



STATE OF NEW YORK  
OFFICE OF THE MEDICAID INSPECTOR GENERAL  
445 Hamilton Avenue, Suite 506  
White Plains, New York 10601

ANDREW M. CUOMO  
GOVERNOR

JAMES C. COX  
MEDICAID INSPECTOR GENERAL

October 23, 2013

[REDACTED]  
Putnam Ridge  
46 Mount Ebo Road North  
Brewster, New York 10509

Re: Medicaid Rate Audit #12-3635  
NPI Number: [REDACTED]  
Provider Number: [REDACTED]

Dear [REDACTED]

Enclosed is the final audit report of the Office of the Medicaid Inspector General's (the "OMIG") audit of Putnam Ridge's (the "Facility") Medicaid rates for the rate period January 1, 2007 through January 31, 2010. In accordance with 18 NYCRR Section 517.6, this audit report represents the OMIG's final determination on issues raised in the draft audit report.

In response to the draft audit report dated August 1, 2013, you identified specific audit findings with which you disagreed. Your comments have been considered (see Attachment A) and the report has been either revised accordingly and/or amended to address your comments (see Attachment B). Consideration of your comments resulted in an overall reduction of \$19,687 to the total Medicaid overpayment shown in the draft audit report. As previously stated in the draft audit report, the Medicare Part B and D offsets were not within the scope of the review and may be examined as part of a future audit. The Medicaid overpayment associated with OMIG adjustments was \$710,493. However, this audit also processed Bureau of Long Term Care appeals that resulted in an amount due the Facility of \$62,673. Consequently, based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is \$647,820. This overpayment is subject to Department of Health (the "DOH") and Division of Budget (the "DOB") final approval. While not anticipated, any difference between the calculated overpayment and the final DOH and DOB approved amount will be resolved with the Facility by the OMIG Bureau of Collections Management.

In accordance with 18 NYCRR Part 518 which regulates the collection of overpayments, your repayment options are described below.

**OPTION #1:** Make full payment by check or money order within 20 days of the date of the final audit report. The check should be made payable to the New York State Department of Health and be sent with the attached Remittance Advice to:

[REDACTED]  
New York State Department of Health  
Medicaid Financial Management  
GNARESP Corning Tower, Room 2739  
File #12-3635  
Albany, New York 12237-0048

**OPTION #2:** Enter into a repayment agreement with the Office of the Medicaid Inspector General. If your repayment terms exceed 90 days from the date of the final audit report, recoveries of amounts due are subject to interest charges at the prime rate plus 2%. If the process of establishing the repayment agreement exceeds 20 days from the date of the final audit report, the OMIG will impose a 15% withhold after 20 days until the agreement is established. The OMIG may require financial information from you to establish the terms of the repayment agreement. If additional information is requested, the OMIG must receive the information within 30 days of the request or a 50% withhold will be imposed. OMIG acceptance of the repayment agreement is based on your repaying the Medicaid overpayment as agreed. The OMIG will adjust the rate of recovery, or require payment in full, if your unpaid balance is not being repaid as agreed. The OMIG will notify you no later than 5 days after initiating such action. If you wish to enter into a repayment agreement, you must forward your written request within 20 days to the following:

Bureau of Collections Management  
New York State Office of the Medicaid Inspector General  
800 North Pearl Street  
Albany, New York 12204

[REDACTED]

If within 20 days, you fail to make full payment or contact the OMIG to make repayment arrangements, the OMIG will establish a withhold equal to 50% of your Medicaid billings to secure payment and liquidate the overpayment amount, interest and/or penalty, not barring any other remedy allowed by law. The OMIG will provide notice to you no later than 5 days after the withholding of any funds.

In addition, if you receive an adjustment in your favor while you owe funds to the State, such adjustment will be applied against the amount owed.

You have the right to challenge this action and determination by requesting an administrative hearing within sixty (60) days of the date of this notice. You may not request a hearing to raise issues related to rate setting or rate setting methodology. In addition, you may not raise any issue that was raised or could have been raised at a rate appeal with your rate setting agency. You may only request a hearing to challenge specific audit adjustments which you challenged in a response to the draft audit report.

