



Agenda Date: 10/20/10
Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE 2010/2011 ANNUAL	)	UNIVERSAL SERVICE FUND
COMPLIANCE FILINGS FOR THE UNIVERSAL	)	
SERVICE FUND ("USF") PROGRAM FACTOR	)	ORDER APPROVING
WITHIN THE SOCIETAL BENEFITS CHARGE	)	INTERIM USF RATES AND
RATE	)	LIFELINE RATES
	)	
	)	DOCKET NO. ER10060436

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John L. Carley, Esq., Consolidated Edison Co. of NY, New York, New York for Petitioner

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Paul Flanagan, Esq., Deputy Rate Counsel, Sarah Steindel, Esq., Assistant Deputy Rate Counsel, Division of Rate Counsel (Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel)

Kerri Kirschbaum, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Paula T. Dow, Attorney General of New Jersey)

(SERVICE LIST AND EXHIBIT A ATTACHED)

BY THE BOARD:

BACKGROUND

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. provided that the New Jersey Board of Public Utilities ("Board") establish a non-lapsing Universal Service Fund ("USF") to assist low income consumers with the payment of electric and gas bills. This fund was to be established by the Board, pursuant to N.J.S.A. 48:3-60 (b), wherein the Board was to determine the level of funding, the appropriate administration, and the purposes of the programs

to be funded with monies from the fund. In its July 16, 2003 Order in Docket No. EX00020091, the Board established a permanent statewide program through which funds for the USF program are collected from customers of electric and natural gas public utilities operating in the State ("Utilities") on a uniform basis. That Order established that Lifeline¹ funding was to be generated in the same fashion as USF.

For the first year of the USF program, administrative expenses for USF were in addition to the \$30 million budget and were capped at 10% of the \$30 million for the year. If the program exceeded the \$30 million, any administrative expenses above \$3 million (10% of the initial year's budget) require advance approval by the Board. One-time start-up costs were not to be counted as administrative expenses and were not to be subject to the 10% cap. Those USF rates were approved by the Board by Order dated July 16, 2003 and the rates became effective on August 1, 2003. Lifeline rates based upon a \$72 million budget also became effective August 1, 2003. The Board directed the Utilities to make annual Societal Benefits Charge ("SBC") rate compliance filings for USF and Lifeline by April 1st each year, including notice and public hearings, with any new tariffs to be effective July 1st each year.

In its June 22, 2005 Order in Docket No. EX00020091, the Board ordered that the annual USF compliance filing date and effective date be changed from April 1st and July 1st, respectively, to July 1st and October 1st, respectively.

By Order dated October 8, 2009, the Board approved the proposed rates set forth in the 2009/2010 USF compliance filing in Docket No. EO09060506. The proposed rates were established to recover an approximate \$195 million USF budget and a \$76.8 million Lifeline budget. Accordingly, the current rates, including Sales and Use Tax ("SUT"), are:

	Electric	Gas
USF	\$0.001876/kWh	\$0.0135/therm
Lifeline	\$0.000713/kWh	\$0.0057/therm
Combined USF/Lifeline	\$0.002589/kWh	\$0.0192/therm

By Order dated June 21, 2010, in Docket No. EO09090771, the Board approved seven separate Stipulations of Settlement resolving all issues pertaining to the past USF related administrative costs of the four Electric Distribution Companies ("EDCs") and the four Gas Distribution Companies ("GDCs")². In addition, each individual Stipulation of Settlement identified the future USF related costs each utility would be allowed to include in the annual USF Compliance Filing.

PROCEDURAL HISTORY

On June 30, 2010, PSE&G, on behalf of itself and the other Utilities, made a filing for the 2010/2011 program year with actual cost data from October 2009 to April 2010 and five months of estimated data. The parties in this filing included the Utilities, Staff of the Board of Public

¹ Lifeline is an energy assistance program created by the Legislature at N.J.S.A. 48:2-29.15, administered by the Department of Health and Senior Services and funded through the SBC.

² The four GDCs include Public Service Electric and Gas ("PSE&G"), Elizabethtown Gas Company ("ETG"), New Jersey Natural Gas Company ("NJNG"), and South Jersey Gas Company ("SJG"). The four EDCs include PSE&G, Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L") and Rockland Electric Company ("RECO").

