
Asset Life	63
Age at 12/2002	49
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	3
Inflation Adjusted ARO	4
PV @ IS Year	0.07

Journal Entries @ 01/01/03

	Transition Entry		Reg. Asset/(Reg. Liability)
	DR	CR	
ARO Asset-317	0.07		
Regulatory Asset-182.3	1.60		1.60
Reg Credits-407.4		1.60	
Ex. Deductions-435	1.60		
Reg Liability-254		0.00	0.00
Acc Depreciation-108		0.04	0.04
ARO Liability-230		1.64	1.64
	3.28		3.28

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1954	1	0.07	0.00	0.08	0.00	0.00			0.01	(0.01)	
1955	2	0.08	0.01	0.08	0.00	0.00			0.01	(0.01)	
1956	3	0.08	0.01	0.09	0.00	0.00			0.01	(0.01)	
1957	4	0.09	0.01	0.09	0.00	0.00			0.01	(0.01)	
1958	5	0.09	0.01	0.10	0.00	0.00			0.01	(0.01)	
1959	6	0.10	0.01	0.10	0.00	0.00			0.01	(0.01)	
1960	7	0.10	0.01	0.11	0.00	0.00			0.01	(0.01)	
1961	8	0.11	0.01	0.12	0.00	0.00			0.01	(0.01)	
1962	9	0.12	0.01	0.13	0.00	0.00			0.01	(0.01)	
1963	10	0.13	0.01	0.13	0.00	0.00			0.01	(0.01)	
1964	11	0.13	0.01	0.14	0.00	0.00			0.01	(0.01)	
1965	12	0.14	0.01	0.15	0.00	0.00			0.01	(0.01)	
1966	13	0.15	0.01	0.16	0.00	0.00			0.01	(0.01)	
1967	14	0.16	0.01	0.17	0.00	0.00			0.01	(0.01)	
1968	15	0.17	0.01	0.19	0.00	0.00			0.01	(0.01)	
1969	16	0.19	0.01	0.20	0.00	0.00			0.01	(0.01)	
1970	17	0.20	0.01	0.21	0.00	0.00			0.01	(0.01)	
1971	18	0.21	0.01	0.23	0.00	0.00			0.01	(0.01)	
1972	19	0.23	0.01	0.24	0.00	0.00			0.02	(0.02)	
1973	20	0.24	0.02	0.26	0.00	0.00			0.02	(0.02)	
1974	21	0.26	0.02	0.27	0.00	0.00			0.02	(0.02)	
1975	22	0.27	0.02	0.29	0.00	0.00			0.02	(0.02)	
1976	23	0.29	0.02	0.31	0.00	0.00			0.02	(0.02)	
1977	24	0.31	0.02	0.33	0.00	0.00			0.02	(0.02)	
1978	25	0.33	0.02	0.35	0.00	0.00			0.02	(0.02)	
1979	26	0.35	0.02	0.38	0.00	0.00			0.02	(0.02)	
1980	27	0.38	0.02	0.40	0.00	0.00			0.03	(0.03)	
1981	28	0.40	0.03	0.43	0.00	0.00			0.03	(0.03)	
1982	29	0.43	0.03	0.46	0.00	0.00			0.03	(0.03)	
1983	30	0.46	0.03	0.49	0.00	0.00			0.03	(0.03)	
1984	31	0.49	0.03	0.52	0.00	0.00			0.03	(0.03)	

CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)

