

FILED
April 30, 2024
Data Center
Missouri Public
Service Commission

Exhibit No. 1

Ameren – Exhibit 1
Lansford
Direct
File No. EF-2024-0021

Exhibit No.:
Issue(s): Costs to
Finance/Securitization
Benefits
Witness: Mitchell J. Lansford
Type of Exhibit: Direct Testimony
Sponsoring Party: Union Electric Company
File No.: EF-2024-0021
Date Testimony Prepared: November 21, 2023

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. EF-2024-0021

DIRECT TESTIMONY

OF

MITCHELL J. LANSFORD

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
November 21, 2023**

P

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	PURPOSE OF TESTIMONY	2
III.	SECURITIZATION REVENUE REQUIREMENT	3
IV.	BENEFITS OF SECURITIZATION.....	12
V.	ACCUMULATED DEFERRED INCOME TAXES	15
VI.	DEFERRAL REQUEST	23

DIRECT TESTIMONY
OF
MITCHELL J. LANSFORD
FILE NO. EF-2024-0021

I. INTRODUCTION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

Q. Please state your name and business address.

A. My name is Mitchell Lansford. My business address is One Ameren Plaza,
1901 Chouteau Ave., St. Louis, Missouri.

Q. By whom are you employed and what is your position?

A. I am employed by Ameren Services Company as Director of Financial
Reporting and Regulatory Accounting.

**Q. Please describe your educational background and employment
experience.**

A. I received Bachelor of Science and Master's degrees in Accountancy from
the University of Missouri at Columbia in 2008. I am a licensed Certified Public
Accountant in the State of Missouri and a member of the American Institute of Certified
Public Accountants. From 2008 to 2017, I worked for PricewaterhouseCoopers LLP, most
recently as a Senior Manager in its assurance practice. In that capacity, I provided auditing
and accounting services to clients, primarily in the utility industry. From 2017 to 2019, I
worked for Ameren Services Company as the Manager of Accounting Research, Policy,
and Internal Controls. My primary duties and responsibilities included accounting analysis
for non-standard transactions, overseeing the implementation of new accounting guidance,
implementation of new accounting policies, and assessments of the internal control

1 environment. From 2019 to present, I have been working for Ameren Missouri in multiple
2 regulatory accounting roles, including my current role as Director, Regulatory Accounting
3 effective in April 2020.

4 **Q. What are your responsibilities in your current position?**

5 A. In my current position, my primary duties and responsibilities include
6 preparation of the revenue requirement for Ameren Missouri rate filings, preparing written
7 testimony for rate, regulatory, and audit proceedings, and testifying before the Missouri
8 Public Service Commission. In November 2023, my responsibilities were expanded to
9 include oversight of financial reporting for Ameren Corporation and its subsidiaries.

10 **II. PURPOSE OF TESTIMONY**

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

12 A. My testimony supports the Company's request to securitize the energy
13 transition costs and associated financing costs related to the retirement of the Rush Island
14 Energy Center. Specifically, my testimony describes the calculation of the revenue requirement
15 Ameren Missouri seeks to recover through the utilization of securitized utility tariff bonds. I
16 also explain how the Company has complied with the petition filing requirements as specified
17 by RSMo §393.1700 (the "Securitization Statute"). Further, I demonstrate that securitization of
18 the energy transition costs creates significant benefits for customers when compared to recovery
19 and financing of the costs through traditional ratemaking. I also detail the treatment of
20 accumulated deferred income taxes ("ADIT") as it relates to the Company's securitization
21 revenue requirement. Finally, I detail the Company's deferral request to record amounts to a
22 regulatory liability, resulting from the inclusion of amounts in base rates, should the Company

1 receive the requested securitization bond proceeds before base rates reflect the retirement of the
2 Rush Island Energy Center.

3 **Q. Are you sponsoring any schedules?**

4 A. Yes. I am sponsoring Schedules MJL-D1 through MJL-D5.

5 **Q. Will you please briefly summarize the information provided on each of**
6 **the schedules you are presenting?**

7 A. These supporting schedules provide the following information:

- 8 • Schedule MJL-D1 – Total Retail Revenue Requirement for Securitized
9 Energy Transition Charge.
- 10 • Schedule MJL-D2 – Pro Forma Plant In-service Costs.
- 11 • Schedule MJL-D3 – Estimated Upfront and Ongoing Financing Costs.
- 12 • Schedule MJL-D4 – Benefits Comparison.
- 13 • Schedule MJL-D5 – ADIT Example.