If you wish to request a hearing, the request must be submitted in writing to:

General Counsel  
Office of Counsel  
New York State Office of the Medicaid Inspector General  
800 North Pearl Street  
Albany, New York 12204

Questions regarding the request for a hearing should be directed to the Office of Counsel at

If a hearing is held, you may have a person represent you or you may represent yourself. If you choose to be represented by someone other than an attorney, you must supply a signed authorization permitting that person to represent you along with your hearing request. At the hearing, you may call witnesses and present documentary evidence on your behalf. If you have any questions regarding the above, please contact [REDACTED] at [REDACTED]

Sincerely,

[REDACTED]  
Bureau of Rate Audit  
Division of Medicaid Audit  
Office of the Medicaid Inspector General

Enclosure

ATTACHMENT A – Facility Draft Report Comments and OMIG Response  
ATTACHMENT B – Summary of Changes from Draft Report to Final Report  
EXHIBIT I - Summary of Per Diem Impact and Medicaid Overpayment  
EXHIBIT II - Summary of Medicaid Rates Audited  
EXHIBIT III - Property Expense Disallowances/(Allowances)  
EXHIBIT IV - Return On and Return Of Real Property Equity Disallowances/(Allowances)

cc: [REDACTED]

CERTIFIED MAIL # [REDACTED]  
RETURN RECEIPT REQUESTED

**NEW YORK STATE  
OFFICE OF THE MEDICAID INSPECTOR GENERAL  
REMITTANCE ADVICE**

**NAME AND ADDRESS OF AUDITEE**

Putnam Ridge  
46 Mount Ebo Road North  
Brewster, New York 10509

**AMOUNT DUE: \$647,820**

**NPI #:** [REDACTED]

**PROVIDER #:** [REDACTED]

**AUDIT #12-3635**

**AUDIT  
TYPE**

PROVIDER  
 RATE  
 PART B  
 OTHER:

**CHECKLIST**

1. To ensure proper credit, please enclose this form with your check.
2. Make checks payable to: *New York State Department of Health*
3. Record the Audit Number on your check.
4. Mail check to:

[REDACTED]  
New York State Department of Health  
Medicaid Financial Management  
GNARESP Corning Tower, Room 2739  
File #12-3635  
Albany, New York 12237-0048

5. If the provider number shown above is incorrect, please enter the correct number below.

[REDACTED]  
**CORRECT PROVIDER NUMBER**

PUTNAM RIDGE - AUDIT #12-3635  
FACILITY DRAFT REPORT COMMENTS AND OMIG RESPONSE

All OMIG adjustments were accepted by the Facility except for those shown below. The following details the disposition of final report adjustments after consideration of the Facility's draft audit report response comments. See Attachment B for adjustment changes included in the final audit report.

**EXHIBIT III COMMENTS**

**Adjustment #7b – Equipment Rental Disallowances**

Based upon the documentation submitted with the draft report response, the disallowance has been eliminated.

**Adjustment #10 – Working Capital Interest Expense Disallowances**

Based upon the documentation submitted with the draft report response, the disallowance has been eliminated.

**Adjustment #11 – Interest Income Offset Disallowances**

**Facility Comment**

Currently, interest earned on the building owners' restricted HUD accounts is being offset against the operating facility capital rate. These amounts are as follows:

2005 - \$20,705  
2006 - \$39,533  
2007 - \$40,878  
2008 - \$14,573

These amounts should not be considered offsets to the capital rate. We have issued rate appeals for consideration of this matter. There are several reasons why the Facility believes that this is the correct position regarding these amounts. The amounts earned on the Reserve for Replacement and Escrows were not property of Putnam Ridge, but that of the mortgage holder, Triple C Associates. Triple C Associates is a completely separate entity with NO common ownership with the Facility. The Reserve for Replacement and Escrows are restricted as per the regulatory agreement. The regulatory agreement restricts the amounts earned. It is the Facility's responsibility to make and receive payments regarding the mortgage directly. Therefore, the amounts earned above were shown on the books of the Facility; however, these amounts are decreases in rent expense for the Facility, not unrestricted interest earnings. The costs reports for the above years have been refiled to show this decrease in rent.

We request that the above amounts be excluded from the interest offset line of the capital rate. The rent expense in excess of the mortgage has been disallowed; therefore, this is a duplication offset and the facility is being affected twice. Also, basically, these are not the funds of the Facility, so they cannot be considered unrestricted.

