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REBUTTAL TESTIMONY OF BRIAN S. BROVERMAN

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ON BEHALF OF

SOUTHERN STATES UTILITIES, INC.

DOCKET NO. 950495-WS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Brian S. Broverman. My business address is 13535 Feather Sound Drive, Suite 600, Clearwater, FL 34622-5545.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Godwins Booke & Dickenson and hold the title of Vice President. I serve as a consulting actuary and employee benefits consultant.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I hold a Bachelor of Science (Hons.) degree in Actuarial Mathematics and graduated from the University of Manitoba in 1970.

Q. WHAT CERTIFICATION OR LICENSES DO YOU HOLD?

A. I am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA (the federal pension reform act).

Q. HOW LONG HAVE YOU BEEN EMPLOYED BY GODWINS BOOKE & DICKENSON?

A. I have been employed by Godwins Booke & Dickenson for three years.

Prior to joining Godwins Booke & Dickenson in 1993, I was with the Tampa office of Towers Perrin for more than 14 years where I was a Principal and the Senior Actuary. Prior to relocating to Florida in 1978, I was an actuary in the Northeast for more than 8 years.

Q. PLEASE DESCRIBE THE GODWINS BOOKE & DICKENSON FIRM.

A. Godwins Booke & Dickenson is an international consulting organization specializing in employee benefits -- actuarial, communication, and other human resource consulting services. Our worldwide actuarial practice is devoted, in large measure, to helping companies manage the financial aspects of their pension and other employee benefit plans.

Q. DOES YOUR FIRM HAVE OFFICES IN FLORIDA?

A. Yes. Our firm has very substantial operations in Florida. We currently maintain three Florida offices (Tampa, Coral Gables, and Jacksonville) with a total staff of over 100. We provide the full range of employee benefit consulting services from these offices to our Florida clients.

Q. PLEASE STATE THE DUTIES OF YOUR CURRENT POSITION WITH GODWINS BOOKE & DICKENSON.

A. In my current position, I serve as an actuary and employee benefit consultant to a number of corporate clients. In my role as consulting actuary, I am responsible for the calculation of the liabilities of my clients' pension and postretirement welfare benefit plans and the determination of annual funding and/or expense accrual requirements for these programs. I also serve as the manager of the firm's Gulf Region (including Florida) defined benefit practice. In that capacity, I have overall responsibility for all actuarial consulting services provided in this Region. I am also a member of the firm's Defined Benefit Practice Council including chair of its Actuarial Task Force.

Q. WHAT EXPERIENCE DO YOU HAVE IN PREPARING ACTUARIAL VALUATIONS OF POSTRETIREMENT LIFE AND MEDICAL OBLIGATIONS AND CONSULTING ON FAS 106?

A. Our firm has performed actuarial valuations and FAS 106 consulting for over 200 retiree medical plans including those of a number of regulated utilities.

Q. WHAT IS THE PURPOSE OF YOUR PREPARED TESTIMONY?

A. The purpose of my testimony is to address the statements of customers and their counsel during the customer service hearings which suggests that SSU has inflated expenses in the MFR projections. My review of SSU's filing regarding SSU's projections of 1995 FAS 106 expenses revealed that the Company had been inordinately conservative in its projections and that the Company had taken aggressive measures to control FAS 106 expenses. If SSU was similarly conservative when making its projections of other expenses, I believe that the concerns expressed by SSU's customers are unfounded. Specifically, in my testimony, I will

- discuss the aggressive measures Southern States Utilities ("SSU") has taken to control FAS 106 expenses relative to the benefits provided by other utilities;
- sponsor the "Actuarial Report as of January 1, 1995, for the Postretirement Medical, Dental and Death Benefit Programs of Southern States Utilities" (the "Report") and comment on the costs and assumptions presented therein. The Report is dated July 1995 and was prepared by Godwins Booke & Dickenson under my supervision.

Q. DID YOU REVIEW THE EDISON ELECTRIC INSTITUTE 1995 BENEFITS SURVEY ("1995 EEI SURVEY") AND USE THE DATA TO ASSESS THE LEVEL OF MEDICAL BENEFITS PROVIDED POSTRETIREMENT IN THE UTILITIES INDUSTRY?

A. Yes. I used the 1995 EEI Survey to ascertain the prevalence of postretirement medical benefits. I have included excerpts from the 1995 EEI Survey as

Exhibit _____ (BSB-1).

Q. **HOW PREVALENT IS THE SPONSORSHIP OF POSTRETIREMENT MEDICAL BENEFITS BY UTILITIES?**

A. The sponsorship of postretirement medical benefit plans is commonplace in the utilities industry. For example, the 1995 Edison Electric Institute Benefits Survey ("1995 EEI Survey") indicated that 94% of its 179 survey respondees provide such benefits.

Q. **HAS SSU IMPLEMENTED ANY COST CONTAINMENT MEASURES? AND, IF SO, HOW DO THESE MEASURES IMPACT FAS 106 RESULTS?**

A. Yes, SSU has taken significant steps to control and reduce costs by adopting and actively promoting specific cost containment measures. These measures include expanded managed care incentives including more options, lower reimbursement percentages for non-approved and out-of-network providers, and a prescription drug program all introduced effective January 1, 1995.

Other cost containment features of SSU's program already in place include the method by which the benefits provided by SSU integrate with Medicare, deductibles and out-of-pocket maximums, and required retiree contributions.

Regarding the Medicare integration method for retirees over age 65, SSU utilizes the Benefit Carve-Out approach which provides the lowest benefits to retirees relative to the other available methods (Coordination of Benefits and Expense Carve-Out).

Regarding the contributory element, the required retiree contributions increased for 1995 and in some cases significantly depending on the managed care option selected by the retiree; i.e., the monthly retiree cost for the Preferred Provider Option in 1994 was $22 but increase to $40 for 1995; however, a new Exclusive Provider Option was available to retirees in 1995 for $24 per month.

There has been no attempt to separately quantify the ongoing annual cost impact of the various cost control measures utilized by SSU. However, the obvious impact is significantly lower FAS 106 expense and balance sheet liabilities. For example, the utilization of the Benefit Carve-Out method for Medicare integration can easily yield annual FAS 106 expense of 50% of the Coordination of Benefits approach.

Q. HOW DO COST CONTAINMENT MEASURES ADOPTED BY SSU RELATE TO INDUSTRY STANDARDS?

A. Whereas SSU already actively promotes its managed care delivery system such approaches are not yet common for retirees of other companies. For example, the 1995 EEI Survey indicates that less than 20% of postretirement medical plans were of the managed care type for Medicare-eligible retirees. From this fact it is apparent that SSU is among the front runners in its efforts to control post-retirement costs.

As mentioned earlier, SSU's program requires retirees to contribute. In contrast, the 1995 EEI Survey indicated that only about 60% of postretirement medical plans are contributory for Medicare-eligible retirees and only approximately 75% of such plans are contributory for retirees under age 65.

Q. **MR. BROVERMAN, AS A CONCLUSION TO YOUR TESTIMONY IN THE AREA OF COST CONTAINMENT AND DESIGN, PLEASE SUMMARIZE YOUR OPINIONS.**

A. In my opinion, SSU has taken an aggressive position in the area of cost containment regarding the provision of postretirement medical benefits. SSU actively promotes a managed care approach with significant retiree cost sharing design features.

Q. **COULD YOU DESCRIBE EXHIBIT _____ (BSB-2)?**

A. Exhibit ______ (BSB-2) provides a copy of the SSU "Actuarial Report as of January 1, 1995 for the Postretirement Medical, Dental and Death Benefit Programs of Southern States Utilities," which I will refer to as the "Report." The Report presents the net periodic postretirement benefit cost (FAS 106 expense) for 1995 based on the postretirement medical, dental, and life insurance plans (the "program") that SSU offers to its current and future retirees as of January 1, 1995. Essentially this Report details the costs and liabilities which have to be recognized by SSU in 1995 under Statement of Financial Accounting of Standards No. 106 ("SFAS 106"). As SSU witness Dale Lock indicated in her pre-filed direct testimony, the report was not available at the time the Company's minimum filing requirements were prepared and filed with the Commission. I have been informed that a copy of the report was provided to the Commission staff and all parties on January 23, 1996 in response to late filed deposition Exhibit No. 1 for Dale G. Lock.

Q. WHO PERFORMED THIS ACTUARIAL VALUATION STUDY?

A. This actuarial valuation study was performed by Godwins Booke & Dickenson with my direct involvement.

Q. WHAT WAS YOUR ROLE IN THE VALUATION PROCESS?

A. I have initiated the collection of the census, claims, financial, and plan document information necessary to perform this valuation; I have been involved in the application of the methods and assumptions used to develop the basic valuation results; and I take responsibility for the contents of the valuation report.

Q. WOULD YOU COMMENT ON THE APPROPRIATENESS OF THIS VALUATION STUDY?

A. In my opinion the assumptions and methods used to perform this valuation study are reasonable and are consistent with the requirements of both SFAS 106 and the actuarial standards Board's Actuarial Compliance Guideline No. 3 For Statement of Financial Accounting Standards No. 106 Employers' Accounting for Postretirement Benefits Other Than Pensions with regard to both regulated and non-regulated industries.

Q. WHAT IS THE 1995 NET PERIODIC POSTRETIREMENT BENEFIT COST (FAS 106 EXPENSE) FOR THE SSU PROGRAM SHOWN IN THIS REPORT?

A. The 1995 net periodic postretirement benefit cost is $948,957. Of this amount, $471,732 is the service cost for benefits attributed to service during the period; $329,874 is the interest cost on the accumulated postretirement benefit obligation; and $210,344 represents amortization of the transition obligation over a period of 20 years. Offsetting the foregoing cost components is expected return on plan assets of $45,942 and amortization of accumulated experience gains of $17,051.

Q. IN YOUR JUDGMENT WERE THE DISCOUNT RATE ASSUMPTION USED BY SSU FOR THE FAS 106 CALCULATIONS REASONABLE?

A. Yes. For the annual selection of the discount rate assumption SFAS 106, Paragraph 31, reads as follows:

> "31. Assumed discount rates shall reflect the time value of money as of the measurement date in determining the present value of future cash outflows currently expected to be required to satisfy the postretirement benefit obligation. In making that assumption, employers shall look to rates of return on high-quality

> fixed income investments currently available whose cash flows match the timing and amount of expected benefit payments. If settlement of the obligation with third-party insurers is possible (for example, the purchase of nonparticipating life insurance contracts to provide death benefits), the interest rates inherent in the amount at which the postretirement benefit obligation could be settled are relevant in determining the assumed discount rates. Assumed discount rates are used in measurements of the expected and accumulated postretirement benefit obligations and the service cost and interest cost components of net periodic postretirement benefit cost."

With reference to Paragraph 31, rates of return on high-quality investments for appropriate cash flows run the gamut from rates implicit in deferred annuity contracts such as those currently published by the Pension Benefit Guaranty Corporation to yields of high-quality corporate bonds as represented by familiar indices (e.g., Moody's Seasoned Aa Index).

The following is a summary of discount rate ranges for years consistent with Paragraph 31 since the adoption of SFAS 106 by SSU:

Date	Pension Benefit Guaranty Corporation (PBGC) Deferred Rates*	Moody's Seasoned Aa Corporate Bond Indices
01/01/93	4.8%	8.2%
01/01/94	5.1%	7.2%
01/01/95	4.9%	8.6%

*The PBGC deferred rates correspond to annuitant age 40 with commencement of benefits deferred to age 60. Actively employed participants represent approximately 95% of all SSU participants entitled to future medical plan benefits. The active group had an average age of 41 at January 1, 1995.

With the presumption that the postretirement benefits will continue, SSU does not desire to acknowledge undue short-term volatility in plan costs and obligations. Therefore, it is the policy of SSU to annually select a discount rate that falls within the range illustrated in the foregoing table. Further, it is also the policy of SSU to minimize the change in discount rate from year to year as long as changes to the bounds of the range in the table suggest only temporary market fluctuations which are not indicative of fundamental economic shifting. Also, to a reasonable degree, changes in long-term interest rates reflect changing expectations of future inflation.

Expected future inflation is also a component of the long-term health care trend rate. SSU's policy is to maintain a consistent relationship between discount rate and long-term trend rates, which will reduce the effect of interest rate changes in determining plan costs and obligations.

In my judgment, the discount rate assumption used by SSU is reasonable and their policy for the annual selection is consistent with SFAS 106, Paragraph 31 with regard to both regulated and non-regulated industries.

Q. WHAT IS THE EFFECT OF THE DISCOUNT RATE ON SSU'S BALANCE SHEET LIABILITY UNDER SFAS 106?

A. The overall cost of providing postretirement benefits is attributed to each fiscal year by an actuarial technique that has been prescribed by SFAS 106. The cost attributed to a specific period (generally the fiscal year), is referred to as the net periodic postretirement benefit cost ("NPPBC") for that period.

A major variable in determining NPPBC is the discount rate. Everything else remaining unchanged, the size of NPPBC will be inversely related to the discount rate because the discount rate defines the time value of money for the SFAS 106 present value calculations.

By using a high discount rate, SSU actually has reduced its liability for its FAS 106 expenses.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

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3. Defined Contribution

All surveyed EEI companies participating in the survey have Defined Contribution plans. Almost all (99%) have savings plans.

Sixty-six percent of the salaried plans(55 out of 83) and 60% of the union/hourly plans (45 out of 75) match employee contributions up to 6% of pay. The most common employer match is 50%. Almost all companies allow pre-tax employee contributions on both a matched and unmatched basis.

EEI companies are more likely to offer three or more choices of investment funds for employee contributions (98% salaried; 97% union/hourly) than they are for employer contributions. Companies typically offer only one investment fund for employer contributions (58% for salaried and union/hourly); that investment is most likely to be the Company's Common Stock. Only 11% of the salaried plans and 12% of the union/hourly plans do not provide Company Common Stock as an investment fund for employer contributions. This ranges from a low of 4% that do not provide Company Common Stock as a choice in Revenue Grouping C (salaried) to 24% in Revenue Grouping A.

Besides Company Common Stock (77% salaried; 78% union/hourly), the next most prevalent investment funds for employee contributions are Domestic Balanced (64%/62%), Fixed Income Securities (60%/57%) and Equity Index (50%/52%). For employer contributions, the most prevalent funds (in addition to Company Common Stock) are Domestic Balanced (27%/31%), Equity Growth (22%/23%), Equity Index (22%/23%) and Fixed Income (22%/23%).

4. Active Medical

The prevalence statistics that follow for Active Medical Coverage are based on the plan at each company with the highest number of enrollees.

Managed Care type plans (i.e., POS, PPO, HMO) are the ones with the highest enrollment at most for EEI companies (55% salaried; 58% union/hourly). This is consistent with companies in the EBIC data base (55%).

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Trends

In addition to the growth of Managed Care Plans, additional cost consciousness is reflected in the number of EEI companies requiring employee contributions. In 1989, 45% of the EEI companies (salaried) required contributions for employee coverage. In 1995, this percentage has increased to 72% (81% for EBIC). Similarly, 86% of the companies now require family contributions (91% for EBIC) compared to 71% in 1989.

The level of salaried employee contributions towards active medical coverage has remained fairly stable from 1994 to 1995, reflecting the recent slowdown of healthcare costs increases nationwide.

Most (60% salaried; 62% union/hourly) EEI companies still use the Standard Coordination of Benefits (COB) provision. This contrasts with companies in the EBIC data base where 57% use the Non-duplication COB provision.

The prevalence of both vision and hearing care are almost the same for EEI and EBIC companies: 51% salaried; 45% union/hourly; 51% EBIC. Hearing care: 27% salaried; 26% union/hourly; 25% EBIC.

5. Retiree Medical

Almost all companies (95% salaried; 94% union/hourly) offer retiree medical coverage. However, as with active medical coverage, companies continue to be more cost conscious.

Trends

- ***Basic + Major Medical plans for salaried retirees age 65 or older continue to decrease; 6% in 1995 versus 23% in 1989. Consistent with this decrease, Managed Care type retiree medical plans are becoming more prevalent (19%) for salaried retirees age 65 or older.***

  It continues to be more common for EBIC companies to require retirees to contribute than EEI companies. For Retiree Only Coverage Before Age 65, 89% of EBIC companies do so as compared to 77% for salaried and union/hourly. For Retiree Only Coverage Age 65 and over, the statistics for contributory plans are: 79% EBIC; 62% salaried; 56% union/hourly.

6. Dental

Dental coverage is available at 88% of the salaried programs and 85% of the union/hourlyprograms. Contributions for employee only coverage are required by 50% of the salaried plans and 58% of the union/hourly plans. Seventy percent of all salaried plans (63% union/hourly), require contributions for Family coverage. Companies in Revenue Grouping B, are the most likely to provide noncontributory coverage (i.e., 65% are non-contributory for employee only coverage and 45% for family under the salaried plans).

The typical annual maximum for EEI companies is $1,000 (44% salaried; 37% union/hourly). Only 9% of the salaried plans (8% union/hourly) provided have an unlimited annual maximum. Eighty-eight percent of EEI companies provide for an unlimited lifetime maximum.

- 401(k) Feature

  Availability of 401(k) feature in defined contribution plans.

- Loan Provision

  Percent of plans offering loan provisions.

- Matched contributions - Pre-and/or post-tax

- Unmatched Contributions - Pre- and/or Post-tax

- Contributions to Savings Plans By Revenue Groupings.

  Statistics are shown by company matching percent and employee contribution. These charts show the actual number of plans and not the percentage of plans, (e.g., in salaried Revenue Grouping A, 5 plans match up to 6% of employee contributions at a 50% level).

- Number of Investment Funds for Employee Contributions

- Number of Investment Funds for Employer Contributions

- Most Common Investment Funds for Employee Contributions

- Most Common Investment Funds for Employer Contributions

4. Active Medical -

- Type of Plan - Comparison EEI - EBIC

  Highest enrolled active medical plan

- Annual Plan Stop Loss Amount Per Person

- Lifetime Maximum Per Person

- Coordination of Benefits - Comparison EEI - EBIC

  Types of coordination of benefits (COB) provisions.

II. C. - Prevalence/Trends of Benefit Practices - Listing of Provisions Examined (continued)

- Annual Plan Deductible Amount Per Person - Comparison EEI - EBIC
- Annual Plan Deductible Amount Per Person - ***Trends 1989/1995 (salaried only)***
- Monthly Contributions - Employee Only/Family - Comparison EEI - EBIC
- Monthly Contributions - Employee Only/Family - ***Trends 1989/1995 (salaried only)***
- Hospital Room & Board Coinsurance - Comparison EEI - EBIC
- Hospital Room & Board Coinsurance Levels - ***Trends 1989-1995 (salaried only)***
- In-Patient Surgery Coinsurance Levels
- Prescription Drugs Coinsurance Levels
- Office Visit Coinsurance Levels - Comparison EEI - EBIC
- Cost Containment Features

  Typical cost containment features for:

  — Pre-Admission Testing
  — Out-Patient Surgery Incentive
  — Managed Care Program
  — Preferred Providers Option - ***Trends 1989/1995 (salaried only)***
  — Hospital Pre-Certification - Comparison EEI - EBIC - ***Trends 1989-1995 (salaried only)***

- Vision Care - Comparison EEI - EBIC

  Availability of vision care.

