

**NON-GAAP FINANCIAL MEASURE RECONCILIATION –  
OPERATING INCOME (GAAP MEASURE) TO  
GROSS MARGIN (NON-GAAP FINANCIAL MEASURE)**

(DOLLARS IN THOUSANDS)

|   | TWELVE MONTHS ENDED<br>DECEMBER 31, |                     | INCREASE (DECREASE) |                    |
|---|-------------------------------------|---------------------|---------------------|--------------------|
|   | 2006                                | 2005                | PRETAX              | AFTER TAX          |
| <b>RECONCILIATION OF REGULATED ELECTRICITY</b>            |                                     |                     |                     |                    |
| <b>SEGMENT GROSS MARGIN</b>                               |                                     |                     |                     |                    |
| Operating Income (closest GAAP measure)                   | \$ 618,870                          | \$ 515,289          | \$ 103,581          | \$ 63,133          |
| Plus:   |                                     |                     |                     |                    |
| Operations and maintenance                                | 691,277                             | 635,827             | 55,450              | 33,797             |
| Real estate segment operations                            | 324,861                             | 278,366             | 46,495              | 28,339             |
| Depreciation and amortization                             | 358,644                             | 347,652             | 10,992              | 6,700              |
| Taxes other than income taxes                             | 128,395                             | 132,040             | (3,645)             | (2,222)            |
| Other expenses  | 28,415                              | 51,987              | (23,572)            | (14,367)           |
| Regulatory disallowance                                   | –                                   | 138,562             | (138,562)           | (84,454)           |
| Marketing and trading fuel and<br>purchased power         | 290,637                             | 293,091             | (2,454)             | (1,496)            |
| Less:   |                                     |                     |                     |                    |
| Real estate segment revenues                              | 399,798                             | 338,031             | 61,767              | 37,647             |
| Other revenues  | 36,172                              | 61,221              | (25,049)            | (15,267)           |
| Marketing and trading revenues                            | 330,742                             | 351,558             | (20,816)            | (12,687)           |
| Regulated electricity segment gross margin                | <u>\$ 1,674,387</u>                 | <u>\$ 1,642,004</u> | <u>\$ 32,383</u>    | <u>\$ 19,737</u>   |
| <b>RECONCILIATION OF MARKETING AND TRADING</b>            |                                     |                     |                     |                    |
| <b>GROSS MARGIN</b>                                       |                                     |                     |                     |                    |
| Operating Income (closest GAAP measure)                   | \$ 618,870                          | \$ 515,289          | \$ 103,581          | \$ 63,133          |
| Plus:   |                                     |                     |                     |                    |
| Operations and maintenance                                | 691,277                             | 635,827             | 55,450              | 33,797             |
| Real estate segment operations                            | 324,861                             | 278,366             | 46,495              | 28,339             |
| Depreciation and amortization                             | 358,644                             | 347,652             | 10,992              | 6,700              |
| Taxes other than income taxes                             | 128,395                             | 132,040             | (3,645)             | (2,222)            |
| Other expenses  | 28,415                              | 51,987              | (23,572)            | (14,367)           |
| Regulatory disallowance                                   | –                                   | 138,562             | (138,562)           | (84,454)           |
| Regulated electricity segment fuel and<br>purchased power | 960,649                             | 595,141             | 365,508             | 222,777            |
| Less:   |                                     |                     |                     |                    |
| Real estate segment revenues                              | 399,798                             | 338,031             | 61,767              | 37,647             |
| Other revenues  | 36,172                              | 61,221              | (25,049)            | (15,267)           |
| Regulated electricity segment revenues                    | 2,635,036                           | 2,237,145           | 397,891             | 242,515            |
| Marketing and trading gross margin                        | <u>\$ 40,105</u>                    | <u>\$ 58,467</u>    | <u>\$ (18,362)</u>  | <u>\$ (11,192)</u> |

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|---|-------------------------------------|---------------------|---------------------|--------------------|
|   | 2005                                | 2004                | PRETAX              | AFTER TAX          |
| <b>RECONCILIATION OF REGULATED ELECTRICITY</b>            |                                     |                     |                     |                    |
| <b>SEGMENT GROSS MARGIN</b>                               |                                     |                     |                     |                    |
| Operating Income (closest GAAP measure)                   | \$ 515,289                          | \$ 517,965          | \$ (2,676)          | \$ (1,632)         |
| Plus:   |                                     |                     |                     |                    |
| Operations and maintenance                                | 635,827                             | 592,320             | 43,507              | 26,526             |
| Real estate segment operations                            | 278,366                             | 284,194             | (5,828)             | (3,553)            |
| Depreciation and amortization                             | 347,652                             | 391,597             | (43,945)            | (26,793)           |
| Taxes other than income taxes                             | 132,040                             | 120,722             | 11,318              | 6,901              |
| Other expenses  | 51,987                              | 34,108              | 17,879              | 10,901             |
| Regulatory disallowance                                   | 138,562                             | –                   | 138,562             | 84,481             |
| Marketing and trading fuel and<br>purchased power         | 293,091                             | 320,667             | (27,576)            | (16,813)           |
| Less:   |                                     |                     |                     |                    |
| Real estate segment revenues                              | 338,031                             | 350,315             | (12,284)            | (7,490)            |
| Other revenues  | 61,221                              | 42,816              | 18,405              | 11,222             |
| Marketing and trading revenues                            | 351,558                             | 400,628             | (49,070)            | (29,918)           |
| Regulated electricity segment gross margin                | <u>\$ 1,642,004</u>                 | <u>\$ 1,467,814</u> | <u>\$ 174,190</u>   | <u>\$ 106,204</u>  |
| <b>RECONCILIATION OF MARKETING AND TRADING</b>            |                                     |                     |                     |                    |
| <b>GROSS MARGIN</b>                                       |                                     |                     |                     |                    |
| Operating Income (closest GAAP measure)                   | \$ 515,289                          | \$ 517,965          | \$ (2,676)          | \$ (1,632)         |
| Plus:   |                                     |                     |                     |                    |
| Operations and maintenance                                | 635,827                             | 592,320             | 43,507              | 26,526             |
| Real estate segment operations                            | 278,366                             | 284,194             | (5,828)             | (3,553)            |
| Depreciation and amortization                             | 347,652                             | 391,597             | (43,945)            | (26,793)           |
| Taxes other than income taxes                             | 132,040                             | 120,722             | 11,318              | 6,901              |
| Other expenses  | 51,987                              | 34,108              | 17,879              | 10,901             |
| Regulatory disallowance                                   | 138,562                             | –                   | 138,562             | 84,481             |
| Regulated electricity segment fuel and<br>purchased power | 595,141                             | 567,433             | 27,708              | 16,894             |
| Less:   |                                     |                     |                     |                    |
| Real estate segment revenues                              | 338,031                             | 350,315             | (12,284)            | (7,490)            |
| Other revenues  | 61,221                              | 42,816              | 18,405              | 11,222             |
| Regulated electricity segment revenues                    | 2,237,145                           | 2,035,247           | 201,898             | 123,097            |
| Marketing and trading gross margin                        | <u>\$ 58,467</u>                    | <u>\$ 79,961</u>    | <u>\$ (21,494)</u>  | <u>\$ (13,104)</u> |