**OMIG Response**

The Facility did not respond to OMIG's offset of interest income. The protest is against offsets made by the Bureau of Long Term Care Reimbursement (BLTCR) of reported unrestricted interest income. The Facility states that the amounts are decreases in rent expense for the facility, not unrestricted interest income and the offset should not have been made. Appeals regarding this issue have been submitted to BLTCR and the OMIG must defer to BLTCR regarding any resolution. Further, in accordance with 18 NYCRR Section 517.5, objections may be raised only to the specific items contained in the draft report. Consequently, this issue cannot be addressed by the OMIG.

**Disposition:** The draft audit report disallowance remains the same.

PUTNAM RIDGE

## SUMMARY OF CHANGES FROM DRAFT REPORT TO FINAL REPORT - AUDIT #12-3635

<u>EXHIBIT III - PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)</u>	<u>Rate Period</u>	<u>Draft Disallowance (Allowance)</u>	<u>Change</u>	<u>Final Disallowance (Allowance)</u>
7b. EQUIPMENT RENTAL DISALLOWANCES	2008	2,556	(2,556)	-
10. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCES	2007	26,100	(26,100)	-
11. INTEREST INCOME OFFSET DISALLOWANCES	2007	6,794	-	6,794
	2008	18,921	-	18,921
	2009	19,005	-	19,005
	2010	8,902	-	8,902

Note: The adjustments shown above only reflect those adjustments addressed in the Facility's response. All other adjustments remain the same as shown in the draft audit report.

**PUTNAM RIDGE - AUDIT #12-3635**  
**RATE PERIODS JANUARY 1, 2007 THROUGH JANUARY 31, 2010**  
**SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT**

<u>RATE PERIOD</u>	<u>ISSUED PART B &amp; D NON-ELIGIBLE RATES*</u>	<u>FINAL PART B &amp; D NON-ELIGIBLE RATES</u>	<u>RATE DECREASE (INCREASE)</u>	<u>MEDICAID DAYS</u>	<u>MEDICAID OVERPAYMENT</u>
01/01/07 - 03/31/07	\$237.49	\$230.53	\$ 6.96	9,249	\$ 64,373
04/01/07 - 06/30/07	236.42	229.46	6.96	9,539	66,391
07/01/07 - 08/31/07	234.49	227.53	6.96	6,787	47,238
09/01/07 - 12/31/07	234.49	227.53	6.96	13,730	95,561
01/01/08 - 03/31/08	235.09	228.99	6.10	9,861	60,152
04/01/08 - 06/30/08	231.03	224.93	6.10	10,075	61,458
07/01/08 - 12/31/08	235.67	229.57	6.10	20,184	123,122
01/01/09 - 03/31/09	231.79	228.68	3.11	9,626	29,937
04/01/09 - 04/30/09	249.17	246.06	3.11	3,073	9,557
05/01/09 - 06/30/09	241.89	238.78	3.11	6,217	19,335
07/01/09 - 12/31/09	243.40	240.29	3.11	19,352	60,185
01/01/10 - 01/31/10	236.61	233.48	3.13	3,358	<u>10,511</u>
<b>TOTAL MEDICAID OVERPAYMENT</b>					<b><u>\$ 647,820</u></b>

\* Any differences between these rates and the rates listed in Exhibit II of this audit report represent rate changes made subsequent to OMIG's audit. These changes remain open to future audit by the OMIG. For the purpose of this Exhibit, the Medicare Part B and D rates are not shown. The rate decrease/(increase) for those rates is the same as shown for the Medicare Part B and D non-eligible rates above.

NOTE: Of the total Medicaid Impact listed above, the impact associated with the processing of Bureau of Long Term Care open appeals is \$(62,673).

**PUTNAM RIDGE - AUDIT #12-3635**  
**RATE PERIODS JANUARY 1, 2007 THROUGH JANUARY 31, 2010**  
**SUMMARY OF MEDICAID RATES AUDITED**

The Facility's Medicaid utilization was approximately 70 percent for the period under audit and the Medicaid per diem rates audited are shown below. Any differences between these rates and the "Issued Rates" listed in Exhibit I of this audit report represent rate changes made subsequent to our audit. These changes remain open to future audit by the OMIG.