- Hearing Care - Comparison EEI - EBIC

  Availability of hearing care.

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5. Retiree Medical -

- Retiree Medical Plans

  Availability of Plan.

- Participation Requirements

- Medicare Part "B" Premium

  Reimbursement for Medicare Part "B" Premium.

- Types of Plans Before Age 65 - Comparison EEI - EBIC

  Types of retiree medical plans for retirees before age 65 (e.g., comprehensive, basic + major medical).

- Types of Plans Before Age 65 - ***Trends 1989-1995 (salaried only)***

- Types of Plans After Age 65 - Comparison EEI - EBIC

  Types of retiree medical plans for retirees after age 65 (e.g., comprehensive, basic + major medical).

- Types of Plans After Age 65 - ***Trends 1989-1995 (salaried only)***

- Retiree Contributions - ***Trends 1989-1995 (salaried only)***

  Before age 65 monthly contribution requirement for retiree only and retiree + spouse.

  After age 65 monthly contribution requirement for retiree only and retiree + spouse.

- Before Age 65 Monthly Contributions - Retiree Only and Retiree & Spouse - Comparison EEI - EBIC

  Ranges of monthly contribution amounts for retiree only and retiree & spouse coverage.

II. C. - Prevalence/Trends of Benefit Practices - Listing of Provisions Examined (continued)

- After Age 65 Monthly Contributions - Retiree Only and Retiree & Spouse - Comparison EEI - EBIC

  Ranges of monthly contribution amounts for retiree only and retiree & spouse coverage.

6. Dental -

- Dental Plan

  Companies with dental plans.

- Monthly Contributions - Employee Only/Family

  Ranges of monthly contribution amounts for employee only and family coverage.

- Annual Deductible Per Person
- Annual Maximum
- Lifetime Maximum
- Cleanings Coinsurance Levels - Comparison EEI - EBIC
- Non-Gold Fillings Coinsurance Levels - Comparison EEI - EBIC
- Upper Denture Coinsurance Levels - Comparison EEI - EBIC
- Orthodontia

  Availability of orthodontia coverage.

- Lifetime Maximum - Orthodontia
- Orthodontia Coinsurance Levels - Comparison EEI - EBIC
- Postretirement Dental Plans - Comparison EEI - EBIC

  Availability of postretirement dental plans.

1. *Flexible Benefits/Spending Accounts*

FLEXIBLE BENEFITS										
Flexible Benefits	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Yes	10%	48%	58%	44%	41%	6%	26%	43%	15%	23%
No	90%	52%	42%	56%	59%	94%	74%	57%	85%	77%

SPENDING ACCOUNTS										
Type	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Dependent Care Only	—	5%	4%	4%	3%	—	11%	4%	8%	6%
Health Care Only	—	—	—	—	—	—	5%	—	—	1%
Both Health Care and Dependent Care	67%	71%	88%	92%	81%	67%	47%	74%	77%	67%
None	33%	24%	8%	4%	16%	33%	37%	22%	15%	26%

PRE-TAX CONTRIBUTIONS										
Use of Pre-Tax Contributions	*Revenue Grouping* Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Spending Account(s) Only	10%	10%	—	4%	6%	11%	11%	—	11%	8%
Spending Account(s) & Pre-tax Contributions	52%	19%	33%	48%	38%	56%	26%	35%	58%	44%
Spending Account(s), Supplement Flex Credit & Pre-tax	5%	43%	59%	44%	38%	—	26%	43%	15%	21%
Pre-tax Contributions Only	14%	9%	8%	4%	9%	—	16%	22%	8%	12%
Supplement Flex Credit & Pre-tax Contributions	5%	—	—	—	1%	5%	—	—	—	1%
None	14%	19%	—	—	8%	28%	21%	—	8%	14%

4. Active Medical

COMPARISON EEI - EBIC

HIGHEST ENROLLED ACTIVE MEDICAL PLAN											
Type of Plan	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Comprehensive	43%	29%	37%	19%	31%	44%	31%	34%	11%	29%	37%
Basic & Major Medical	5%	14%	8%	15%	11%	6%	16%	9%	15%	12%	7%
Managed Care Types*	47%	57%	55%	59%	55%	50%	53%	57%	70%	58%	55%
Other	5%	—	—	7%	3%	—	—	—	4%	1%	1%

* Includes POS, PPO, and HMOs

ANNUAL STOP LOSS (INCLUDING DEDUCT)										
Per Person Stop Loss	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
None	10%	19%	17%	18%	16%	6%	26%	17%	23%	19%
Less than $1,000	19%	30%	12%	33%	24%	17%	31%	13%	28%	22%
$1,000	14%	24%	12%	15%	16%	22%	21%	9%	11%	15%
$1,001 - $1,499	14%	9%	21%	15%	15%	17%	11%	17%	11%	14%
$1,500	19%	9%	12%	4%	11%	22%	—	13%	8%	10%
$1,501 & Over	19%	9%	26%	15%	17%	11%	11%	31%	19%	19%
Varies Based on Pay/% of Pay	5%	—	—	—	1%	5%	—	—	—	1%
Other	—	—	—	—	—	—	—	—	—	—

LIFETIME MAXIMUM										
Per Person Lifetime Maximum	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Less than $500,000	—	5%	—	4%	2%	—	5%	—	—	1%
$500,000	5%	—	12%	—	4%	5%	11%	17%	—	8%
$500,001 - $999,999	—	—	12%	—	3%	—	—	13%	4%	5%
$1,000,000	62%	33%	21%	66%	47%	67%	26%	17%	69%	45%
Over $1,000,000	19%	10%	12%	4%	11%	17%	5%	13%	4%	9%
Unlimited	14%	52%	43%	26%	33%	11%	53%	40%	23%	32%
Other	—	—	—	—	—	—	—	—	—	—

COMPARISON EEI - EBIC

COORDINATION OF BENEFITS											
COB	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Standard Coordination of Benefits	52%	71%	71%	48%	60%	50%	68%	74%	54	62%	38%
Non-duplication	33%	24%	12%	48%	30%	39%	32%	17%	42%	32%	57%
Exclusion	10%	5%	12%	—	7%	11%	—	9%	—	5%	3%
Other	5%	—	5%	4%	3%	—	—	—	4%	1%	2%

EXHIBIT (BSB-1)

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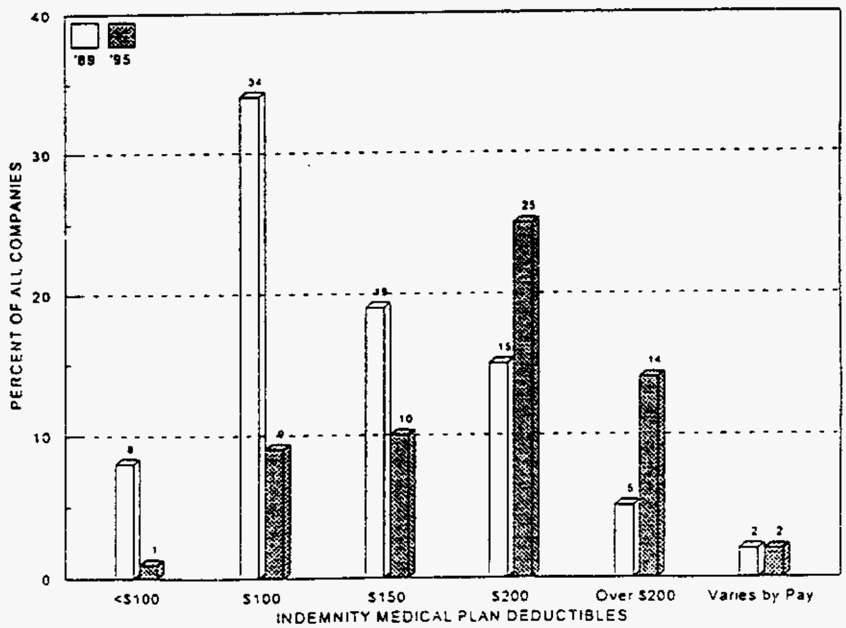
COMPARISON EEI - EBIC

ANNUAL PLAN DEDUCTIBLE											
Per Person Deductible	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Less than $100	5%	—	—	—	1%	6%	—	—	—	1%	1%
$100	9%	14%	8%	4%	9%	6%	21%	13%	—	9%	7%
$125	—	—	4%	—	1%	—	—	—	—	—	1%
$150	—	10%	13%	15%	10%	6%	10%	13%	12%	11%	8%
$200	43%	14%	17%	26%	25%	44%	16%	17%	23%	24%	16%
Over $200	19%	14%	8%	15%	14%	22%	10%	4%	15%	13%	22%
Scheduled by Pay or Percent of Covered Pay	5%	—	4%	—	2%	6%	—	4%	—	2%	9%
Other	5%	5%	4%	—	3%	—	—	9%	4%	3%	2%
None	14%	43%	42%	40%	35%	10%	43%	40%	46%	37%	34%

DEDUCTIBLES - SALARIED EEI TRENDS 1989-1995



Results do not add to 100% - only specified deductibles are shown

4. *Active Medical*

COMPARISON EEI - EBIC

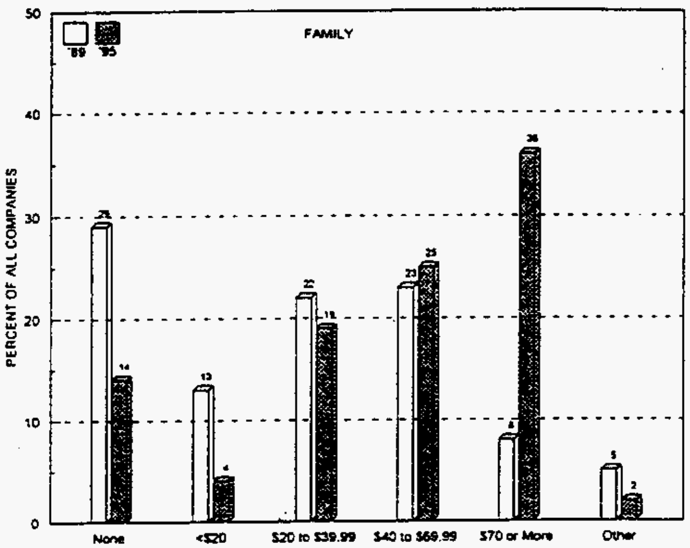
MONTHLY CONTRIBUTIONS

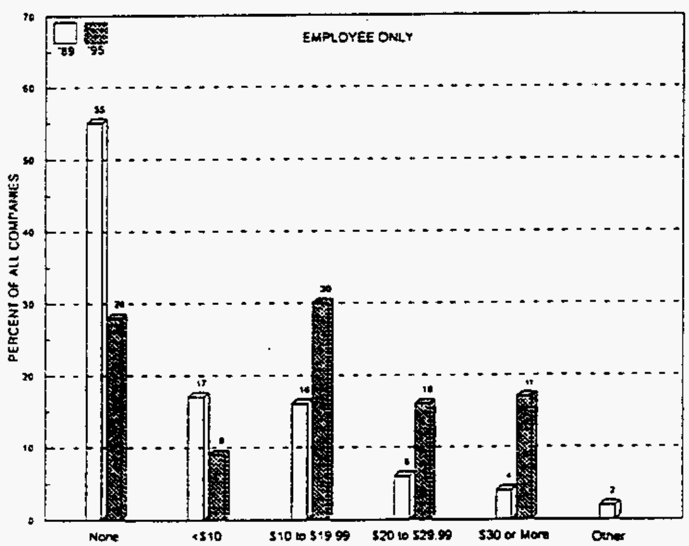
Employee Only	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
None	34%	33%	26%	23%	28%	39%	47%	17%	31%	32%	19%
Less than $5.00	—	10%	8%	—	4%	—	16%	9%	—	6%	1%
$5.00 - $9.99	—	10%	4%	7%	5%	—	5%	4%	12%	6%	3%
$10.00 - $14.99	14%	14%	25%	15%	17%	6%	11%	28%	12%	14%	8%
$15.00 - $19.99	14%	10%	8%	19%	13%	33%	5%	4%	23%	16%	9%
$20.00 - $24.99	19%	—	4%	7%	8%	17%	5%	4%	—	5%	9%
$25.00 - $29.99	—	4%	17%	7%	8%	—	—	17%	7%	8%	9%
$30.00 or more	19%	19%	8%	22%	17%	5%	11%	17%	15%	13%	34%
Based on Pay/Svc	—	—	—	—	—	—	—	—	—	—	7%
Other	—	—	—	—	—	—	—	—	—	—	1%

Family	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
None	19%	24%	13%	4%	14%	27%	32%	9%	15%	20%	9%
Less than $10.00	—	—	4%	—	1%	—	—	—	—	—	<1%
$10.00 - $19.99	—	—	4%	7%	3%	—	—	—	4%	1%	2%
$20.00 - $29.99	10%	29%	4%	—	10%	—	26%	—	—	6%	2%
$30.00 - $39.99	19%	—	8%	7%	9%	17%	—	13%	8%	9%	6%
$40.00 - $49.99	—	—	8%	11%	5%	6%	—	17%	12%	9%	6%
$50.00 - $59.99	14%	14%	17%	11%	14%	17%	5%	4%	7%	8%	6%
$60.00 - $69.99	14%	—	4%	7%	6%	11%	—	4%	4%	5%	6%
$70.00 or more	24%	33%	34%	49%	36%	22%	26%	45%	46%	36%	52%
Based on Pay/Svc	—	—	4%	—	1%	—	—	4%	—	1%	8%
Other	—	—	—	4%	1%	—	11%	4%	4%	5%	3%

4. *Active Medical*

ACTIVE MEDICAL CONTRIBUTIONS - SALARIED EE TRENDS 1989-1995



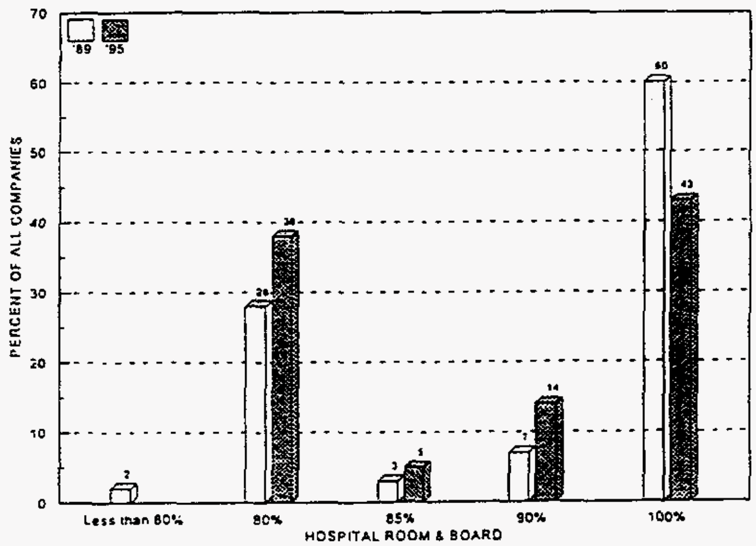


4. Active Medical

COMPARISON EEI - EBIC

HOSPITAL ROOM & BOARD COINSURANCE											
Coinsurance	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Less than 80%	—	—	—	—	—	—	5%	—	4%	2%	1%
80%	37%	42%	42%	30%	38%	50%	37%	35%	19%	34%	39%
85%	5%	10%	—	7%	5%	—	—	—	8%	2%	5%
90%	29%	10%	8%	11%	14%	28%	11%	9%	11%	14%	21%
100%	29%	38%	50%	52%	43%	22%	47%	56%	58%	48%	34%

HOSPITAL ROOM & BOARD - SALARIED EEI TRENDS 1989-1995



IN-PATIENT SURGERY COINSURANCE										
Coinsurance	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Less Than 80%	—	—	—	—	—	—	5%	—	8%	3%
80%	43%	38%	42%	37%	40%	55%	32%	39%	23%	36%
85%	5%	10%	—	7%	5%	—	—	—	8%	2%
90%	28%	5%	8%	11%	13%	28%	5%	9%	8%	12%
95%	—	—	—	—	—	—	—	—	—	—
100%	24%	47%	50%	45%	42%	17%	58%	52%	53%	47%

PRESCRIPTION DRUGS COINSURANCE										
Coinsurance	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Less Than 80%	—	5%	—	4%	2%	—	5%	—	4%	2%
80%	24%	28%	25%	45%	31%	33%	37%	22%	42%	34%
85%	—	5%	—	—	1%	—	5%	—	—	1%
90%	14%	—	—	—	3%	11%	—	—	—	2%
100%	48%	62%	62%	44%	54%	33%	53%	65%	50%	52%
Varies by Generic/Brand	14%	—	13%	7%	9%	23%	—	13%	4%	9%

4. *Active Medical*

COMPARISON EEI - EBIC

OFFICE VISIT COINSURANCE

Coinsurance	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
75% or Less	—	—	—	—	—	—	5%	—	4%	2%	1%
80%	38%	38%	50%	30%	39%	50%	42%	48%	23%	40%	43%
85%	5%	10%	—	4%	4%	—	5%	—	4%	2%	4%
90%	14%	5%	8%	11%	10%	11%	—	9%	8%	7%	10%
95%	—	—	—	—	—	—	—	—	—	—	<1%
100%	43%	47%	42%	55%	47%	39%	48%	43%	61%	49%	42%

COST CONTAINMENT FEATURES

Pre-Admission Testing	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Covered at 100%	29%	33%	38%	33%	33%	33%	37%	39%	38%	37%
Regular Plan Benefits for X-rays & Lab	71%	67%	58%	67%	66%	67%	63%	57%	62%	62%
Other (e.g., In-patient Penalty)	—	—	4%	—	1%	—	—	4%	—	1%

COST CONTAINMENT FEATURES

Out-Patient Surgery Incentive	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Incentive for Out-patient Surgery	19%	—	17%	11%	11%	22%	5%	18%	8%	13%
Penalty for In-patient Surgery	5%	19%	8%	4%	9%	6%	21%	4%	—	7%
None	76%	81%	75%	85%	80%	72%	74%	78%	92%	80%

4. Active Medical

COST CONTAINMENT FEATURES										
Managed Care Program	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B*	C	D	All
Yes	52%	57%	54%	63%	57%	50%	53%	57%	69%	58%
No	48%	43%	46%	37%	43%	50%	47%	43%	31%	42%

COST CONTAINMENT FEATURES										
Preferred Providers Option	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Yes	62%	52%	88%	78%	71%	56%	52%	83%	77%	69%
No	38%	48%	12%	22%	29%	44%	47%	17%	23%	31%

