

ENERGY TRANS CO
DISTRIBUTION SUBSTATION AND PRIMARY LINE SERVICE RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 1999
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COST OF CAPITAL COMPONENT SUMMARY

Variable	Description	EAI	EGSI - Louisiana	EGSI - Texas	ELI	EMI	ENOI
		WP Ref.	WP Ref.	WP Ref.	WP Ref.	WP Ref.	WP Ref.
Capitalization:							
Total Debt	=	1,136,278,621	1,660,459,023	1,660,459,023	1,281,160,417	445,544,334	166,924,232
Preferred Equity	=	115,828,009	231,610,698	231,610,698	133,336,889	50,321,377	20,003,721
Common Equity	=	1,055,732,207	1,474,450,874	1,474,450,874	1,148,446,930	425,893,921	128,339,583
Total Capitalization	=	<u>2,307,838,837</u>	<u>3,366,520,595</u>	<u>3,366,520,595</u>	<u>2,562,944,236</u>	<u>921,759,632</u>	<u>315,267,536</u>
Capitalization Ratios:							
DR = Debt Capitalization Ratio	=	49.24%	49.32%	49.32%	49.99%	48.34%	52.95%
PR = Preferred Stock Capitalization Ratio	=	5.02%	6.88%	6.88%	5.20%	5.46%	6.34%
CR = Common Equity Capitalization Ratio	=	45.74%	43.80%	43.80%	44.81%	46.20%	40.71%
Total Capitalization	=	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Cost Rates:							
D = Embedded Cost Rate Of Long-Term Debt	=	7.49%	8.57%	8.57%	7.76%	7.44%	7.95%
PF = Embedded Cost Rate of Preferred Stock	=	6.71%	7.11%	7.11%	7.14%	6.70%	4.82%
CE = 0.1300	=	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
Weighted Average	=	<u>9.98%</u>	<u>10.41%</u>	<u>10.41%</u>	<u>10.08%</u>	<u>9.98%</u>	<u>9.81%</u>

Notes:

DR = (Total LT Debt / Total Capitalization)
PR = (Total Preferred Equity / Total Capitalization)
D = ((A Cost Rate * A LT Debt)+(L Cost Rate * L LT Debt)+(M Cost Rate * M LT Debt)+(N Cost Rate * N LT Debt)+(G Cost Rate * G LT Debt)) / Total LT Debt
PF = ((A Cost Rate * A Preferred)+(L Cost Rate * L Preferred)+(M Cost Rate * M Preferred)+(N Cost Rate * N Preferred)+(G Cost Rate * G Preferred)) / Total Preferred Equity
CE = ((A Cost Rate * A Common)+(L Cost Rate * L Common)+(M Cost Rate * M Common)+(N Cost Rate * N Common)+(G Cost Rate * G Common)) / Total Common Equity