<b><u>RATE PERIOD</u></b>	<b><u>ISSUED MEDICARE PART B &amp; D NON-ELIGIBLE RATES *</u></b>
01/01/07 - 03/31/07	\$ 237.49
04/01/07 - 06/30/07	236.42
07/01/07 - 08/31/07	234.49
09/01/07 - 12/31/07	234.49
01/01/08 - 03/31/08	235.09
04/01/08 - 06/30/08	231.03
07/01/08 - 12/31/08	235.67
01/01/09 - 03/31/09	231.79
04/01/09 - 04/30/09	249.17
05/01/09 - 06/30/09	241.89
07/01/09 - 12/31/09	243.40
01/01/10 - 01/31/10	236.61

- \* The Medicare Part B and D rates are not shown for the purpose of this Exhibit. The Medicare Part B and D offsets were not within the scope of this audit and may be examined as part of a future audit.

PUTNAM RIDGE - AUDIT #12-3635  
RATE PERIODS JANUARY 1, 2007 THROUGH JANUARY 31, 2010  
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS		
				2007	2008	2009
		\$ 2,984,140	\$ 2,865,663	\$ 2,685,763	\$ 2,749,194	

Property Expense Allowed per HE-12B  
Less Disallowances/(Allowances):

Disallowances/(Allowances) Related to Processing of Bureau of Long Term Care (BLTCR) Open Appeals

1. **MOVEABLE EQUIPMENT DEPRECIATION EXPENSE ALLOWANCES**

Depreciation expense for approved project costs was erroneously omitted from the promulgated rates. Consequently, allowances were necessary. The Facility, in a letter dated September 4, 2013 has rescinded this particular item from outstanding appeals #228, #1784, and #8346 filed with the Bureau of Long Term Care Reimbursement (BLTCR) on March 23, 2009, September 25, 2009, and October 17, 2011 respectively. These items requested the correction of the moveable equipment depreciation expense reimbursed in the property component.  
**Regulation: 10 NYCRR Section 86-2.22**

ME Depr	002	(90,700)	96.19%			
ME Depr	002	(59,638)	96.21%		(87,244)	(57,377)

**BLTCR Open Appeals Disallowances/(Allowances)**  
Subtotal Property Expense

\$	-	\$	-	\$	(87,244)	\$	(57,377)
\$	2,984,140	\$	2,865,663	\$	2,773,007	\$	2,806,571

Other OMIG Audit Disallowances/(Allowances)

2. **MORTGAGE INTEREST EXPENSE DISALLOWANCES**

Mortgage interest expense is reimbursed on a rate year basis. There was a modification to the Facility's mortgage in 2005 which resulted in lower interest payments than those allowed in the promulgated rates. Accordingly, the rate year mortgage interest expense was reduced to reflect amounts that were actually paid. In addition, the real property percentage used to calculate allowable interest expense was revised to reflect audited real property costs.  
**Regulations: 10 NYCRR Sections 86-2.10(g), 86-2.17(a) & (d), 86-2.20(a)**

Bldg. Int.	001	244,106	96.20%	234,830		
Bldg. Int.	001	242,350	96.19%		233,117	
Bldg. Int.	001	240,123	96.19%			230,974
Bldg. Int.	001	237,369	96.21%			228,373
ME Int.	001	19,586	96.20%	18,842		
ME Int.	001	19,345	96.19%		18,508	
ME Int.	001	19,072	96.19%			18,345
ME Int.	001	18,762	96.21%			18,051

3. **MORTGAGE PRINCIPAL PAYMENT ALLOWANCES**

There was a modification to the Facility's mortgage in 2005. Mortgage principal payments reported on the RHCF-4 cost report were based upon the original mortgage. Since the audited mortgage principal payments associated with the modification was greater than the principal payments allowed in the promulgated rate, the additional mortgage principal payments were allowed. In addition, the real property percentage used to calculate allowable principal payments was revised to reflect audited real property costs.  
**Regulation: 10 NYCRR Section 86-2.21**

Mort. Prin.	001	(42,302)	96.20%	(40,695)		
Mort. Prin.	001	(40,546)	96.19%		(39,001)	
Mort. Prin.	001	(38,320)	96.19%			(36,860)
Mort. Prin.	001	(35,566)	96.21%			(34,219)