Location Asset Asset Number	Tyrone Generating Station Mercury Sources Not related to specific asset #	0.52	0.03	0.00	0.000	-	-	-	0.03	(0.03)
1985	32	0.52	0.03	0.00	0.000	-	-	-	0.03	(0.03)
1986	33	0.55	0.04	0.00	0.000	-	-	-	0.04	(0.04)
1987	34	0.59	0.04	0.00	0.000	-	-	-	0.04	(0.04)
1988	35	0.63	0.04	0.00	0.000	-	-	-	0.04	(0.04)
1989	36	0.67	0.04	0.00	0.000	-	-	-	0.04	(0.04)
1990	37	0.71	0.05	0.00	0.000	-	-	-	0.04	(0.04)
1991	38	0.76	0.05	0.00	0.000	-	-	-	0.05	(0.05)
1992	39	0.81	0.05	0.00	0.000	-	-	-	0.05	(0.05)
1993	40	0.86	0.06	0.00	0.000	-	-	-	0.05	(0.05)
1994	41	0.92	0.06	0.00	0.000	-	-	-	0.06	(0.06)
1995	42	0.98	0.06	0.00	0.000	-	-	-	0.06	(0.06)
1996	43	1.05	0.07	0.00	-	-	-	-	0.07	(0.07)
1997	44	1.12	0.07	0.00	-	-	-	-	0.07	(0.07)
1998	45	1.19	0.08	0.00	-	-	-	-	0.07	(0.07)
1999	46	1.27	0.08	0.00	-	-	-	-	0.08	(0.08)
2000	47	1.35	0.09	0.00	-	-	-	-	0.08	(0.08)
2001	48	1.44	0.10	0.00	-	-	-	-	0.09	(0.09)
2002	49	1.54	0.10	0.00	-	-	-	-	0.10	(0.10)
2003	50	1.64	0.11	0.00	0.11	-	-	-	0.10	(0.10)
2004	51	1.75	0.12	0.00	0.12	0.00	-	-	0.11	(0.11)
2005	52	1.86	0.12	0.00	0.12	0.00	-	-	0.12	(0.12)
2006	53	1.98	0.13	0.00	0.13	0.00	-	-	0.12	(0.12)
2007	54	2.12	0.14	0.00	0.14	0.00	-	-	0.13	(0.13)
2008	55	2.26	0.15	0.00	0.15	0.00	-	-	0.14	(0.14)
2009	56	2.40	0.16	0.00	0.16	0.00	-	-	0.15	(0.15)
2010	57	2.56	0.17	0.00	0.17	0.00	-	-	0.16	(0.16)
2011	58	2.73	0.18	0.00	0.18	0.00	-	-	0.17	(0.17)
2012	59	2.91	0.19	0.00	0.19	0.00	-	-	0.18	(0.18)
2013	60	3.11	0.21	0.00	0.21	0.00	-	-	0.19	(0.19)
2014	61	3.31	0.22	0.00	0.22	0.00	-	-	0.21	(0.21)
2015	62	3.53	0.23	0.00	0.23	0.00	-	-	0.22	(0.22)
2016	63	3.76	0.25	0.00	0.25	0.00	-	-	0.23	(0.23)
2017	64	-	-	0.00	0.25	0.00	-	-	0.25	(0.25)
2018	65	-	-	-	-	-	-	-	-	-
2019	66	-	-	-	-	-	-	-	-	-
2020	67	-	-	-	-	-	-	-	-	-
2021	68	-	-	-	-	-	-	-	-	-
2022	69	-	-	-	-	-	-	-	-	-
2023	70	-	-	-	-	-	-	-	-	-
2024	71	-	-	-	-	-	-	-	-	-
2025	72	-	-	-	-	-	-	-	-	-
		<u>3.94</u>		<u>0.05</u>	<u>2.385</u>	<u>0.01</u>		<u>3.99</u>		<u>(3.98)</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION**  
and Transition entries at 01/01/2003  
(\$000's)

Location  
Asset  
Asset Number  
Tyrone Generating Station  
Sewage Treatment Plant  
101251

Asset Original cost	1
Reg Depr Rate	2.13%
Salvage Rate	1.10%
GAAP Depr. Rate	1.03%
Year Installed	1973
Retirement Date	2016
Asset Life	43
Age at 12/2002	29
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	5
Inflation Adjusted ARO	7
PV @ IS Year	0.43

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317		0.43	
Regulatory Asset-192.3	2.11		
Reg Credits-407.4		2.11	2.11
Ex. Deductions-435	2.11		
Reg Liability-254		0.32	
Acc Depreciation-108	0.13		
ARO Liability-230	2.73		
	4.97	4.97	

