

AQUILA NETWORKS-WPC  
CALCULATION OF SETTLEMENT REVENUE REQUIREMENT  
12 MONTHS ENDING AUGUST 31, 2003  
DOCKET NO. 04S-035E

Settlement Agreement  
Attachment A  
Schedule 1

| LINE<br>NO. | Description  | Amount         |
|-------------|--|----------------|
| 1           | Net CPUC Jurisdictional Rate Base                            | \$ 122,489,252 |
| 2           | Return On Rate Base  | 8.76%          |
| 3           | Required Net Operating Income                                | \$ 10,735,264  |
| 4           | Net CPUC Jurisdictional Operating Income                     | \$ 5,652,043   |
| 5           | Deficiency   | \$ 5,083,221   |
| 6           | Income Tax Factor  | 1.613150402    |
| 7           | Required Revenue Change                                      | \$ 8,200,000   |
| 8           | As Adjusted Base Revenue                                     | \$ 118,340,819 |
| 9           | Proposed Base Rate Increase (Surcharge)                      | 6.93%          |
| 10          | Effect on Average Residential Customer Before ICA-Monthly    | \$ 3.57        |
| 11          | Effect on Average Small Business Customer Before ICA-Monthly | \$ 12.06       |
| 12          | Effect on Average Residential Customer After ICA-Monthly     | \$ 1.76        |
| 13          | Effect on Average Small Business Customer After ICA-Monthly  | \$ 4.96        |
| 14          | Residential Average Usage per Month                          | 596            |
| 15          | Small Business Average Usage per Month                       | 2,342          |