

DISCUSSION OF 2004 OPERATING AND CAPITAL BUDGET SENSITIVITY ANALYSIS

- Financial targets considered
 - Rates
 - MFI/I
 - Equity Ratio
- Operating Budget Sensitivity Analysis
 - 5% +/- variance in expenses
 - 10% +/- variance in expenses
 - 5% +/- variance in fuel (impact to consumers' bill)
- Capital Budget Sensitivity Analysis
 - 5% +/- variance in expenditures
 - 10% +/- variance in expenditures
- Other Discussion Items
 - Minimum capital spending required to maintain service
 - Labor cost analysis
 - Expense vs Capital