PREFERRED PROVIDERS OPTION - SALARIED EEI TRENDS 1989-1995

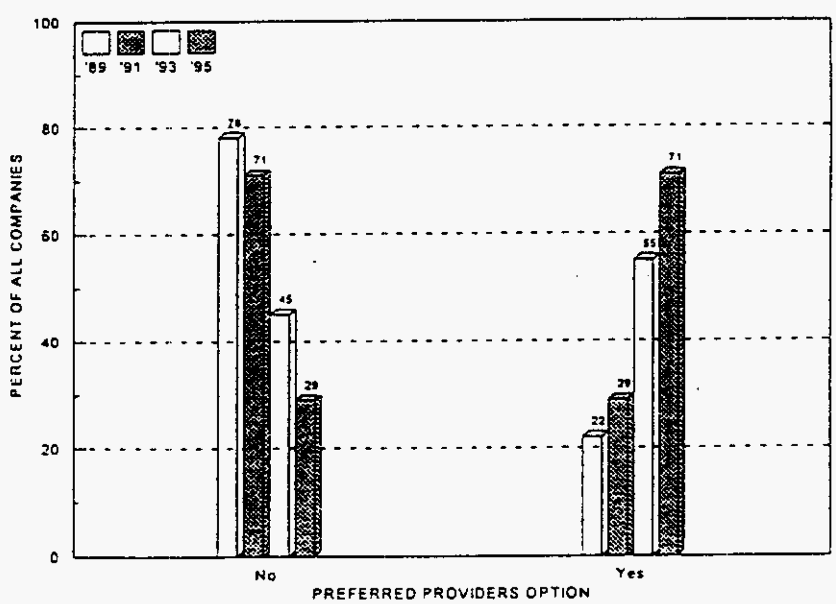


EXHIBIT (BSB-1)

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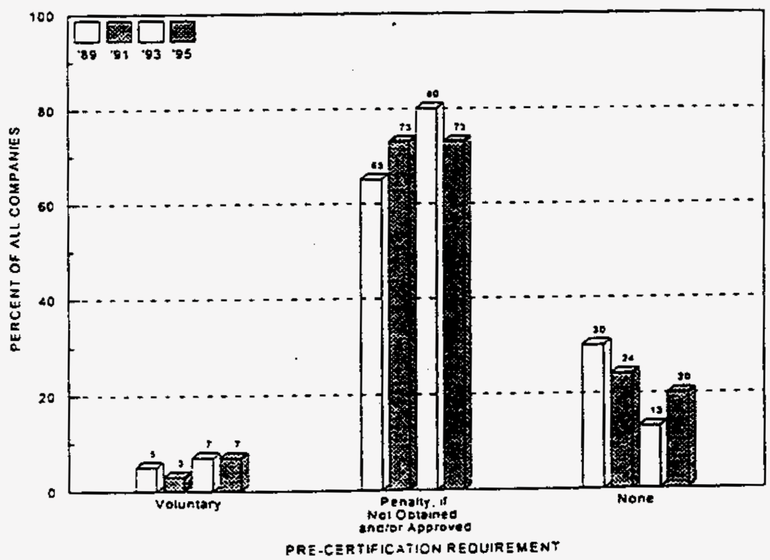
4. Active Medical

COMPARISON EEI - EBIC

COST CONTAINMENT FEATURES											
Hospital Pre-Certification	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Voluntary	—	14%	—	11%	7%	—	11%	—	12%	6%	3%
Penalty If Not Approved/Obtained	86%	53%	79%	74%	73%	83%	63%	78%	73%	74%	87%
None	14%	33%	21%	15%	20%*	17%	26%	22%	15%	20%	10%*

* Includes HMO plans which typically have no stated pre-certification requirements.

HOSPITAL PRE-CERTIFICATION - SALARIED EEI TRENDS 1989-1995



4. Active Medical

COMPARISON EEI - EBIC

VISION CARE											
Availability	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Yes	43%	67%	50%	44%	51%	39%	58%	48%	38%	45%	51%
No	57%	33%	50%	56%	49%	61%	42%	52%	62%	55%	49%

HEARING CARE											
Availability	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Yes	19%	19%	33%	33%	27%	17%	21%	35%	27%	26%	25%
No	81%	81%	67%	67%	73%	83%	79%	65%	73%	74%	75%

5. Retiree Medical

RETIREE MEDICAL PLANS

Availability	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Yes	91%	95%	96%	96%	95%	89%	95%	96%	96%	94%
No	9%	5%	4%	4%	5%	11%	5%	4%	4%	6%

PARTICIPATION REQUIREMENTS

Eligibility	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Normal or Early Retiree	74%	75%	57%	65%	68%	69%	72%	50%	60%	63%
Early Retiree Only	—	—	9%	—	2%	—	—	9%	—	2%
Normal or Early Retiree With 10 Years of Service	10%	10%	13%	19%	13%	13%	6%	18%	16%	13%
Retiree With Other Age and/or Service Requirements (e.g., 5 years of service)	16%	15%	21%	16%	17%	18%	22%	23%	24%	22%

COMPARISON EEI - EBIC

MEDICARE PART "B" PREMIUM

Medicare Part "B" Premium	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
None	100%	75%	83%	81%	85%	100%	72%	85%	80%	84%	94%
Partial Contribution for Retiree	—	20%	9%	8%	9%	—	22%	5%	4%	8%	2%
Partial Contribution for Retiree & Spouse	—	5%	—	11%	4%	—	6%	—	16%	6%	3%
Company Pays 100% for Retiree	—	—	4%	—	1%	—	—	5%	—	1%	<1%
Company Pays 100% for Retiree & Spouse	—	—	4%	—	1%	—	—	5%	—	1%	1%

EXHIBIT (BSB-1)

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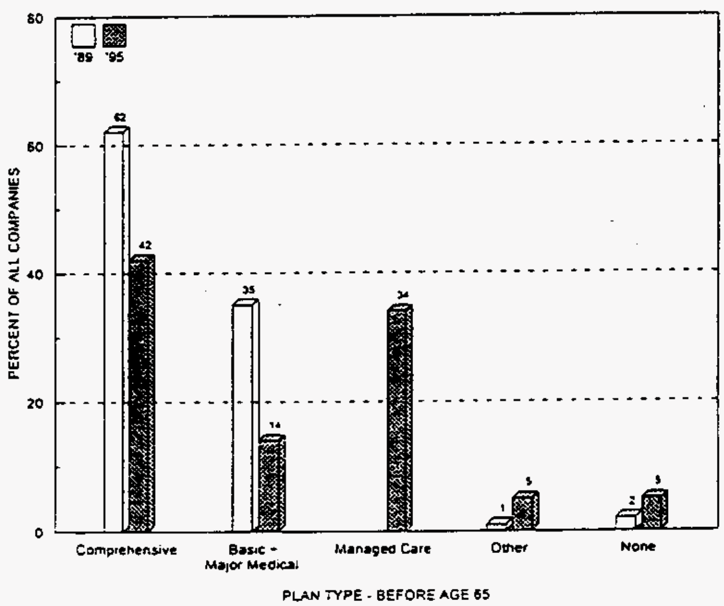
5. *Retiree Medical*

COMPARISON EEI - EBIC

TYPES OF PLANS BEFORE AGE 65											
Types of Plans	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Comprehensive	52%	42%	42%	33%	42%	55%	32%	43%	27%	39%	40%
Basic & Major Medical	5%	24%	8%	18%	14%	6%	37%	9%	23%	19%	7%
Managed Care	29%	24%	42%	41%	34%	22%	21%	43%	42%	32%	32%
Other	5%	5%	4%	4%	5%	6%	5%	—	4%	4%	4%
None	9%	5%	4%	4%	5%	11%	5%	5%	4%	6%	17%

TYPES OF PLANS BEFORE AGE 65 - SALARIED EEI TRENDS 1989-1995



5. Retiree Medical

COMPARISON EEI - EBIC

TYPES OF PLANS AFTER AGE 65											
Types of Plans	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Comprehensive	48%	38%	38%	37%	40%	50%	26%	40%	30%	37%	40%
Medicare Fill-in Only	14%	47%	25%	11%	24%	11%	48%	30%	12%	25%	11%
Managed Care	24%	5%	21%	26%	19%	22%	5%	13%	27%	17%	15%
Basic & Major Medical	5%	5%	4%	11%	6%	6%	16%	4%	15%	10%	4%
Other	—	—	—	11%	3%	—	—	—	12%	3%	3%
None	9%	5%	12%	4%	8%	11%	5%	13%	4%	8%	27%

TYPES OF PLANS AFTER AGE 65 - SALARIED EEI TRENDS 1989-1995

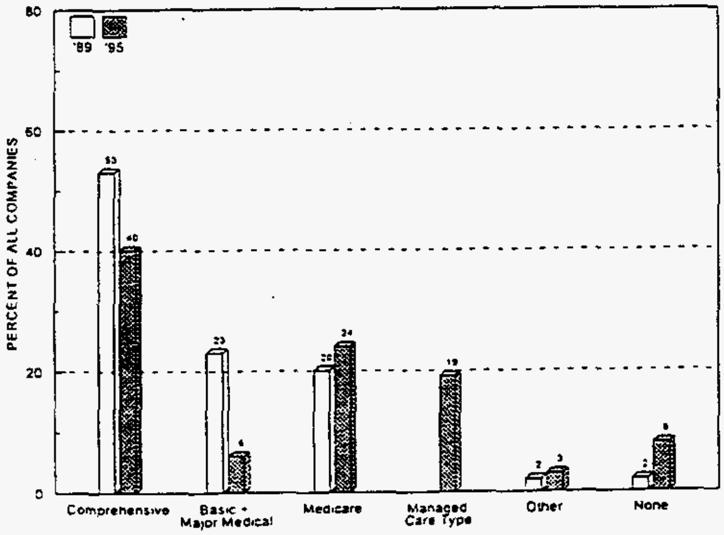


EXHIBIT (BSB-1)

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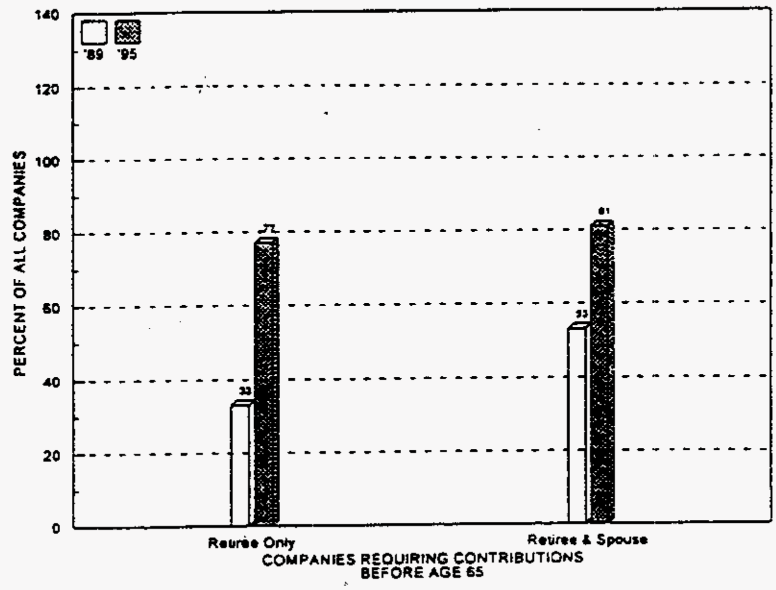
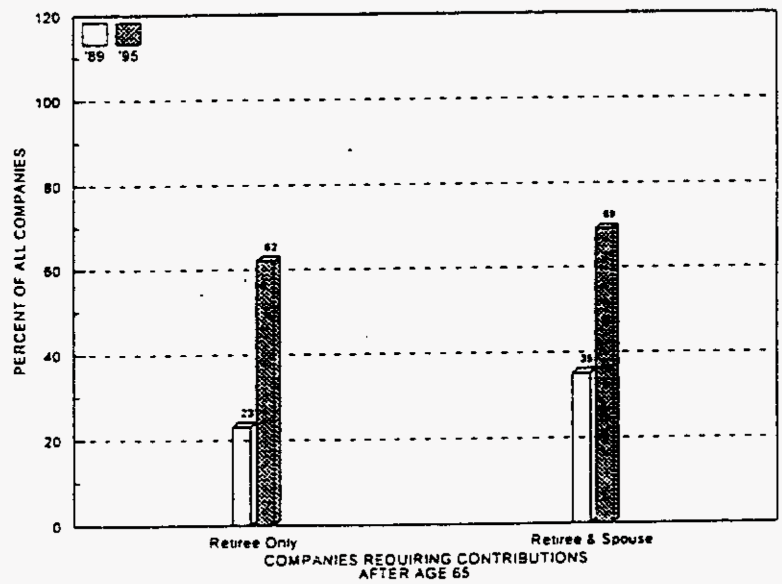
RETIREE CONTRIBUTIONS - SALARIED
EEI TRENDS 1989-1995





5. *Retiree Medical*

COMPARISON EEI - EBIC

BEFORE AGE 65 MONTHLY CONTRIBUTIONS

Retiree Only	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
None	22%	40%	9%	23%	23%	25%	39%	5%	24%	23%	11%
Less than $10.00	—	10%	4%	4%	5%	—	17%	9%	4%	8%	2%
$10.00 - $29.99	21%	10%	4%	19%	13%	25%	17%	9%	24%	19%	11%
$30.00 - $49.99	16%	10%	13%	12%	13%	13%	5%	18%	8%	11%	10%
$50.00 - $69.99	—	—	4%	—	1%	—	—	—	4%	1%	4%
$70.00 - $99.99	5%	—	4%	4%	3%	—	—	5%	4%	2%	5%
$100.00 or more	5%	5%	14%	—	6%	6%	5%	9%	—	5%	21%
Based on Service/Age	26%	25%	48%	38%	35%	31%	17%	45%	32%	31%	31%
Other	5%	—	—	—	1%	—	—	—	—	—	5%

Retiree & Spouse	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
None	16%	40%	—	19%	19%	25%	39%	—	24%	22%	8%
Less than $20.00	5%	—	—	—	1%	—	11%	—	—	3%	2%
$20.00 - $39.99	—	5%	4%	8%	4%	—	—	5%	8%	3%	4%
$40.00 - $59.99	—	—	13%	12%	6%	—	5%	14%	12%	8%	6%
$60.00 - $99.99	32%	20%	13%	12%	19%	31%	11%	23%	12%	19%	9%
$100.00 or more	16%	10%	22%	11%	15%	13%	17%	13%	12%	14%	35%
Based on Service/Age	26%	25%	48%	38%	35%	31%	17%	45%	32%	31%	31%
Other	5%	—	—	—	1%	—	—	—	—	—	5%

EXHIBIT (BSB-1)

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5. Retiree Medical

COMPARISON EEI - EBIC

AFTER AGE 65
MONTHLY CONTRIBUTIONS

Retiree Only	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
None	32%	40%	33%	46%	38%	38%	50%	35%	52%	44%	21%
Less than $10.00	5%	15%	5%	11%	9%	6%	11%	10%	12%	10%	6%
$10.00 - $19.99	11%	5%	10%	4%	7%	6%	6%	5%	4%	5%	10%
$20.00 - $29.99	5%	5%	—	8%	4%	—	6%	—	8%	4%	7%
$30.00 or more	21%	5%	9%	8%	11%	25%	11%	10%	8%	13%	26%
Based on Service/Age	21%	20%	43%	23%	27%	19%	5%	40%	16%	20%	25%
Other	5%	10%	—	—	4%	6%	11%	—	—	4%	5%

Retiree & Spouse	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
None	26%	35%	19%	42%	31%	38%	44%	20%	48%	37%	18%
Less than $20.00	11%	5%	5%	8%	7%	6%	—	10%	8%	6%	6%
$20.00 - $39.99	5%	5%	24%	4%	9%	—	6%	20%	4%	8%	11%
$40.00 - $59.99	11%	15%	—	15%	10%	6%	17%	—	16%	10%	6%
$60.00 - $99.99	11%	5%	—	8%	6%	13%	6%	5%	4%	7%	9%
$100.00 or more	10%	5%	9%	—	6%	12%	11%	5%	4%	8%	20%
Based on Service/Age	21%	20%	43%	23%	27%	19%	5%	40%	16%	20%	25%
Other	5%	10%	—	—	4%	6%	11%	—	—	4%	5%

6. Dental

DENTAL PLAN										
Dental Plan	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Yes	71%	95%	96%	89%	88%	67%	89%	91%	88%	85%
No	29%	5%	4%	11%	12%	33%	11%	9%	12%	15%

MONTHLY EMPLOYEE CONTRIBUTIONS										
Employee Only	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Less than $5.00	13%	15%	30%	29%	23%	17%	—	24%	22%	16%
$5.00 - $9.99	20%	15%	17%	13%	16%	8%	18%	19%	13%	15%
$10.00 - $14.99	7%	5%	—	8%	5%	8%	6%	—	—	3%
$15.00 - $19.99	—	—	—	—	—	8%	—	—	—	1%
$20.00 & Over	—	—	9%	—	2%	—	—	9%	—	3%
Included in Medical	7%	—	9%	—	4%	17%	—	5%	—	4%
None	53%	65%	35%	50%	50%	42%	76%	43%	65%	58%
Family	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Less than $10.00	7%	20%	22%	29%	21%	—	12%	19%	22%	15%
$10.00 - $19.99	33%	20%	26%	25%	26%	42%	18%	33%	35%	32%
$20.00 - $29.99	7%	5%	13%	13%	10%	8%	6%	5%	—	4%
$30.00 & Over	7%	10%	13%	4%	8%	8%	6%	14%	—	7%
Included in Medical	7%	—	9%	—	4%	17%	—	5%	—	4%
None	39%	45%	17%	25%	30%	25%	58%	24%	39%	37%
Other	—	—	—	4%	1%	—	—	—	4%	1%

6. Dental

ANNUAL DEDUCTIBLE										
Per Person Deductible	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
$25.00	33%	25%	35%	29%	31%	17%	18%	33%	22%	23%
$30.00 - $45.00	7%	5%	4%	4%	5%	8%	6%	5%	4%	5%
$50.00	33%	20%	35%	34%	31%	42%	23%	38%	35%	35%
Over $50.00	7%	15%	—	8%	7%	8%	12%	—	9%	7%
Varies by Expense	—	—	—	4%	2%	—	—	5%	4%	3%
Combined with Medical	—	—	4%	—	1%	8%	—	—	—	1%
No Deductible	20%	35%	18%	21%	23%	17%	41%	19%	22%	25%
Lifetime Deductible Amount	—	—	—	—	—	—	—	—	4%	1%

