FISHERS ISLAND ELECTRIC CORPORATION BALANCE SHEETS AS OF DECEMBER 31, 2013, 2012, 2011, 2010 AND 2009

ASSETS

	2013	2012	2011	2010	2009	
CURRENT ASSETS						
Cash and cash equivalents Trade accounts receivable Related Party Inventories:	\$ 487,005 196,226	\$ 333,996 208,531	\$81,797 200,251	\$ 61,465 228,176	\$ 53,011 250,075 1,867	
Materials and supplies Fuel and lubricating oil	135,714	127,291 -	129,566 -	122,640 1,059	138,101 1,059	
Prepaid expenses	65,365	22,044	20,575	77,302	80,020	
TOTAL CURRENT ASSETS	884,310	691,862	432,189	490,642	524,133	
PROPERTY AND EQUIPMENT						
Electric plant in service Less: accumulated depreciation	5,246,265 (3,000,638)	5,190,227 (2,887,222)	5,185,147 (2,754,613)	5,101,005 (2,618,407)	5,028,999 (2,453,363)	
NET PROPERTY AND EQUIPMENT	2,245,627	2,303,005	2,430,534	2,482,598	2,575,636	
OTHER ASSETS						
Debt expense (net of amortization) (note 3)			1,376	2,752	4,128	
TOTAL ASSETS	\$ 3,129,937	\$ 2,994,867	\$ 2,864,099	\$ 2,975,992	\$ 3,103,897	

FISHERS ISLAND ELECTRIC CORPORATION BALANCE SHEETS AS OF DECEMBER 31, 2013, 2012, 2011, 2010 AND 2009

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		2,013		2012		2011	2010		2009	
	¢	44,400	¢	44,400	¢	00.405	c	04 540		04.044
Notes payable Accounts payable:	\$	44,486	\$	44,402	\$	83,435	\$	81,519	\$	81,941
Trade		79,450		61,173		61,071		113,406		115,037
Associated companies		47,500		22,421		126,705		65,903		82,027
Accrued pension expense Accrued taxes and expenses		- 30,746		- 30,194		5,521 23,350		4,039 13,755		4,463 7,290
Customer Refund		30,140		98,721		- 23,350		13,755		7,290
TOTAL CURRENT LIABILITIES		232,358		256,911		300,082		278,622		290,758
LONG-TERM LIABILITIES										
Notes payable net of curent portion above (note 4)		208,224		231,221		277,132		358,292		439,400
Deferred federal income tax liability (note 5)		188,580		166,189		133,179		140,495		145,545
TOTAL LONG-TERM LIABILITIES		396,804		397,410		410,311		498,787		584,945
TOTAL LIABILITIES		629,162		654,321		710,393		777,409		875,703
STOCKHOLDERS' EQUITY										
Common stock - authorized 2,000 shares without par value;		400 554		100 554		100 551		400 554		400 554
issued and outstanding 1,710 shares at stated value Paid in capital		100,551 29,498		100,551 29,498		100,551 29,498		100,551 29,498		100,551 29,498
Retained earnings		2,370,726		2,210,497		2,023,657		2,068,534		2,098,145
TOTAL STOCKHOLDERS' EQUITY		2,500,775		2,340,546		2,153,706		2,198,583		2,228,194
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	3,129,937	\$	2,994,867	\$	2,864,099	\$	2,975,992	\$	3,103,897

FISHERS ISLAND ELECTRIC CORPORATION STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEARS ENDED DECEMBER 31, 2013, 2012, 2011, 2010 AND 2009

	2013	2012	2011
OPERATING REVENUES			
Sale of electric energy Residential	#######################################	#######################################	\$ 1,267,738
Commercial and industrial	287,926	292,293	\$ 1,267,738 297,546
Public street and highway lighting	11,500	11,500	11,500
Other sales to public authorities	150,742	148,588	143,229
PPA Reconciliation	253,107	378,738	72,824
Rent from Electric Operating Property	13,200	13,200	13,200
	.0,200		
TOTAL OPERATING REVENUES	1,977,453	2,134,765	1,806,037
OPERATING EXPENSES (page 10)			
Purchase of electricity	831,111	850,242	870,137
Materials	39,677	38,556	
Generation	22,261	19,906	13,002
Transmission and distribution	214,257	230,278	185,533
Customers' accounting and collecting	28,364	69,869	74,852
Administrative and general Taxes, other than federal income tax	427,665 185,122	401,964 180,476	422,793 170,438
		·	·
TOTAL OPERATING EXPENSES	1,748,457	1,791,291	1,736,755
OPERATING INCOME BEFORE DEPRECIATION	228,996	343,474	69,282
Depreciation of electric plant	(113,916)	(132,609)	(136,206)
NET OPERATING INCOME	115,080	210,865	(66,924)
OTHER INCOME (EXPENSE)			
Merchandise and jobbing income	87,027	76,646	47,840
Merchandise and jobbing expense	(17,718)	(68,166)	(25,998)
Interest income	323	73	10
Rental income	12,188	15,000	15,000
Other non-operating income	2,334	1,833	2,964
Finance Charge Income	5,733	5,810	6,045
Interest expense	(12,838)	(22,212)	(31,180)
TOTAL OTHER INCOME (EXPENSE)	77,049	8,984	14,681
NET INCOME BEFORE FEDERAL INCOME TAX	192,129	219,849	(52,243)
Federal income tax-current	9,469	-	-
Federal income tax - deferred	22,454	33,009	(7,316)
TOTAL FEDERAL INCOME TAX	31,923	33,009	(7,316)
NET INCOME (LOSS)	160,206	186,840	(44,927)
RETAINED EARNINGS - BEGINNING	2,210,497	2,023,657	2,068,534
PRIOR PERIOD ADJUSTMENT	23		50
RETAINED EARNINGS - ENDING	\$ 2,370,726	\$ 2,210,497	\$ 2,023,657

