

Schedule A-1
Calculation of Requested Increase in Revenue Requirement

TEST YEAR ENDED JUNE 30, 2006
(\$000)

<u>Line No.</u>	<u>Line Item Description</u>	<u>Arkansas Jurisdiction</u>
1	Adjusted Rate Base (a)	3,822,531
2	Adjusted Operating Revenue (b)	939,040
3	Adjusted Operating Expenses (b)	783,957
4	Adjusted Operating Income (L.2 - L.3) (b)	155,082
5	Current Rate of Return (L.4 / L.1)	4.06%
6	Required Rate of Return (c)	6.44%
7	Required Operating Income (L.1 * L.6)	246,171
8	Operating Income Deficiency (L.7 - L.4)	91,089
9	Revenue Conversion Factor (d)	<u>1.65076</u>
10	Revenue Deficiency (L.8 * L.9)	150,366
11	Total Revenue Requirement (L.2 + L.10)	1,089,405
12	Adjusted Revenues Other Than Rate Schedule Revenue (b)	<u>35,464</u>
13	Rate Schedule Revenue Requirement (L.11 - L.12)	<u><u>1,053,942</u></u>

Numbers may not add or tie to other schedules due to rounding.

Supporting Schedules

(a) G-2

(b) G-3 is N/A as support for this MFR Schedule. See G-1 Page 2 for support. As discussed in the Direct Testimony of Phillip B. Gillam, Rate Schedule Revenue was removed in order to develop a Functional Cost of Service Study (MFR Schedules G-1-IA, G-2-IA and G-3-IA) per the requirements of the APSC Rules of Practice and Procedure Section 9 Appendix IA. Since EAI does not bill its customers on an unbundled (functional) basis, Rate Schedule Revenue is not available on an unbundled or functional basis. However, on pages 1 and 2 of MFR Schedule G-1, Present Base Rate Schedule Revenue from MFR Schedule H-1 was utilized in determining the Revenue Deficiency for the total of all functions as shown on Line 17 of MFR Schedule G-1 Page 1 and Line 10 above.

(c) D-1-(a)

(d) C-5