| | |
|---|---|
| Exhibit No.: | |
| Issue(s): | Rate of Return |
| | Capital Structure |
| Witness: | Michael G. O'Bryan |
| Sponsoring Party: | Union Electric Company |
| Type of Exhibit: | Direct Testimony |
| Case No.: | GR-2010-____ |
| Date Testimony Prepared: | June 11, 2010 |

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. GR-2010-____**

# DIRECT TESTIMONY

# OF

# MICHAEL G. O'BRYAN

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY**
**d/b/a AmerenUE**

**St. Louis, Missouri**
**June, 2010**

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**DIRECT TESTIMONY**

**OF**

**MICHAEL G. O'BRYAN**

**CASE NO. GR-2010-_____**

## I. INTRODUCTION

**Q. Please state your name and business address.**

A. My name is Michael G. O'Bryan. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

**Q. By whom and in what capacity are you employed?**

A. I am employed by Ameren Services Company ("Ameren Services") as a Senior Capital Markets Specialist in Corporate Finance.

**Q. Please summarize your educational background and professional experience.**

A. Prior to accepting my current position at Ameren Services, I was employed by A.G. Edwards in St. Louis, Missouri as a Vice President in Investment Banking. I focused on business development and transaction execution with both investor-owned utilities and public power entities. I was also involved in structuring and analyzing fixed-income transactions for clients.

Upon receiving my undergraduate degree, I took a position at A.G. Edwards in Investment Banking as a Research Assistant and then Analyst, focusing on the investor-owned utilities sector. I was responsible for transaction support and marketing as well as general financial analysis of clients, capital markets transactions and mergers and acquisitions. I was later promoted to Senior Analyst where I focused to a greater degree on business development and the execution of clients' transactions. I then moved into Debt Capital Markets concentrating solely on fixed-income execution and business development for clients in several different industries. I graduated *cum laude* with a Bachelor of Science degree in Business Administration with a concentration in Finance from the University of Missouri – Columbia in 1992. I later earned an MBA from Saint Louis University's John Cook School of Business in 1998.

**Q. What are your responsibilities in your current position with Ameren Services?**

A. In my current position, I am involved in Ameren's corporate financing, cost of capital, financial analysis and modeling activities as well as monitoring capital markets and bank credit markets to stay current on rates, structures and opportunities. I communicate regularly with investment bankers and debt capital markets personnel to obtain market intelligence. I also closely follow the actions of the rating agencies for trends and changes in ratings methodology largely for internal ratings maintenance purposes.

## II. PURPOSE AND SUMMARY OF TESTIMONY

**Q. What is the purpose of your direct testimony?**

A. The purpose of my testimony is to recommend an overall fair rate of return for Union Electric Company d/b/a AmerenUE's ("AmerenUE" or "Company") gas utility business. I determine AmerenUE's capital structure, embedded cost of long-term debt, cost of short-term debt and embedded cost of preferred stock. I also calculate the overall fair rate of return applied to rate base which is utilized in AmerenUE's filing in this case. I do so by using the fair rate of return applicable to the common equity component of AmerenUE's capital structure as developed by AmerenUE witness Mr. Robert Hevert in his direct testimony submitted in this case.

**Q. Have you prepared, or has there been prepared under your direction and supervision, any schedules relating to overall fair rate of return in this proceeding?**

A. Yes, I am sponsoring Schedules MGO-G1 through MGO-G4 for that purpose. These schedules are based upon a twelve month period ending January 31, 2010. In addition, consistent with how these expenses were handled in the most recent AmerenUE electric rate case (Case No. ER-2010-0036), I am sponsoring Schedule MGO-G5 which calculates AmerenUE gas operation's pro-rata share of flotation costs from Ameren Corporation's most recent common equity offering. The schedules are designated as follows:

| | |
|---|---|
| Schedule MGO-G1 | Capital Structure / Weighted Average Cost of Capital |
| Schedule MGO-G2 | Embedded Cost of Long-Term Debt |
| Schedule MGO-G3 | Cost of Short-Term Debt |
| Schedule MGO-G4 | Embedded Cost of Preferred Stock |
| Schedule MGO-G5 | AmerenUE Gas Operations Flotation Costs Allocation |

## III. METHODOLOGY AND REASONING

**Q. How did you calculate the overall fair rate of return or weighted average cost of capital for AmerenUE?**

A. In order to derive AmerenUE's overall fair rate of return, I multiplied the relative weighting or proportion of each component of AmerenUE's capital structure by the cost developed for that component. I then summed these weighted costs by component to arrive at AmerenUE's overall fair rate of return or weighted average cost of capital.