Received: 12/30/2014

2010	2009	5 - YR AVG
\$ 1,287,400	\$1,247,235	\$ 1,270,759
323,492	311,451	\$ 302,542
11,500	11,500	\$ 11,500
129,824	129,999	\$ 140,476
		\$ 140,934
13,200	13,200	\$ 1,270,759 \$ 302,542 \$ 11,500 \$ 140,476 \$ 140,934 \$ 13,200
1,765,416	\$1,713,385	1,879,411
957 629	770.394	835,000
857,628	770,384	835,900 15,647
4,693	978	12,168
168,393	155,919	
		190,876
73,757	80,730	65,514
422,167	424,637	419,845
163,644	158,137	171,563
1,690,282	1,590,785	1,711,514
75,134	122,600	167,897
(165,044)	(168,290)	(143,213)
(,	(100,200)	(
(89,910)	(45,690)	24,684
143,758	157,942	102,643
(94,246)	(79,540)	(57,134)
11	14	86
15,000	15,000	14,438
22,449	2,434	6,403
5,369	3,490	5,289
(37,092)	(42,903)	(29,245)
(-))	()/	(;;_)
55,249	56,437	42,480
(34,661)	10,747	67,164
-	-	1,894
(5,050)	1,485	8,916
(5,050)	1,485	10,810
(29,611)	9,262	56,354
2,098,145	2,088,883	2,097,943
0	0	15
\$ 2,068,534	\$ 2,098,145	\$ 2,210,666

Received: 12/30/2014

FISHERS ISLAND ELECTRIC CORPORATION STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013, 2012, 2011, 2010 AND 2009

_	2013	2012	2011	2010	2009	5-YR AVG
CASH FLOWS FROM OPERATING ACTIVITIES			•	• (== = + + + +	• • • • • •	
Net Income (Loss) (page 4)	160,206	\$ 186,840	\$ (44,927)	\$ (29,611)	\$ 9,262	\$ 56,354
Adjustments to reconcile net income to net cash provided						⊅ - *
Operating activities	110 110	133.985	407 500	400 400	100.005	⇒ -
Depreciation and amortization (Increase) decrease in:	113,416	133,985	137,582	166,420	169,665	\$ 144,214
Receivables	12,305	(8,280)	27,925	23,766	(72,979)	• - \$ (3,453)
Inventories	(8,423)	(0,200) 2,275	(5,867)	15,461	(12,605)	,
Prepaid expenses	(43,321)	(1,469)	()	2,718	,	\$ (1,440)
Increase (decrease) in:	(40,021)	(1,403)	50,727	2,710	(21,000)	\$ (1,++0) \$ -
Accounts payable	43,356	(104,182)	8,467	(17,755)	52,231	\$
Accrued taxes and expenses	552	1.323	11.077	6,041	- , -	\$ 4,339
Deferred federal income tax liability	22,391	33,010	(7,316)	(5,050)	,	\$ 8,904
Customer Refund	(68,545)	98,721	-	-	-	\$ 6,035
NET CASH PROVIDED BY OPERATING	231,937	342,223	183,668	161,990	127,907	203,947
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to electric plant in service	(56,038)	(5,080)	(84,142)	(72,006)	(73,586)	(58,704)
CASH FLOWS FROM FINANCING ACTIVITIES						
Note repayments		(84,944)	(79,244)	(81,530)	(76,026)	(80,436)
NET CHANGE IN CASH AND CASH EQUIVALENTS		252,199	20,282	8,454	(21,705)	64,808
CASH AND CASH EQUIVALENTS BALANCE - BEGINNING	333,996	81,797	61,465	53,011	74,720	67,748
PRIOR PERIOD ADJUSTMENT	23	_	50		-	13
CASH AND CASH EQUIVALENTS BALANCE - ENDING		\$ 333,996	\$ 81,797	\$ 61,465	\$ 53,015	- \$132,568

FISHERS ISLAND ELECTRIC CORPORATION OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012, 2011, 2010 AND 2009

	2013	2012	2011		
PURCHASE OF ELECTRICITY MATERIALS	831111 39677	\$ 850,242 38,556	\$	870,137 -	
GENERATION					
Production	11110	11,996		7,559	
Heat	11151	7,910		5,443	
Maintenance Supplies & Expense	-	-		-	
	22,261	19,906		13,002	
TRANSMISSION AND DISTRIBUTION					
Supervision	61,760	60,948		61,814	
Operation labor	47,600	45,146		46,622	
Maintenance labor	90,164	98,987		40,750	
Labor on street lighting and signal system	1,841	261			
Supplies and expense	12,892	24,936		36,347	
	214,257	230,278		185,533	
CUSTOMERS' ACCOUNTING AND COLLECTING					
Meter reading	17143	16,570		15,419	
Inter-company rent and administrative charges	-	43,080		51,756	
Computer	11221	10,219		7,677	
	28,364	69,869		74,852	
ADMINISTRATIVE AND GENERAL					
General office expense	22803	29,264		23,695	
Management services	77812	44,580		67,896	
Office salaries	69565	51,960		59,928	
Legal, accounting and professional fees	28620	38,669		70,865	
P.S.C. expense	35946	43,620		16,590	
Insurance	79475	79,493		76,971	
Transportation and freight expense	26075	35,195		33,439	
Pension plan - employer contribution	-	-		5,095	
Group life and medical insurance	-	-		18,298	
Rental house expenses	2292	5,749		164	
Vacations, holidays, training, etc. Sub-contract services	- 85,077	- 72 424		49,852	
Sub-contract services	427,665	73,434 401,964		422,793	
	427,000	401,304		722,735	
TAXES OTHER THAN FEDERAL INCOME TAX					
New York state corporation tax	11787	5,563		5,205	
New York state tax on gross income	45694	48,375		41,753	
Social security and other taxes	24219	25,240		23,996	
Real estate taxes	103,422	101,298		99,484	
	185,122	180,476		170,438	
TOTAL OPERATING EXPENSES	\$ 1,748,457	\$ 1,791,291	\$	1,736,755	

