11/07/2007 WED 11:33 FAX 4740413 DPS ADMIN MGMT 003

Revenue Requirement RY1

$ millions

Items driving need for rate increase:

Higher O&M	$29
Expiring / lower credits	28
Lower net sales revenue	24
Carrying cost of new investments	19
ROE (11.5% vs. 9.8%)	14
Property / revenue taxes	7
Depreciation rate changes	6
Total	$127
Overall percent increase	19%

Expense increases

$ millions

Higher expenses:

Steam operations (production & distribution)	$19
Interference (incl. $5 mil for WTC)	8
Recovery of deferred WTC costs	4
Environmental remediation	2
Company use electric & gas	2
Rents	1
Employee welfare expense	1
Steam manhole program	(4)
Employee pensions / OPEBs	(4)
Total	$29