Utilities ("Staff") and the New Jersey Division of the Rate Counsel ("Rate Counsel") (collectively, "the Parties"). No other parties intervened in this rate proceeding. Pursuant to the Board's June 21, 2010 Order, the Utilities included their deferred USF-related administrative costs, incurred prior to July 31, 2009³ in this compliance filing, as well as their actual administrative costs as of April 2010 and estimated administrative costs through September 2010. In addition, the Utilities requested full recovery of these administrative costs in the month following Board approval of the new USF rate.

In the June 30, 2010 filing, the Utilities proposed that the statewide USF rates be set to recover approximately \$202.83 million, representing an increase of \$7.23 million over the existing amount being recovered under the current USF rates. The Utilities asserted that the calculations of the program costs supported the recovery of \$72.6 million for the State's Lifeline program, representing no increase over the existing amount being recovered under the current rates. The requested rates, including SUT, are as follows:

	Electric	
USF	\$0.001899/kWh	\$0.0142/therm
Lifeline	\$0.000664/kWh	\$0.0054/therm
Combined USF/Lifeline	\$0.002563/kWh	\$0.0196/therm

The Utilities note that these calculations are subject to uncertainties due to a number of factors, such as program changes, participation rates, jurisdictional volumes, and the estimated enrollment of additional USF recipients via the Lifeline program. The June 30, 2010 proposed rates were also predicated upon an estimated \$7.4 million electric under-recovery balance and an estimated \$7.5 million gas over-recovery balance as of September 30, 2010.

On August 26, 2010, the Utilities provided Staff and Rate Counsel with actual cost data, and supporting documentation through July 31, 2010. This new information reflected a higher USF budget of approximately \$215 million, a gas over-recovery balance of approximately \$6.5 million, and an electric under-recovery balance of approximately \$12.4 million.

The revised requested 2010/2011 USF rates, including SUT and reflective of ten months of actual data and two months of estimated data, are as follows:

	Electric	
USF	\$0.002052/kWh	\$0.0142/therm
Lifeline	\$0.000664/kWh	\$0.0052/therm
Combined USF/Lifeline	\$0.002716/kWh	\$0.0194/therm

These proposed USF rates would result in an overall revenue increase of approximately \$20 million to the USF program. Further the combined USF/Lifeline rates represent an increase of \$0.02 per month for an average residential gas customer utilizing 100 therms per month and an increase of \$0.08 per month for an average residential electric customer utilizing 650 kWh per month. The combined USF/Lifeline annual bill would be \$44.46 per year for an average

³ Under the terms of the June 21, 2010 Order, ETG and NJNG were permitted to include for recovery their respective costs through September 30, 2009.

residential customer who uses both gas and electricity, an increase of 2.84% or \$1.23 from the current level of \$43.22 per year.

In accordance with N.J.S.A. 48:2-32.4 to -32.6, two public hearings were held in each geographic region served by each of the Utilities. Members of the public, including members of the USF Working Group, were afforded the opportunity to participate in the public hearings with respect to both the program policies and the rates, as well as to submit written comments about these matters. A legal specialist from Staff presided at each of the public hearings.

The public hearing schedule was as follows:

July 26, 2010 - NJNG - 3:30 pm and 5:30 pm – Freehold
August 2, 2010 – NJNG – 3:30 and 5:30 pm – Rockaway Township
August 31, 2010 – ACE – 3:30 and 5:30 pm – Hammonton
September 1, 2010 – PSE&G– 3:30 pm and 5:30 pm – New Brunswick
September 1, 2010 – RECO - 3:30 pm and 5:30 pm – Mahwah
September 1, 2010 – JCP&L – 3:30 pm and 5:30 pm - Freehold
September 2, 2010 – PSE&G – 3:30 pm and 5:30 pm – Hackensack
September 7, 2010 – PSE&G – 3:30 pm and 5:30 pm – Mt. Holly
September 13, 2010 – JCP&L - 3:30 pm and 5:30 pm – Morristown
September 14, 2010 – SJG – 3:30 pm and 5:30 pm – Voorhees
September 15, 2010 – JCP&L - 3:30 pm and 5:30 pm – Freehold
September 22, 2010 – ETG – 3:30 and 5:30 pm – Rahway
September 23, 2010 – ETG – 3:30 and 5:30 pm – Flemington

At the September 1, 2010 Public Hearing in New Brunswick, a representative from the Central New Jersey Workers Benefit Council (“Commenter”), which represents 20,000 low paid workers in Mercer County called on the Board to oppose any further rate increases and instead support a rate reduction. The Commenter stated that its members saw a double digit rate increase in 2006, 2007 and again in 2008. In addition, the Commenter called for cancellation of back bills for those under 300 percent of the poverty line or for those who lost income due to job termination or cuts in hours.