 2010	2009
\$ 857,628	\$ 770,384
-	-
- 4,693	- 903
 -	75
4,693	978
60,466	56,217
49,969 41,953	44,228 45,275
469	-5,275
 15,536 168,393	<u> </u>
100,393	155,919
14,568	15,235
51,756 7,433	51,756 13,739
 73,757	80,730
23,901	31,602
67,361	61,892
59,928 73,385	65,395 34,304
27,364	39,846
84,304	88,778
26,401 4,039	27,105
4,039	5,028 26,058
764	598
42,183	44,031
 422,167	424,637
6,001	7,583
39,539	37,272
23,186	24,243
 94,918 163,644	<u>89,039</u> 158,137
\$ 1,690,282	\$ 1,590,785
 ·	

Determine 2010 2011 2012 2013 SYERAS FORECAST Generation Revenues \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,207,208 \$1,200,278 \$1,200,278 \$1,200,018 \$1,500 <t< th=""><th></th><th></th><th></th><th></th><th></th><th>ON PURPOSES</th><th>TIOI</th><th>FOR PROJECTI</th><th>STATEMENT</th><th>TIVE INCOME</th><th></th><th></th></t<>						ON PURPOSES	TIOI	FOR PROJECTI	STATEMENT	TIVE INCOME		
DOINTE VLASS ENCLO DECLASER 31, 2013, 2012, 2011, 2012, 2013, 2012, 2011, 2014, ADD 2009 NUERAGE PORECAST NUERAGE PORECAST COPEANTME REVENUES 201 2012 2012 2013 SYEARS CHANGES Image: Comparing and the second secon	FIGURES RATE YEAR 1,260,978				I							
Image: Control of the state of the	FIGURES RATE YEAR 1,260,978		+		1 -				LEWIDER 31, 20.	ANS ENDED DEC	FOR THE YE	
Image: Control of the second	FIGURES RATE YEAR 1,260,978				_							
DepRatms REVENUS 2010 2011 2012 2013 5 YEARS CHANGES Bale of electric energy 1 1 2127.400 \$1.207.203 \$1.207.203 \$1.207.203 \$1.207.203 \$1.207.203 \$1.207.203 \$1.207.203 \$1.207.203 \$1.207.203 \$1.207.203 \$1.207.203 \$1.200.278 \$1.207.203 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200.278 \$1.200 \$1.200 \$1.200 \$1.200 \$1.200 \$1.200 \$1.200 \$1.200 \$1.200.278	RATE YEAR \$ 1,260,978											
operations revenues number numbr	\$ 1,260,978	-					_					
Sale of electric energy 51/207.28 </td <td></td> <td></td> <td>CHANGES</td> <td>5 YEARS</td> <td></td> <td>2013</td> <td></td> <td>2012</td> <td>2011</td> <td>2010</td> <td>2009</td> <td></td>			CHANGES	5 YEARS		2013		2012	2011	2010	2009	
Residential \$1,247,23 \$1,287,400 \$1,287,400 \$2,277,560 \$22,372,360 \$28,072,80 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,573 \$302,562 \$302,5							-					
Commercial and industrial 311,451 323,482 287,266 282,283 287,926 \$ 302,542 \$ Dibit istres and hyber sphere 112,090 115,00 115,00 115,00 115,00 115,00 \$ 115,00 \$ <td< td=""><td></td><td></td><td></td><td>1 270 759</td><td>¢</td><td>\$ 1 260 978</td><td></td><td>\$ 1 200 446</td><td>\$1 267 738</td><td>\$ 1 287 400</td><td>\$1 247 235</td><td></td></td<>				1 270 759	¢	\$ 1 260 978		\$ 1 200 446	\$1 267 738	\$ 1 287 400	\$1 247 235	
Public strest and highway jighting 11.500 11.500 11.500 11.500 11.500 1												
Other sets public authorities 128,824 148,289 180,724 5 140,76 S PPA reconciliation - 72,824 378,738 253,107 5 10,300 \$ 13,200 13,200 13,200 13,200 13,200 13,200 13,200 13,200 13,200 13,200 13,200 13,200 13,200 13,200 10,200 13,200 13,200 10,200 10,200 11,101 5 10,200 10												
PPA reconcllation - 72.824 378.738 233.107 \$ 140.934 (£3.107.00) \$ TOTA OPERATING EXPENSES 11.3200 13.200 13.200 13.200 13.200 13.200 13.200 \$ 13.200 13.200 13.200 13.200 13.200 \$ 13.200 13.200 13.200 \$ 13.200 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ 13.200 \$ \$ 15.00 \$ 15.0 \$ \$ 15.0 \$ 15.0 \$ 15.0 \$ \$ 15.0 \$ 15.0 \$ \$ 16.0141 \$ 5.020 \$ 15.0 \$ 10.0141 \$ 5.022 \$ 17.0131 \$ 10.0141 \$ 5.026 \$							3	148,588	143,229	129,824		
TOTA OPERATING REVENUES \$1,713.386 \$1,765.416 \$1,806.037 \$2,134,765 \$1,977,453 \$1,879,411 (253,107.00) OPERATING EXPENSES O Store Store <td>s</td> <td></td> <td>(253,107.00)</td> <td>140,934</td> <td>\$</td> <td>253,107</td> <td>3</td> <td>378,738</td> <td>72,824</td> <td>-</td> <td></td> <td></td>	s		(253,107.00)	140,934	\$	253,107	3	378,738	72,824	-		
TOTAL OPERATING REVENUES \$1.713.388 \$1.716.51 \$1.906.037 \$2.134.765 \$1.977.453 \$1.879.411 (253.107.00) OPERATING EXPENSE 0	\$ 13,200			13,200	\$	13,200			13,200	13,200		Rent from electric operating property
Purchase of electricity 770,384 857,628 870,137 850,242 331,111 8 835,000 Image: constraints of the second secon	1,724,346		(253,107.00)	1,879,411	\$	\$ 1,977,453	5 \$	\$ 2,134,765	\$ 1,806,037	\$ 1,765,416	\$1,713,385	TOTAL OPERATING REVENUES
Purchase of electricity 770,384 857,628 870,137 850,242 331,111 8 835,000 Image: constraints of the second secon												
Materials 0 -	831,111			835,900	\$	831,111	2	850,242	870,137	857,628	770,384	
Generation - Heat 903 4.683 5.443 7.910 11.151 \$ 6.020 Generation - Maint Suples and Exp 75 - - - - - \$ 15 - Taras and Oist - Supervision 56.217 60.466 61.814 60.948 61.760 \$ 60.241 20.000.00 Trans and Oist - Supervision labor 44.228 49.969 46.622 44.760 \$ 46.713 Trans and Oist - Juber steet lighting and signal system 58 469 - 261 1.841 5.26 - Customers' actg and collecting - Intercollectible accounts -	1,121	1	(38,556.00)	15,647	\$	39,677	5	38,556	-	-	0	