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1974	1	0.43	0.03	0.45	0.00	0.000	0.01	0.01	0.02	0.04	(0.02)
1975	2	0.45	0.03	0.48	0.00	0.000	0.01	0.01	0.02	0.04	(0.02)
1976	3	0.48	0.03	0.52	0.00	0.000	0.01	0.01	0.02	0.05	(0.03)
1977	4	0.52	0.03	0.55	0.00	0.000	0.01	0.01	0.02	0.05	(0.03)
1978	5	0.55	0.04	0.59	0.00	0.000	0.01	0.01	0.02	0.05	(0.03)
1979	6	0.59	0.04	0.63	0.00	0.000	0.01	0.01	0.02	0.05	(0.03)
1980	7	0.63	0.04	0.67	0.00	0.000	0.01	0.01	0.02	0.05	(0.03)
1981	8	0.67	0.04	0.71	0.00	0.000	0.01	0.01	0.02	0.06	(0.03)
1982	9	0.71	0.05	0.76	0.00	0.000	0.01	0.01	0.02	0.06	(0.04)
1983	10	0.76	0.05	0.81	0.00	0.000	0.01	0.01	0.02	0.06	(0.04)
1984	11	0.81	0.05	0.86	0.00	0.000	0.01	0.01	0.02	0.06	(0.04)
1985	12	0.86	0.06	0.92	0.00	0.000	0.01	0.01	0.02	0.07	(0.05)
1986	13	0.92	0.06	0.98	0.00	0.000	0.01	0.01	0.02	0.07	(0.05)
1987	14	0.98	0.06	1.05	0.00	0.000	0.01	0.01	0.02	0.08	(0.05)
1988	15	1.05	0.07	1.11	0.00	0.000	0.01	0.01	0.02	0.08	(0.06)
1989	16	1.11	0.07	1.19	0.00	0.000	0.01	0.01	0.02	0.08	(0.06)
1990	17	1.19	0.08	1.27	0.00	0.000	0.01	0.01	0.02	0.09	(0.07)
1991	18	1.27	0.08	1.35	0.00	0.000	0.01	0.01	0.02	0.09	(0.07)
1992	19	1.35	0.09	1.44	0.00	0.000	0.01	0.01	0.02	0.10	(0.08)
1993	20	1.44	0.10	1.53	0.00	0.000	0.01	0.01	0.02	0.10	(0.08)
1994	21	1.53	0.10	1.64	0.00	0.000	0.01	0.01	0.02	0.11	(0.09)
1995	22	1.64	0.11	1.74	0.00	0.000	0.01	0.01	0.02	0.12	(0.09)
1996	23	1.74	0.12	1.86	0.00	0.000	0.01	0.01	0.02	0.12	(0.10)
1997	24	1.86	0.12	1.98	0.00	0.000	0.01	0.01	0.02	0.13	(0.11)
1998	25	1.98	0.13	2.11	0.00	0.000	0.01	0.01	0.02	0.14	(0.12)
1999	26	2.11	0.14	2.25	0.00	0.000	0.01	0.01	0.02	0.15	(0.12)
2000	27	2.25	0.15	2.40	0.00	0.000	0.01	0.01	0.02	0.15	(0.13)
2001	28	2.40	0.16	2.56	0.00	0.000	0.01	0.01	0.02	0.16	(0.14)
2002	29	2.56	0.17	2.73	0.00	0.000	0.01	0.01	0.02	0.17	(0.15)
2003	30	2.73	0.18	2.91	0.00	0.185	0.01	0.01	0.02	0.18	(0.16)
2004	31	2.91	0.19	3.10	0.00	0.197	0.01	0.01	0.03	0.20	(0.17)
										0.21	(0.18)