The Parties agreed to a procedural schedule including a discovery/settlement conference on August 12, 2010. In accordance with the procedural schedule, Rate Counsel filed comments on September 16, 2010. Reply comments were filed by the Utilities on September 27, 2010.

POSITIONS OF THE PARTIES

Division of Rate Counsel

In its comments, Rate Counsel stated that it is not opposed to the proposed USF and Lifeline rates becoming effective on October 1, 2010 on an interim basis subject to refund with interest. In addition, Rate Counsel also recommends that the annual USF filing be subject to a more formal review process and reconciliation process similar to those in effect for other automatic cost recovery mechanisms.

Other utility cost recovery mechanisms are subject to a review process that includes discovery and, if necessary hearings and briefing. Rate Counsel believes that the size of the expenditures involved in the USF and Lifeline programs warrant a formal review process that would include the opportunity to conduct discovery, and the appropriate review and analysis of the appropriateness of the underlying projections and calculations of the proposed rates. Since some information required for a complete review may be available only from the Department of Community Affairs ("DCA"), such information should be made available to the Parties through the Board's Division of Audits. As is the case for other cost recovery mechanisms, sufficient time should be provided for a thorough review. With such reviews, if necessary, rates can be implemented on an interim, subject-to-refund basis, pending completion of the review process.

Rate Counsel recommends that the Board allow the Utilities to add the administrative cost amounts specified below, which were agreed upon in the settlement agreements in Docket. No. EO0906056, to their prevailing net under or over recovery amounts. Such a procedure is compatible with the stipulations' terms and it will provide accrued interest on the overall balance. The amounts approved for each utility, based on specified balances, were as follows through the indicated dates in 2009:

Public Service Electric and Gas	- \$2,333,680	- 7/31
Elizabeth Town Gas	- \$65,810	- 9/30
Atlantic City Electric	- \$756,251	- 7/31
South Jersey Gas	- \$0	- 9/30
Jersey Central Power & Light	- \$491,285	- 7/31
Rockland Electric	- \$373,439	- 7/31
New Jersey Natural Gas	- \$20,644	- 9/30

Rate Counsel also recommends that the reconciliation period for USF-related costs be defined to end in June of each year, including administrative expenses incurred for annual period ending on June 30. While Rate Counsel's review of administrative costs in the current proceeding did not find any costs that appeared unreasonable, not all Utilities have provided actual data and supporting documentation for their USF administrative costs through June 2010. Rate Counsel contends that the inclusion of these amounts should be deferred until the next filing when all Utilities could file actual costs through June 30, 2011.

Rate Counsel further recommends that the Board address the reconciliation issue that exists in the timing of the USF compliance filing. Actual data for the last quarter of the program year is not subject to review and the parties do not have the opportunity to fully verify the data that is estimated in the filing because the Utilities do not provide actual data through April. In order to rectify this problem, Rate Counsel suggests that the reconciliation period be defined to end in June of each year. This way, all the months included in the filing would be subject to review.

On September 29, 2010, Rate Counsel submitted additional comments clarifying its earlier comments. Initially Rate Counsel proposed that administrative costs claimed by the Utilities

after June 30, 2009 be deferred for consideration in the next USF costs recovery proceeding. In its September 29 comments, Rate Counsel amended its position due to the fact that the Utilities, in their September 27, 2010 comments, have specified the administrative costs they are claiming through July 31, 2010. Accordingly, Rate Counsel does not object to allowing each of the Utilities to add their claimed administrative costs through July 31, 2010 to their respective USF over/under recovery balances.

Electric and Gas Utilities

On September 27, 2010, the Utilities submitted their joint comments. The Utilities state that Rate Counsel's recommendation that the Board adopt a more formal review process for the evaluation of the Utilities' annual USF compliance filings rests on its mistaken belief that the USF charge is similar to other utility cost recovery mechanisms. Rate Counsel's comparison implied that the USF charge is much like other components of the Societal Benefits Charge ("SBC"), which are subject to a full review of the Utilities' prudence in incurring such costs and an evaluation of the reasonableness of those costs.

The Utilities stated that the costs recovered through the USF charge are not within the Utilities' control because the USF charge is designed to recover costs that the Board directs be spent for the USF Program. Further, the Utilities contend that their role in the USF program is that of a funding conduit. While the Utilities believe that a fully adequate formal review process currently exists, if the Board were to require evidentiary hearings regarding the USF Program budget, the Utilities could not bear the burden of proof regarding such matters, since they are not responsible for the structure and implementation of the USF Program.