Generation - Heat 903 4.633 5.443 7,910 11,151 \$ 6,020 Generation - Maint Supples and Exp 75 - - - S 15 - Trans and Oist - Supervision 552,17 60,048 61,814 60,948 61,700 \$ 60,241 20,000,00 Trans and Oist - Supervision 44,228 49,969 46,622 45,146 47,700 \$ 46,713 C Trans and Oist - Jupiter state start and control and other Supples and expense 10,141 15,536 83,47 24,936 12,842 19,970 - Customers' acctg and collecting - Meter reading 15,255 51,756 51,756 43,080 - \$ 39,870 Customers' acctg and collecting - Meter corrent and admin chu 51,756 51,756 43,080 - \$ 39,870 Customers' acctg and collecting - Uncollecting - Uncol	11,110				\$	11,110	5	11,996	7,559			Generation - Production
Trans and Dist - Supervision 56.217 60.468 61.814 60.948 61.780 \$ 60.241 20.000.00 Trans and Dist - Operation labor 44.228 49.969 46.622 45.146 47,600 \$ 46,713 Trans and Dist - Maintenance labor 45.275 41,953 40,750 98.967 90.164 63.426 Trans and Dist - Supples and expense 10.141 15.536 83.47 24.935 12.882 19.970 Customers' acctg and collecting - Uncollectible accounts -	11,151				\$	11,151)	7,910	5,443	4,693	903	
Trans and Oist - Supervision 56.217 60.466 61.814 60.948 61.760 \$ 60.241 20.00.00 Trans and Oist - Operation labor 44.222 49.969 46.622 45.146 47.600 \$ 66.342 1 Trans and Oist - Supplies and segmine 56 49.969 - 261 1.841 \$ 526 1 Trans and Oist - Supplies and expense 10.141 15.536 36.347 24.936 12.882 \$ 1.970 1 Customers' actg and collecting - uter reading 15.235 14.558 15.756 51.960			L 1	15	\$		-	-				
Trans and Dist - Maintenance labor: 45,275 41,953 40,750 99,897 90,164 \$ 63,426 Image: Construction of the second of the secon	81,760		20,000.00									
Trans and Dist - Maintenance labor 44,275 41,953 40,750 99,897 90,164 \$ 63,425 Trans and Dist - Jobs tree lighting and signal system 58 469 - 261 1,841 \$ 526 Trans and Dist - Jobs tree lighting and signal system 10,411 15,586 38,347 24,936 12,892 \$ 19,970 -	47,600											
Trans and Distr - Supplies and expense 10,141 15,536 36,347 24,936 12,892 \$ 19,970 Customers' actg and collecting - Meter reading 15,225 14,568 15,419 16,577 \$	90,164	+							40,750			Trans and Distr - Maintenance labor
Customers' actg and collectingMeter reading 1 -<	1,841	+										
Customers' actg and collecting - Inter or cent and admin dv 51.756 15.756 51	12,892	+		19,970		12,892	5	24,936	36,347	15,536	10,141	
Customer* actg and collecting - inter or rent and admin chg 51,756 52,757 51,800,00 63,395 56,902 59,928 59,928 59,928 59,928 59,928 59,928 59,928 59,928 59,928 59,928 50,928 53,946 32,673 10,010 10,021 10,010 10,021 10,010 10,021 10,010 10,021 10,010 10,010 10,010 10,010 10,010 10,010 10,010 10,010 10,010 10,010 10,010 10,010 10,010 10,010 10,010 10,010 10,010 <th< td=""><td></td><td>+</td><td>+</td><td>-</td><td></td><td>-</td><td>-</td><td>-</td><td></td><td></td><td></td><td></td></th<>		+	+	-		-	-	-				
Customer/l actg and collecting - computer 13.739 7.633 7.677 10.219 11.121 \$ 10.058 Image: Computer 13.802 23.901 23.805 29.264 22.803 \$ 26.253 15.000.00 Management services 61.892 67.961 67.966 44.580 77.812 \$ 63.906 0 Office Services 65.395 59.928 59.928 59.906 98.665 \$ 61.355 36.106.00 Legal, accounting and professional frees 33.944 73.385 70.865 38.669 28.620 35.946 \$ 32.673 Insurance 88.776 46.304 76.71 79.493 79.475 81.1804 1 Tarasportation and freight expense 27.105 26.401 33.439 35.195 26.075 \$ 2.9.443 Pension pline - employre contribution 5.028 6.035 - \$ 2.8.23 1 1 1.3.79 Rental house expenses 5.969 764 164 5.749 2.	17,143	+	├ ───┤			17,143						
General office expense 31.602 23.901 23.685 29.264 22.803 \$ 2.6253 15.000.00 Management services 61.892 67.361 67.896 44.580 77.812 \$ 63.906 0 Uggal, accounting and professional frees 33.404 73.385 70.865 38.669 28.620 \$ 49.160 0 P.S.C. expense 39.846 27.384 16.509 43.620 35.946 32.673 0 Insurance 88.778 84.304 76.971 79.493 79.475 \$ 81.804 0 Transportation and fright expense 27.105 26.401 33.439 35.195 26.075 \$ 2.832 0 Group life and medical insurance 26.058 12.537 164 5.749 2.282 \$ 1.913 0 Vacations, holdiays, training, etc. 44.031 42.183 49.852 - \$ 2.7213 0 Sub-contract Services - - 73.434 156.037 1.610.815 1.53.935 1.329.61 2.2552.00 0		+	├ ───┤			-						
Management services 61.802 67.381 67.886 44.800 77.712 \$ 63.906 Office services 66.395 59.925 59.926	11,221	$\left \right $	+									
Office Services 66.395 59.928 50.935 50.958 50.935 50.958 50.935 50.958 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 50.935 <t< td=""><td>37,803</td><td></td><td>15,000.00</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	37,803		15,000.00									
