

Table 2: Comparison of Expense vs. Capitalization of Cleaning and Lining Programs

Cost Inflation Rate 3%
 Pre-Tax ROR 12.0%
 Depreciation 1.18%
 Revenue Grossup Factor 0.85

	Expense Program		Capitalized Program						
	Program Cost	Revenue Requirement	Cumulative Additions	Annual Depreciation Expense	Cumulative Depreciation	Rate Base	Pre-Tax Return on Capital	Total Return	Revenue Requirement
Year 1	\$1,000,000	\$1,176,471	\$1,000,000	\$11,765	\$11,765	\$988,235	\$118,588	\$130,353	\$153,356
Year 2	\$1,030,000	\$1,211,765	\$2,030,000	\$23,882	\$35,647	\$1,994,353	\$239,322	\$263,205	\$309,653
Year 3	\$1,061,000	\$1,248,235	\$3,091,000	\$36,365	\$72,012	\$3,018,988	\$362,279	\$398,643	\$468,992
Year 4	\$1,093,000	\$1,285,882	\$4,184,000	\$49,224	\$121,235	\$4,062,765	\$487,532	\$536,755	\$631,477
Year 5	\$1,126,000	\$1,324,706	\$5,310,000	\$62,471	\$183,706	\$5,126,294	\$615,155	\$677,626	\$797,207
Year 6	\$1,160,000	\$1,364,706	\$6,470,000	\$76,118	\$259,824	\$6,210,176	\$745,221	\$821,339	\$966,281
Year 7	\$1,195,000	\$1,405,882	\$7,665,000	\$90,176	\$350,000	\$7,315,000	\$877,800	\$967,976	\$1,138,796
Year 8	\$1,231,000	\$1,448,235	\$8,896,000	\$104,659	\$454,659	\$8,441,341	\$1,012,961	\$1,117,620	\$1,314,847
Year 9	\$1,268,000	\$1,491,765	\$10,164,000	\$119,576	\$574,235	\$9,589,765	\$1,150,772	\$1,270,348	\$1,494,527
Year 10	\$1,306,000	\$1,536,471	\$11,470,000	\$134,941	\$709,176	\$10,760,824	\$1,291,299	\$1,426,240	\$1,677,929
Year 11	\$1,345,000	\$1,582,353	\$12,815,000	\$150,765	\$859,941	\$11,955,059	\$1,434,607	\$1,585,372	\$1,865,143
Year 12	\$1,385,000	\$1,629,412	\$14,200,000	\$167,059	\$1,027,000	\$13,173,000	\$1,580,760	\$1,747,819	\$2,056,257
Year 13	\$1,427,000	\$1,678,824	\$15,627,000	\$183,847	\$1,210,847	\$14,416,153	\$1,729,938	\$1,913,785	\$2,251,512
Year 14	\$1,470,000	\$1,729,412	\$17,097,000	\$201,141	\$1,411,988	\$15,685,012	\$1,882,201	\$2,083,343	\$2,450,991
Year 15	\$1,514,000	\$1,781,176	\$18,611,000	\$218,953	\$1,630,941	\$16,980,059	\$2,037,607	\$2,256,560	\$2,654,776
Year 16	\$1,559,000	\$1,834,118	\$20,170,000	\$237,294	\$1,868,235	\$18,301,765	\$2,196,212	\$2,433,506	\$2,862,948
Year 17	\$1,606,000	\$1,889,412	\$21,776,000	\$256,188	\$2,124,424	\$19,651,576	\$2,358,189	\$2,614,377	\$3,075,738
Year 18	\$1,654,000	\$1,945,882	\$23,430,000	\$275,647	\$2,400,071	\$21,029,929	\$2,523,592	\$2,799,239	\$3,293,222
Year 19	\$1,704,000	\$2,004,706	\$25,134,000	\$295,694	\$2,695,765	\$22,438,235	\$2,692,588	\$2,988,282	\$3,515,626
Year 20	\$1,755,000	\$2,064,706	\$26,889,000	\$316,341	\$3,012,106	\$23,876,894	\$2,865,227	\$3,181,568	\$3,743,022
Year 21	\$1,808,000	\$2,127,059	\$28,697,000	\$337,612	\$3,349,718	\$25,347,282	\$3,041,674	\$3,379,286	\$3,975,630
Year 22	\$1,862,000	\$2,190,588	\$30,559,000	\$359,518	\$3,709,235	\$26,849,765	\$3,221,972	\$3,581,489	\$4,213,517

	Expense Program		Capitalized Program						
	Program Cost	Revenue Requirement	Cumulative Additions	Annual Depreciation Expense	Cumulative Depreciation	Rate Base	Pre-Tax Return on Capital	Total Return	Revenue Requirement
Year 23	\$1,918,000	\$2,256,471	\$32,477,000	\$382,082	\$4,091,318	\$28,385,682	\$3,406,282	\$3,788,364	\$4,456,899
Year 24	\$1,976,000	\$2,324,706	\$34,453,000	\$405,329	\$4,496,647	\$29,956,353	\$3,594,762	\$4,000,092	\$4,705,990
Year 25	\$2,035,000	\$2,394,118	\$36,488,000	\$429,271	\$4,925,918	\$31,562,082	\$3,787,450	\$4,216,720	\$4,960,848
Year 26	\$2,096,000	\$2,465,882	\$38,584,000	\$453,929	\$5,379,847	\$33,204,153	\$3,984,498	\$4,438,428	\$5,221,680
Year 27	\$2,159,000	\$2,540,000	\$40,743,000	\$479,329	\$5,859,176	\$34,883,824	\$4,186,059	\$4,665,388	\$5,488,692
Year 28	\$2,224,000	\$2,616,471	\$42,967,000	\$505,494	\$6,364,671	\$36,602,329	\$4,392,280	\$4,897,774	\$5,762,087
Year 29	\$2,291,000	\$2,695,294	\$45,258,000	\$532,447	\$6,897,118	\$38,360,882	\$4,603,306	\$5,135,753	\$6,042,062
Year 30	\$2,360,000	\$2,776,471	\$47,618,000	\$560,212	\$7,457,329	\$40,160,671	\$4,819,280	\$5,379,492	\$6,328,814