The Utilities are not opposed to Rate Counsel's request to alter the reconciliation period for the compliance filing but suggest future filings reflect 12 months of actual data covering August 1st through July 31st. The annual compliance filing would continue to be made July 1st with actual data for nine months ended April and updated in August for actual data through July.

According to the Utilities, Rate Counsel's review of the current filing did not identify any current administrative costs that appeared unreasonable and noted correctly that the claimed expenses are relatively small. Nonetheless, Rate Counsel recommends that the inclusion of such amounts should be deferred until the next filing when all utilities could file actual costs through June 30, 2011. The Utilities noted that the basis for Rate Counsel's recommendation to defer current administrative costs until the next filing may have been based on a misunderstanding of the Utilities' 2010 filing.

In fact, the Utilities provided actual current administrative costs' data through July 2010 in response to SR-1. The actual current administrative costs that the Utilities seek to recover are as follows:

Current USF Administrative Expenses Inclusive of Carrying Costs

Public Service Electric and Gas	8/09-7/10	\$246,082
Elizabeth Town Gas	10/09-7/10	\$5,250
Atlantic City Electric	8/09-7/10	\$38,308
South Jersey Gas	10/09-7/10	\$5,018
Jersey Central Power and Light	8/09-7/10	\$159,419
Rockland Electric	8/09-7/10	\$61,234
New Jersey Natural Gas	10/09 – 7/10	\$16,138

Rate Counsel's proposal to defer recovery of current administrative costs is also unwarranted given the Board's approval just four months ago of Stipulations of Settlement requiring the EDCs and GDCs to seek annual review by the BPU of the Utilities' administrative expenses. In the respective BPU Stipulation of Settlement executed by each utility, Rate Counsel and Staff agreed that future USF-related administrative costs requested for recovery by each utility in its annual USF Compliance Filing would be reviewed each year by Staff and Rate Counsel for reasonableness and prudence. Rate Counsel's request to delay review until next year's USF proceeding complicates future filings and needlessly risks the very harm that the Stipulations were intended to avoid, i.e., increasing the burden on Staff and Rate Counsel to review more than a year's administrative costs during the USF proceeding.

The Utilities also maintain that Rate Counsel had adequate opportunity to review the Current administrative costs. Rate Counsel in fact did issue discovery in this proceeding and had the opportunity to promulgate more if it was unsatisfied with any utility documentation. Further, the Utilities note that the definition and scope of recoverable administrative expenses has been stream-lined and codified by the June 2010 USF Order.

Finally, the Utilities urge the Board to approve the USF rate as proposed and authorize that 100% of the total administrative costs be fully recovered in the month following Board approval of the 2010/2011 USF and Lifeline rates.

DISCUSSION AND FINDINGS

After review of the compliance filings and the various submissions with reference thereto, the Board HEREBY APPROVES the following rates, with detailed calculations in Exhibit A, effective on an interim basis on November 1, 2010, unless Staff notifies the Utilities that the appropriate tariff pages are not in compliance with the requirements of this Order:

	Electric	Gas
USF	\$0.002052/kWh	\$0.0142/therm
Lifeline	\$0.000664/kWh	\$0.0052/therm
Combined USF/Lifeline	\$0.002716/kWh	\$0.0194/therm

These rates are based on ten months of actual information and two months of estimated data. Further, these rates represent a more accurate projection of the upcoming USF program year's budget requirements than the rates that the Utilities filed on June 30, 2010, which had seven months of actual and five months of estimated data. Finally, these rates and the revised budget amount of \$214,935,001 reflect the fact that the Board approved a DCA administrative budget amount for 2010-2011 of \$6,941,513, which was lower than previously anticipated.

With regard to Rate Counsel's recommendation that the Board allow the Utilities to add these costs to their prevailing net under or over recovery amount, the Board agrees that these costs should be added to the Utilities' net under or over recovery amount. This will ensure that these costs are accounted for in the overall budget for the 2010 program year. Accordingly, the Board FINDS Rate Counsel's recommendation to be reasonable and HEREBY APPROVES the addition of these costs to the Utilities prevailing net under or over recovery amount.