**Q. What is the primary standard for determining a fair rate of return?**

A. The primary standard used in the determination of a fair rate of return is the cost of capital. This cost, the overall rate of return or weighted average cost of capital, must produce sufficient earnings/cash flow when applied to AmerenUE's rate base at book value to enable the Company to accomplish the following:

1) maintain the financial integrity of its existing invested capital;

2) maintain its creditworthiness; and

3) attract sufficient capital on competitive terms to continue to provide a source of funds for continued investment and enable the Company to meet the needs of its customers.

**Q. Why must AmerenUE meet these requirements?**

A. Beyond the fact that these three standards are mandated by the landmark Bluefield and Hope U.S. Supreme Court decisions,[1] meeting these requirements is necessary in order for AmerenUE to effectively meet the gas utility services requirements of its customers and provide an adequate and reasonable return to its investors, debt holders and equity holder alike. These assets exist and are available for this purpose only because investors have entrusted their funds with AmerenUE and deemed an investment in the securities issued by the Company to be sound and capable of providing a competitive return.

AmerenUE must maintain its creditworthiness in order to continue to attract capital on a competitive basis. This is important to assure future opportunities for AmerenUE to replace capital and various securities which must be refinanced in the future at reasonable cost. Also, the ability of AmerenUE to attract new capital on competitive terms is critical in order for the Company to continue to replace and upgrade facilities used to meet the gas utility services needs of its customers.

[1] Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679 (1923) and Federal Power Commission v. Hope Natural Gas Company, 320 U.S. 391 (1944).

## IV. CAPITAL STRUCTURE AND COSTS OF CAPITAL

**Q. Please describe the capital structure of AmerenUE.**

A. As outlined on Schedule MGO-G1, the capital structure of AmerenUE on January 31, 2010 consisted of 47.262% long-term debt, no short-term debt, 1.480% preferred stock and 51.258% common equity.

**Q. How were the balances of the components of AmerenUE's capital structure determined?**

A. The balance of long-term debt, $3,656,370,998, is the total carrying value of the Company's long-term debt using the net proceeds method. The net proceeds method calculates the carrying value by taking the indebtedness principal amount outstanding and subtracting the unamortized discount, issuance expenses and any loss on reacquired debt.

The zero balance of short-term debt is the last twelve-month average net short-term debt – see Schedule MGO-G3. This approach measures the average monthly short-term debt balance, less cash, cash equivalents and Construction Work in Progress ("CWIP"), over the twelve months ended January 31, 2010. It recognizes that short-term debt balances can fluctuate substantially during the year and includes in the Company's capital structure only that portion of short-term debt which may represent permanent capital – i.e. the extent to which short-term debt plays a continual role on the financing of long-term assets.

The balance of preferred stock, $114,502,040, is also the carrying value or net proceeds amount of AmerenUE's preferred stock as found in the embedded cost calculation for this component of capitalization.

The balance of common equity, $3,965,502,596, represents AmerenUE's actual stated book value of common equity at January 31, 2010. This amount is typically adjusted for Accumulated Other Comprehensive Income, which was zero as of January 31, 2010.

**Q. What is the embedded cost of AmerenUE's long-term debt?**

A. AmerenUE's embedded cost of long-term debt was 5.945% as of January 31, 2010. Schedule MGO-G2 provides the calculation of the embedded cost of long-term debt. AmerenUE has $207.5 million principal amount of variable rate environmental improvement indebtedness (in various series) outstanding under which the interest rates are reset by a Dutch auction process every 35 days. The effective cost used for this indebtedness for purposes of this proceeding was derived using prevailing rates as of April 30, 2010 for these securities including related auction broker/dealer fees.

**Q. Did you make any adjustments to AmerenUE's long-term debt balance?**

A. I did not include the Company's obligations under capital leases related to the Chapter 100 "financing" of its Peno Creek (City of Bowling Green) and Audrain County gas-fired generating facilities. These transactions and related capital leases did not generate any proceeds nor were they a source of new capital for the Company.