14 **III. SECURITIZATION REVENUE REQUIREMENT**

15 **Q. What determines the principal amount of the bonds that will be issued?**

16 A. Proceeds from the bonds must be large enough to cover the energy transition
17 costs the Company incurred related to the retirement of the Rush Island Energy Center as
18 well as the costs of issuing the bonds themselves. Therefore, the total issuance is equal to
19 the sum of the two categories of costs-- the energy transition costs, and upfront financing
20 costs.

21 **Q. When is the Rush Island Energy Center expected to retire?**

22 A. The exact date has not yet been determined. The Company is currently
23 contractually obligated to operate the energy center under certain circumstances until

1 September 1, 2024. The Midcontinent Independent System Operator (“MISO”) may
2 determine the energy center is necessary to operate for reliability purposes beyond that
3 date. However, an order in the New Source Review (“NSR”) litigation requires that the
4 energy center is retired no later than October 15, 2024. As a result, the energy center is
5 expected to retire during the 45-day period from September 1, 2024, to October 15, 2024.
6 The exact date may or may not be known by the conclusion of this case.

7 **Q. Please describe the energy transition costs included in the Rush Island**
8 **securitization revenue requirement.**

9 A. The Company has included energy transition costs of \$512,760,332 related
10 to the retirement of the Rush Island Energy Center based on a September 1, 2024 retirement
11 date. The energy transition costs include estimates of the original cost of plant of the Rush
12 Island Energy Center, reserve for depreciation, abandoned capital projects recorded in
13 construction work in progress (“CWIP”), base mat coal inventory, materials and supplies
14 inventories, safe closure and decommissioning costs, **** _____ ****, ash
15 pond closure costs, water treatment and monitoring costs, community transition costs,
16 carrying costs (if any), and a reduction to the revenue requirement for the net present value
17 of tax benefits resulting from ADIT. An itemization of these energy transition costs is
18 included in Direct Schedule MJL-D1.

19 **Q. Please describe the estimated original cost of plant of the Rush Island**
20 **Energy Center.**

21 A. Schedule MJL-D2 details the original cost of plant of the Rush Island
22 Energy Center, including the adjustments made to determine the expected amount as of
23 September 1, 2024. As of June 30, 2023, the Company had an original cost of plant totaling

1 \$940,398,709 for its Rush Island Energy Center. Land costs of \$979,537 have been
2 removed. Plant additions of \$3,839,235 are expected to be necessary to continue to operate
3 the plant from June 30, 2023, to September 1, 2024, and have, therefore, been added to the
4 estimated plant in service costs. The Company expects to be able to transfer assets resulting
5 in a reduction to the estimated plant in service costs. Further details regarding the transfer
6 of plant assets are provided in the direct testimony of Company witness Jim Williams.
7 After adjustments, the Company has calculated a total original cost of plant of 897,863,380.

8 **Q. Please describe the estimated reserve for depreciation.**

9 A. Schedule MJL-D2 details the Company's adjustments to the reserve for
10 depreciation. As of June 30, 2023, the total reserve for depreciation was \$397,300,433. I
11 have reduced this total reserve for depreciation by \$17,633,189 for the estimated reserve
12 of the assets expected to be transferred to other Company energy centers mentioned
13 previously. Further, I increased the reserve by \$43,248,938 for an estimate of incremental
14 deprecation from June 30, 2023, to September 1, 2024. After adjustments, the total reserve
15 for depreciation is \$422,627,751.

16 **Q. Please describe the abandoned capital projects recorded in CWIP.**

17 A. As a result of the early retirement of the Rush Island Energy Center, the
18 Company abandoned CWIP expenditures incurred on certain capital projects totaling
19 \$12,968,798.

20 **Q. Please describe the base mat coal inventory costs.**

21 A. The Company estimates \$1,923,660 of base mat coal inventory exists at the
22 site. This is the coal at the bottom of the coal pile that is no longer suitable for use as fuel
23 but which provided a necessary foundation for the usable coal in the pile. The Company is

1 in the process of sampling and studying the remaining coal pile and will update its estimate
2 in subsequent testimony.

3 **Q. Please describe the materials and supplies inventory costs.**

4 A. As of June 30, 2023, Rush Island materials and supplies inventory balance
5 was \$21,900,901. The Company expects \$3,596,459 of this balance can be utilized at its
6 other energy centers, while the remainder will no longer be useful upon retirement of the
7 energy center. As a result, the Company has included the difference of \$18,304,442 in this
8 revenue requirement. Further details regarding the materials and supplies inventory costs
9 are provided by Mr. Williams.