ANNUAL MAXIMUM (EXCLUDING ORTHODONTIA)										
Maximum	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Less than $1,000	13%	—	—	—	2%	17%	—	5%	4%	5%
$1,000	53%	35%	48%	42%	44%	50%	29%	38%	36%	37%
$1,200/$1,250	—	10%	—	13%	6%	—	6%	—	9%	4%
$1,500 & Over	7%	25%	30%	29%	24%	—	23%	38%	26%	25%
Varies By Expense	—	—	—	—	—	—	—	—	13%	4%
Unlimited	7%	15%	9%	4%	9%	8%	18%	5%	4%	8%
Maximums Include Orthodontia	13%	5%	4%	4%	6%	17%	18%	5%	4%	8%
Other	7%	10%	9%	8%	9%	8%	6%	9%	4%	9%

LIFETIME MAXIMUM (EXCLUDING ORTHODONTIA)										
Maximum	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Unlimited	73%	85%	87%	100%	88%	67%	82%	90%	100%	88%
Combined with Medical	20%	—	4%	—	5%	—	—	—	—	—
Other	7%	15%	9%	—	7%	33%	18%	10%	—	12%

6. *Dental*

COMPARISON EEI - EBIC

Coinsurance	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
CLEANINGS COINSURANCE	A	B	C	D	All	A	B	C	D	All	
Less than 80%	—	—	4%	—	1%	—	6%	10%	—	4%	2%
80%	13%	10%	9%	8%	10%	17%	12%	10%	9%	11%	11%
85%	—	—	—	8%	2%	—	—	—	9%	3%	<1%
90%	—	5%	—	8%	4%	—	6%	—	9%	4%	3%
100%	87%	75%	87%	76%	81%	83%	64%	75%	73%	74%	76%
Varies	—	5%	—	—	1%	—	6%	—	—	1%	2%
Scheduled Maximums	—	5%	—	—	1%	—	6%	5%	—	3%	6%

Coinsurance	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
NON-GOLD FILLINGS COINSURANCE	A	B	C	D	All	A	B	C	D	All	
Less than 50%	—	—	—	—	—	—	—	—	—	—	<1%
50%	13%	—	4%	4%	5%	8%	—	5%	9%	6%	4%
60% - 75%	—	10%	13%	21%	12%	8%	12%	14%	22%	15%	9%
80%	80%	50%	57%	63%	62%	84%	35%	57%	48%	54%	61%
85%	7%	—	—	4%	2%	—	—	—	4%	1%	3%
90%	—	—	4%	4%	2%	—	—	5%	—	1%	3%
100%	—	25%	9%	—	9%	—	35%	5%	4%	11%	7%
Varies	—	—	4%	—	1%	—	—	5%	—	1%	2%
Scheduled Maximums	—	15%	9%	4%	7%	—	18%	9%	13%	11%	11%

6. Dental

COMPARISON EEI - EBIC

Coinsurance	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
UPPER DENTURES COINSURANCE											
50%	79%	40%	60%	58%	59%	84%	35%	59%	58%	56%	62%
55%	—	—	—	—	—	—	—	—	—	—	<1%
60%	7%	15%	9%	13%	11%	8%	6%	9%	4%	7%	8%
65% - 75%	—	15%	9%	4%	7%	8%	24%	9%	4%	11%	4%
80%	7%	5%	4%	17%	9%	—	—	5%	13%	6%	10%
85%	7%	—	—	4%	2%	—	—	—	4%	1%	<1%
Over 85%	—	—	—	—	—	—	—	—	4%	1%	2%
Scheduled Maximums	—	25%	9%	4%	10%	—	29%	9%	13%	14%	12%
Not Covered	—	—	9%	—	2%	—	6%	9%	—	4%	<1%

Orthodontia	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
ORTHODONTIA										
Yes	73%	85%	74%	83%	79%	67%	82%	81%	83%	79%
No	27%	15%	26%	17%	21%	33%	18%	19%	17%	21%

LIFETIME MAXIMUM - ORTHODONTIA										
Maximum	Revenue Grouping Salaried					Revenue Grouping Union/Hourly				
	A	B	C	D	All	A	B	C	D	All
Less than $1,000	—	18%	18%	10%	12%	—	21%	18%	32%	21%
$1,000	64%	29%	29%	50%	42%	75%	30%	23%	32%	34%
$1,200 - $1,299	—	6%	6%	10%	6%	—	—	6%	10%	5%
$1,300 - $1,499	9%	—	—	—	2%	12%	—	—	—	2%
$1,500 - $1,999	27%	18%	35%	20%	25%	12%	21%	35%	26%	26%
$2,000 & Over	—	18%	12%	5%	9%	—	21%	18%	—	10%
Annual Maximum Only	—	—	—	5%	2%	—	—	—	—	—
Other	—	11%	—	—	2%	—	7%	—	—	2%

COMPARISON EEI - EBIC

ORTHODONTIA											
Coinsurance	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Less than 50%	7%	—	—	—	1%	—	—	—	5%	1%	<1%
50%	52%	50%	58%	79%	62%	51%	46%	57%	69%	58%	66%
60%	—	10%	4%	4%	5%	—	12%	5%	5%	5%	5%
70%	—	—	4%	—	1%	—	6%	5%	—	3%	<1%
75%	—	10%	—	—	2%	—	6%		—	1%	1%
80%	—	—	4%	—	1%	—	—	5%	—	1%	3%
100%	7%	5%	4%	—	4%	8%	—	9%	—	4%	1%
Scheduled Maximums	—	10%	—	—	2%	—	12%	—	4%	4%	5%
Other	7%	—	—	—	1%	8%	—	—	—	2%	3%
Not Covered	27%	15%	26%	17%	21%	33%	18%	19%	17%	21%	16%

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6. Dental

COMPARISON EEI - EBIC

POSTRETIREMENT DENTAL PLANS											
Pre - 65 Plans	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Yes	33%	30%	39%	50%	39%	33%	29%	38%	48%	38%	34%
No	67%	70%	61%	50%	61%	67%	71%	62%	52%	62%	66%
Post - 65 Plans	Revenue Grouping Salaried					Revenue Grouping Union/Hourly					EBIC
	A	B	C	D	All	A	B	C	D	All	
Yes	27%	25%	22%	46%	30%	25%	24%	24%	48%	32%	23%
No	73%	75%	78%	54%	70%	75%	76%	76%	52%	68%	77%

5. **Medical** -

Covered employees
Monthly contributions for individual and family
Annual deductible for individual and family
Annual stop loss amount for individual and family
Coinsurance rate for four representative covered expenses
- — hospital room and board
- — inpatient surgery
- — office visits
- — prescription drugs

Cost containment features for
- — certification of hospital stay
- — pre-admission testing
- — outpatient surgery

6. **Dental** -

Covered employees
Monthly contributions for individual and family
Annual deductible for individual and family
Annual maximum benefit excluding orthodontia
Coinsurance rate for three representative covered expenses
- — cleanings
- — non-gold fillings
- — upper dentures

Orthodontia
- — coinsurance rate
- — lifetime maximum

7. **Vacation/Holidays** -

Covered employees
Vacation schedule
Holidays
Personal days

5. Medical - Employee Contribution, Deductible, Stop Loss

Revenue Grouping A - Salaried

Company Name	Covered Employees	Monthly Contributions	Deductible	Stop Loss
Central Illinois Light Company	Full-time (union if negotiated) working 40 hours per week	None	Per Person: $200 per year Family Maximum: $600 per year	Per Person: $1,500 per year Family Maximum: $3,000 per year Stop loss includes deductible amt
Central Louisiana Electric Company, Inc.	All working 20 hours per week	Employee Only: $20.00 Family: $66.00 Family premium shown above is reduced if spouse elects medical coverage elsewhere. Premium is reduced to $46.00 if individual coverage is elected and $26.00 if family coverage is elected.	Per Person: None Family Maximum: None	Per Person: $2,500 per year Family Maximum: None
Central Vermont Public Service Corporation	All (union if negotiated) working 24 hours per week	None	Per Person: Annual Pay — Annual Amt Less than $ 25,000 — $ 150 $ 25,000 to $ 44,999 — $ 170 $ 45,000 to $ 59,999 — $ 200 $ 60,000 to $ 79,999 — $ 230 $ 80,000 to $ 99,999 — $ 260 $100,000 or more — $ 300 Family Maximum: 2 x per person deductible amt	Per Person: Annual Pay — Annual Amt Less than $ 25,000 — $ 1,200 $ 25,000 to $ 44,999 — $ 1,400 $ 45,000 to $ 59,999 — $ 1,600 $ 60,000 to $ 79,999 — $ 1,900 $ 80,000 to $ 99,999 — $ 2,200 $100,000 or more — $ 2,500 Family Maximum: None Stop loss includes deductible amt
Eastern Utilities Associates	All (except temporary) working 20 hrs per week	Employee Only: $37.00 Family: $94.00	Per Person: $25 per quarter Family Maximum: 2 x per person deductible amt	None
El Paso Electric Company	Full-time non-union working 40 hours per week	Employee Only: $31.24 Employee + Spouse: $65.72 Employee + Children: $56.44 Family: $72.56	Per Person: $200 per year Family Maximum: $600 per year	Per Person: $1,500 per year Family Maximum: None Deductible is additional
The Empire District Electric Company	Full-time (union if negotiated)	Employee Only: $16.40 Family: $32.80	Per Person: $225 per year Family Maximum: $400 per year	Per Person: $1,000 per year Family Maximum: $2,000 per year Deductible is additional
Madison Gas & Electric Company	Non-union working 20 hours per week	Employee Only: $13.75 Employee + 1: $27.50 Family: $38.50 Part-time ees pay higher rates	Per Person: $100 per year Family Maximum: $200 per year	Per Person: $1,000 per year Family Maximum: Same as per person amt Deductible is additional
Minnesota Power	All (union if negotiated) working 20 hours per week	Employee Only: $22.00 Family: $67.00	Per Person: $60 per year Family Maximum: $180 per year	Per Person: $1,200 per year Family Maximum: Same as per person amt Stop loss includes deductible amt
Mississippi Power Company	All (union if negotiated)	Employee Only: $31.76 Employee + 1: $119.08 Family: $147.00	Per Person: $200 per year Family Maximum: 3 people each meet deductible	Per Person: $1,500 per year Family Maximum: 2 people each meet stop loss Stop loss includes deductible amt
Missouri Public Service	Non-union	Employee Only: $34.00 Employee + 1: $67.00 Family: $100.00 Active ee dental contributions included in medical Higher rates for smokers	Per Person: $250 per year Family Maximum: $500 per year	Per Person: $1,500 per year Family Maximum: $3,000 per year Deductible is additional
Montana-Dakota Utilities Company	Full-time non-union working 32 hours per week	Employee Only: $10.00 Employee + 1: $22.00 Family: $28.00	Per Person: $400 per year Family Maximum: $800 per year	Per Person: $1,600 per year Family Maximum: $4,000 per year Stop loss includes deductible amt

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5. Medical - Employee Contribution, Deductible, Stop Loss

Revenue Grouping A - Salaried

Company Name	Covered Employees	Monthly Contributions	Deductible	Stop Loss
Otter Tail Power Company	Full-time (union if negotiated) working 40 hours per week	Employee Only: None Family: $50.00	Per Person: $600 per year Family Maximum: Same as per person amt	Per Person: $1,500 per year Family Maximum: Same as per person amt Stop loss includes deductible amt
Savannah Electric and Power Company	All (union if negotiated)	Employee Only: $24.00 Family: $77.60	Per Person: $200 per year Family Maximum: $400 per year	Per Person: $1,000 per year Family Maximum: None Stop loss includes deductible amt
Southern Indiana Gas and Electric Company	Full-time salaried non-union	Employee Only: None Family: $36.35	Per Person: None Family Maximum: None	None
Southern Nuclear Operating Company	All (union if negotiated)	Employee Only: $16.00 Family: $66.00	Per Person: $200 per year Family Maximum: $600 per year	Per Person: $400 per year Family Maximum: None Deductible is additional
St. Joseph Light & Power Company	Full-time (union if negotiated) working 20 hours per week	None	Per Person: $200 per year Family Maximum: $400 per year	Per Person: $800 per year Family Maximum: $1,600 per year Deductible is additional
Texas-New Mexico Power Company	Full-time salaried & hourly working 20 hours per week	Employee Only: $15.48 Employee + Spouse: $37.42 Employee + Children: $28.02 Family: $50.00 Contributions are net of flex credits	Per Person: $200 per year Family Maximum: $400 per year	Per Person: $1,000 per year Family Maximum: $2,900 per year Stop loss includes deductible amt
UGI Utilities, Inc.	Full-time (union if negotiated)	Employee Only: $20.00 Employee + 1: $39.00 Family: $55.00	Per Person: $200 per year Family Maximum: $500 per year	Per Person: $1,300 per year Family Maximum: $3,250 per year Deductible is additional
Upper Peninsula Power Company	Full-time exempt salaried	Employee Only: $12.00 Family: $30.00	Per Person: $200 per year Family Maximum: $400 per year	Per Person: $500 per year Family Maximum: $1,000 per year Stop loss includes deductible amt
Vermont Yankee Nuclear Power Corporation	Non-union working 20 hours per week	Employee Only: None Employee + 1: $15.00 Family: $25.00 Dental contributions are included in Medical	Per Person: $100 per year Family Maximum: $200 per year	Per Person: $650 per year Family Maximum: $1,300 per year Deductible is additional
Wolf Creek Nuclear Operating Corporation	Full-time (union if negotiated) working 40 hours per week	None	Per Person: None Family Maximum: None	Per Person: $750 per year Family Maximum: None

5. Medical - Employee Contribution, Deductible, Stop Loss

Revenue Grouping A - Union

Company Name	Covered Employees	Monthly Contributions	Deductible	Stop Loss
Central Illinois Light Company - Union	Full-time International Brotherhood of Electrical Workers working 40 hours per week	None	Per Person: $200 per year Family Maximum: $600 per year	Per Person: $1,500 per year Family Maximum: $3,000 per year Stop loss includes deductible amt
Central Vermont Public Service Corporation - Union	International Brotherhood of Electrical Workers working 24 hours per week	None	Per Person: Annual Pay — Annual Amt Less than $ 25,000 — $ 150 $ 25,000 to $ 44,999 — $ 170 $ 45,000 to $ 59,999 — $ 200 $ 60,000 to $ 79,999 — $ 230 $ 80,000 to $ 99,999 — $ 260 $100,000 or more — $ 300 Family Maximum: 2 x per person deductible amt	Per Person: Annual Pay — Annual Amt Less than $ 25,000 — $ 1,200 $ 25,000 to $ 44,999 — $ 1,400 $ 45,000 to $ 59,999 — $ 1,600 $ 60,000 to $ 79,999 — $ 1,900 $ 80,000 to $ 99,999 — $ 2,200 $100,000 or more — $ 2,500 Family Maximum: None Stop loss includes deductible amt
El Paso Electric Company - Union	Full-time International Brotherhood of Electrical Workers working 40 hours per week	None	Per Person: $200 per year Family Maximum: $600 per year	Per Person: $1,500 per year Family Maximum: None Deductible is additional
The Empire District Electric Company - Union	Full-time International Brotherhood of Electrical Workers	Employee Only: $16.40 Family: $32.80	Per Person: $225 per year Family Maximum: $400 per year	Per Person: $1,000 per year Family Maximum: $2,000 per year Deductible is additional
Madison Gas & Electric Company - Union	International Brotherhood of Electrical Workers working 20 hours per week	Employee Only: $13.75 Employee + 1: $27.50 Family: $38.50 Part-time ees pay higher rates	Per Person: $100 per year Family Maximum: $200 per year	Per Person: $1,000 per year Family Maximum: Same as per person amt Deductible is additional
Minnesota Power - Union	International Brotherhood of Electrical Workers working 20 hours per week	Employee Only: $22.00 Family: $67.00	Per Person: $60 per year Family Maximum: $180 per year	Per Person: $1,200 per year Family Maximum: Same as per person amt Stop loss includes deductible amt
Mississippi Power Company - Union	International Brotherhood of Electrical Workers	Employee Only: $31.76 Employee + 1: $119.08 Family: $147.00	Per Person: $200 per year Family Maximum: 3 people each meet deductible	Per Person: $1,500 per year Family Maximum: 2 people each meet stop loss Stop loss includes deductible amt
Missouri Public Service - Union	International Brotherhood of Electrical Workers	Employee Only: $15.00 Family: $158.00 Active ee dental contributions included in medical Higher rates for smokers	Per Person: $250 per year Family Maximum: $500 per year	Per Person: $1,500 per year Family Maximum: $3,000 per year Deductible is additional
Montana-Dakota Utilities Company - Union	Full-time International Brotherhood of Electrical Workers	Employee Only: $15.00 Employee + 1: $34.00 Family: $43.00	Per Person: $250 per year Family Maximum: $500 per year	Per Person: $1,000 per year Family Maximum: $2,500 per year Stop loss includes deductible amt
Otter Tail Power Company - Union	Full-time International Brotherhood of Electrical Workers working 40 hours per week	Employee Only: None Family: $50.00	Per Person: $600 per year Family Maximum: Same as per person amt	Per Person: $1,500 per year Family Maximum: Same as per person amt Stop loss includes deductible amt

5. Medical - Employee Contribution, Deductible, Stop Loss

Revenue Grouping A - Union

Company Name	Covered Employees	Monthly Contributions	Deductible	Stop Loss
Savannah Electric and Power Company - Union	International Brotherhood of Electrical Workers	Employee Only: $24.00 Family: $77.60	Per Person: $200 per year Family Maximum: $400 per year	Per Person: $1,000 per year Family Maximum: None Stop loss includes deductible amt
Southern Indiana Gas and Electric Company - Union	Full-time International Brotherhood of Electrical Workers	Employee Only: None Family: $154.51	Per Person: None Family Maximum: None	None
Southern Nuclear Operating Company - Union	International Brotherhood of Electrical Workers	Employee Only: $16.00 Family: $66.00	Per Person: $200 per year Family Maximum: $600 per year	Per Person: $400 per year Family Maximum: None *Deductible is additional*
St. Joseph Light & Power Company - Union	Full-time International Brotherhood of Electrical Workers working 20 hours per week	None	Per Person: $200 per year Family Maximum: $400 per year	Per Person: $800 per year Family Maximum: $1,600 per year Deductible is additional
Texas-New Mexico Power Company - Hourly	Full-time salaried & hourly working 20 hours per week	Employee Only: $15.48 Employee + Spouse: $37.42 Employee + Children: $28.02 Family: $50.00 Contributions are net of flex credits	Per Person: $200 per year Family Maximum: $400 per year	Per Person: $1,000 per year Family Maximum: $2,900 per year Stop loss includes deductible amt
UGI Utilities, Inc. - Union	Full-time International Brotherhood of Electrical Workers	Employee Only: $20.00 Employee + 1: $39.00 Family: $55.00	Per Person: $200 per year Family Maximum: $500 per year	Per Person: $1,300 per year Family Maximum: $3,250 per year Deductible is additional
Vermont Yankee Nuclear Power Corporation - Union	International Brotherhood of Electrical Workers working 20 hours per week	Employee Only: $15.00 Family: $30.00 Dental contributions are included in Medical	Combined Medical/Dental deductible Per Person: $150 per year Family Maximum: $300 per year	Combined Medical/Dental stop loss *Per Person:* $500 per year Family Maximum: $1,800 per year Deductible is additional
Wolf Creek Nuclear Operating Corporation - Union	Full-time International Brotherhood of Electrical Workers working 40 hours per week	None	Per Person: None Family Maximum: None	Per Person: $750 per year Family Maximum: None

