

Recommended Allowed Rate of Return for The Empire Electric Company

Capital Component	Percentage of Capital	Rate of Return	After-Tax ROR	Pre-Tax ROR
Common Stock Equity	47.50%	9.00%	4.28%	5.61%
Long-Term Debt	<u>52.50%</u>	4.09%	<u>2.14%</u>	<u>2.14%</u>
Total	<u>100.00%</u>		<u>6.42%</u>	<u>7.76%</u>

Sources: Embedded Costs of Debt Provided in Response to OPC DR No. 3004
Tax Multiplier Provided with Company's Revenue Requirement Workpapers.