PUTNAM RIDGE - AUDIT #12-3635  
RATE PERIODS JANUARY 1, 2007 THROUGH JANUARY 31, 2010  
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS		
					2007	2008	2009
					01/01/10-	01/31/10	
<b>4. MORTGAGE INSURANCE EXPENSE DISALLOWANCES</b>							
Mortgage insurance expense was reimbursed on a rate year basis in the promulgated rates. Audited rate year mortgage insurance expense varied from the mortgage insurance allowed in the promulgated rates, resulting in disallowances. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3, 2300, & 2304	MIP Exp	005	1,615	98.08%	1,584		
	MIP Exp	005	2,294	97.79%		2,243	
	MIP Exp	005	3,091	97.89%			3,026
	MIP Exp	005	1,694	97.25%			1,647
<b>5. RETURN ON AND RETURN OF EQUITY ADJUSTMENTS</b>							
Real property historical costs, cumulative real property reimbursement, mortgage payable, and remaining life were adjusted to reflect audited amounts. As a result, the return on and return of real property equity were adjusted accordingly. See Exhibit IV for the calculation of the audited return on and return of real property equity. Regulation: 10 NYCRR Section 86-2.21	Ret. Of Eq.	001	(26,959)	96.20%	(25,934)		
	Ret. Of Eq.	001	(27,038)	96.19%		(26,008)	
	Ret. Of Eq.	001	(27,581)	96.19%			(26,530)
	Ret. Of Eq.	001	(27,874)	96.21%			(26,818)
	Ret. On Eq.	001	(1,169)	96.20%			
	Ret. On Eq.	001	147	96.19%		141	
	Ret. On Eq.	001	1,285	96.19%			1,236
	Ret. On Eq.	001	2,519	96.21%			2,423
<b>6. MOVEABLE EQUIPMENT EXPENSE ADJUSTMENTS</b>							
a) It was determined by BLTCR that the cost year 2000 additions were in excess of approved project costs and not allowable. Therefore, the moveable equipment depreciation expense related to the cost year 2000 additions was disallowed. Regulations: 10 NYCRR Sections 86-2.22, 710.6	ME Depr	002	16,408	96.19%		15,783	
	ME Depr	002	16,012	96.19%			15,402
	ME Depr	002	14,819	96.21%			14,257
b) Providers receiving payment on the basis of reimbursable costs are required to provide adequate cost data based on financial and statistical records. Audited moveable equipment depreciation varied from the expense reimbursed in the rate resulting in an allowance. Regulations: 10 NYCRR Sections 86-2.17(a) & (d), 86-2.22, PRM-1 Sections 2300 & 2304	ME Depr	002	(1,147)	96.20%	(1,103)		
<b>7. EQUIPMENT RENTAL DISALLOWANCES</b>							
a) The Facility included charges for system support and maintenance services with rental expense. The costs associated with maintenance agreements are considered operating expenses and should not be included in the capital component of the rate. Therefore, the expenses related to system support and maintenance services were disallowed. Regulations: 10 NYCRR Sections 86-2.17(a) & (d), 455.6, PRM-1 Section 2806.2	Rent B	005	14,472	98.08%	14,194		
	Rent B	005	14,257	97.79%		13,942	
	Rent B	005	14,203	97.89%			13,903
	Rent B	005	6,440	97.25%			6,263
b) Based upon the documentation submitted with the draft report response, the disallowance has been eliminated.	Rent B	005	-	-	-	-	-