5. Medical - Representative Cost Containment

Revenue Grouping A - Salaried

Company Name	Certification of Hospital Stay	Pre-Admission Testing	Outpatient Surgery
Central Illinois Light Company	If not obtained, reduced coverage	Covered at 100%	Better coverage than inpatient surgery 100%; no deductible Applies only to specified procedures
Central Louisiana Electric Company, Inc.	Not available	Regular plan benefits apply	None
Central Vermont Public Service Corporation	Not available	Covered at 100%	None
Eastern Utilities Associates	If not obtained or stay not approved, reduced coverage	Regular plan benefits apply	None
El Paso Electric Company	If not obtained or stay not approved, reduced coverage	Regular plan benefits apply	None
The Empire District Electric Company	If not obtained or stay not approved, reduced coverage	Covered at 100%	Better coverage than inpatient surgery 100%; no deductible
Madison Gas & Electric Company	If not obtained or stay not approved, reduced coverage	Regular plan benefits apply	None
Minnesota Power	If not obtained or stay not approved, no coverage	Regular plan benefits apply	None
Mississippi Power Company	If stay not approved, reduced coverage	Covered at 100%	Better coverage than inpatient surgery 80%; no deductible
Missouri Public Service	If not obtained or stay not approved, reduced coverage	Regular plan benefits apply	None
Montana-Dakota Utilities Company	If not obtained or stay not approved, reduced coverage	Regular plan benefits apply	None
Otter Tail Power Company	If not obtained or stay not approved, coverage is reduced	Regular plan benefits apply	None
Savannah Electric and Power Company	If not obtained or stay not approved, reduced coverage	Regular plan benefits apply	Better coverage than inpatient surgery 100%; no deductible Applies only to specified procedures
Southern Indiana Gas and Electric Company	Not available	Regular plan benefits apply	None
Southern Nuclear Operating Company	If not obtained or stay not approved, reduced coverage	Covered at 100%	None
St. Joseph Light & Power Company	If not obtained or stay not approved, reduced coverage	Regular plan benefits apply	None
Texas-New Mexico Power Company	If not obtained or stay not approved, reduced coverage	Regular plan benefits apply	None
UGI Utilities, Inc.	If not obtained or stay not approved, reduced coverage	Covered at 100%	Reduced coverage if done as inpatient Applies only to specified procedures
Upper Peninsula Power Company	If not obtained or stay not approved, reduced coverage	Regular plan benefits apply	None
Vermont Yankee Nuclear Power Corporation	If not obtained, reduced coverage If not approved, no coverage	Regular plan benefits apply	None
Wolf Creek Nuclear Operating Corporation	If not obtained or stay not approved, reduced coverage	Regular plan benefits apply	None

5. Medical - Representative Coverage

Revenue Grouping A - Salaried

Company Name	Hospital Room & Board	Inpatient Surgery	Office Visits	Prescription Drugs
Central Illinois Light Company	100%; no deduct	80%; deduct	80%; deduct	80%; deduct
Central Louisiana Electric Company, Inc.	100%	100%	100%; $10 Co-Pay	100%; $10 Co-Pay
Central Vermont Public Service Corporation	80%; deduct	80%; deduct	80%; deduct	80%; deduct
Eastern Utilities Associates	100%; no deduct	100%; no deduct	100%; no deduct Spec lengthy illnesses only Other: 80%; deduct	100%; no deduct $3 Co-Pay
El Paso Electric Company	90%; deduct	90%; deduct	90%; deduct	100%; no deduct Generic: $5 Co-Pay Brand: $8 Co-Pay
The Empire District Electric Company	80%; deduct	80%; deduct	80%; deduct	100%; deduct Generic 80%; deduct Other
Madison Gas & Electric Company	80%; deduct	80%; deduct	80%; deduct	90%; no deduct Generic; Ee Max: $15 80%; no deduct Brand; Ee Max: $15
Minnesota Power	100%; no deduct	100%; no deduct Sched: $1,000 Max 80%; deduct Excess	80%; deduct $28/Visit	100%; no deduct Maint Drugs; $850/Yr 80%; no deduct Excess
Mississippi Power Company	80%; deduct	80%; deduct	100%; no deduct $5 Co-Pay	90%; deduct
Missouri Public Service	90%; deduct	90%; deduct	100%; no deduct $10 Co-Pay; Vsts 1-4 90%; deduct After 4 Vsts/Yr	90%; deduct
Montana-Dakota Utilities Company	80%; deduct	80%; deduct	80%; deduct	100%; no deduct Generic: $7 Co-Pay Brand: $15 Co-Pay
Otter Tail Power Company	80%; deduct	80%; deduct	80%; deduct	80%; deduct
Savannah Electric and Power Company	90%; deduct	90%; deduct	90%; deduct	90%; deduct Generic: $1,000/Yr 80%; deduct Brand (See Gen Max)
Southern Indiana Gas and Electric Company	100%	100%	100%	100% Generic: $4 Co-Pay Brand: $7 Co-Pay
Southern Nuclear Operating Company	100%; no deduct 365 Days/Stay 80%; deduct After 365 Days	100%; no deduct	100%; no deduct $15 Co-Pay	80%; deduct
St. Joseph Light & Power Company	80%; deduct	80%; deduct	100%; no deduct $10 Co-Pay	100%; no deduct Generic: $1 Co-Pay Brand: $6 Co-Pay
Texas-New Mexico Power Company	90%; deduct	90%; deduct	100%; no deduct $10 Co-Pay	100%; no deduct $10 Co-Pay
UGI Utilities, Inc.	80%; deduct 365 Days/Stay	80%; deduct	80%; deduct	80%; deduct
Upper Peninsula Power Company	85%; deduct 365 Days/Stay	85%; deduct	85%; deduct	100%; no deduct Generic: $5 Co-Pay Brand: $10 Co-Pay
Vermont Yankee Nuclear Power Corporation	90%; deduct	90%; deduct	90%; deduct	90%; deduct
Wolf Creek Nuclear Operating Corporation	90%	90%	100%; $10 Co-Pay	100% Generic: $2 Co-Pay Brand: $10 Co-Pay

Mail Order Prescription Drug Service

1. Does your company provide a mail order drug service?

   Fifty-three (60%) of the 88 respondents provide a mail order prescription drug service to salaried employees and 39 (44%) of the respondents provide this service to union/hourly employees.

2. Which groups of employees are offered the mail order service? *(The statistics are based on 53 responses from the salaried group and 38 responses from the union/hourly group. Most companies cover both actives and retirees therefore, the percentages shown will not equal 100.)*

Employee Group	Salaried	Union/Hourly
Actives	47 (89%)	35 (92%)
Retirees	46 (87%)	33 (87%)
Other responses *(e.g., surviving dependents)*	11 (21%)	4 (11%)

3. What is the co-pay structure for generic versus brand name drugs under the mail order service? *(The statistics are based on 34 responses from the salaried group and 20 responses from the union/hourly group).*

Co-pay structure	Salaried	Union/Hourly
Brand		
Mean	$11	$10
Median	$10	$10
Generic		
Mean	$ 7	$6
Median	$ 5	$5

Mail Order Prescription Drug Service

4. What percentage of prescription drug claim dollars is reimbursed through mail order service? *(The statistics are based on 46 responses salaried and 29 responses union/hourly. Some companies provided percentages for both actives and retirees therefore the percentages shown will not equal 100.)*

Employee Group	Salaried	Union/Hourly
Active		
Low	8%	8%
High	100%	85%
Mean	47%	45%
Median	46%	40%
Retirees		
Low	10%	5%
High	100%	100%
Mean	38%	44%
Median	33%	30%

5. What is the name of the vendor which provides your mail order service?

Vendors most often named: National RX/MEDCO, Express Pharmacy Services, Revco, Caremark and Value RX.

In-house Prescription Drug Service

Among the 88 respondents, only six (for their salaried employees) and four (for their union/hourly employees) have access to an in-house prescription drug service.

Vendors most often named: Prime Health, InSurX, Company Pharmacy, Pharmaceutical Card System (PCS) and Walmart Pharmacy.

Long Term Care Programs

Among the 88 respondents, ten (11%) offer a group long term care insurance program to their salaried employees (three for their union/hourly).

Vendors most often named: CIGNA, CNA, Aetna Life Insurance Company, John Hancock Mutual Life Insurance and Prudential.

The EEI plan summaries constitute the core of the 1995 EEI Benefits Survey. The plan summaries are produced from the benefit information entered in the computerized data base by an EBIC analyst.

All benefit information in the data base is gathered from plan documents, SPDs, policy guidelines, insurance contracts, etc. supplied directly by each company. The EBIC analyst contacts each company in order to clarify any unclear provisions or missing information. Draft summaries are then produced (laser printed) directly from the data base and reviewed to assure accuracy. The draft summaries are then sent to the company contact person for final verification.

The final plan summary information is entered into a secure storage area (the "Library") in the data base and assigned a verification date (v-date). This date is displayed on each plan summary to inform the reader that the plan summary information is accurate as of that date.

VIII. B. - EEI Data Base/Plan Summaries - Assumptions

In the course of developing each company's plan summaries, the EBIC analyst follows certain standard assumptions and terminology. The purpose of these assumptions and terminology is to assure the consistent and uniform display of each company's benefit plans. The assumptions also keep the benefit plan provisions as concise as possible without sacrificing the essence of their meaning.

This methodology insures that the plan summary is uniform in appearance, concise, consistent in its treatment of plan provisions, and easy to understand.

It is recommended that plan summary users familiarize themselves with the assumptions prior to actually referring to the summaries. The assumptions and terminology discussed below are separated between general assumptions, applicable to all plans, followed by more specific assumptions, applicable to each type of plan summarized.

1. General - Applicable to All Types of Plans

- Employees are assumed to be U.S. employees who are hired into the group covered by the plan and remain in that group throughout their working careers. Special provisions applying only to employees who move in and out of the covered group are not summarized.

- Analysis of all plans is prospective, i.e., plan provisions are summarized as they apply to an employee hired today. Grandfather provisions affecting only employees already hired before the date of the summary are not analyzed.

- All plans are assumed to be in compliance with federal laws and regulations. Such mandated provisions (e.g., maximum benefits and break-in-service rules) are not summarized unless necessary for understanding the plan.

- EBIC gives all plans of the same type a standard name that may differ from the name the company uses for that plan. For instance, a life insurance plan that the company calls "Optional Contributory Term Life Insurance" would be named "Supplemental Life".

- All dollar figures on the summaries are annual amounts unless stated otherwise. For instance, a minimum pension benefit would be written as $150 x years of service although the plan might express it as a monthly benefit of $12.50 x years of service.

- "Years of service" includes all years of employment from date of hire; "years of participation" includes only those years of employment during which the employee actually participates in the plan.

- Provisions that permit enrollment only on a specific day of the month following hire (e.g., first of the month following date of hire) are assumed to exist for administrative convenience and are not summarized. In the example above, the participation requirement would be shown as "None".

- All disability sections describe the coverage available for a permanently and totally disabled employee who remains disabled until retirement or termination of coverage. Generally, the benefits described are those provided after the exhaustion of Company Short Term Disability Benefits.

2. Pension Plans

- The amount calculated according to the Normal Retirement Benefit formula is the amount that would be paid in a life annuity form unless explicitly stated otherwise.

- The term "Accrued Normal Retirement Benefit" refers to the amount calculated according to formulas in the NORMAL RETIREMENT section including minimums, maximums, service ratios, etc. Any exceptions to this rule will be explicitly stated.

- All percentage reductions for early payment of pension benefits are expressed as annual percentages although the plan might express them as monthly percentages.

- In general, it is assumed that employees do not acquire more service after termination. Any exceptions are explicitly stated, most notably in the DISABILITY PROVISION section which frequently states that service is credited while disabled.

- Lump sum payment provisions which apply only to amounts less than $3,500 are not summarized.

- Only post-retirement cost-of-living adjustments (COLA) which are automatic are summarized; Ad-hoc cost-of-living adjustments are not summarized.

3. Savings/Profit Sharing Plans

- For savings and profit-sharing plans that permit both matched and unmatched contributions, it is assumed that the employee must make the full amount of matched contributions before any unmatched contributions can be made. Any exceptions to this rule are explicitly stated.

- Withdrawal provisions are not described in detail on the summary. They are simply noted as being "permitted", "not permitted" or "permitted with restrictions". A restriction is defined as any limiting factor, (e.g., dollar maximums or minimums, timing restrictions, order of funds withdrawn).

- A savings plan that uses forfeitures to increase Company contributions is assumed to allocate them the same as the regular Company contributions unless noted otherwise.

4. Death Plans

- Participation requirements for retired employees are summarized assuming (1) that the employee was enrolled in the plan immediately before retirement and (2) that the employee retired at an early or normal retirement date with a Company pension. Only requirements stricter than the age and service requirements for a pension are summarized.

- Dismemberment benefits are not summarized.

EXHIBIT ______ (RSB-1)

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5. Long Term Disability Plans

- Any dollar minimums and maximums in the ADDITIONAL FEATURES sections are limits after offsets have been subtracted from the plan benefit.
- Any special rehabilitation provisions are noted but not described.
- Any special provisions for continuation of benefits for employees disabled after age 60 are described in the DURATION section.
- The EBIC description of disability as "Unable to perform duties of any occupation" assumes the standard provision "for which an employee is suited by education, training or experience".
- The OFFSETS section describes the extent of integration with the following: Company Short Term Disability benefits, Company Pension Plan or Profit Sharing benefits, Primary and Dependent Social Security and Primary Railroad Retirement. Integration with other possible sources of income is generally not summarized.

6. Medical/Dental Plans

- For companies with multiple medical plans, the plan with the highest enrollment is described on the benefit plan summary. Key differences among the plan options are highlighted in Attachment A of the Medical and Dental summaries.
- Participation requirements for retired employees are summarized assuming (1) that the employee was enrolled in the plan immediately before retirement and (2) that the employee retired at an early or normal retirement date with a Company pension. Only requirements stricter than the age and service requirements for a pension are summarized.
- Availability of coverage for handicapped dependents is not summarized.
- Disabled employees are assumed to have suffered a permanent and total non-occupational disability, before age 60.
- Medical and dental charts having more than one column are read from left to right. For each line, any coverage described in the left column is paid first followed by coverage in the right column(s).

- Where the headings of columns on the medical chart contain dollar maximums or dollar breakpoints *in the coinsurance formula, such maximums or breakpoints* are assumed to apply on a per person, per year basis, unless noted otherwise.

- Dollar maximums in the medical and dental charts are the maximum benefits payable to the employee. Any exceptions are explicitly noted.

- The term "excess" refers to coverage in excess of any dollar maximums.

- Hospital room and board coverage is assumed to be at a semi-private rate unless stated otherwise.

- Any limit on the number of days of hospital coverage is assumed to apply on a per disability basis unless noted otherwise.

- Any scheduled surgical maximum shown is the maximum for the most expensive single procedure.

- The Hospital portion of the PSYCHIATRIC BENEFITS section describes the coverage for hospital charges, not for physician expenses.

- The DIAGNOSTIC FEES line on the medical chart describes coverage for procedures that are performed outside a hospital.

- The VISION CARE and HEARING CARE lines on the medical chart describe coverage for routine care, not for special medical situations such as lenses following cataract surgery.

7. Vacation Plans

- The first line of the vacation chart refers to the maximum amount of vacation available during the plan year in which the employee is hired.

- In the vacation chart, it is assumed that an employee entitled to increased vacation because of service will be entitled to take it immediately upon the beginning of the plan year in which the service anniversary falls unless otherwise noted.

Ninety-three utilities provided salaried benefit data, 86 provided union/hourly data for the 1995 EEI Benefits Survey. This year, each company's plan summaries are being provided electronically through three P.C. diskettes which are to be installed on your personal computer. The diskettes are located under the front cover of Volume I in a pocket diskette holder along with the installation instructions.

Individual companies' plan summaries can be viewed and printed directly from your personal computer. The plan summaries can be segmented by Revenue Groupings and salaried and/or union/hourly programs. Double click on "Help" in the status bar for directions to access the electronic EEI plan summary database.

The companies were classified into four Revenue Groupings as follows:

1. The 93 utilities were listed by revenue in ascending order.

2. The 93 utilities were then initially separated into four groups of 23, 23, 23 and 24 utilities each in ascending revenue order.

3. Companies in both the 1994 and 1995 surveys were kept in the same revenue grouping as they were in 1994. This resulted in a final grouping of 21, 21, 24 and 27 companies and apply to both salaried and union/hourly programs..

4. The four Revenue Groupings were then assigned a letter code A through D in ascending revenue order.

Within each Revenue Grouping, plan summaries are displayed on a plan-by-plan basis first and then by company in alphabetical order. The arrangement of the plan summaries for each company is as follows:

Flexible Benefits
Defined Benefit
Defined Contribution
Death
Short Term Disability
Long Term Disability
Medical
Dental
Vacation/Holiday
Stock Purchase

Each type of benefit plan summary is structured consistently to display its various elements. For example, the summary for a Defined Benefit Pension Plan is always divided by sections in the following manner:

A. General
B. Benefits
C. Active Pre-Retirement Death Benefits
D. Post-Retirement Benefits
E. Other Provisions
F. Financing

Each of those sections is further subdivided into consistently numbered subsections. For example, section A. General is always subdivided into 4 subsections as follows:

1. EMPLOYEES COVERED
2. PARTICIPATION REQUIREMENTS
3. VESTING
4. EMPLOYEE CONTRIBUTIONS

This consistent display of benefit plan provisions applies to each type of benefit plan summary.

In order to make each participating company's plan summaries concise, consistent and easily readable, EBIC uses certain abbreviations where necessary. For example, most final pay formulas in defined benefit plans use some form of final average earnings as one of the formula variables. In displaying the formula, EBIC abbreviates the words "Final Average Earnings" as follows: FAE X where "X" equals the number of years in the averaging period. In certain instances, where there is more than one definition of covered pay, "Final Average Earnings" will be shown as: FAE (#X) where X refers to the definition of average pay.

Under certain circumstances, an EBIC analyst is sometimes required to abbreviate a word or words which normally are not displayed in that manner. Again, this would only be done when or where the situation requires such abbreviation.

