

Indian Hills Utility Operating Company, Inc.
Evaluation of Scenarios Posed in Staff Witness Barnes'
Rebuttal Testimony

Scenario 1: Staff Filed Position

			[1]	[2]	[3]	Column No. [4]	[5]	[6]	[7]
Type Of Capital	Ratio	Cost Rate	Weighted Cost Rate	Rate Base (1)	Operating Income (2)	Debt Service (3)	Income Available to Common Equity (4)	Book Common Equity (5)	Return on Common Equity (6)
Long-Term Debt	65.00%	14.00%	9.10%						
Common Equity	35.00%	9.34%	3.27%						
Total	100.00%		12.37%	\$ 1,880,112	\$ 232,551	\$ 203,000	\$ 29,551	\$ 430,112	6.87%

Scenario 2: Staff Cost of Debt and OPC Capital Structure

Type Of Capital	Ratio	Cost Rate	Weighted Cost Rate	Rate Base	Operating Income	Debt Service	Income Available to Common	Book Common Equity	Return on Common Equity
Long-Term Debt	50.00%	14.00%	7.00%						
Common Equity	50.00%	9.34%	4.67%						
Total	100.00%		11.67%	\$ 1,880,112	\$ 219,409	\$ 203,000	\$ 16,409	\$ 430,112	3.82%

Scenario 3: OPC Cost of Debt and Staff Capital Structure

Type Of Capital	Ratio	Cost Rate	Weighted Cost Rate	Rate Base	Operating Income	Debt Service	Income Available to Common	Book Common Equity	Return on Common Equity
Long-Term Debt	65.00%	6.75%	4.39%						
Common Equity	35.00%	9.34%	3.27%						
Total	100.00%		7.66%	\$ 1,880,112	\$ 143,951	\$ 203,000	\$ (59,049)	\$ 430,112	-13.73%

Scenario 4: OPC Filed Position

Type Of Capital	Ratio	Cost Rate	Weighted Cost Rate	Rate Base	Operating Income	Debt Service	Income Available to Common	Book Common Equity	Return on Common Equity
Long-Term Debt	50.00%	6.75%	3.38%						
Common Equity	50.00%	9.34%	4.67%						
Total	100.00%		8.05%	\$ 1,880,112	\$ 151,255	\$ 203,000	\$ (51,745)	\$ 430,112	-12.03%

Scenario 4: OPC Filed Position

Type Of Capital	Ratio	Cost Rate	Weighted Cost Rate	Rate Base	Operating Income	Debt Service	Income Available to Common	Book Common Equity	Return on Common Equity
Long-Term Debt	77.12%	14.00%	10.80%						
Common Equity	22.88%	15.20%	3.48%						
Total	100.00%		14.27%	\$ 1,880,112	\$ 268,378	\$ 203,000	\$ 65,378	\$ 430,112	15.20%

Notes:

- (1) Agreed to rate base by Staff and Indian Hills in Agreed to Partial Disposition and Agreement. See Auditing Department Recommendation Memorandum, Attachment A, Page 3.
- (2) Weighted Average Cost of Capital from Column No. 1 multiplied by the rate base in Column No. 2.
- (3) Face amount Indian Hills' debt (\$1,450,000) multiplied by its debt cost rate (14%).
- (4) Column No. 3 minus Column No. 4.
- (5) From Indian Hills' 2016 Annual Report to the Missouri Public Service Commission.
- (6) Column No. 5. divided by Column No. 6.