10 **Q. Please describe the safe closure and decommissioning costs.**

11 A. Safe Closure and plant decommissioning costs of \$46,907,500 include the
12 costs to safely close and dismantle the Rush Island energy center structures and equipment
13 and restore the site to its original condition. Further details regarding decommissioning
14 costs are provided in the direct testimony of Mr. Williams.,

15 **Q. ** _____ ****

16 **A. ** _____**

17 _____

18 _____

19 _____

20 _____ **

21 **Q. Please describe the ash pond closure costs.**

22 A. Numerous ash ponds are located at the Rush Island Energy Center site that
23 resulted from its historical operations. The Company maintains an asset retirement

1 obligation for its legal obligation related to the closure of each pond. As of June 30, 2023,
2 the asset retirement obligation balance was \$2,490,740. This balance represents the present
3 value of the future obligation. Accretion expense is recorded monthly in recognition of the
4 change in value associated with the passage of time. The Company estimates accretion
5 expense recorded from June 30, 2023, to September 1, 2024, will result in an asset
6 retirement obligation of \$2,604,158.

7 **Q. Please describe the water treatment and monitoring costs.**

8 A. Water treatment and monitoring costs must be incurred to comply with
9 applicable laws and regulations. The present value of these costs have been estimated at
10 \$4,615,042. This estimate was based on the results of the Company's recently completed
11 water treatment pilot project at another energy center and invoiced amounts for monitoring
12 services.

13 **Q. Please describe the community transition costs.**

14 A. The Company is committed to thoughtfully transitioning our energy centers
15 without compromising on reliability, resiliency, or affordability for our customers. A just
16 transition also involves partnering with the affected communities when an energy center is
17 retired. The Company's Rush Island Energy Center is located in a rural setting (southeast
18 of Festus, Missouri off of Interstate 55) and the related tax revenues and jobs are
19 meaningful to the surrounding community. In order to help the community transition after
20 the retirement of the energy center the Company requests inclusion of \$3,677,365 in the
21 securitization revenue requirement. This amount would be used to partially offset the
22 substantially reduced tax revenue currently received by the Jefferson County School
23 District which is derived from the value of the Company's coal inventory at the energy

1 center. Additionally, this amount would include a grant aimed to help engage local
2 community stakeholders to identify and implement initiatives that support schools and
3 students as well as community, economic, and workforce development. Organizations
4 currently administering these types of grants around the country include The Just
5 Transition Fund¹ and Houseal Lavigne.² The Company would consider partnering with an
6 organization of this type.

7 **Q. Please describe the reduction to the revenue requirement for the net**
8 **present value of the tax benefits resulting from accumulated deferred income taxes.**

9 A. The Securitization Statute requires that in calculating the total "energy
10 transition costs," the utility must include "...deferred expenses, with the foregoing to be
11 reduced by applicable tax benefits of accumulated and excess deferred income
12 taxes..."§393.1700.1(7)(a), RSMo. As such, I have determined that the net present value
13 of the tax benefits resulting from accumulated deferred income taxes relating to the Rush
14 Island Energy Center is \$49,798,897 and reduced the revenue requirement by that amount.
15 I will further describe this adjustment later in this testimony.

16 **Q. Are carrying costs included in this revenue requirement?**

17 A. No. Refund or recovery of carrying costs is dependent on the timing of the
18 bond issuance and the Company's future general rate cases. Any carrying costs incurred
19 should be calculated at the Company's weighted average cost of capital ("WACC") and
20 incorporated in the reconciliation process discussed by Company witness Steven Wills.

¹ A non-profit organization that engages community stakeholders to help coal communities and local leaders create an equitable, sustainable, and inclusive future.

² A community and urban planning firm currently helping Jefferson County create its new Master Plan, a guide for the County to facilitate future growth and development over the next 20 years.

1 **Q. Please describe the upfront financing costs included in the Rush Island**
2 **securitization revenue requirement.**

3 A. Estimated upfront financing costs total \$6,606,609 and include fees for legal
4 and structuring advisors, consultants, underwriting fees, auditing fees, and other fees as
5 well as rating and filing fees necessary to secure the bonds. Additional discussion regarding
6 the upfront costs is provided in the direct testimony of Company witness Katrina Neihaus.
7 An itemization of the estimated upfront financing costs is also included in Schedule MJL-
8 D3. Ameren Missouri has not included an estimate for the Commission's advisor and legal
9 counsel fees since these can vary widely depending on the third parties hired.