Legal, accounting and professional fees 34.304 73.385 70.885 38.660 28.620 \$ 4.9,169 P.S.C. expense 39.846 27.364 16.590 43.820 35.946 \$ 32.673 Insurance 80.778 64.304 76.971 79.493 79.475 \$ 61.604 Transportation and freight expense 27.105 26.401 33.439 35.195 26.075 \$ 2.863 Group life and medical insurance 26.058 12.537 18.288 - - \$ 2.822 Group life and medical insurance 26.058 12.537 18.288 - - \$ 2.7213 Vacations, holidays, training, etc. 44.031 42.183 49.852 - - \$ 3.1702 TOTAL OPERATING EXPENSES 1.432.648 1.566.317 1.610.815 1.563.335 \$ 1.599.851 32.552.00 OPERATING INCOME 280.737 239.776 239.720 523.950 414.118 339.461 < 4.005	77,812											
P.S.C. expense 33.9.46 27.384 16.590 43.620 35.946 \$ 3.2673 Insurance 88.776 48.304 779.493 79.475 81.804 Transportation and freight expense 27.105 26.401 33.439 35.195 26.075 \$ 2.832 Pension plan - employer contribution 5.028 4.039 5.085 - \$ 2.832 Group life and medical insurance 26.056 12.537 11.828 - \$ 11.379 Rential house expenses 598 764 164 5.749 2.202 \$ 1.913 Vacations, holidays, training, etc. 44.031 42.183 49.852 - \$ 2.72.13 TOTAL OPERATING EXPENSES 1.432.648 1.526.638 1.566.317 1.610.815 1.563.335 \$ 1.539.951 32.552.00 OPERATING INCOME 280.737 238.776 239.720 523.950 414.118 \$ 339.461 OPERATING INCOME 2009 2010	105,673		36,108.00									
Insurance 88,776 84,304 76,971 79,493 79,475 \$ 81,804 Image: constraints and fright expense 27,105 26,401 33,439 35,195 26,075 \$ 29,643 Image: constraints and fright expense 20,628 1mage: constraints and fright expense 5085 - \$ 2,832 1mage: constraints and fright expense 26,055 1mage: constraints and fright expense 26,055 1mage: constraints and fright expense 26,055 1mage: constraints and fright expense 2,832 1mage: constraints and fright expense 3,1702 1mage: constraints and fright expense 1,432,648 1,526,638 1,566,317 1,610,815 1,633,335 1,339,961 32,552,00 1mage: constraints and fright expense 22,	28,620											
Transportation and freight expense 27,105 26,401 33,439 35,195 26,075 \$ 29,643 Pension plan - employre contribution 5,026 4.039 5,095 - \$ 2,8,32 - Group life and medical insurance 26,055 12,537 18,298 - \$ 1,1379 - Rential house expenses 596 764 164 5,749 2,292 \$ 1,913 - Vacations, holdays, training, etc. 44,031 42,183 49,852 - - \$ 2,7,213 - - - - - 7,8,44 85,077 \$ 31,702 - <	35,946											
Persion plan - employer contribution 5.028 4.039 5.095 - \$ 2.832 Group life and medical insurance 226,058 12,537 18,288 - - \$ 11,379 Rental house expenses 598 764 164 5.749 2.292 \$ 1,913 Vacations, holdsey, training, etc. 44,031 42,183 49,852 - - \$ 2.7213 Sub-contract Services - - 73,434 85,077 \$ 31,702 TOTAL OPERATING EXPENSES 1,432,648 1,526,638 1,566,317 1,610,815 1,633,335 \$ 1,339,461 OPERATING INCOME 280,737 238,776 239,720 523,950 414,118 \$ 39,461 Compare term - - - - - -	79,475											
Group life and medical insurance 28,088 12,537 18,288 . . S 11,379 Renial house expenses 598 764 164 5,749 2,292 1,131 . Vacations, holidays, training, etc. 44,031 42,183 49,852 . <td>26,075</td> <td></td> <td></td> <td></td> <td></td> <td>20,075</td> <td></td> <td>35,195</td> <td></td> <td></td> <td></td> <td></td>	26,075					20,075		35,195				
Rental house expenses 598 764 164 5,749 2,292 \$ 1,113 I Vacations, holidays, training, etc. 44,031 42,183 49,852 - - \$ 27,213 I Sub-contract Services - - 73,434 85,077 \$ 31,702 I TOTAL OPERATING EXPENSES 1,432,648 1,526,638 1,566,317 1,610,815 1,563,335 \$ 1,339,951 32,552,00 I OPERATING INCOME 280,737 238,776 239,720 523,950 414,118 \$ 339,461 I OPERATING INCOME 280,737 238,776 239,720 523,950 414,118 \$ 339,461 I OPERATING INCOME 280,737 238,776 239,720 523,950 414,118 \$ 339,461 I OPERATING INCOME 2809 2010 2011 2012 2013 5 YEARS CHANGES F Merchandise and jobbing income 157,942 143,758 47,8						-	-	-				
Vacations, holidays, training, etc. 44,031 42,183 49,852 - S 27,213 Sub-contract Services - - 73,434 85,077 \$ 31,702 - TOTAL OPERATING EXPENSES 1,432,648 1,526,638 1,610,815 1,610,815 1,533,335 \$ 1,32,9,951 32,552,00 - OPERATING INCOME 280,737 238,778 239,720 523,950 414,118 \$ 339,461 - - - - - P - - P - - - P - - - P - <t< td=""><td>2,292</td><td></td><td></td><td></td><td></td><td>2 202</td><td></td><td>5 740</td><td></td><td></td><td></td><td></td></t<>	2,292					2 202		5 740				
Sub-contract Services - - 73,434 85,077 \$ 31,702 I TOTAL OPERATING EXPENSES 1,432,648 1,566,638 1,566,317 1,610,815 1,563,951 32,552,00 I OPERATING INCOME 280,737 238,776 239,720 523,950 414,118 \$ 339,461 I OPERATING INCOME 280,737 238,776 239,720 523,950 414,118 \$ 339,461 I	2,294					2,292	,	5,749				
OPERATING EXPENSES 1.432,648 1.526,638 1.660,317 1.610,815 S 1.563,335 S 1.539,951 322,552,00 OPERATING EXPENSES 1.432,648 1.526,638 1.610,815 1.663,335 S 1.539,951 322,552,00 Image: Constraint of the state of the st	85,077					95.077	•	72 424	49,852	42,183	44,031	
