

**BASIS FOR CEHE’s REQUEST:**

CEHE asserts as the main drivers of the need for an increase, the following:

- The addition of about \$6.0 billion in distribution and transmission investment since CEHE’s last rate case in 2019 and related operations and maintenance expense increases;
- Year-over-year customer growth of about 2%, adding about 300,000 new customers;
- Recovery of expenses related to what CEHE refers to as “resiliency and reliability” improvements to respond to severe weather and modernization of the transmission grid;
- Update CEHE’s discretionary service charges to reflect current costs.

CEHE proposes to allocate the increase of \$60 million among the customer classes as follows:

	<b>Present Revenues</b>	<b>Proposed Revenues</b>	<b>Change</b>	<b>Percent Change</b>
<b>Residential</b>	\$901,815,248	\$975,768,614	\$73,953,366	8.2%
<b>Secondary &lt;= 10 kva</b>	\$25,410,421	\$24,178,448	<b>-\$1,231,973</b>	-4.8%
<b>Secondary &gt; 10 kva</b>	\$578,913,742	\$520,202,246	<b>-\$58,711,496</b>	-10.1%
<b>Primary</b>	\$41,515,394	\$48,954,335	\$7,438,941	17.9%
<b>Transmission</b>	\$27,090,086	\$24,523,576	<b>-\$2,566,510</b>	-9.5%
<b>Misc. Lighting</b>	\$5,783,740	\$3,077,136	<b>-\$2,706,604</b>	-46.8%
<b>Lighting</b>	\$70,568,628	\$71,339,336	\$770,708	1.1%
<b>Retail Electric Delivery Revenues</b>	\$1,651,097,259	\$1,668,043,691	\$16,946,432	1.0%
<b>Wholesale Transmission Revenue</b>	\$654,236,818	\$697,326,740	\$43,089,922	6.6%
<b>Total Cost of Service</b>	\$2,305,334,077	\$2,365,370,431	\$60,036,354	2.6%