PUTNAM RIDGE - AUDIT #12-3635  
RATE PERIODS JANUARY 1, 2007 THROUGH JANUARY 31, 2010  
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS		
				2007	2008	2009
<b>8. START-UP COST AMORTIZATION DISALLOWANCES</b>						
The Facility amortized start-up costs over a five year period. This expense was fully amortized and reimbursed prior to rate year 2007. The inclusion of amortization of start-up costs in subsequent rates resulted in duplicate reimbursement. The duplications were disallowed.						
<b>Regulations: 10 NYCRR Sections 86-2.17(a) &amp; (d), PRM-1 Section 2132</b>						
<b>9. SALES TAX EXPENSE DISALLOWANCES</b>						
a) Certain products and services associated with energy sources provided to long-term care facilities are exempt from New York State sales tax if the facilities are considered residential. The reduced sales tax rate of zero percent applies to energy sources and services purchased for use at any long-term care facility which falls within the definition of a health related facility or nursing home as defined by public health law. Taxes for which there is an exemption available are not allowable for reimbursement purposes. Consequently, disallowances were necessary.						
<b>Regulations: 10 NYCRR Section 86-2.17(a), TSB-A-90(60)S, Sales and Use- Rate of Tax-Residential Energy Sources-Long Term Treatment Facilities, PRM-1 Section 2122.2D</b>						
				2007	2008	2009
Start-Up	005	168,807	98.08%	165,566		
Start-Up	005	84,400	97.79%		82,535	
Sales Tax	005	1,188	98.08%	1,175		
Sales Tax	005	11,352	97.79%		11,101	
Sales Tax	005	15,033	97.89%			14,716
Sales Tax	005	18,398	97.25%			17,892
Sales Tax	005	14,866	98.08%	14,384		
Sales Tax	005	15,145	97.79%		14,810	
Sales Tax	005	11,233	97.89%			10,996
<b>10. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCES</b>						
Based upon the documentation submitted with the draft report response, the disallowance has been eliminated.						
<b>11. INTEREST INCOME OFFSET DISALLOWANCES</b>						
Interest expense shall be reduced by investment income with the exception of income earned by funded depreciation accounts and certain other restricted funds. The OMIG determined the Facility had unrestricted investment income in excess of the amount offset in the promulgated rate. Consequently, an additional investment income offset was necessary.						
<b>Regulations: 10 NYCRR Sections 86-2.17(a), 86-2.20(c), PRM-1 Section 202.2</b>						
						2009
WCI	005	6,794	98.08%	6,664		
Other Inc.	001	18,921	96.19%		18,200	
Other Inc.	001	19,005	96.19%			18,280
Other Inc.	001	8,902	96.21%			8,565
				<b>\$ 388,382</b>	<b>\$ 345,471</b>	<b>\$ 263,488</b>
				<b>\$ 2,595,758</b>	<b>\$ 2,520,192</b>	<b>\$ 2,509,519</b>
				<b>\$ 2,570,137</b>		<b>\$ 2,570,137</b>

Other OMIG Property Expense Disallowances/(Allowances)  
**TOTAL AUDITED PROPERTY EXPENSE**

**PUTNAM RIDGE - AUDIT #12-3635**

RATE PERIODS JANUARY 1, 2007 THROUGH JANUARY 31, 2010

**RETURN ON AND RETURN OF REAL PROPERTY EQUITY DISALLOWANCES/(ALLOWANCES)**

	RATE PERIODS			
	2007	2008	2009	2010
<b><u>Return of Equity Calculation</u></b>				
Real Property Historical Cost per HE-12B	\$ 22,867,215	\$ 22,876,558	\$ 22,936,479	\$ 22,966,741
Audit Disallowances/(Allowances)	<u>(83,455)</u>	<u>(83,455)</u>	<u>(83,455)</u>	<u>(83,455)</u>
Audited Historical Cost	\$ 22,950,670	\$ 22,960,013	\$ 23,019,934	\$ 23,050,196
Less: Accumulated Reimbursement	-	116,648	233,642	352,941
Less: Mortgage Principal	<u>19,684,529</u>	<u>19,684,529</u>	<u>19,684,529</u>	<u>19,684,529</u>
Audited Net Equity	\$ 3,266,141	\$ 3,158,836	\$ 3,101,763	\$ 3,012,726
Remaining Useful Life	<u>28</u>	<u>27</u>	<u>26</u>	<u>25</u>
Audited Return of Equity	\$ 116,648	\$ 116,994	\$ 119,299	\$ 120,509
Promulgated Return of Equity	<u>89,689</u>	<u>89,956</u>	<u>91,718</u>	<u>92,635</u>
Disallowance/(Allowance)	<u>\$ (26,959)</u>	<u>\$ (27,038)</u>	<u>\$ (27,581)</u>	<u>\$ (27,874)</u>
<b><u>Return on Equity Calculation</u></b>				
Audited Net Equity	\$ 3,266,141	\$ 3,158,836	\$ 3,101,763	\$ 3,012,726
Less: ½ Current Return of Equity	<u>58,324</u>	<u>58,497</u>	<u>59,650</u>	<u>60,255</u>
Audited Net Investment	\$ 3,207,817	\$ 3,100,339	\$ 3,042,113	\$ 2,952,471
Rate of Return	<u>4.90%</u>	<u>4.68%</u>	<u>4.22%</u>	<u>4.33%</u>
Audited Return on Equity	\$ 157,183	\$ 145,096	\$ 128,377	\$ 127,842
Promulgated Return on Equity	<u>156,014</u>	<u>145,243</u>	<u>129,662</u>	<u>130,361</u>
Disallowance/(Allowance)	<u>\$ (1,169)</u>	<u>\$ 147</u>	<u>\$ 1,285</u>	<u>\$ 2,519</u>