**Q. What is the embedded cost of AmerenUE's preferred stock?**

A. AmerenUE's embedded cost of preferred stock was 5.189% as of January 31, 2010. Schedule MGO-G4 provides the calculation of the embedded cost of preferred stock. Using the net proceeds method of calculating the balance of preferred stock, the balance outstanding as of January 31, 2010 was $114,502,040.

**Q. Did you consider expenses associated with AmerenUE's issuance of preferred stock in developing the embedded cost of this component of the Company's capital structure?**

A. Yes, I did. I included expenses associated with the issuance of preferred stock, including discount and premium, plus any loss incurred in acquiring/redeeming prior series, in the embedded cost calculation. These costs are illustrated in the cost calculations shown on Schedule MGO-G4. Unlike similar expenses incurred in connection with the issuance of long-term debt, for accounting purposes these expenses are not amortized over the life of the particular series of preferred stock due to the perpetual nature of this form of capitalization. Nonetheless, for economic purposes it is reasonable to recognize these costs in establishing an overall fair rate of return for the Company.

**Q. In what manner will AmerenUE obtain debt and preferred stock capital in the future?**

A. AmerenUE expects to continue to issue its own long-term debt and preferred stock securities in the external capital markets. Short-term borrowings can be obtained from the capital or bank markets, Ameren Corporation, or through Ameren Corporation's Utility Money Pool, depending on the best borrowing rates and availability.

**Q. What is the cost of common equity for AmerenUE?**

A. In his direct testimony in this case, Mr. Hevert develops and supports a fair rate of return on common equity for AmerenUE's gas utility operations of 10.50%. Therefore, for purposes of determining the overall fair rate of return for AmerenUE in this proceeding, I use 10.50% as the Company's cost of common equity.

## V. FAIR RATE OF RETURN

**Q. What is the overall fair rate of return for AmerenUE for this proceeding?**

A. As shown on Schedule MGO-G1, as of January 31, 2010, the overall fair rate of return for AmerenUE is 8.269%. I derived this result by using the capital structure and embedded costs of long-term debt, short-term debt and preferred stock discussed above, and shown on the various schedules attached, along with the cost of common equity for AmerenUE developed by Mr. Hevert in his testimony.

## VI. FLOTATION COSTS

**Q. Please quantify AmerenUE's gas operations share of the flotation costs associated with the September 2009 Ameren Corporation common stock offering.**

A. In Schedule MGO-ER5 of my rebuttal testimony for AmerenUE's most recent electric rate case[2], I included an analysis of AmerenUE's share of the flotation costs associated with Ameren Corporation's September 2009 $436 million common stock issuance. This analysis showed that AmerenUE's portion of the flotation costs was equal to $13.7 million. Subsequent to my rebuttal testimony, a correction was made to reduce the amount of recovery of these flotation costs to reflect electric operations only. Schedule MGO-G5 attached to this testimony details the allocation of the $13.7 million of total flotation costs between AmerenUE's electric and gas operations. As shown in the schedule, AmerenUE requests recovery of flotation costs attributable to its gas operations in the amount of $443,880.

**Q. Does this conclude your direct testimony?**

A. Yes, it does.

[2] MPSC Case No. ER-2010-0036

**BEFORE THE PUBLIC SERVICE COMMISSION**
**OF THE STATE OF MISSOURI**

| | | |
|---|---|---|
| In the Matter of Union Electric Company | ) | |
| d/b/a AmerenUE for Authority to File | ) | |
| Tariffs Increasing Rates for Natural Gas | ) | Case No. GR-2010- |
| Service Provided to Customers in the | ) | |
| Company's Missouri Service Area. | ) | |

**AFFIDAVIT OF MICHAEL G. O'BRYAN**

**STATE OF MISSOURI** )
) **ss**
**CITY OF ST. LOUIS** )

Michael G. O'Bryan, being first duly sworn on his oath, states:

1. My name is Michael G. O'Bryan. I work in the City of St. Louis, Missouri, and I am employed Ameren Services Company as Senior Capital Markets Specialist.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 8 pages, Schedules MGO-G1 through MGO-G5, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Michael G. O'Bryan

Michael G. O'Bryan

Subscribed and sworn to before me this 11 day of June, 2010.