10 **Q. Will the Commission review the final amount of the upfront financing**
11 **costs?**

12 A. Yes. That occurs through the issuance advice letter, as discussed by
13 Company witness Neihaus. Furthermore, if the actual upfront financing costs are less than
14 the upfront costs included in the principal amount securitized, the periodic billing
15 requirement for the first annual true-up adjustment must be reduced by the amount of such
16 unused funds (together with interest, if any, earned on the investment of such funds). If the
17 actual upfront financing costs are more than the upfront financing costs included in the
18 principal amount securitized, Ameren Missouri will request recovery of the remaining
19 upfront financing costs via a regulatory tracking account with recovery in a future
20 proceeding. Company witness Wills further discusses true-up adjustments and
21 reconciliation of costs in future rate proceedings.

1 **Q. Please summarize the total estimated principal amount of the bonds.**

2 A. The sum of these categories is \$519,366,940 as shown in Table MJL-1:

3 **Table MJL-1. Bond Issuance Amounts**

Energy transition costs	\$512,760,332
Upfront costs	\$6,606,609
Total	\$519,366,940 ³

4 **Q. How does this bond issuance amount change if the energy center retires**
5 **on October 15, 2024, as compared to September 1, 2024?**

6 A. Holding all other factors constant, the estimated principal amount of the
7 bonds will be \$515,874,361 (or \$3,492,580 less) if the energy center retires on October 15,
8 2024, as compared to September 1, 2024. If the bond issuance amount cannot be updated
9 for the definitive retirement date as part of this case, any difference between the amount
10 estimated and the actual final amount will be reconciled via the process described by Mr.
11 Wills.

12 **Q. What is the estimated interest rate and term of the bonds?**

13 A. While the final interest rate will depend upon market conditions at the time
14 of the bond offering, the Company's current estimate is 5.59% and the scheduled final
15 payment date is 15 years after issuance of the bonds. These amounts were determined by
16 Ms. Niehaus.

17

³ The Company is requesting to securitize this full amount.

1 **Q. What will be the estimated monthly payment on the bonds?**

2 A. The actual monthly bond payment will also depend on market conditions at
3 the time of issuance, and the actual upfront financing costs, including the Commission’s
4 costs. However, based on current estimates, the monthly payment would be \$4,268,783.⁴
5 My calculations are shown in Schedule MJL-D1.

6 **Q. Please explain the estimated ongoing costs included in the Rush Island**
7 **securitization revenue requirement.**

8 A. The ongoing costs include fees associated with the U.S. Securities and
9 Exchange Commission (“SEC”) registration process, bad debt costs, indenture trustee fees,
10 servicing fees, administrative fees, rating agency surveillance fees, and any applicable
11 taxes. Additionally, Ameren Missouri has estimated ongoing fees for auditing/accounting,
12 legal, printing and others. The Company has also included an ongoing return on the capital
13 account at its WACC.⁵ An itemization of these estimated fees is shown in Schedule MJL-
14 D3, and the combined amount of these estimated fees is expected be \$791,883 per year, or
15 \$65,990 per month.

16 **Q. Please summarize the securitization revenue requirement.**

17 A. The estimated monthly revenue requirement for securitization of Rush
18 Island energy transition costs is \$4,334,773 per month,⁶ which is the sum of the estimated
19 bond service payments and estimated ongoing costs, each of which are shown in Table
20 MJL-2 below and further detailed in Schedule MJL-D1:

⁴ Presented as a monthly payment given customers are billed on a monthly basis.

⁵ As currently approved in File No. ER-2022-0337 for purposes of Plant In-Service Accounting (“PISA”), Renewable Energy Rate Adjustment Mechanism (“RESRAM”), and Allowance for Funds Used During Construction (“AFUDC”). However, the WACC used to set this aspect of ongoing financing costs is to be changed when a new WACC is determined in the Company’s future general rate proceedings.

⁶ The Company in its capacity as servicing agent will charge, collect, and remit applicable sales taxes to the relevant taxing authorities.

1 **Table MJL-2. Estimated Monthly Securitization Revenue Requirement (\$/month)**

Bond Service payment	\$4,268,783
Ongoing costs	\$65,990
Revenue requirement	\$4,334,773

2 This is the estimated amount Ameren Missouri will need to recover from its
3 customers, in the aggregate, each month over the life of the bonds.

4 **IV. BENEFITS OF SECURITIZATION**

5 **Q. What is the purpose of this section of your testimony?**

6 A. In this section, I compare the costs to customers of using securitization to
7 finance the energy transition costs related to the early retirement of the Rush Island Energy
8 Center to those the customers would bear if these costs were financed and recovered
9 without securitization through traditional ratemaking treatment per §393.1700.2(1)(f) of
10 the Securitization Statute. My analysis shows that securitization creates significant
11 quantifiable net present value benefits to customers.

