

Summary of GPA Base Rate Petition Results

1. GPA petitioned for a base rate increase of \$26.9 million to be phased in over a two year period - \$17.9 million and \$8 million.

The PUC has authorized the following:

- \$11 million adjustment to base rates
 - Separate hearing for Phase II
 - Future fuel inventory fluctuations to be recovered through LEAC including \$5.3 million for FY08 (this \$5.3 million was removed from the base rate case and a true up mechanism for carrying cost fluctuations has been added to GPA's fuel tariff thereby removing GPA's exposure to this risk)
 - Civilian portion of rate increase to be postponed for 90 days to allow time for the government to paydown its past due streetlight bill. If DPW pays \$7.9 million in past due streetlight billings, the civilian rate increase will be postponed thru 3/1/09
 - Fuel inventory recovery of \$5.3 million will begin on 8/1/08 unless DPW pays \$5.3 million on past due streetlight billings which would eliminate the recovery.
2. GPA petitioned for a credit surcharge to be established wherein any payments on streetlight billings would be refunded to customers.

The surcharge was not approved.

3. GPA petitioned for an increase in self insurance rates and self insurance cap to \$25 million subject to an actuarial study in five years.

The PUC authorized a cap of \$10 million with an actuarial study completed in three years.

4. GPA petitioned for a credit card convenience fee of \$2.50.

The credit card convenience fee was approved.

5. GPA petitioned for no change to lifeline rates

The PUC expressed an interest in changing the lifeline rate but deferred the decision until the Phase II proceeding.

Summary

GPA believes it essentially got everything it was seeking in this recent round of rate hearings. The timing of the relief is a little later than GPA desired, however, within the next six months, GPA's non-fuel revenue stream will be nearly what GPA projected it to be. The transfer of fuel inventory cost fluctuations from base rates into the Levelized Energy Adjustment Clause is a huge win for the Authority as it will completely insulate the Authority from absorbing any portion of future fuel rate increases. GPA is very pleased with the results of the proceedings and is confident that the improved revenue streams will be sufficient to enable the Authority to improve its bond rating to investment grade status.