Amanda Tesdall

Notary Public

My commission expires:

Amanda Tesdall - Notary Public
Notary Seal, State of
Missouri - St. Louis County
Commission #07158967
My Commission Expires 7/29/2011

**Union Electric Company d/b/a AmerenUE**
**Weighted Average Cost of Capital**

at 1/31/2010:

| CAPITAL COMPONENT | AMOUNT | PERCENT OF TOTAL | COST | WEIGHTED COST |
|---|---|---|---|---|
| Long-Term Debt | $3,656,370,998 | 47.262% | 5.945% | 2.810% |
| Short-Term Debt | $0 | 0.000% | 0.000% | 0.000% |
| Preferred Stock | $114,502,040 | 1.480% | 5.189% | 0.077% |
| Common Equity | $3,965,502,596 | 51.258% | 10.500% | 5.382% |
| **TOTAL** | **$7,736,375,634** | **100.000%** | | **8.269%** |

**Union Electric Company d/b/a AmerenUE**
**Embedded Cost of Long-Term Debt**

At January 31, 2010

| | | | | | FACE AMOUNT | UNAMORTIZED BALANCES | | | CARRYING | ANNUALIZED | ANNUALIZED AMORTIZATION | | | ANNUALIZED | EMBEDDED |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SERIES | COUPON (a) | ISSUED | MATURITY | PRINCIPAL | OUTSTANDING | DISC/(PREM) | ISSUE EXP. | LOSS | VALUE | COUPON INT. | DISC/(PREM) | ISSUE EXP | LOSS | INT. EXP. | COST |
| C1 | C2 | C3 | C4 | C5 | C6 | C7 | C8 | C9 | C10 | C11 | C12 | C13 | C14 | C15 | C16 |
| Senior Secured Notes | 5.250% | 22-Aug-02 | 01-Sep-12 | $173,000,000 | $173,000,000 | $52,297 | $316,417 | | | $9,082,500 | $20,244 | $122,484 | | | |
| Senior Secured Notes | 4.650% | 07-Oct-03 | 01-Oct-13 | $200,000,000 | $200,000,000 | $145,684 | $581,900 | | | $9,300,000 | $39,732 | $158,700 | | | |
| Senior Secured Notes | 5.500% | 18-May-04 | 15-May-14 | $104,000,000 | $104,000,000 | $153,660 | $323,544 | | | $5,720,000 | $35,460 | $74,664 | | | |
| Senior Secured Notes | 4.750% | 09-Apr-03 | 01-Apr-15 | $114,000,000 | $114,000,000 | $80,042 | $390,724 | | | $5,415,000 | $15,492 | $75,624 | | | |
| Senior Secured Notes | 5.400% | 08-Dec-05 | 01-Feb-16 | $260,000,000 | $260,000,000 | $441,796 | $1,148,801 | | | $14,040,000 | $72,624 | $188,844 | | | |
| Senior Secured Notes | 6.400% | 15-Jun-07 | 15-Jun-17 | $425,000,000 | $425,000,000 | $277,324 | $2,331,444 | | | $27,200,000 | $37,392 | $314,352 | | | |
| Senior Secured Notes | 6.000% | 08-Apr-08 | 01-Apr-18 | $250,000,000 | $250,000,000 | $616,518 | $1,518,314 | | | $15,000,000 | $75,492 | $185,916 | | | |
| Senior Secured Notes | 5.100% | 28-Jul-03 | 01-Aug-18 | $200,000,000 | $200,000,000 | $60,078 | $975,630 | | | $10,200,000 | $7,068 | $114,780 | | | |
| Senior Secured Notes | 6.700% | 19-Jun-08 | 01-Feb-19 | $450,000,000 | $450,000,000 | $1,121,148 | $2,835,108 | | | $30,150,000 | $124,572 | $315,012 | | | |
| Senior Secured Notes | 5.100% | 23-Sep-04 | 01-Oct-19 | $300,000,000 | $300,000,000 | $83,056 | $1,553,356 | | | $15,300,000 | $8,592 | $160,692 | | | |
| Senior Secured Notes | 5.000% | 27-Jan-05 | 01-Feb-20 | $85,000,000 | $85,000,000 | $448,800 | $476,520 | | | $4,250,000 | $44,880 | $47,652 | | | |
| First Mortgage Bonds | 5.450% | 15-Oct-93 | 01-Oct-28 | $44,000,000 | $44,000,000 | $182,112 | $334,432 | | | $2,398,000 | $9,756 | $17,916 | | | |
| Senior Secured Notes | 5.500% | 10-Mar-03 | 15-Mar-34 | $184,000,000 | $184,000,000 | $1,597,900 | $1,402,440 | | | $10,120,000 | $66,120 | $58,032 | | | |
| Senior Secured Notes | 5.300% | 21-Jul-05 | 01-Aug-37 | $300,000,000 | $300,000,000 | $873,840 | $2,562,450 | | | $15,900,000 | $31,776 | $93,180 | | | |
| Senior Secured Notes | 8.450% | 20-Mar-09 | 15-Mar-39 | $350,000,000 | $350,000,000 | $1,132,950 | $3,379,950 | | | $29,575,000 | $38,844 | $115,884 | | | |
| Subordinated Debentures | 7.690% | 16-Dec-96 | 15-Dec-36 | $65,500,000 | $65,500,000 | $385,662 | $89,148 | | | $5,036,950 | $14,328 | $3,312 | | | |
| Environmental Improvement, Series 1992 | 0.543% | 01-Dec-92 | 01-Dec-22 | $47,500,000 | $47,500,000 | | $362,147 | | | $257,925 | | $97,800 | | | |
| Environmental Improvement, Series 1998 ABC | 1.056% | 04-Sep-98 | 01-Sep-33 | $160,000,000 | $160,000,000 | | $1,643,743 | | | $1,690,300 | | $391,452 | | | |
| **TOTAL LONG-TERM DEBT** | | | | **$3,712,000,000** | **$3,712,000,000** | **$7,652,867** | **$22,226,068** | **$25,750,067** | **$3,656,370,998** | **$210,635,675** | **$642,372** | **$2,536,296** | **$3,548,280** | **$217,362,623** | **5.945%** |

