

Company Reduction in Revenue Requirement doesn't equal benefits						Plus	Securitization of tax benefit total cost to ratepayers				
Company's reduced revenue requirement is \$24 million less than the \$72 million tax benefit											
Tax (rounded)	72,200,000	∞					Proposed Bond Amount	\$ 302,800,000.00		Total interest paid	
bond life	15 years						Effective rate	23.84%		\$30,571,545.40	
Monthly amortization	401,111.11						PV (rounded)	\$ 72,200,000.00			
Annualized	\$ 4,813,333.33						5% bond rate	.42% month			
							15 years	180 periods			
							Monthly payment	\$ 570,953.03			
							Annual	\$ 6,851,436.36			
Annual Amortization	Deferred Tax/Liability	Staff ROR	Reduction in Revenue Requirement	Tax Gross Up	Total reduction in Revenue Requirement		PV (rounded)	Bond repayments annualized	Tax Gross up	Revenue Requirement Payments	
	\$ 72,200,000.00										
\$ 4,813,333.33	\$ 67,386,666.67	7.25%	\$ (4,885,533.33)	1.313	\$ (6,414,705.27)		\$ 72,200,000.00	\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 62,573,333.34	7.25%	\$ (4,536,566.67)	1.313	\$ (5,956,512.03)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 57,760,000.01	7.25%	\$ (4,187,600.00)	1.313	\$ (5,498,318.80)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 52,946,666.68	7.25%	\$ (3,838,633.33)	1.313	\$ (5,040,125.57)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 48,133,333.35	7.25%	\$ (3,489,666.67)	1.313	\$ (4,581,932.33)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 43,320,000.02	7.25%	\$ (3,140,700.00)	1.313	\$ (4,123,739.10)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 38,506,666.69	7.25%	\$ (2,791,733.34)	1.313	\$ (3,665,545.87)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 33,693,333.36	7.25%	\$ (2,442,766.67)	1.313	\$ (3,207,352.64)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 28,880,000.03	7.25%	\$ (2,093,800.00)	1.313	\$ (2,749,159.40)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 24,066,666.70	7.25%	\$ (1,744,833.34)	1.313	\$ (2,290,966.17)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 19,253,333.37	7.25%	\$ (1,395,866.67)	1.313	\$ (1,832,772.94)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 14,440,000.04	7.25%	\$ (1,046,900.00)	1.313	\$ (1,374,579.70)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 9,626,666.71	7.25%	\$ (697,933.34)	1.313	\$ (916,386.47)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ 4,813,333.38	7.25%	\$ (348,966.67)	1.313	\$ (458,193.24)			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
\$ 4,813,333.33	\$ -	7.25%	\$ -	1.313	\$ -			\$ 6,851,436.36	1.313	\$ 8,995,935.94	
					\$ (48,110,289.53)	**					
			Total Company deferred tax benefit		\$ 24,089,710.47			\$ 102,771,545.40	1.313	\$ 134,939,039.11	∞
			Total Company benefit		\$ 96,289,710.47	**					
								Ratepayer will ultimately pay:		\$ 207,139,039.11	∞

∞ As stated in page 3 of my Surrebuttal testimony, the securitization of tax benefits, in addition to a proposed tax liability, results in a tax gross up difference of 32,167,493.71. This ultimately results in ratepayers paying for the \$72.2 million plus the \$135 million in securitization revenue requirement payments for a total of \$207 million.

** The \$72.2 million deferred tax liability will only cost the company \$48 million in lost revenue requirement and will ultimately benefit by \$96 million. Meanwhile, the ratepayers will ultimately pay over \$207 million.