TOTAL OPERATING EXPENSES 1,432,648 1,526,636 1,566,317 1,610,815 1,563,335 \$ 1,539,951 32,552,00 OPERATING INCOME 280,737 238,776 239,720 523,950 414,118 \$ 339,461 P OPERATING INCOME 2009 2010 2011 2012 2013 S YEARS CHANGES P OTHER INCOME (EVENSE) 0 2011 2012 2013 S YEARS CHANGES F Merchandise and jobbing expense (79,540) 143,758 47,840 76,646 (77,716) \$ (57,134) 17,716.00 Interest income 14 11 10 73 323 86 86 Rental income 15,000 15,000 15,000 12,188 1,4438 1	65,071			31,702		65,077	*	73,434				Sub-contract services
OPERATING INCOME 280,737 238,776 239,720 523,950 414,118 \$ 339,461 P OPERATING INCOME 280,737 238,776 239,720 523,950 414,118 \$ 339,461 P Image: State of the state of	1,595,88		32 552 00	1 539 951		1.563.335	5	1.610.815	1.566.317	1.526.638	1,432,648	TOTAL OPERATING EXPENSES
Image: constraint of the second sec	1,000,00		02,002.00	1,000,001	Ŷ	.,,	-	.,	.,,.	.,	.,	
Image: constraint of the second sec	128,45			339.461	\$	414.118	:0	523,950	239 720	238.778	280,737	OPERATING INCOME
Z009 Z010 Z012 Z012 Z013 S YEARS CHANGES F OTHER INCOME (EXPENSE)											2001.01	
Z009 Z010 Z012 Z012 Z013 S YEARS CHANGES F OTHER INCOME (EXPENSE)	PROJECTED											
2009 2010 2011 2012 2013 5 YEARS CHANGES F OTHER INCOME (EXPENSE)	FIGURES		FORECAST	AVERAGE								
OTHER MIXOME (EXPENSE) Image: Constraint of the state of	RATE YEAR			-		2013		2012	2011	2010	2009	
Merchandise and jobbing income 157,942 143,758 47,840 76,646 87,027 \$ 102,643 (87,027,00) Merchandise and jobbing expense (79,540) (94,246) (25,988) (68,166) (17,718) \$ (57,134) 17,718,00 Interest income 11 10 73 323 \$ 86 \$ Rental income 15,000 15,000 15,000 12,188 \$ 14,438 \$												OTHER INCOME (EXPENSE)
Merchandise and jobbing expense (79,540) (94,246) (25,988) (68,166) (17,718) \$ (57,134) 17,718.00 Interest income 14 11 10 73 323 86 Rental income 15,000 15,000 15,000 12,188 \$ 14,438		1	(87,027.00)	102,643	\$	87,027	3	76,646	47,840	143,758	157,942	
Interest income 14 11 10 73 323 \$ 86 Rental income 15,000 15,000 15,000 12,188 \$ 14,438												
Rental income 15,000 15,000 15,000 12,188 14,438	32											
	12,18											
2,007 2,007 1,000 2,007 0 0,000 (2,007.00)			(2,334.00)	6,403	\$	2,334		1,833	2,964	22,449	2,434	Other non-operating income
Finance charge income 3,490 5,369 6,045 5,810 5,733 \$ 5,289	5,73								6,045		3,490	
Interest expense (42,903) (37,092) (31,180) (22,212) (12,838) \$ (29,245) 12,838.00			12,838.00	(29,245)		(12,838)	2)	(22,212)	(31,180)	(37,092)	(42,903)	
\$		\square		-	\$							
TOTAL OTHER INCOME (EXPENSE) 56,437 55,249 14,681 8,984 77,049 \$ 42,480 (58,805.00)	18,24		(58,805.00)	42,480	\$	77,049	4	8,984	14,681	55,249	56,437	TOTAL OTHER INCOME (EXPENSE)
				-								
NET INCOME BEFORE TAXES AND DEPRECIATION 337,174 294,027 254,401 532,934 491,167 \$ 381,941	146,70	+		381,941		491,167	4	532,934	254,401	294,027	337,174	NET INCOME BEFORE TAXES AND DEPRECIATION
		+		-	-		_					
Depreciation of electric plant 168,290 165,044 136,206 132,609 113,916 \$ 143,213 (36,853.00)	77,06	4	(36,853.00))	132,609	136,206	165,044	168,290	
Federal income tax - curent - - 9,469 \$ 1,894 -	9,46	+	├				-	-				
Federal income tax - deferred 1,485 (5,050) (7,316) 33,009 22,454 \$ 8,916	22,45	+	├									
New York state corporation tax 7,583 6,001 5,205 5,563 11,787 \$ 7,228	11,78	+	+									
New York state tax on gross income 37,272 39,593 41,753 48,375 45,694 \$ 42,527	45,69	+	-									
Social security and other taxes 24,243 23,166 23,996 25,240 24,2479 \$ 24,177 Out for the Taxes 89,020 0.04,048 0.04,048 0.04,049 60,000,000 60,000	24,21	+	++									
Real Estate Taxes 89,039 94,918 99,484 101,298 103,422 \$ 97,632	103,42	+	++	97,632		103,422	10	101,298	99,484	94,918	89,039	Real Estate Taxes
TOTAL OPERATING EXPENSES 327,912 323,638 299,328 346,094 330,961 \$ 325,587 (36,653,00)	004.40	+	(26.952.00)	-		330.064	4	346.004	200 220	333 630	307 010	
TOTAL OPERATING EXPENSES 327,912 323,638 299,328 346,094 330,961 \$ 325,587 (36,853.00)	294,10	1	(30,853.00)	323,387		330,801		J40,094	233,326	323,038	JZ1,81Z	IUTAL OPERATING EXPENSES
		+	<u>├</u> ───┼				+					
		+	+ +	-			+					
		+	<u> </u>	50.054		160 000	+	100 040	(44.007)	(20 614)	0.000	
	447 40			JD,354	3	100,206	+	100,040	(44,927)	(∠9,011)	9,202	
	-147,40						1					
NET INCOME (LOSS) 9,262 (29,611) (44,927) 186,840 160,206 \$ 56,354 4			<u> </u>	2 007 0/2	s c	2 210 407	7	2 023 657	2 068 524	2 008 145	2 088 803	RETAINED FARMINGS - REGINNING
NET INCOME (LOSS) 9,262 (29,611) (44,927) 186,840 160,206 \$ 56,354 RETAINED EARNINGS - BEGINNING 2,088,883 2,098,145 2,068,534 2,023,657 2,210,497 \$ 2,079,433	-147,40			- 2,097,943		2,210,497	7	2,023,657	2,068,534	2,098,145	2,088,883	RETAINED EARNINGS - BEGINNING
NET INCOME (LOSS) 9.262 (29,611) (44,927) 186,840 160,206 \$ 6,354 RETAINED EARNING 2.088,883 2.098,145 2.068,534 2.210,497 \$ 2.079,943				-	\$			2,023,657		2,098,145	2,088,883	
NET INCOME (LOSS) 9,26 (29,611) (44,927) 186,840 160,206 \$ 56,354 RETAINED EARNINGS - BEGINNING 2,088,883 2,098,145 2,068,534 2,023,657 2,210,497 \$ 2,079,433				-	\$ \$		-	2,023,657		2,098,145	2,088,883	

