

**STRAY VOLTAGE EXPENSES FOR 12-MONTHS ENDING MARCH 31, 2009 AND FORECASTS FOR RATE YEAR ENDING JUNE 30, 2011**

Activity	4/1/08- 3/31/09 Expenditures	Forecast 7/1/10 - 12/31/10	Forecast 1/1/11 -6/30/11	Rate Year Ending 6/30/2011
Stray Voltage - Distribution Overhead and Underground	707,892	1,108,607	938,765	2,047,372
Stray Voltage - Street Lights/Traffic Signals	53,129	2,605	30,853	33,458
Stray Voltage - Transmission	152,082	68,965	71,585	140,550
Quality Assurance/Quality Control	26,217	29,814	25,468	55,282
Stray Voltage Standby	1,031	3,708	2,864	6,572
Stray Voltage Mitigation	104,366	157,500	124,031	281,531
Total	\$1,044,717	\$1,371,199	\$1,193,566	\$2,564,765

A review of the hourly stray voltage contractor pricing has indicated an average yearly escalation factor of 3% per year for distribution street lights/traffic signals, and standby, 3.8% per year for transmission, and 5% for QA/QC and mitigation.

The forecast assumes that 92 % of the streetlight/traffic signal stray voltage testing will be completed during the first six calendar months each year.

The forecast includes a transition to 50% completion of Distribution Overhead and Underground, Transmission stray voltage testing and QA/QC expenditures during the first six calendar months beginning in 2011.

The forecast calculates standby and mitigation costs based on 2009 experience to date and incorporates a significant reduction in standby and mitigation costs anticipated to be realized beginning in July of 2010.

**TRANSMISSION ROW MAINTENANCE EXPENSES FOR 12-MONTHS ENDING MARCH 31, 2009 AND FORECASTS FOR RATE YEAR ENDING JUNE 30, 2011**

Activity	4/1/08- 3/31/09 Expenditures	Forecast 7/1/10 - 12/31/10	Forecast 1/1/11 -6/30/11	Rate Year Ending 6/30/2011
Routine ROW Maintenance - Electric Transmission	954,640	678,896	676,971	1,355,867
Danger Tree Removal - Electric Transmission	132,424	60,000	59,290	119,290
Hot Spot Trimming - Electric Transmission	147,163	40,000	72,233	112,233
ROW Edge Reclamation - Electric Transmission	1,262,498	0	0	0
Legal & Environmental - Electric Transmission	13,819	32,000	32,000	64,000
Mowing & Access Roads - Electric Transmission	0	0	0	0
Total	\$2,510,544	\$810,896	\$840,494	\$1,651,390

A review of the hourly contractor pricing has indicated an average yearly escalation factor of 3.8% per year.

There was a \$29,614 Legal & Environmental credit in December associated with the purchase of additional ROW which resulted in the capitalization of prior charges to this activity. Expenditures for this activity have been reduced based on actual experience and reallocated to the hot spot trimming activity.

Funding was requested for mowing and access roads beginning in July of 2009. This work will be completed in conjunction with the Routine ROW Maintenance and has been included in the total for Routine ROW Maintenance beginning with the 7/1/10 - 12/31/10 forecast period.

**DISTRIBUTION LINE CLEARANCE EXPENSES FOR 12-MONTHS ENDING MARCH 31, 2008 AND FORECAST FOR RATE YEAR ENDING JUNE 30, 2011**

Activity	4/1/08 - 3/31/09 Expenditures	Forecast 7/1/10 - 12/31/10	Forecast 1/1/11 - 6/30/11	Rate Year Ending 6/30/2011
Trimming - Scheduled On-Road	4,075,083	4,272,674	4,434,788	8,707,462
Trimming - Scheduled Off-Road	2,463,101	2,111,646	2,191,870	4,303,516
Trimming - Danger Trees	722,166	480,580	481,185	961,765
Flagging Line Clearance	687,346	710,483	735,714	1,446,197
Trimming - Trouble Order	84,275	37,562	61,176	98,738
Enhanced Line Clearance	1,153,939	580,600	602,650	1,183,250
<b>Total</b>	<b>\$9,185,910</b>	<b>\$8,193,545</b>	<b>\$8,507,383</b>	<b>\$16,700,928</b>

A review of the most recent bid solicitation for hourly contractor pricing has indicated that the following escalation factors should be applied:

Activity	2009 to 2010	2010 to 2011
On-Road, Danger Tree, Trouble Order, and Enhanced Crews:	4.95%	3.80%
Off-Road Crews:	1.40%	3.80%
Flagging:	7.00%	3.50%

The modified enhanced line clearance program was implemented on March 1, 2007.

There are 5,452 on-road and 1,703 miles of off-road on a system basis.

It is anticipated that 2,753.6 miles of on-road and 892.6 miles of off-road modified enhanced line clearance will have been completed by June 30, 2009.

Based on the rate allowance for the period July 1, 2009 through June 30, 2010 it is projected that an additional 866.6 miles of on-road and 309 miles of off-road line clear

Remaining miles to be completed during the period July 1, 2010 through June 30, 2011 are projected to be 1,831.8 miles of on-road and 501.4 miles of off-road to complete

For the period January 1, 2009 through April 30, 2009 the average cost per mile were \$4,445/mi for on-road and \$8,307/mi for off-road which have been used to forecast the costs to complete the program applying the escalation factors indicated above.

Flagging costs for the period January 1, 2009 through April 30, 2009 were utilized to calculate the average cost per mile for flagging.

Danger Tree and Trouble Order expenditures were based on historical expenditures escalated for inflation.

The forecast for enhanced line clearance includes completing 100 miles for rate year ending 6/30/11.

## TRANSMISSION ENHANCED INFRASTRUCTURE MAINTENANCE FORECASTS FOR RATE YEAR ENDING JUNE 30, 2011

Activity	Forecast 7/1/10 - 12/31/10	Forecast 1/1/11 - 6/30/11	Rate Year Ending 6/30/2011
Infrared Survey Work	0	30,000	30,000
Comprehensive Ground Inspection	20,000	65,000	85,000
Quarterly Aerial Patrol	29,000	29,000	58,000
Comprehensive Aerial Inspection	40,000	0	40,000
Wire Removal & Testing	5,000	5,000	10,000
Tower Leg Inspections & Repairs	10,000	10,000	20,000
Maintenance Component of Capital Replacements	375,000	375,000	750,000
Pole Inspection and Treatment - Osmose	25,000	25,000	50,000
Woodpecker Hole Repairs	10,000	10,000	20,000
Repair Pole Tops	2,500	2,500	5,000
Tower Painting	112,500	112,500	225,000
Total	\$629,000	\$664,000	\$1,293,000
Adjusted Total:	\$332,500	\$367,500	\$700,000

A review of the bid pricing for Infrared Inspections indicated that each inspection would cost approximately \$30,000.

A review of the bid pricing for Quarterly Aerial Patrols indicated that each patrol would cost approximately \$14,500 which equates to \$58,000 per year.

A review of the bid pricing for the Comprehensive Aerial Inspections indicated that 20% of the system could be inspected each year at an approximate cost of \$40,000.

The forecasted cost for completing the comprehensive ground inspections was reduced from \$95,000 to \$85,000 based on the improved access provided through the completion of the ROW edge reclamation program.

The Maintenance Component of Capital Replacements represents the total forecasted expense expenditures associated with electric transmission capital projects as well as maintenance repairs not just the incremental costs of \$157,000 proposed in the last rate filing.

The Adjusted Total represents a reduction in the Maintenance Component of Capital Replacements to reflect only the incremental costs (\$157,000) for the rate period.