**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)**

Location Asset Number	Tyrone Generating Station Sewage Treatment Plant 101251	3.10	0.21	3.31	0.00	0.209	0.01	0.01	0.03	0.22	(0.19)
2005	32	3.10	0.21	3.31	0.00	0.209	0.01	0.01	0.03	0.22	(0.19)
2006	33	3.31	0.22	3.53	0.00	0.223	0.01	0.01	0.03	0.23	(0.21)
2007	34	3.53	0.23	3.76	0.00	0.237	0.01	0.01	0.03	0.25	(0.22)
2008	35	3.76	0.25	4.01	0.00	0.253	0.01	0.01	0.03	0.26	(0.24)
2009	36	4.01	0.26	4.27	0.00	0.269	0.01	0.01	0.03	0.28	(0.25)
2010	37	4.27	0.28	4.56	0.00	0.287	0.01	0.01	0.03	0.30	(0.27)
2011	38	4.56	0.30	4.86	0.00	0.306	0.01	0.01	0.03	0.32	(0.29)
2012	39	4.86	0.32	5.18	0.00	0.325	0.01	0.01	0.03	0.34	(0.31)
2013	40	5.18	0.34	5.52	0.00	0.347	0.01	0.01	0.03	0.36	(0.33)
2014	41	5.52	0.36	5.88	0.00	0.37	0.01	0.01	0.03	0.38	(0.35)
2015	42	5.88	0.39	6.27	0.00	0.39	0.01	0.01	0.03	0.40	(0.38)
2016	43	6.27	0.41	6.69	0.00	0.42	0.01	0.01	0.03	0.43	(0.40)
2017	44	-	-	-	-	-	-	-	-	-	-
2018	45	-	-	-	-	-	-	-	-	-	-
2019	46	-	-	-	-	-	-	-	-	-	-
2020	47	-	-	-	-	-	-	-	-	-	-
2021	48	-	-	-	-	-	-	-	-	-	-
2022	49	-	-	-	-	-	-	-	-	-	-
2023	50	-	-	-	-	-	-	-	-	-	-
2024	51	-	-	-	-	-	-	-	-	-	-
2025	52	-	-	-	-	-	-	-	-	-	-
2026	53	-	-	-	-	-	-	-	-	-	-
2027	54	-	-	-	-	-	-	-	-	-	-
2028	55	-	-	-	-	-	-	-	-	-	-
2029	56	-	-	-	-	-	-	-	-	-	-
2030	57	-	-	-	-	-	-	-	-	-	-
2031	58	-	-	-	-	-	-	-	-	-	-
2032	59	-	-	-	-	-	-	-	-	-	-
2033	60	-	-	-	-	-	-	-	-	-	-
2034	61	-	-	-	-	-	-	-	-	-	-
2035	62	-	-	-	-	-	-	-	-	-	-
2036	63	-	-	-	-	-	-	-	-	-	-
2037	64	-	-	-	-	-	-	-	-	-	-
2038	65	-	-	-	-	-	-	-	-	-	-
2039	66	-	-	-	-	-	-	-	-	-	-
2040	67	-	-	-	-	-	-	-	-	-	-
2041	68	-	-	-	-	-	-	-	-	-	-
2042	69	-	-	-	-	-	-	-	-	-	-
2043	70	-	-	-	-	-	-	-	-	-	-
2044	71	-	-	-	-	-	-	-	-	-	-
2045	72	-	-	-	-	-	-	-	-	-	-
		<u>6.26</u>			<u>0.19</u>	<u>4.020</u>	<u>0.44</u>	<u>0.47</u>	<u>0.88</u>	<u>6.89</u>	<u>(5.92)</u>

**CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003**  
(\$000's)

Location: Tyrone Generating Station  
Asset: Coal Storage  
Asset Number: 101197

Asset Original cost	15
Reg Depr Rate	2.13%
Salvage Rate	1.10%
GAAP Depr. Rate	1.03%
Year Installed	1948
Retirement Date	2016
Asset Life	68
Age at 12/2002	54
Rem Life at 12/2002	14
Disc Rate	6.61%
Inflation Rate	2.10%
Inflation Factor	1.3377
ARO current \$	30
Inflation Adjusted ARO	40
PV @ 1% Year	0.52

**Journal Entries @ 01/01/03**

	Transition Entry		Reg Asset/(Reg Liability)
	Dr	Cr	
ARO Asset-317	0.52		
Regulatory Asset-182.3	7.24		7.24
Reg Credits-407.4		7.24	
Ex. Deductions-435			
Reg Liability-254			
Acc Depreciation-108	8.91		
ARO Liability-230			16.38
	23.91		23.91