The Board, finding the Utilities' request to be reasonable, also DIRECTS Staff to disburse funds to reimburse the Utilities for their USF related administrative costs, listed at 1 and 2 below, from the USF Trust Account in the first month after the new USF rate becomes effective. The Utilities

have requested that their deferred administrative costs approved for recovery be disbursed from the USF Trust Account in the first month after the new USF rates go into effect. In the June 21, 2010 Order, the Board approved settlement stipulations that delineated the specific past deferred administrative cost amounts that the Utilities may recover in the current proceeding. Additionally, the settlement stipulations that the Board approved in the June 21, 2010 Order also specified which administrative costs, for the period through July 31, 2010, the Utilities may seek to recover in the current proceeding. Accordingly, the Board HEREBY APPROVES for recovery the Utilities administrative cost amounts for the period through July 31, 2010⁴ contained at number 2 below. The Board notes that the amount of JCP&L's recovery listed below differs from the amount that Rate Counsel stated in its comments, but the figure listed below is consistent with the amount of recovery that the Board approved in its June 21, 2010 Order. The approved past and current administrative cost amounts are listed below:

1. Past Administrative Costs⁵:

Public Service Electric and Gas	- \$2,333,680
Elizabethtown Gas	- \$65,810
Atlantic City Electric	- \$756,251
South Jersey Gas	- \$0
Jersey Central Power & Light	- \$492,043
Rockland Electric	- \$373,439
New Jersey Natural Gas	- \$20,644
Total	\$4,041,867

2. Current Administrative Costs Through July 31, 2010

Public Service Electric and Gas	8/09-7-10	\$246,082
Elizabethtown Gas	10/09-7/10	\$5,250
Atlantic City Electric	8/09-7/10	\$38,308
South Jersey Gas	10/09-7/10	\$5,018
Jersey Central Power and Light	8/09-7/10	\$159,419
Rockland Electric	8/09-7/10	\$61,234
New Jersey Natural Gas	10/09 -7/10	\$16,138
Total		\$531,449

With regard to Rate Counsel's recommendation that USF rates should be subject to a more formal review process, the Board believes the existing procedures are sufficient. The current process provides for review of Utility USF costs, over/under-recoveries and administrative costs. Additionally, the parties have the opportunity for discovery, to submit written comments and, if necessary, to litigate the issues where there is a contested case. The Board is satisfied that the current review process is sufficient. Accordingly, the Board HEREBY DENIES Rate Counsel's request.

With regard to Rate Counsel's recommendation that the Board change the reconciliation period for USF to encompass the twelve months ending in June of each year, the Board believes that the current procedural schedule for the USF compliance filing is sufficient. Although the current

⁴ Under the terms of the June 21, 2010 Order, ETG and NJNG were permitted to include for recovery their respective costs through September 30, 2009.

⁵ These administrative cost amounts were stipulated in the Board's June 21, 2010 Order, Docket No. EO09090771.

compliance filing contains both actual and estimated data, the majority of the data is based upon actual information. Further, the current procedural schedule enables the Board to review and approve a USF budget that is based upon the most current actual information available while minimizing under-recoveries. Moreover, the parties will have the opportunity in the next compliance filing to review and reconcile the estimated months. All parties' rights are reserved with respect to those estimated months in the next compliance filing. Accordingly, the Board HEREBY DENIES Rate Counsel's request for a change in the procedural schedule.

Finally, the Board HEREBY ORDERS the Utilities to file the appropriate tariff pages, in conformance with the requirements of this Order, within one (1) day of the date the Order is signed.

CONCLUSION

In summary, the Board HEREBY APPROVES the following:

New USF/Lifeline rates will become effective, on an interim basis, on November 1, 2010, unless Staff notifies the Utilities that the appropriate tariff pages are not in compliance with the requirements of this Order;

- USF rates will remain interim rates subject to audit and refund;

Utilities shall file the appropriate tariff pages within one (1) day of the date the order is signed; and

Staff shall disburse the Utilities' administrative costs to them in the first month after the new USF rate becomes effective.