Carrying Value = Face Amount Outstanding less Unamortized Discount, Issuance Expenses, and Loss on Reacquired Debt
C10 = C6 - C7 - C8 - C9
Annualized Interest Expense = Annual Coupon Interest plus Annual Amortization of Discount, Issuance Expenses, and Loss on Reacquired Debt
C15 = C11 + C12 + C13 + C14
Embedded Cost = Annualized Interest Expense divided by Carrying Value
C16 = C15 / C10

(a) Coupon rate for variable rate auction securities reflects prevailing rates as of 4/30/10 and includes ongoing broker dealer fees.

## Union Electric Company d/b/a AmerenUE
## Cost of Short-term Debt

| MONTH C1 | BALANCE OF SHORT-TERM DEBT (a) C2 | BALANCE OF TOTAL CWIP C3 | BALANCE OF CWIP ACCRUING AFUDC C4 | NET AMOUNT OUTSTANDING C5 | INTEREST RATE C6 |
|---|---|---|---|---|---|
| February 2009 | $533,200,000 | $921,848,042 | $923,615,920 | $0 | 1.184% |
| March | $270,000,000 | $943,774,020 | $919,212,603 | $0 | 1.122% |
| April | $291,600,000 | $1,005,301,389 | $904,934,162 | $0 | 1.050% |
| May | $377,000,000 | $1,009,251,434 | $942,616,402 | $0 | 0.928% |
| June | $429,800,000 | $994,051,873 | $935,996,231 | $0 | 5.118% |
| July | $319,800,000 | $983,146,622 | $938,371,524 | $0 | 3.107% |
| August | $295,800,000 | $1,019,542,409 | $930,393,144 | $0 | 3.081% |
| September | $0 | $1,080,097,600 | $968,836,847 | $0 | -- |
| October | $0 | $1,124,749,504 | $965,154,859 | $0 | -- |
| November | $0 | $1,068,451,669 | $931,233,564 | $0 | -- |
| December | $0 | $1,163,059,062 | $933,442,289 | $0 | -- |
| January 2010 | $0 | $1,137,667,477 | $965,607,760 | $0 | -- |
| **AVERAGE** | **$209,766,667** | **$1,037,578,425** | **$938,284,609** | **$0** | |

C5 Net Amount Outstanding = Balance of Short-Term Debt less Balance of CWIP Accruing AFUDC
C5 = C2 - C4

(a) Short-term debt amounts are net of cash and short-term investments.  Negative amounts are excluded.

