

## LABOR ADJUSTMENT

This adjustment is in accordance with the methodology used by the Company in Docket 93-057-01. Included in the labor calculation is a capitalization ratio, which is a measure of the portion of labor and overhead costs that are capitalized and not currently expensed by Commission order. The Company has used a five-year average of this ratio for ratemaking and for stating results of operations.

**Labor Annualization Calculations**  
**12 Mos Dec-2013**

Dec-13

1			
2			
3	<b>Base Pay</b>		<b>Total Actual</b>
4	<u>Including Allowed Time</u>		<b>Amount</b>
5	Capital		\$18,811,875
6	Intercompany & Allocated Charges		1,552,094
7	Expense		28,318,281
8	Other		1,848,876
9	<b>Total Base Labor</b>		<u>\$50,531,127</u>
10			
11	Incentive Compensation		8,645,296
12	<b>Total Labor</b>		<u>\$59,176,423</u>
13			
14	Expense		28,318,281
15	Incentive Accrual Expense		6,184,887
16	Other		217,531
17	<b>Total Base Labor Expensed</b>		<u>\$34,720,699</u>
18			
19			
20	<u>Overhead Components</u>		
21	<u>Other Than Payroll Taxes</u>		
22	Pension Plan		18,140,717
23	Healthcare		7,046,377
24	401K		3,354,914
25	Post Retirement		2,364,078
26	Allowed Time		9,814,088
27	Other		1,794,352
28	<b>Total Overhead</b>		<u>\$42,514,527</u>
29			
30	<b>Overhead Expensed</b>		<u>\$23,975,595</u>
31			
32	<b>Total Labor &amp; Overhead</b>		<u>\$101,690,949</u>
33			
34	<b>Total Labor &amp; Overhead Expensed</b>		<u>\$58,696,295</u>
35			
36	<u>Expense / Capitalization Ratio</u>		
37	1 Average 12 Months Ending Dec 2009-Dec 2013 Capitalization Ratio	60.25%	\$61,273,772.92
38	2 Actual 12 Months Ending Dec 2013 Capitalization Ratio	57.72%	\$58,696,294.69
39			
40			
41	<b>Labor Adjustment</b>		<b>\$2,577,478.23</b>
42			
43			
44			