The following is a list of the most commonly used abbreviations and their respective meanings:

acc	accident
AD&D	Accidental Death and Dismemberment
amt	amount
bft	benefit
co	company
Combo FP/$bft	Combination final pay/dollar benefit formula
cont'd	continued
contrib(s)	contribution(s)
cov	coverage
Covered Comp	covered compensation
co-pay	co-payment
co-ins	co-insurance
deduct	deductible
detox	detoxification
dth	death
dis	disability
dep	dependent
ee	employee
er	employer
ER	early retirement
exec	executive
FAE X	Final average earnings (X, e.g., 3, 5)
FAE (#X	Final averarage earnings (X e.g. average pay #1)
fam	family
flex	flexible
gen	generic
hr(s)	hour(s)

hosp	hospital
I/P	in-patient
J&S	joint and survivor
LTD	long term disability
Maj Med	Major Medical
max	maximum
min	minimum
mo(s)	month(s)
N/A	not applicable or not available
NR	Normal Retirement
opt	option
O/P	out-patient
part	participation
PIA	Primary insurance amount
Pre-Ret	pre-retirement
psych	psychiatric
red	reduce or reduced
ret	retired or retirement
RN	Registered Nurse
R&B	room & board
R&C	reasonable & customary
Soc Sec	Social Security
SSWB	Social Security Wage Base
STD	short term disability
supp	supplemental
surv	survivor or surviving
svc	service
term	terminated
vac	vacation
vsts	visits
wk(s)	week(s)
yr(s)	year(s)

VII. A. - Healthcare Supplement - Introduction

The Healthcare Supplement survey addressed Mail Order/In-House Prescription Drug and Long-Term care programs. Section B, which follows, highlights the Key Findings. The summary of the responses to the survey are in Section C.

VII. B. - Healthcare Supplement - Key Findings

Mail Order Prescription Drug Service

Sixty percent of the companies surveyed offer a mail order prescription drug program to their salaried employees. Union/hourly employees have access to the service at 44% of the respondents.

Almost all of the companies with this benefit provide access to both actives and retirees.

For both groups of employees (salaried and union/hourly), the median co-pay charged for generic drugs is $5 versus a co-pay of $10 for brand name drugs.

The average percentage of prescription claim drug dollars reimbursed through the mail order service for salaried active employees is 47%; for retirees 38%. The union/hourly group reported similar reimbursement levels as the salaried group (45% active; 44% retirees).

In-House Prescription Drug Service

Less than 10% of the respondents offer an in-house prescription drug service (for either their salaried or union/hourly employees).

Long Term Care Programs

About 11% of the salaried group and 3% of the union/hourly group offer a long term care program to their employees.

Mail Order Prescription Drug Service

1. Does your company provide a mail order drug service?

   Fifty-three (60%) of the 88 respondents provide a mail order prescription drug service to salaried employees and 39 (44%) of the respondents provide this service to union/hourly employees.

2. Which groups of employees are offered the mail order service? *(The statistics are based on 53 responses from the salaried group and 38 responses from the union/hourly group. Most companies cover both actives and retirees therefore, the percentages shown will not equal 100.)*

Employee Group	Salaried	Union/Hourly
Actives	47 (89%)	35 (92%)
Retirees	46 (87%)	33 (87%)
Other responses *(e.g., surviving dependents)*	11 (21%)	4 (11%)

3. What is the co-pay structure for generic versus brand name drugs under the mail order service? *(The statistics are based on 34 responses from the salaried group and 20 responses from the union/hourly group).*

Co-pay structure	Salaried	Union/Hourly
Brand		
Mean	$11	$10
Median	$10	$10
Generic		
Mean	$ 7	$6
Median	$ 5	$5

Mail Order Prescription Drug Service

4. What percentage of prescription drug claim dollars is reimbursed through mail order service? *(The statistics are based on 46 responses salaried and 29 responses union/hourly. Some companies provided percentages for both actives and retirees therefore the percentages shown will not equal 100.)*

Employee Group	Salaried	Union/Hourly
Active		
Low	8%	8%
High	100%	85%
Mean	47%	45%
Median	46%	40%
Retirees		
Low	10%	5%
High	100%	100%
Mean	38%	44%
Median	33%	30%

5. What is the name of the vendor which provides your mail order service?

Vendors most often named: National RX/MEDCO, Express Pharmacy Services, Revco, Caremark and Value RX.

In-house Prescription Drug Service

Among the 88 respondents, only six (for their salaried employees) and four (for their union/hourly employees) have access to an in-house prescription drug service.

Vendors most often named: Prime Health, InSurX, Company Pharmacy, Pharmaceutical Card System (PCS) and Walmart Pharmacy.

Long Term Care Programs

Among the 88 respondents, ten (11%) offer a group long term care insurance program to their salaried employees (three for their union/hourly).

Vendors most often named: CIGNA, CNA, Aetna Life Insurance Company, John Hancock Mutual Life Insurance and Prudential.

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A. Introduction

We are very pleased to present the 1995 Edison Electric Institute (EEI) BENVAL® Report prepared by EBIC - Towers Perrin's Employee Benefit Information Center.

Approximately a month ago, we sent you the 1995 EEI Benefits Survey. The Benefits Survey represented the first half of the comparative analysis of EEI participating companies' benefit practices. In the first half of our analysis, Towers Perrin updated its data base of benefit information (first developed in 1989) for EEI companies participating in the 1995 survey (including salaried and union/hourly data). The same data base is now used to develop a quantitative analysis of your benefits in comparison with other utilities in your Revenue Grouping. This is referred to as the 1995 EEI BENVAL® Report, the second half of the comparative analysis of benefit practices.

BENVAL® is an actuarial tool developed by Towers Perrin that estimates and compares the values of the benefits provided by participating companies. Benefit values for each benefit plan are first determined, then are converted to a series of relative value indices. A relative value index is the value of each company's particular benefit plan divided by the average value of the same benefit plan for the group of participating companies in that Revenue Grouping. The relative value indices for each participating company are compiled and illustrated on a series of color graphs. These graphs, in addition to the explanation of the methodology and interpretation of the results, provide a comparative analysis of the benefit practices of the participating companies. Because such factors as funding vehicles, actuarial methods and assumptions and employee population (all described in the Methodology section of this report) are held constant, the rankings reflect as fairly as possible the differences in the benefit practices. BENVAL® establishes a controlled environment in which the differences in value are exclusively a function of the differences in plan provisions.

Unlike the Benefits Survey, which identified each company's benefit plan provisions on individual plan summaries, BENVAL® presents the results on a strictly confidential basis. Your company was assigned an identifying code (contained in our cover letter) that was used throughout this report. This is the same code as the one used in the Benefit Illustrations included in the 1995 EEI Benefits Survey. Mr. Edward Powell, Manager of Human Resource Information at EEI was provided with a complete decoder for this year's report.

There are four hard copy BENVAL® Reports - one for each Revenue Grouping.

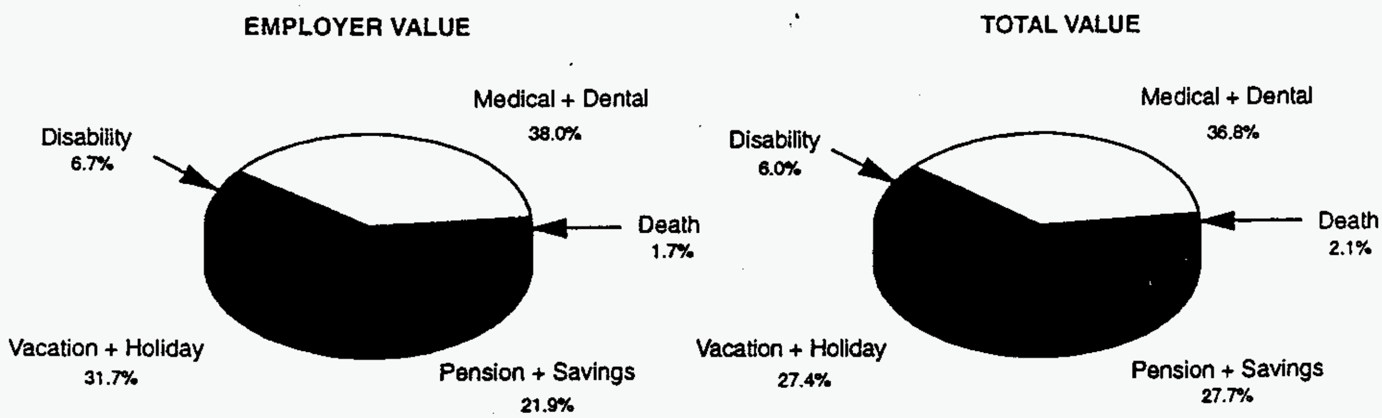
In 1995, for the first time the report includes hard copy results for both salaried and union/hourly benefits. Your company receives the Report for your particular Revenue Grouping.

The relative value index for the entire benefit program represents a company's overall standing after combining the values calculated for that company's benefit plans and comparing that amount to the average combined value of all of the benefit plans for the companies in the Revenue Grouping. Generally, a company with a very high index for its entire benefit program will consistently have high values in each individual plan comparison. Similarly, a company with a very low overall index will consistently have low values in each individual plan comparison. A typical company will have a combination of high and low individual plan values. An examination of the individual plan comparisons will identify those plans which increase or decrease your overall benefit program value.

1. Relative Weight of Benefit Plans - 1995

Each benefit plan contributes a different weight to the entire benefit program value. The pie chart below illustrates the relative weight of the major groupings of salaried benefit plans (e.g., pension plus savings) to the total benefit program. The chart is based on the values of each plan for all of the participating companies in the EEI data base.

For example, pension plus savings plans on average make up 27.7% of the total value of the entire benefit program. Disability benefit plans make up 6.0% of the **total value** of the entire benefit program or 6.7% of the **employer value** of the entire benefit program.



The relative weight of the major groupings of union/hourly benefit plans is similar, varying by less than one percentage point (plus or minus) in each of the major groupings.

2. 1995 Relative Ranking of Revenue Groupings to "EBIC"

Your company's relative value rank within your own revenue grouping was illustrated in the 24 BENVAL® graphs numbered R-3 through R-24 (salaried) and the 24 BENVAL® graphs number RU - 3 through RU - 24 (union/hourly). The graphs on the following two pages illustrate the relative ranking of benefit values (salaried and union/hourly) of each revenue grouping to "EBIC". "EBIC" values are determined by averaging the benefit values of representative U.S. non-utility companies (e.g., banks, chemicals, natural resources, diversified financials).

The illustrations provide ranking of employer value and total value for the following major groupings of benefit plans:

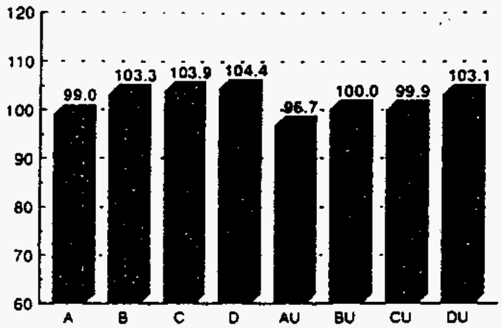
Entire (all benefit plans)
Pension + Savings (also includes Profit Sharing)
Disability (Short-Term Disability + Long-Term Disability)
Death
Medical + Dental
Vacation + Holiday (Total Value)

In the ranking of salaried medical + dental benefit values of each revenue grouping to "EBIC", Revenue Groupings B, C and D exceed "EBIC" in employer value (106.7, 105.5 and 108.1 respectively). Revenue Grouping A is below "EBIC" at 99.3.

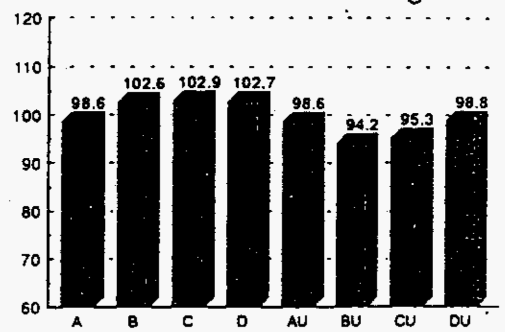
The union/hourly medical + dental benefit values are similar to the salaried benefit values, exceeding "EBIC" in employer value for Revenue Groupings BU, CU and DU (106.1, 103.8 and 109.3 respectively), while Revenue Grouping AU is below EBIC at 95.9.

1995 EDISON ELECTRIC INSTITUTE BENVAL® REPORT
EEI REVENUE GROUPINGS/EBIC
EMPLOYER VALUE

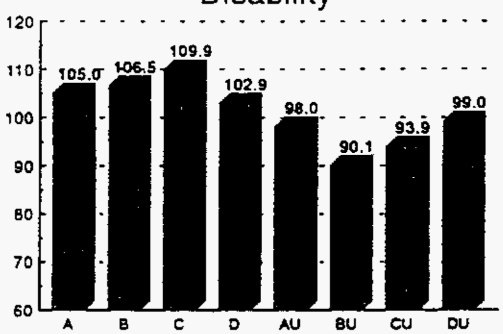
Entire



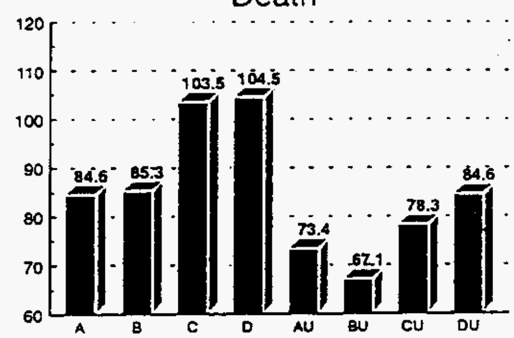
Pension + Savings



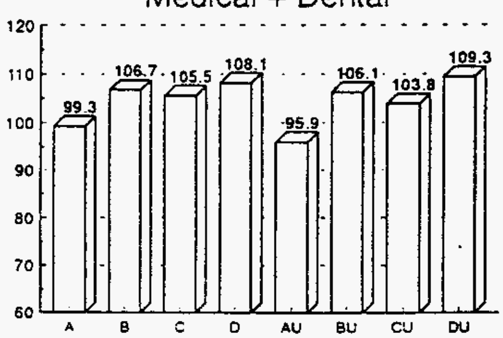
Disability



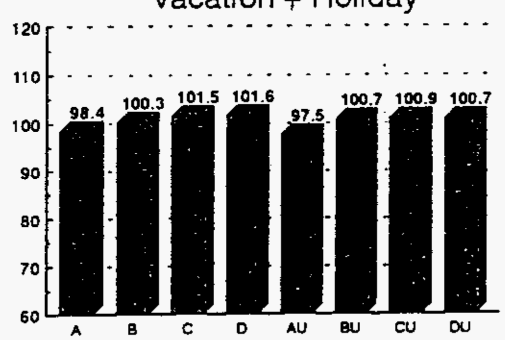
Death



Medical + Dental



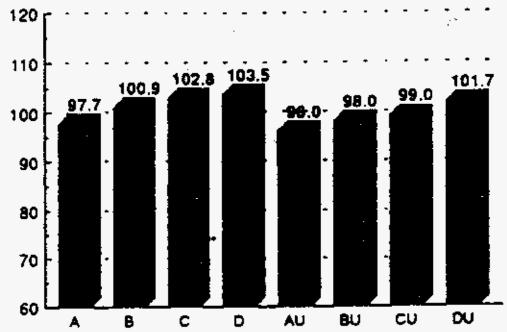
Vacation + Holiday



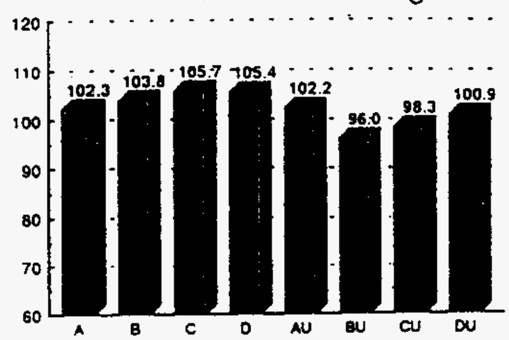
"EBIC" = 100.0

1995 EDISON ELECTRIC INSTITUTE BENVAL® REPORT
EEI REVENUE GROUPINGS/EBIC
TOTAL VALUE

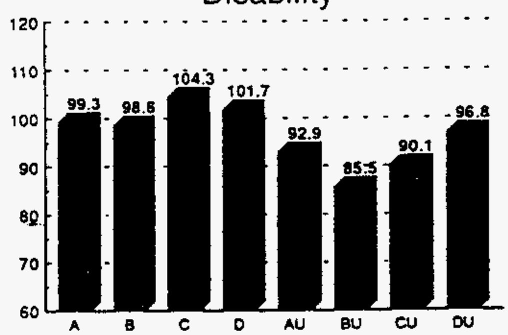
Entire



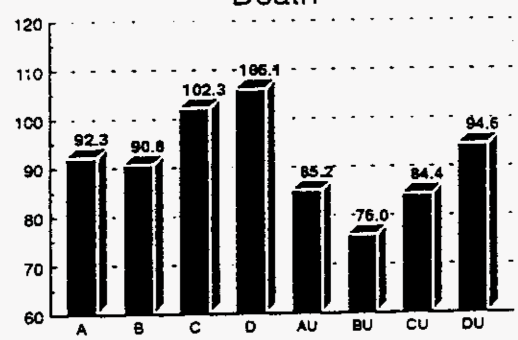
Pension + Savings



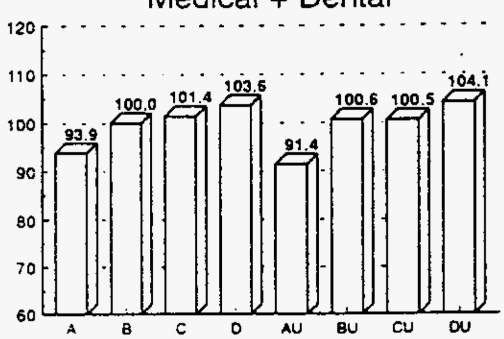
Disability



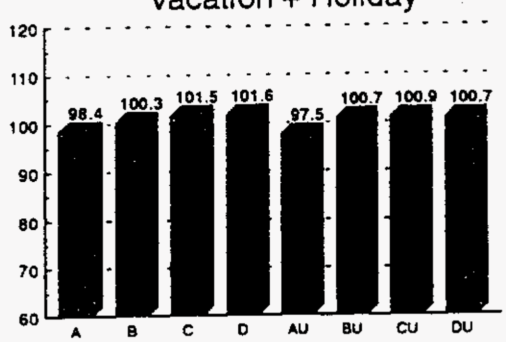
Death



Medical + Dental



Vacation + Holiday



"EBIC" = 100.0

3. Conclusion

In reviewing the relative weight of benefit plan values in 1995, or in comparing the relative rank of your revenue grouping to other revenue groupings or to "EBIC", it should be noted that overall results may not be the same as individual company results. It is possible that your benefit program (or plan) has not changed since 1994, but your ranking within your revenue grouping is different this year than in 1994. This is possible either because other companies in your revenue grouping may have changed their benefit plans and/or your 1995 Revenue Grouping is not identical to your 1994 Revenue Grouping. Some EEI companies that were in the 1994 Benefits Survey chose not to participate in the 1995 Benefits Survey.

The remainder of this section contains guidelines you can use in reviewing your company's relative ranking.