**Union Electric Company d/b/a AmerenUE**
**Embedded Cost of Preferred Stock**

at January 31, 2010

| SERIES, TYPE, PAR C1 | DIVIDEND C2 | ISSUED C3 | MATURITY C4 | SHARES OUTSTANDING C5 | PAR ISSUED/ OUTSTANDING C6 | PREMIUM C7 | ISSUANCE EXPENSE/DISCOUNT C8 | NET PROCEEDS C9 | ANNUAL DIVIDEND C10 | EMBEDDED COST C11 |
|---|---|---|---|---|---|---|---|---|---|---|
| $4.50 Series, Perpetual, $100 par | $4.500 | 01-May-41 | - | 213,595 | $21,359,500 | ($825,000) | $440,294 | $21,744,206 | $961,178 | |
| $5.50 Series, Perpetual, $100 par | $5.500 | 01-Oct-41 | - | 14,000 | $1,400,000 | | | $1,400,000 | $77,000 | |
| $3.70 Series, Perpetual, $100 par | $3.700 | 01-Oct-45 | - | 40,000 | $4,000,000 | ($70,000) | $69,396 | $4,000,604 | $148,000 | |
| $3.50 Series, Perpetual, $100 par | $3.500 | 01-May-46 | - | 130,000 | $13,000,000 | ($910,000) | $252,772 | $13,657,228 | $455,000 | |
| $4.30 Series, Perpetual, $100 par | $4.300 | 01-Jul-46 | - | 40,000 | $4,000,000 | | | $4,000,000 | $172,000 | |
| $4.75 Series, Perpetual, $100 par | $4.750 | 01-Oct-49 | - | 20,000 | $2,000,000 | | | $2,000,000 | $95,000 | |
| $4.00 Series, Perpetual, $100 par | $4.000 | 01-Nov-49 | - | 150,000 | $15,000,000 | ($384,000) | $326,896 | $15,057,104 | $600,000 | |
| $4.56 Series, Perpetual, $100 par | $4.560 | 01-Nov-63 | - | 200,000 | $20,000,000 | ($266,000) | $297,633 | $19,968,367 | $912,000 | |
| $7.64 Series, Perpetual, $100 par | $7.640 | 01-Jan-93 | - | 330,000 | $33,000,000 | | $325,469 | $32,674,531 | $2,521,200 | |
| **TOTAL PREFERRED STOCK** | | | | | **$113,759,500** | **($2,455,000)** | **$1,712,460** | **$114,502,040** | **$5,941,378** | **5.189%** |

issuance expenses, discount/premium, and any loss incurred in acquiring/redeeming prior series are not amortized due to the perpetual nature of the company's preferred stock

Net Proceeds = Par Value Outstanding plus Premium less Issuance Expense and Discount
C9 = C6 + C7 - C8
Embedded Cost = Annual Dividend divided by Net Proceeds
C11 = C10 / C9

AmerenUE
Calculation of Net Plant allocation factor By Utility
And Allocation of Flotation Costs
at January 31, 2010

| | | Electric Plant | Gas Plant | Total |
|---|---|---|---|---|
| | | In Service | In Service | In Service |
| | Plant | 12,804,445,345 | 363,495,564 | 13,167,940,909 |
| | Post Op | 116,730,946 | - | 116,730,946 |
| | subtotal | 12,921,176,291 | 363,495,564 | 13,284,671,855 |
| less: | ARO bal. | 23,095,142 | - | 23,095,142 |
| | Total in Service | 12,898,081,149 | 363,495,564 | 13,261,576,713 |
| | | Reserve | Reserve | Reserve |
| | Plant | 5,497,791,878 | 117,485,230 | 5,615,277,108 |
| | Post Op | 62,340,828 | - | 62,340,828 |
| | subtotal | 5,560,132,706 | 117,485,230 | 5,677,617,936 |
| less: | ARO bal. | 5,780,806 | - | 5,780,806 |
| | Total Reserve | 5,554,351,900 | 117,485,230 | 5,671,837,130 |
| Net plant balance | | $ 7,343,729,249 | $ 246,010,334 | $ 7,589,739,583 |
| | Factor | 96.76% | 3.24% | 100.00% |
| Allocation of Floation Costs | | | | |
| | | $ 13,256,120 | $ 443,880 | $ 13,700,000 |
| Allocation of Flotation Cost Annual Amortization | | | | |
| | | $ 2,651,224 | $ 88,776 | $ 2,740,000 |