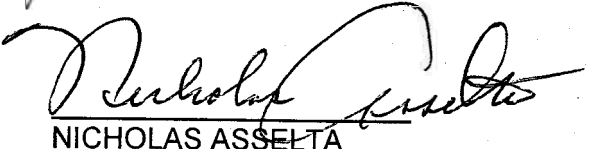
DATED: 10/20/10

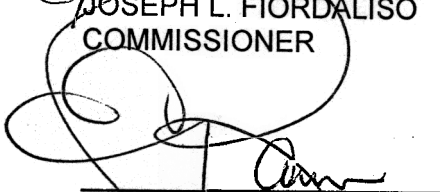
BOARD OF PUBLIC UTILITIES
BY:


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COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities

ATTEST:


KRISTI IZZO
SECRETARY

In the Matter of the 2010/2011 Annual Compliance Filings for the Universal Service Fund (USF)
Program Factor within the Societal Benefits Charge (SBC) Rate – Interim USF Rates and
Lifeline Rates - Docket No. ER10060436

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***2010/2011 Annual Compliance Filing For Changes in the Statewide
Electric and Gas Permanent USF Fund Program Within SBC Rates
Docket Nos. ER10060436***

USF RATE CALCULATION

	<u>TOTAL</u>	<u>GAS</u>	<u>ELECTRIC</u>
<u>PERMANENT PROGRAM PROJECTIONS FOR 2010/2011</u>			
Administrative Costs - DCA (allocated based on benefits percentage)	\$6,941,513	\$2,376,080	\$4,565,433
Admin. Costs - Utility Postage and Handling	\$531,449	\$137,385	\$394,064
Estimate of Benefits for Program Year	\$188,865,327	\$64,649,226	\$124,216,101
Fresh Start Program Cost Estimates	<u>\$12,667,936</u>	<u>\$4,040,223</u>	<u>\$8,627,713</u>
TOTAL	\$209,006,225	\$71,202,914	\$137,803,311
Estimate of Under/(Over) Recovery at 9/30/10	\$5,928,776	(\$6,494,378)	\$12,423,154
TOTAL PERMANENT PROGRAM PROJECTIONS	<u>\$214,935,001</u>	<u>\$64,708,536</u>	<u>\$150,226,465</u>
ESTIMATES OF BENEFITS PERCENTAGES	<u>100%</u>	<u>34.23%</u>	<u>65.77%</u>
PROJECTED VOLUMES (normalized at 10/01/10)		<u>4,858,385,474</u>	<u>78,329,895,000</u>
PROPOSED PRE-TAX RATE		\$0.0133	\$0.001918
CURRENT PRE-TAX RATE		<u>\$0.0126</u>	<u>\$0.001753</u>
PRE-TAX INCREASE/(DECREASE)		\$0.0007	\$0.000165
PROPOSED USF RATE INCLUDING TAX (@7%)		\$0.0142	\$0.002052
CURRENT USF RATE INCLUDING TAX (@7%)		<u>\$0.0135</u>	<u>\$0.001876</u>
USF RATE INCREASE/(DECREASE) INCLUDING TAX (@7%)		\$0.0007	\$0.000177

LIFELINE RATE CALCULATION

	<u>TOTAL</u>	<u>GAS</u>	<u>ELECTRIC</u>
JURISDICTIONAL REVENUE PERCENTAGES	<u>100%</u>	<u>33%</u>	<u>67%</u>
LIFELINE BUDGET	\$72,652,000	\$23,975,160	\$48,676,840
PROJECTED VOLUMES		4,858,385,474	78,329,895,000
PROPOSED PRE-TAX RATE		\$0.0049	\$0.000621
CURRENT PRE-TAX RATE		<u>\$0.0053</u>	<u>\$0.000666</u>
PRE-TAX INCREASE/(DECREASE)		(\$0.0004)	(\$0.000045)
PROPOSED LIFELINE RATE INCLUDING TAX (@7%)		\$0.0052	\$0.000664
CURRENT LIFELINE RATE INCLUDING TAX (@7%)		<u>\$0.0057</u>	<u>\$0.000713</u>
LIFELINE RATE INCREASE/(DECREASE) INCLUDING TAX (@7%)		(\$0.0005)	(\$0.000049)

COMBINED USF/LIFELINE RATES

		<u>ELECTRIC</u>
PROPOSED PRE-TAX USF/LIFELINE RATE	\$0.0182	\$0.002539
CURRENT PRE-TAX USF/LIFELINE RATE	<u>\$0.0179</u>	<u>\$0.002419</u>
PRE-TAX INCREASE/(DECREASE)	\$0.0003	\$0.000120
PROPOSED USF/LIFELINE RATE INCLUDING TAX (@7%)	\$0.0194	\$0.002716
CURRENT USF/ LIFELINE RATE INCLUDING TAX (@7%)	<u>\$0.0192</u>	<u>\$0.002589</u>
USF/LIFELINE RATE INCREASE/(DECREASE) INCLUDING TAX (@7%)	\$0.0002	\$0.000128