An LTD plan's definition of disability affects the plan's value. For instance, a plan will have a higher value if total disability is defined as an employee's inability to perform his or her own job as compared with a plan in which total disability is defined according to the more stringent requirements for Social Security disability benefits.

LTD plans are usually offset by other disability benefits such as: Social Security Disability benefits or immediate pension plan disability benefits. An LTD plan that does not require an offset for other disability payments received will have a significantly higher value than a plan that offsets benefits directly by 100% of Primary Social Security Disability benefits and immediate pension plan disability benefits. The level of plan offsets also affects plan values. For instance, a plan may offset its benefits only after the combined benefits from all sources exceeds a certain percentage of the employee's pay. This procedure is commonly referred to as the "all source" or "back door" method of integration with Social Security or other disability benefits.

The level of any required employee contributions does not significantly affect the total value of an LTD plan. However, such contributions will reduce the employer value (the value excluding employee contributions). In some cases in which employee contributions are very high, the employer value can be zero.

6. Medical Plans

Several participating companies may offer employees two or more options for medical coverage. For the 1995 Benefits Survey, the plan with the highest employee enrollment was summarized by EBIC. This same plan is valued in this BENVAL® comparison.

Medical benefits are valued on a basis that reflects current national claims levels. Medical plan values are affected by several factors, such as: the type of plan, plan deductibles, stop loss provisions, covered expenses, the level of required employee contributions, and the availability of coverage for retired employees.

Generally, the highest valued medical plans under our standard valuation procedures (as used in the EEI BENVAL® are those providing 100% coverage for all expenses, some of which may require a co-pay. These are typically managed care plans (e.g., PPOs, POS plans and HMOs).

The next plans in order of value are those providing coverage for basic plus major medical expenses. Comprehensive plans, which are generally valued lower than basic plus major medical plans, require an employee to satisfy a plan deductible before any expenses are reimbursed. However, it is possible for a comprehensive plan to have a higher value than a basic plus major medical plan. For instance, if a comprehensive plan has a relatively low deductible and a high reimbursement percentage (coinsurance) of 90%, its plan value may exceed the value of a basic plus major medical plan with a high major medical deductible and more restrictions on the expenses covered by the plan.

Managed care plans (e.g., PPOs, POS plans and HMOs) are not adjusted to reflect differences in value due to lack of choice and cost savings. However, the typical adjustments based on lack of choice and cost savings as a rule of thumb are a 7% reduction in value for PPO plans and a 15% reduction for POS/HMO plans.

The availability of coverage for certain types of expenses gives added value to a medical plan. This can include psychiatric care (in and out of the hospital), chiropractic care, routine physical examinations, convalescent care and home care coverage.

The continuation of coverage to employees at retirement increases a medical plan value; the highest values being calculated for plans that continue the active employees' plan after retirement. Our value determination takes into account coordination with Medicare at age 65.

7. Dental Plans

Several participating companies may offer employees two or more options for dental coverage. For the 1995 Benefits Survey, the plan with the highest employee enrollment was summarized by EBIC. This same plan is valued in this BENVAL® comparison.

Dental benefits are valued on a basis that reflects current national claims levels. Dental plan values are affected by several factors, such as: the type of plan (reasonable and customary - "R&C" or scheduled), deductible amounts, the level of reimbursement of dental expenses, the availability of coverage for retired employees and the level of required employee/retiree contributions.

Generally, the highest valued plans use the R&C approach for determining the amount of reimbursement of expenses under the plan. However, a scheduled plan's fixed dollar benefits may be of equal value, if those amounts are approximately equal to the percentage of expenses reimbursed under the R&C plan. BENVAL® determines R&C levels based on current national claims levels.

Similarly, a plan with a higher coinsurance level for other expenses (restorative, prosthodontics) will have a higher value than one with a lower coinsurance (80% versus 50% for example).

Dental plans that provide orthodontic coverage have added value, particularly if coverage is available to adults as well as to children. The value for this coverage also varies by the amount of deductible, if any, the level of coinsurance and the lifetime maximum benefit payable.

The continuation of dental coverage to employees at retirement is not as common as the continuation of medical coverage at retirement. If a plan continues coverage to employees at retirement, an additional value is calculated based on the level of coverage and the length of time coverage will continue. As in the case with active employees' coverage, the amount of required retiree contributions will affect this value, since the amount of contributions determines the expected level of participation in the plan.

8. Vacation and Holiday Plans

The values of vacation and holiday plans are determined by the schedules provided by the participating companies and are directly related to the employees' earnings.

For vacation plans, the value calculated varies based on the number of vacation days available according to the company's schedule, usually based on the employee's years of service.

Plan values are adjusted for highly paid employees with five or more weeks of vacation, since it is likely that such employees will forfeit some vacation at the end of the year. However, this adjustment is not made if a company permits pay for unused vacation during employment.

The value of holiday plans varies by the number of holidays available to the employee, including regularly scheduled holidays and personal days.

Valuation Date | January 1, 1995

Economic

Interest: 7.5% per year
Salary Scale: 5.5% per year
Social Security
Wage Base Increases: 5.0% per year
Consumer Price Index
(CPI) Increases: 4.0% per year

Demographic

Mortality: 1983 Group Annuity Mortality.
Illustrative rates of mortality are:

	Number of Deaths per 10,000 Lives	
Age	Males	Females
25	5	3
35	9	5
45	22	10
55	61	25
65	156	71
75	446	240

Turnover: Illustrative rates of turnover showing the percent of employees leaving the company for any cause except death, disability and retirement are:

Age	Rate
25	13.2%
35	8.1%
45	5.2%
56	0%

Disability: Incidence - 1987 Group LTD Table,
Six month elimination period.

Mortality - PBGC mortality for participants receiving
Social Security disability benefits.

Retirement: Incidence varies by the age at which retirement benefits are unreduced. Illustrative probabilities of retirement are:

	Age of Unreduced Benefit			
Age at Retirement	65	62	60	55
55	4%	4%	4%	15%
60	10%	10%	15%	15%
62	20%	30%*	30%	30%

*For example, this rate means that under a plan that provides an unreduced benefit at age 62, 30% of the employees will retire at age 62.

Sickness:	Based on the Commissioner's Disability Table, the Society of Actuaries TSA Group Table and Towers Perrin's experience.
Family Composition:	Based on the 1980 Census data with wives assumed to be three years younger and husbands three years older.

Funding Methods

Future Benefits:	Projected Unit Credit with service prorate
Current Benefits:	Term Cost Method

Methodology - D. Plan Specific Methodology and Assumptions (continued)

The amounts of optional insurance elected are determined by a general formula, not by individual company experience. This general formula reflects the level of company provided coverage and the employee's marital status, salary and contributions.

Insurance coverages provided under a Group Universal Life Plan (GULP) are included. Retired employees are assumed to cease discretionary coverage at age 65.

Occupational coverages and business travel accident benefits have been disregarded, since they have a negligible value.

Flat dollar death benefits are assumed to remain constant.

5. Disability Plans

Short-term and long-term disability benefits are valued. Short-term disability (STD) benefits include salary continuance, intermittent and extended coverage, and sickness and accident policies. STD values generated for these benefits are reflective of level and duration -- and whether the coverage available is payable per year or per disability. For STD benefits payable at company discretion, we value the maximum available duration period.

Long-term disability (LTD) values reflect the level of benefit, the plan's definition of disability, duration and the plan's integrated benefits (e.g., Primary and Dependent Social Security, immediate pension benefits). When more than one option for LTD coverage is available to employees under a flexible benefits arrangement, the option that does not require employee contributions is valued if it provides a benefit of at least 50% of pay. Otherwise, the option providing the highest benefit is valued.

Employees are assumed not to be occupationally disabled.

6. Medical and Dental Plans

Medical and dental benefits are valued on a basis that reflects current national claims levels. The election of active medical coverage by the employee and dependents is determined by the level of employee contributions required for participation.

Vision, prescription drug and physical examination coverages are reflected in the health care value whether they are covered under the medical plan, or under a separate plan.

Methodology - D. Plan Specific Methodology and Assumptions (continued)

Values for survivor and disability coverages are calculated for the medical portion of health care. Values are calculated for active employee coverage and for postretirement coverage (for both normal and early retirees). Postretirement coverage is adjusted for a rate of inflation that is equal to the interest assumption.

Managed care plans (e.g., PPOs, POS plans and HMOs) are not adjusted to reflect differences in value due to lack of choice and cost savings. However, the typical adjustments based on lack of choice and cost savings as a rule of thumb are a 7% reduction in value for PPO plans and a 15% reduction for POS/HMO plans.

7. Vacation and Holiday Plans

Vacation and holiday plans are valued individually and in combination. For vacation schedules varying with an employee's date of hire, it is assumed that each employee is hired on the first day of the vacation plan year. Vacation values are adjusted to reflect utilization of vacation days, particularly for long service, highly paid employees that forfeit some vacation days at the end of the year.

EXHIBIT (BSB-2)

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Actuarial Report as of January 1, 1995 for the Postretirement Medical, Dental, and Death Benefit Programs of Southern States Utilities

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

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Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

Part I. Summary of Results

A. Financial Information

		01/01/95	01/01/94
1. FAS 106 Expense			
a.	Medical and Dental	$ 912,379	$ 814,480
b.	Death Benefits	36,578	33,552
c.	Total	$ 948,957	$ 848,032
2. Succeeding Year Cash Flow Projection			
a.	Medical and Dental	$ 103,302	$ 77,086
b.	Death Benefits	4,470	3,537
c.	Total	$ 107,772	$ 80,623
3. Accumulated Postretirement Benefit Obligation			
a.	Medical and Dental	$ 4,515,313	$ 3,863,738
b.	Death Benefits	251,064	219,794
c.	Total	$ 4,766,377	$ 4,083,532
4. Expected Postretirement Benefit Obligation			
a.	Medical and Dental	$ 7,636,508	$ 6,559,374
b.	Death Benefits	330,889	292,754
c.	Total	7,967,397	$ 6,852,128
5. Plan Assets			
a.	Total	$ 918,840	$ 500,040
6. Balance Sheet Asset (Liability) Medical + Dental + Death			
a.	Beginning of Year	$ (801,090)	$ (400,633)
b.	Net Employer Contributions in Year	N/A	447,575
c.	(Financial Statement)	(948,957)	(848,032)
d.	End of Year	N/A	$ (801,090)
7. Assumed Discount Rate		7.0%	7.0%

Southern States Utilities
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B. Valuation Data

	01/01/95	01/01/94
1. Number of Participants - Medical and Dental		
a. Active	470	435
b. Retired	22	16
c. Total	492	451
2. Number of Participants - Death Benefits		
a. Active	470	435
b. Retired	22	16
c. Total	492	451

C. Projected FAS 106 Valuation Results

	01/01/96
1. FAS 106 Expense	$ 994,000
2. Accumulated Postretirement Benefit Obligation	$5,460,000
3. Expected Postretirement Benefit Obligation	$8,189,499

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D. Deductible Limit for Funding 501(c)(9) Trust

	Year Beginning 01/01/95
1. Current Service Cost	$ 249,764
2. Interest Cost	$ 150,510
3. Expected Return on Assets	(45,942)
4. Amortization	152,781
	$ 507,113

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

Part II. Actuarial Commentary

A. Sensitivity Analysis

The Company's true liability for postretirement benefits depends greatly upon future economic and demographic factors which are difficult to predict accurately. The estimates in this report are based on the actuarial assumptions that are outlined in Part V. These assumptions are hereafter referred to as the current assumptions. Different assumptions could yield significantly different results. The following table illustrates the sensitivity of the results to changes in the key assumptions:

Medical and Dental Benefits			
	Service Cost & Interest Cost	APBO	EPBO
Current Assumptions	$769,144	$4,515,313	$7,636,508
1% Increase in Medical and Dental Trend Assumptions	$933,819 +21%	$5,304,084 +17%	$9,358,579 +23%

B. Beginning Medical and Dental Claim Level

The beginning medical and dental claim level is a major determinant of the FAS 106 annual expense for postretirement medical and dental benefits.

The beginning claim level that is used for this report is based on a combination of actual claim data for the period 1/1/93 - 3/31/95 for active employees and retirees and manual rates which represent the expected claims based benefits, demographics, and geographic cost factors. Claims for actives and retirees under 65 have improved somewhat from the previous valuation while over 65 claims have worsened. We used the following adjustments to manual rates to reflect the new experience and to smooth out year-to-year fluctuations. The beginning dental claim level is based on the overall actual dental claims experience for actives and retirees combined.

	Ratio of Estimated Claim Cost to Manual Rate
Retirees and Spouses < 65	.872
Retirees and Spouses 65+	.930

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C. Medical Trend Rate

The medical trend rate is an important assumption in projecting medical claim levels. Varying this assumption produces dramatically different results for liabilities and expense amounts as shown in [A] above. The calculations in this report are based on an assumed annual medical trend rate of 9% beginning in 1995 grading down to an ultimate rate of 5% in 1999.

D. Gain and Loss Recognition

FAS 106 specifies a corridor approach as the minimum for recognizing gains and losses. Under this approach, cumulative gains and losses are not recognized until they exceed 10% of the APBO (or market-related value of plan assets if greater). Once the cumulative gain or loss exceeds this threshold, the excess is amortized over the average future service to expected retirement of active plan participants.

Any systematic approach to recognizing gains and losses can be used instead of the minimum method if the alternative method satisfies the following conditions:

1. The minimum amortization is recognized in any period in which it is greater than the amount that would be recognized under the alternative method,

2. The method is applied consistently from year to year and on a similar basis for gains and losses, and

3. The method is disclosed.

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Part III. Actuarial Certification

We have made an actuarial valuation of the Company's postretirement medical and dental benefit programs as of January 1, 1995. The employee data and the financial and claims information that were used in this valuation were submitted to us by the plan sponsor, or at the plan sponsor's direction. The demographic data was collected as of the valuation date. We did not audit any of the submitted data. On the basis of our review of the data, however, we believe that the information is sufficiently complete and reliable for the purposes of this valuation.

In our opinion, the assumptions and methodology underlying this valuation are consistent with the criteria outlined under FAS No. 106 and conform to the Actuarial Standard of Practice No. 6, Measuring and Allocating Actuarial Present Values of Retiree Health Care and Death Benefits and Actuarial Compliance Guideline No. 3, published by the Actuarial Standards Board.

We have no relationship with the client which may impair or appear to impair the objectivity of our work.

Godwins Booke & Dickenson

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Part IV. Review of Regulatory Issues and Other Responsibilities

A. Regulatory Issues

1. Document and SPD

The document and SPD should accurately reflect the retiree benefit plan and should unambiguously reserve the employer's right to modify or terminate the plan.

A ruling in the 3rd Circuit (PA, NJ, DE) prohibited an employer from modifying its postretirement benefits, even though the employer had clearly reserved the right to do so. The ruling was based on the fact that the plan document did not have the appropriate language regarding amendment procedures and did not identify the person who had the authority to amend the plan. The court did not allow the employer to terminate plan benefits until it adopted a proper amendment procedure.

This ruling was recently overturned, but highlights the importance of accurate, complete plan documents and SPDs.

2. FAS 112

FAS 112, which is effective for fiscal years beginning after December 15, 1993, requires employers to show a liability for benefits provided to nonactive employees who are not retired. This includes employees who are terminated, laid off, disabled, on leave of absence, as well as surviving spouses and dependents.

Employers who provide benefits to long term disabled employees may have a choice to classify these benefits as postretirement benefits subject to FAS 106, or postemployment benefits subject to FAS 112. FAS 106 allows amortization of the transition obligation and includes a provision for delayed recognition of gains and losses.

3. Medicare Primary for Disabled, Non-working Employees

Effective August 10, 1993, Medicare is the primary payor on benefits for most disabled, non-working, employees who are covered under Medicare because of disability. Under a recently issued procedure, employers can have Medicare adjust payments so the employer plan pays secondary, effective August 10, 1993.

4. Other Health Care Issues not Directly Related to Postretirement Benefits

- Coverage under Qualified Medical Child Support Orders
- Mandated coverage of pre-adoptive children
- Pediatric vaccines vested as of May 1, 1993
- Medicaid's ability to use COBRA or forced enrollment to cost shift to employers
- Self-funded must pay New York hospital surcharge or face stiff penalties
- Family and Medical Leave Act
- No required COBRA coverage for employees on Medicare because of kidney disease

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B. Other Responsibilities

1. Disclosure information required by FAS 106 must be included in year-end financial statements.

2. FAS expense must be calculated on an estimated and ultimately a final basis for accruing cost throughout the year.

3. Retiree contribution rates should be updated to meet the intent of the postretirement plan.

4. Plan Administrator must provide the following:

   a. For completion of the actuarial valuation report

      i. Active and retiree census data
      ii. Experience data on active and retiree plans
      iii. Expense data
      iv. Descriptions of plan changes

   b. For completion of fiscal year end disclosure information

      i. Descriptions of plan changes or significant events during the fiscal year
      ii. Retiree contributions paid to employer for medical and death benefit coverages
      iii. Employer cash payments for retiree medical and death benefits for the fiscal year

         - If self-insured or participating insurance contract, cash payments should equal retiree claims plus applicable administrative expenses, stop loss insurance premiums, and other expenses related to the plan.

         - If insured on a pooled basis, cash payments should equal age-adjusted premiums.

      iv. Trust deposits and asset value at year-end.

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Part V. Valuation Methods and Assumptions

A. Valuation Methods

The Projected Unit Credit method is used to calculate all of the expense amounts that are included in this report. The calculations are performed in accordance with the methodology set forth in FASB Statement No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. Generally, the method is intended to match revenues with expenses and attributes an equal amount of an employee's projected benefit to each year from date of plan entry to the date that he is first eligible to retire with full benefits.

All of the calculations in this report assume that the plan will continue without change except that retiree cost-sharing provisions, including contributions, will increase over time at the same rate as the total plan cost. This assumption does not necessarily imply that there is an obligation to do so.

B. Valuation of Assets

A 501(c)(a) trust has been established effective December 30, 1993. Assets held in the trust fund are valued on a market value basis.

C. Employees Included in the Calculations

All active employees who have met the plan's participation requirements as of the valuation date are included in the calculations. Former employees or their survivors who are entitled to a benefit under the provisions of the plan are also included.