**GAAP**

**Regulatory**

Cal Year	Year	Liability Balance 1-Jan	Annual Accretion	Liability Balance 31-Dec	Annual Depreciation	Income Statement Effect	Regulatory			Total GAAP	Regulatory (Asset)/Liability
							Depreciation	Removal Cost	Total Regulatory		
1949	1	0.52	0.03	0.55	0.005	-	0.15	0.17	0.320	0.194	0.126
1950	2	0.55	0.04	0.59	0.005	-	0.15	0.17	0.320	0.196	0.123
1951	3	0.59	0.04	0.63	0.005	-	0.15	0.17	0.320	0.199	0.121
1952	4	0.63	0.04	0.67	0.005	-	0.15	0.17	0.320	0.201	0.118
1953	5	0.67	0.04	0.71	0.005	-	0.15	0.17	0.320	0.204	0.116
1954	6	0.71	0.05	0.76	0.005	-	0.15	0.17	0.320	0.207	0.113
1955	7	0.76	0.05	0.81	0.005	-	0.15	0.17	0.320	0.210	0.110
1956	8	0.81	0.05	0.86	0.005	-	0.15	0.17	0.320	0.213	0.106
1957	9	0.86	0.06	0.92	0.005	-	0.15	0.17	0.320	0.217	0.103
1958	10	0.92	0.06	0.98	0.005	-	0.15	0.17	0.320	0.221	0.099
1959	11	0.98	0.06	1.04	0.005	-	0.15	0.17	0.320	0.225	0.095
1960	12	1.04	0.07	1.11	0.005	-	0.15	0.17	0.320	0.229	0.091
1961	13	1.11	0.07	1.19	0.005	-	0.15	0.17	0.320	0.233	0.086
1962	14	1.19	0.08	1.27	0.005	-	0.15	0.17	0.320	0.238	0.081
1963	15	1.27	0.08	1.35	0.005	-	0.15	0.17	0.320	0.243	0.076
1964	16	1.35	0.09	1.44	0.005	-	0.15	0.17	0.320	0.249	0.070
1965	17	1.44	0.10	1.53	0.005	-	0.15	0.17	0.320	0.255	0.065
1966	18	1.53	0.10	1.64	0.005	-	0.15	0.17	0.320	0.261	0.058
1967	19	1.64	0.11	1.74	0.005	-	0.15	0.17	0.320	0.268	0.052
1968	20	1.74	0.12	1.86	0.005	-	0.15	0.17	0.320	0.275	0.044
1969	21	1.86	0.12	1.98	0.005	-	0.15	0.17	0.320	0.283	0.037
1970	22	1.98	0.13	2.11	0.005	-	0.15	0.17	0.320	0.291	0.029
1971	23	2.11	0.14	2.25	0.005	-	0.15	0.17	0.320	0.300	0.021
1972	24	2.25	0.15	2.40	0.005	-	0.15	0.17	0.320	0.310	0.011
1973	25	2.40	0.16	2.56	0.005	-	0.15	0.17	0.320	0.320	0.001
1974	26	2.56	0.17	2.73	0.005	-	0.15	0.17	0.320	0.330	(0.010)
1975	27	2.73	0.18	2.91	0.005	-	0.15	0.17	0.320	0.340	(0.021)
1976	28	2.91	0.19	3.10	0.005	-	0.15	0.17	0.320	0.352	(0.033)
1977	29	3.10	0.21	3.31	0.005	-	0.15	0.17	0.320	0.365	(0.045)
1978	30	3.31	0.22	3.53	0.005	-	0.15	0.17	0.320	0.378	(0.056)
1979	31	3.53	0.23	3.76	0.005	-	0.15	0.17	0.320	0.393	(0.073)

CALCULATION OF FASB 143 ASSET RETIREMENT OBLIGATION  
and Transition entries at 01/01/2003  
(\$'000's)