			e - Balance		RPORATIO Year				
	 FY 2009		FY 2010	-	FY 2011	 FY 2012	-	FY 2013	5-YR AVG
1301. Organization	\$ 963	\$	963	\$	963	\$ 963	\$	963	963
1302. Franchise and Consents	846		846		846	846		846	846
1303. Miscellaneous Intangible Plant	-		-		-	-		-	-
Total Intangible Plant	1,809		1,809		1,809	1,809		1,809	1,809
1310. Land and Land Rights	44		44		44	44		44	44
1311. Structures and Improvements	78,523		78,523		78,523	78,523		78,523	78,523
1312. Steam power Equipment	-		-		-	-		-	-
1322. reservoirs, Dams and Waterways	-		-		-	-		-	-
1323. Hydraulic Power Equipment	-		-		-	-		-	-
1332. Internal Combustion Eng. Pwr. Eq.	136,722		136,783		136,783	136,783		136,783	136,771
Total Production Plant	215,289		215,350		215,350	215,350		215,350	215,338
1350. Land and Land Rights	7,736		7,736		7,736	7,736		7,736	7,736
1351. Structures and Improvements	85,950		89,537		107,915	107,915		110,205	100,304
1352. Station Equipment	229,319		243,112		250,312	255,392		280,640	251,755
1354. Overhead Lines *	611,631		611,632		611,632	611,632		611,632	611,632
1354.1 Poles, Towers and Fixtures	234,238		237,260		244,465	244,465		244,465	240,979
1354.2 Overhead Conductors and Devices	410,527		424,677		434,688	434,688		434,688	427,854
1354.3 Overhead Service	85,568		89,051		92,945	92,945		92,945	90,691
1356. Underground Lines*	-		-		-	-		-	-
1356.1 Underground Conduit	90,532		91,348		91,480	91,480		91,480	91,264
1356.2 Underground Conductors and Devices	644,455		664,233		684,219	684,219		684,219	672,269
1356.3 Underground Services	323,930		323,930		324,057	324,057		324,057	324,006
1358. Line Transformers	193,003		196,208		204,850	204,850		204,850	200,752
1360. Meters	172,093		180,038		188,177	188,177		188,177	183,332
1361. Installation on Customers' Premises	-		-		-	-		-	
1362. Leased Prop. On Customer Premises	-		-		-	-		-	-
1363. Street Lighting and Signal Systems	11,431		11,431		11,431	11,431		11,431	11,431
Total Trans and Distr. Plant	3,100,412		3,170,193		3,253,907	3,258,987		3,286,525	3,214,005
1370. Land and Land Rights	-		-		-	-		-	-
1371. Structures and Improvements	352,375		353,361		353,789	353,789		353,789	353,421
1372. Office Furniture and Equipment	12,997		13,326		13,326	13,326		13,326	13,260
1373. transportation Equipment	605,718		605,718		605,718	605,718		605,718	605,718
1379. Other General Equipment	92,862		93,711		93,711	93,711		122,211	99,241
1390. Other Tangible Property	647,537		647,537		647,537	647,537		647,537	647,537
Total General Plant	1,711,489	1	1,713,653		1,714,081	1,714,081		1,742,581	1,719,177
Total Electric Plant in Service	\$ 5,028,999	\$	5,101,005	\$	5,185,147	\$ 5,190,227	\$	5,246,265	5,150,329