D. Actuarial Assumptions

1. Discount Rate — 7.0%

2. Medical Trend Rate (for gross eligible charges)

Year	Medical	Dental
1995	9%	6.5%
1996	8%	6%
1997	7%	5.5%
1998	6%	5%
1999+	5%	5%

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3. Increase in Retiree Contribution Amounts for Postretirement Health Care Benefits

Year	Medical	Dental
1995	9%	6.5%
1996	8%	6%
1997	7%	5.5%
1998	6%	5%
1999+	5%	5%

4. Beginning Medical and Dental Claim Level Per Person (used for the twelve-month period beginning on the valuation date)

Retiree or Spouse Age	Annual Cost Medical	Annual Cost Dental
57	$3,611	$111
62	4,497	111
67	1,138	111
72	1,315	111
77	1,525	111
82	1,621	111
87	1,659	111

5. Mortality — 1983 Group Annuity Mortality Table for males, set back six years for females

6. Disability — None

7. Sample Termination Rates

Age	Annual Rate
25	11.63%
30	10.89%
35	10.14%
40	9.40%
45	6.87%
50	4.33%
55	1.80%

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8. Retirement Rates

Age	Annual Rate
55-59	2%
60-61	10%
62	30%
63-64	20%
65	100%

9. Percentage of Future Retirees Who Elect Postretirement Health Care Coverage — 90%

10. Percentage of Future Retirees with Postretirement Health Care Coverage Who Elect Family Coverage

    a. Male Retirees — 85%
    b. Female Retirees — 85%

11. Expenses — 5% Included in beginning claim level

12. Assumed rate of annual compensation increase — Not applicable

13. Expected net after tax return on assets — 5%

E. Other Considerations

1. There are no significant liabilities for this plan other than for benefits.

2. Although we believe these to be accurate and complete as of the valuation date, employee data supplied to us by the Employer has not been audited by us.

3. All employees who are assumed to be married and for whom we have no spouse information are assumed to have a spouse with the husband three years older than the wife.

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Part VI. FASB Statement 106 Information[1]

The substantive plan which is the basis for this accounting is the plan described in Part VII together with the following assumptions about future modifications:

1. Retiree cost-sharing provisions (deductible, coinsurance, etc.) will increase over time at the same rate as the total cost of the plan.

2. Retiree contributions will increase at the same rate as the total cost of the plan.

A. Net Periodic Postretirement Benefit Cost

		Fiscal Year Beginning 01/01/95	01/01/94
1.	Service cost	$ 471,732	$ 406,205
2.	Interest cost	329,874	283,026
3.	(Expected return on assets)	(45,942)	(25,002)
4.	Amortization of unrecognized amounts:		
	a. Transition obligation (asset)	210,344	210,344
	b. Prior service cost	0	0
	c. Net (gain) or loss	(17,051)	(26,541)
5.	Total	$ 948,957	$ 848,032

1 Unless specifically noted otherwise, all of the information in this Part is for the combined postretirement medical, dental and death benefit programs.

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Postretirement Medical, Dental, and Death Benefit Programs

B. Reconciliation of Funded Status

		01/01/95	01/01/94
1.	Fair value of assets	$ 918,840	$ 500,040
2.	Accumulated postretirement benefit obligation		
	a. Retirees and beneficiaries eligible for benefits	751,839	536,229
	b. Active employees fully eligible for benefits	1,786,755	1,613,307
	c. Terminated employees fully eligible for benefits	0	0
	d. Active employees, not fully eligible for benefits	2,227,783	1,933,996
	e. Total	4,766,377	4,083,532
3.	Funded Status ([1] - [2])	(3,847,537)	(3,583,492)
4.	Unrecognized transition obligation (asset)	3,786,182	3,996,526
5.	Unrecognized prior service cost	0	0
6.	Unrecognized net (gain) or loss	(739,735)	(813,667)
7.	Balance sheet asset (liability) ([3] + [4] + [5] + [6])	$ (801,090)	$ (400,633)

Southern States Utilities
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C. Other Accounting Information

		01/01/95	01/01/94
1.	Market related value of assets	$ 918,840	$ 500,040
2.	Unrecognized net (gain) or loss to amortize[2]	(739,735)	(813,667)
3.	Average future service (in years)		
	a. To expected retirement	15.43	15.27
	b. To full eligibility	10.66	8.63
4.	Medical Trend Rate		
	a. First year rate	9%	10%
	b. Ultimate rate	5%	5%
	c. Select period	4 years	5 years
5.	Dental Trend Rate		
	a. First year rate	6.5%	7%
	b. Ultimate rate	5%	5%
	c. Select Period	3 years	4 years
6.	General Inflation	4%	4%
7.	Weighted average assumed discount rate	7%	7%
8.	Assumed rate of annual compensation increases	N/A	N/A
9.	Weighted average expected long-term rate of return on plan assets (after-tax)	5%	5%
10.	Estimated income tax rate included in rate of return	30%	30%
11.	Effect of a 1% increase in assumed trend rate on postretirement medical and dental care:		
	a. Service and interest cost	+21%	+21%
	b. APBO	+17%	+18%

2 Minimum amortization of the unrecognized net (gain) or loss, calculated in accordance with paragraph 59 of FAS 106, is equal to (i) the excess, if any, of the absolute value of the amount in line (C)(2) over 10% of the greater of the amounts in lines (B)(2)(f) and (C)(1), divided by (ii) the number of years in line (C)(3)(a).

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12.	Amount of benefits of employees and retirees covered by insurance contracts issued by the Employer and related parties	None	None
13.	Amortization methods and periods used to amortize:		
	a Transition obligation	Straight Line 20 years from 1/1/94	Straight Line 20 years from 1/1/94
	b. Prior service cost	N/A	N/A
	c. Net (gain) or loss	Minimum Method described in FAS 106	Minimum Method described in FAS 106
14.	Employer commitments to make future plan amendments (that serve as the basis for the Employer's accounting for the plan)	None	None

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

Part VII. Summary of Current Plan Provisions

A. Postretirement Medical and Dental Benefits

1. Eligibility

Employees who retire at age 55 or later with 5 or more years of service are eligible to receive postretirement medical benefits.

2. Benefits Covered

Eligible retirees can chose between an Exclusive Provider Plan (EPO) or a Preferred Provider Plan (PPO). In the EPO, a primary care physician acts as a gatekeeper. Approved care is generally paid at 90% after a $150 deductible. Unapproved care is paid at 60% after a $150 deductible, plus an additional deductible of $250 per confinement or outpatient surgery.

The PPO does not have a gatekeeper and benefits are generally paid at 85% in the network and 65% outside the network, after a $150 deductible. There is an additional $250 deductible per confinement or outpatient surgery outside the network.

Dental benefits have a $100 deductible, waived for preventive treatment. Coinsurance is 100% for preventive, 80% for basic, and 50% for major services. Maximum annual benefit is $1,500.

3. Coordination with Medicare

The benefits under this plan are coordinated with Medicare for retirees and spouses age 65 or older on a "Carve-out" basis. That is, employer payments will equal the payment amount calculated in the absence of Medicare minus the amount paid by Medicare.

4. Surviving Spouses

Surviving spouse may continue in the plan for 90 days by paying the full cost, then they are offered COBRA contribution coverage.

5. Retiree Contributions

	Annual Contribution for 1995	
	Retiree Only	**Retiree and Spouse**
Medical + Dental		
EPO*	$ 288	$ 996
PPO	$ 480	$ 1,656
Dental - Only	$ 24	$ 84

*Retirees outside the EPO area pay the EPO contributions and receive the PPO benefits.

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B. Postretirement Death Benefits

1. Eligibility

   Same as medical and dental.

2. Benefits Provided

   Eligible retirees are provided with a death benefit of $10,000.

3. Retiree Contributions

   Annual retiree contribution is $10.

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Part VIII. Demographic Information

A. Number of Participants and Dependents

	01/01/95	01/01/94
1. Number of Active Employees Submitted	470	435
2. Number of Costed Participants and Dependents		
a. Active employees		
(1) Fully eligible	46	44
(2) Not fully eligible	324	391
(3) Total active employees	470	435
b. Retirees and beneficiaries eligible for benefits	22	16
c. Total costed participants	492	451

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B. Age/Service Distribution - Actives

Age	Completed Years of Employment									
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
< 20	0	0	0	0	0	0	0	0	0	0
20-24	10	1	0	0	0	0	0	0	0	11
25-29	39	11	0	0	0	0	0	0	0	50
30-34	55	26	4	1	0	0	0	0	0	86
35-39	35	29	7	2	0	0	0	0	0	73
40-44	41	35	2	8	1	0	0	0	0	87
45-49	25	19	2	3	3	2	0	0	0	54
50-54	17	17	9	1	4	2	2	0	0	52
55-59	9	12	2	3	3	2	0	0	0	31
60-64	2	6	5	3	2	2	2	0	0	22
65-69	0	1	0	1	0	0	0	0	0	2
70-74	0	0	1	0	1	0	0	0	0	2
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0	0
Total	233	157	32	22	14	8	4	0	0	470

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C. Summary Statistics

1. As of January 1, 1995

	Number of Employees Costed	Percentage of Total	Average Past Service	Average Attained Age	Average Future Service to Full Eligibility	Average Future Service to Retirement
Males	325	69.1%	7.1	41.8		
Females	145	30.9%	4.9	39.5		
TOTAL	470	100.0%	6.4	41.1	10.66	15.43

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D. Age Distribution - Retirees

Age	Male	Female	Total
< 55			
55-59			
60-64	4	3	7
65-69	7	3	10
70-74	2	1	3
75-79		2	2
80-84			
85+			
Total	13	9	22

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Part IX. Appendices

A. Gain/Loss Calculation

1.	Expected APBO as of 12/31/94		
	a. APBO as of 01/01/94	$	4,083,532
	b. Service cost for 01/01/94 to 12/31/94		406,205
	c. Interest cost for 01/01/94 to 12/31/94		283,026
	d. (Actual Net cash outflow for retirees in 1994)		(47,575)
	e. Effect of plan changes as of 12/31/94		0
	f. Expected APBO as of 12/31/94 ([a] + [b] + [c] + [d] + [e])	$	4,725,188
2.	Actual APBO as of 12/31/94	$	4,766,377
3.	Net liability (gain) or loss for 1994 ([2] - [1f])	$	41,189
4.	Net (gain) or loss for 1994 on the market related value of assets	$	6,202
5.	Unrecognized (gain) or loss as of 01/01/94	$	(813,667)
6.	Amortization of (gain) or loss in 1994	$	(26,541)
7.	Unrecognized (gain) or loss as of 12/31/94 ([3] + [4] + [5] - 6])	$	(739,735)
8.	10% of APBO (or market related value of assets, if greater) as of 12/31/94	$	476,638
9.	(Gain)/loss in excess of corridor	$	(263,097)
10.	Average remaining service period		15.43
11.	Minimum required amortization ([9] + [10])	$	(17,051)

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B. Cash Flow Projections

	Expected, Net Cash Outflow			
Year	Medical	Dental	Life	Total
1995	99,746	3,556	4,470	107,772
1996	138,891	4,372	5,373	148,636
1997	158,102	5,313	6,432	169,847
1998	184,006	6,517	7,702	198,225
1999	220,298	7,735	9,064	237,097
2000	237,609	8,768	10,303	256,680
2001	258,354	10,191	11,839	280,384
2002	274,319	11,585	13,341	299,245
2003	314,886	12,890	14,815	342,591
2004	334,272	14,717	16,601	365,590

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C. Funding Calculation

1. Assumption differences from FAS 106

   a. No future medical or dental trend

   b. Discount rate based is after-tax and assumed to be 5%.

   c. APBO determined as of January 1, 1993, is amortized over 15 years, the future working lifetime of active employees.

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D. Detail Results by Benefit

1995	Medical	Dental	Life	Total
EPBO	$7,277,828	$358,680	$330,889	$7,967,397
APBO	$4,298,641	$216,672	$251,064	$4,766,377
Service Cost	$435,639	$21,049	$15,044	$471,732
Interest Cost	$297,413	$15,043	$17,418	$329,874
Expected Return on Assets	($41,434)	($2,088)	($2,420)	($45,942)
Amortization of Gain/Loss	($15,378)	($775)	($898)	($17,051)
Amortization of Transition Obligation	$189,702	$9,562	$11,080	$210,344
FAS 106 Expense	$865,942	$42,791	$40,224	$948,957

1994	Medical	Dental	Life	Total
EPBO	$6,183,244	$376,130	$292,754	$6,852,128
APBO	$3,638,014	$225,724	$219,794	$4,083,532
Service Cost	$370,428	$22,146	$13,631	$406,205
Interest Cost	$252,062	$15,702	$15,262	$283,026
Expected Return on Assets	($22,274)	($1,382)	($1,346)	($25,002)
Amortization of Gain/Loss	($23,645)	($1,467)	($1,429)	($26,541)
Amortization of Transition Obligation	$195,144	$7,766	$7,434	$210,344
FAS 106 Expense	$771,715	$42,765	$33,552	$848,032

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E. Glossary of Postretirement Welfare Benefit Terms

This Glossary contains definitions and examples of a number of terms frequently used when discussing postretirement welfare benefits. It is intended to assist people currently unfamiliar with FAS 106 accounting rules and does not represent a complete or exhaustive description of the topic.

Expected Postretirement Benefit Obligation (EPBO)

The **actuarial present value** as of the valuation date of the net postretirement benefits expected to be paid to all current plan participants, including both active and retired employees. It equals the present value of future benefits minus the present value of future retiree contributions.

Actuarial Present Value

The value of a series of expected future payments, projected based on a number of actuarial assumptions, and discounted back to the valuation date.

Example: A $100 payment which has a 25% chance of occurring one year from now would have an actuarial present value of ($100)(.25) ÷ 1.08 = $23.15, assuming an 8% discount rate.

Accumulated Postretirement Benefit Obligation

The portion of the EPBO that is **attributable** to employee service prior to the valuation date. For active employees who have reached **full eligibility** and retirees, the APBO equals the EPBO.

Attribution

The process of assigning postretirement benefits to years to service. For most plans, FASB requires postretirement benefits to be attributed to years of service from date of hire to **full eligibility** date on a pro rata basis.

Example: The attribution period for an employee age 40 who was hired at age 35 and will reach full eligibility at age 55 is 20 years (55-35). If the Total Plan Liability equals $20,000 for this employee, then the Accrued Liability is 5/20 x $20,000 = $5,000.

Current Service Cost

The portion of the **EPBO** attributable to the current year of service. Current Service Cost is one component of **FASB Expense**. Employees who have reached full eligibility and retirees have no current service cost.

Example: For the employee mentioned above, the Current Service Cost is (1/20) x ($20,000) = $1,000.

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Full Eligibility

The point in time when an employee has met all of the age and service requirements to qualify for full benefits from the plan.

Example: Plan A requires 10 years of service and attainment of age 55 to qualify for postretirement benefits. Full eligibility would be as follows:

	Full Eligibility
1. Employee Age 40 with 10 years of service	Age 55
2. Employee Age 52 with 5 years of service	Age 57

Example: Plan B is the same as Plan A but requires contributions from anyone retiring with less than 30 years of service. Full eligibility would be:

	Full Eligibility
1. Employee Age 40 with 10 years of service	Age 60
2. Employee Age 52 with 5 years of service	Age 65 (expected retirement age)

Funded Status

The excess of the **Plan Assets** over the **APBO**.

Plan Assets

Assets that have been segregated and restricted (usually in a trust) to provide for postretirement benefits.

Actual Return on Plan Assets

A component of FASB Expense for funded plans equal to the increase in value of **Plan Assets** over the accounting period, adjusted for contributions and payments.

Interest Cost

A component of **FASB Expense** which equals the discount rate times the **APBO** adjusted for cash flow.

Transition Asset (Obligation)

The funded status of the plan as of the date the FAS 106 accounting rules are adopted.

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Amortization of Transition Asset (Obligation)

A level amortization of the **Transition Asset (Obligation)** over the average future working lifetime of current employees. If the average working lifetime is less than 20 years, then a 20-year amortization may be used. Amortization of Transition Asset (Obligation) is a component of **FASB Expense.**

Example: An employer adopts the new FASB accounting rules 01/01/93 and has a Transition Obligation of $44 million at that date. Average future working lifetime of current employees is 22 years. The Transition Obligation is $44 million and the amortization is $2 million per year from 1993 through 2014.

Amortization of Gains and Losses

Gains and losses arise when actual experience differs from the actuarial assumptions used to calculate the EPBO. Net gains or losses are generally only recognized if they exceed 10% of the **APBO** (or the market related value of plan assets, if greater). Once they do, they are amortized over the average future working lifetime of current employees.

FAS 106 Expense

The expense accrual for postretirement benefits required by FASB, generally effective in 1993. The components of the FAS 106 Expense generally include:

Current Service Cost
Interest Cost
Amortization of Transition Obligation
Actual Return on Plan Assets
Amortization of Gains or Losses

FAS 106 refers to this amount as the Net Periodic Postretirement Benefit Cost.

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F. Retiree Health/Life Accounting Example—Amortization of Transitional Liability (FAS 106)

Assumptions:

Actuarial Expense	- Service Cost	$ 3,000,000
	- Interest	5,000,000
		8,000,000
	- Amortization of Transitional Liability	2,000,000
		$10,000,000

Transitional Liability = $40,000,000
Employer adopts FAS 106 for first time this year.
Employer cash payments for retiree health/life = $1,500,000
Retiree contributions (paid to employer) for retiree health/life = $500,000

Accounting Entries:

Step 1 - Enter actuarial expense of $10,000,000
Step 2 - Enter employer cash payments for retiree health/life benefit of $1,500,000 (entered throughout year when paid)
- A. If self-insured or participating insurance contract, cash payments should equal retiree claims plus applicable administrative expenses and stop loss insurance payments.
- B. If insured on a pooled basis, cash payments should equal age-adjusted premiums.

Step 3 - Enter retiree contributions of $500,000 as contributions are received

Retiree Expense	
(1) $10,000,000	

Retiree Liability	
	(1) $10,000,000
(2) $1,500,000	
	(3) $500,000

Cash	
	(2) $1,500,000
(3) $500,000	

End of Year Balances:

Expense = $10,000,000 (actual expense)
Liability = $9,000,000 (actual expense less net cash payments-does not balance to actuarial liability)

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G. Retiree Health/Life Accounting Example—Immediate Expensing of Transitional Liability (FAS 106)

Assumptions:

Actuarial Expense	- Service Cost	$3,000,000
	- Interest	5,000,000
		$8,000,000

Transitional Liability = $40,000,000
Employer adopts FAS 106 for first time this year.
Employer cash payments for retiree health/life = $1,000,000
Retiree contributions (paid to employer) for retiree health/life = $500,000

Accounting Entries:

Step 1 - Enter transitional liability/expense of $40,000,000.
Step 2 - Enter normal actuarial expense of $8,000,000 (no expense for amortizing transitional obligation).
Step 3 - Enter employer cash payments for retiree health/life benefit of $1,500,000.
Step 4 - Enter retiree contributions of $500,000 as contributions are received.

Transitional Retiree Expense

(1) $40,000,000	

Normal Retiree Expense

(2) $8,000,000	

Retiree Liability

	(1) $40,000,000
	(2) $8,000,000
(3) $1,500,000	
	(4) $500,000

Cash

	(3) $1,500,000
(4) $500,000	

End of Year Balances:

Transitional Retiree Expense = $40,000,000 (shown after Net Income on Income Statement)
Normal Retiree Expense = $8,000,000
Liability = $47,000,000 (may cause problems with bank loan covenants).