Location Asset Number	Tyrone Generating Station Coal Storage 101197	376	0.25	4.01	0.005	-	0.15	0.17	0.320	0.408	(0.089)
1980	32	376	0.25	4.01	0.005	-	0.15	0.17	0.320	0.408	(0.089)
1981	33	4.01	0.26	4.27	0.005	-	0.15	0.17	0.320	0.425	(0.105)
1982	34	4.27	0.28	4.55	0.005	-	0.15	0.17	0.320	0.442	(0.123)
1983	35	4.55	0.30	4.85	0.005	-	0.15	0.17	0.320	0.461	(0.141)
1984	36	4.85	0.32	5.18	0.005	-	0.15	0.17	0.320	0.481	(0.161)
1985	37	5.18	0.34	5.52	0.005	-	0.15	0.17	0.320	0.502	(0.182)
1986	38	5.52	0.36	5.88	0.005	-	0.15	0.17	0.320	0.525	(0.205)
1987	39	5.88	0.39	6.27	0.005	-	0.15	0.17	0.320	0.549	(0.229)
1988	40	6.27	0.41	6.69	0.005	-	0.15	0.17	0.320	0.574	(0.255)
1989	41	6.69	0.44	7.13	0.005	-	0.15	0.17	0.320	0.602	(0.282)
1990	42	7.13	0.47	7.60	0.005	-	0.15	0.17	0.320	0.631	(0.311)
1991	43	7.60	0.50	8.10	0.005	-	0.15	0.17	0.320	0.662	(0.343)
1992	44	8.10	0.54	8.64	0.005	-	0.15	0.17	0.320	0.695	(0.376)
1993	45	8.64	0.57	9.21	0.005	-	0.15	0.17	0.320	0.731	(0.411)
1994	46	9.21	0.61	9.82	0.005	-	0.15	0.17	0.320	0.768	(0.449)
1995	47	9.82	0.65	10.46	0.005	-	0.15	0.17	0.320	0.809	(0.489)
1996	48	10.46	0.69	11.16	0.005	-	0.15	0.17	0.320	0.852	(0.532)
1997	49	11.16	0.74	11.89	0.005	-	0.15	0.17	0.320	0.897	(0.578)
1998	50	11.89	0.79	12.68	0.005	-	0.15	0.17	0.320	0.946	(0.627)
1999	51	12.68	0.84	13.52	0.005	-	0.15	0.17	0.320	0.998	(0.678)
2000	52	13.52	0.89	14.41	0.005	-	0.15	0.17	0.320	1.053	(0.734)
2001	53	14.41	0.95	15.36	0.005	-	0.15	0.17	0.320	1.112	(0.793)
2002	54	15.36	1.02	16.38	0.005	-	0.15	0.17	0.320	1.175	(0.856)
2003	55	16.38	1.08	17.46	0.005	1.09	0.15	0.17	0.325	1.243	(0.918)
2004	56	17.46	1.15	18.62	0.005	1.16	0.15	0.17	0.325	1.314	(0.989)
2005	57	18.62	1.23	19.85	0.005	1.24	0.15	0.17	0.325	1.390	(1.066)
2006	58	19.85	1.31	21.16	0.005	1.32	0.15	0.17	0.325	1.472	(1.147)
2007	59	21.16	1.40	22.56	0.005	1.40	0.15	0.17	0.325	1.558	(1.234)
2008	60	22.56	1.49	24.05	0.005	1.50	0.15	0.17	0.325	1.651	(1.326)
2009	61	24.05	1.59	25.64	0.005	1.59	0.15	0.17	0.325	1.749	(1.425)
2010	62	25.64	1.69	27.33	0.005	1.70	0.15	0.17	0.325	1.855	(1.530)
2011	63	27.33	1.81	29.14	0.005	1.81	0.15	0.17	0.325	1.967	(1.642)
2012	64	29.14	1.93	31.07	0.005	1.93	0.15	0.17	0.325	2.086	(1.761)
2013	65	31.07	2.05	33.12	0.005	2.06	0.15	0.17	0.325	2.213	(1.886)
2014	66	33.12	2.19	35.31	0.005	2.19	0.15	0.17	0.325	2.349	(2.024)
2015	67	35.31	2.33	37.64	0.005	2.34	0.15	0.17	0.325	2.494	(2.169)
2016	68	37.64	2.49	40.13	0.005	2.49	0.15	0.17	0.325	2.648	(2.323)
2017	69	-	-	-	-	-	-	-	-	-	-
2018	70	-	-	-	-	-	-	-	-	-	-
2019	71	-	-	-	-	-	-	-	-	-	-
2020	72	-	-	-	-	-	-	-	-	-	-
		39.61		23.826	0.36		10.51	11.22	21.801	50.48	(28.68)

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