FISHERS ISLAND ELECTRIC CORPORATION

3/4/2013

PLANT IN SERVICE

	2009	2010	2011	2012	2013	5-YR AVERAGE
	2009	2010	2011	2012	2013	AVERAGE
ELECTRIC PLANT IN SERVICE	5,028,999	5,101,005	5,185,147	5,190,227	5,246,265	5,150,329
LESS : SUBMARINE CABLE	(646,246)	(646,246)	(646,246)	(646,246)	(646,246)	(646,246)
LESS: REPAIRS & MAINTENANCE	(57,193)	(60,150)	(62,332)	-	-	(35,935)
LESS: ACCUMULATED DEPRECIATION	(2,754,613)	(2,618,407)	(2,453,363)	(2,887,222)	(3,000,638)	(2,742,849)
	1,570,947	1,776,202	2,023,206	1,656,759	1,599,381	1,725,299
CASH WORKING CAPITAL ALLOWANCE						
OPERATIONS & MAINTENANCE	1,590,785	1,690,282	1,736,755	1,791,291	1,748,457	1,711,514
MULTIPLY BY 12.5%	0.125	0.125	0.125	0.125	0.125	0.125
	198,848	211,285	217,094	223,911	218,557	213,939

						3-YR
RATE BASE	2009	2010	2011	2012	2013	AVERAGE
NET PLANT IN SERVICE	1,570,947	1,776,202	2,023,206	1,656,759	1,599,381	1,725,299
ADD: MATERIALS & SUPPLIES	138,101	122,640	129,566	127,291	135,714	130,808
ADD: PRE-PAYMENTS	80,020	77,302	20,575	22,044	65,365	59,299
ADD: CASH WORKING CAPITAL	198,848	211,285	217,094	223,911	218,557	213,939
Sub-Total	1,987,916	2,187,429	2,390,441	2,030,005	2,019,017	2,129,345
LESS: DEFERRED TAXES	(145,545)	(140,495)	(133,179)	(166,189)	(188,580)	(139,740)
	1,842,371	2,046,934	2,257,262	1,863,816	1,830,437	1,989,605

						3-YR
OPERATING INCOME	2009	2010	2011	2012	2013	AVERAGE
	9,262	(29,611)	(44,927)	186,840	160,206	56,354

FISHERS ISLAND ELECTRIC REVENU REQUIREMENT REVENUE REQUIREMENTS 12/31/2013

	6/30/2010 RATE YEAR REVENUE REQUIREMENT INCREASE
RATE BASE	\$ 2,459,900
RATE OF RETURN	8.090%
REQUIRED RETURN	199,006
OPERATING INCOME BEFORE REVENUE REQUIREMENT	81,658
DEFICIENCY	117,348
RETENTION FACTOR	67.150%
REVENUE REQUIREMENT	\$ 174,755

	FACTOR	PROOF	FACTOR
CALCULATION FACTOR			
SALES REVENUES	1.0000 \$	174,755	1.0000
REVENUE TAXES @ 2.33% + Uncollectible .03%	0.0236%	4,117	0.0300%
RETENTION FACTOR Before FIT	0.9764%	170,638	0.9700%
State Income Tax @ 7.1% plus MTA(17%)	0.0811%	14,175	0.0811%
FIT Rate - Composite Rate	0.2238%	39,116	0.2238%
Retention Factor	0.6715% \$	117,347	0.6651%

3/4/2013

 2009 - 2011 AVERAGE
\$ 1,830,437
8.85%
 161,974
(138,027)
 300,001
66.51%
\$ 202,274
 PROOF
\$ 300,000
9,000
 291,000
23,600
 65,126
202,274

Fishers Island Electric Company Operating Income, Rate Base & Rate of Return

December 31, 2013

	Current	Revenue	Proposed	
	Rates	Requirement	Rates	
Operating Revenue	1,977,453	300,000	2,277,453	
Less: PPA	(253,107)		(253,107)	
Net Revenue	1,724,346		2,024,346	
Operations and Maintenance Expense	1,563,335		1,563,335	
Depreciation of Plant	113,916		113,916	
Taxes other than Income Taxes	185,122		185,122	
Total Deductions	1,862,373		1,862,373	
Operating Income before Income Taxes	(138,027) 2,459,900	300,000	161,973 1,830,437	
Rate of Return	-5.6111%		8.8489%	

FISHERS ISLAND ELECTRIC COMPANY PRESENT AND RECOMMENDED RATES RATE COMPARISON SHEET

Service Classification No. 1	<u>P</u>	<u>resent</u>	<u>P</u>	roposed	<u>A</u>	Rate Inconstructure	crease Percent
Minimum Charge Energy Charge First 1,000 kWh Over 1,000 kWh	\$	10.60 0.1790 0.2067	\$	12.50 0.2111 0.2438	\$	1.90 0.0321 0.0371	17.96% 17.96% 17.96%
<u>Service Classification No. 2</u> Minimum Charge Energy Charge	\$	32.37 0.3237	\$	38.18 0.3818	\$	5.81 0.0581	17.96% 17.96%
<u>Service Classification No. 5</u> Minimum Charge Demand Charge Energy Charge	\$ \$	15.90 11.17 0.1696	\$ \$	18.75 13.18 0.2001	\$ \$	2.85 2.01 0.0305	17.96% 17.96% 17.96%
<u>Service Classification No. 7</u> Minimum Charge Energy Charge	\$	23.12 0.2255	\$	27.27 0.2660	\$	4.15 0.0405	17.96% 17.96%