12 **Q. If the costs in question were not financed using securitization, how**
13 **would the Company recover them?**

14 A. Consistent with the Commission's decision in File No. EO-2022-0193, the
15 traditional method of ratemaking would occur through a general rate case and would entail
16 amortization of the costs to be recovered over a period of years with the Company being
17 allowed to recover its carrying costs during the period of amortization.

18 **Q. How does securitization result in a lower overall cost to customers?**

19 A. Securitization affords access to financing at much lower rates for the
20 Company and its customers. As I explained previously, the Company currently estimates

1 that the interest rate on the securitized utility tariff bonds that will be issued is 5.59%. If
2 the Company were to carry the cost of its energy transition costs and amortize those costs
3 over time as part of general rate cases, the Company would carry the balance as a regulatory
4 asset and apply a carrying charge equal to its WACC. For comparison, the Company's
5 approved WACC for purposes specified in File No. ER-2022-0337 is 6.82%.
6 Consequently, financing costs at a lower securitized rate results in a lower cost for
7 customers.

8 **Q. Have you estimated how much Ameren Missouri's customers will save**
9 **from using securitization to finance the costs?**

10 A. Yes. As I explained above and as detailed in Schedule MJL-D1, the revenue
11 requirement for the securitized bonds and the associated estimated costs is \$4,334,773 per
12 month. Over the course of the 15-year term, customers would pay a total of \$780,259,147.
13 For comparison, I calculated the monthly cost that would accrue to customers if the
14 Company amortized its energy transition costs (the actual costs plus carrying charges) over
15 a period of equal length with a carrying charge equal to the Company's WACC.⁷ Note that
16 for the comparison I eliminated the upfront and ongoing financing costs. Under this
17 scenario, the Company would need to recover \$5,008,607 per month from customers, with
18 such payments totaling \$901,549,316 over the 15-year period. Therefore, the benefits to
19 customers total \$121,290,169. My calculations are included in Schedule MJL-D4.

⁷ For this comparison, the Company has used the WACC approved in File No. ER-2022-0337 for purposes of PISA, RESRAM, and AFUDC. The appropriate comparison supporting the securitization bond issuance will be updated for the Company's actual cost of debt and capital structure at that time.

1 **Q. Have you developed any other comparisons?**

2 A. Yes. The Securitization Statute requires a comparison of costs on a Net
3 Present Value (“NPV”) basis. To meet this requirement, I have included a comparison of
4 the total value of the payments made by customers to use securitization to finance the
5 recovery of the energy transition costs, expressed on an NPV basis using the previously
6 mentioned 6.82% WACC as a discount rate, to the total value of payments they would
7 make, expressed on the same basis, if the Company were to recover its costs through
8 traditional ratemaking. My results are included in Schedule MJL-D4 and are shown in
9 Table MJL-3 below.

10 **Table MJL-3 Summary of Securitization Benefits on an NPV Basis**

	Securitization	Amortization 15 Years
NPV of total payments discounted at WACC	\$487,682,987	\$563,492,610
NPV Securitization Benefit	-----	\$75,809,623

11 **Q. What do these comparisons indicate?**

12 A. These comparisons demonstrate that the Company's proposal to use
13 securitization to finance recovery of its Rush Island energy transition costs is less costly to
14 customers, on both a nominal and NPV basis, than recovery under traditional ratemaking.

1 **V. ACCUMULATED DEFERRED INCOME TAXES** ⁸

2 **Q. What is ADIT?**

3 A. ADIT is comprised of deferred tax assets and liabilities that are recorded on
4 a company's balance sheet. Deferred tax assets offset or reduce future tax payments, while
5 deferred tax liabilities are amounts owed to the Internal Revenue Service ("IRS") in future
6 periods. ADIT is generally calculated as the difference in book basis and tax basis of an
7 asset multiplied by the applicable tax rate. The most common component of ADIT for a
8 regulated utility is deferred tax liabilities resulting from accelerated tax depreciation, as
9 compared to book depreciation. For most assets, companies recognize depreciation ratably
10 over the life of an asset when calculating and reporting net income for financial reporting
11 ("book") purposes. However, the federal tax code allows companies to calculate taxable
12 income in a manner that recognizes the depreciation expense associated with investment
13 in that asset much sooner – on an accelerated basis. This effectively reduces that company's
14 net income used to calculate income taxes, and therefore tax expense, early in the life of
15 an asset relative to what it would be if based on net income used for financial reporting
16 purposes that did not accelerate that depreciation expense. However, later in the life of the
17 asset, when the company is still recognizing book depreciation expense (ratably) and the
18 asset has been fully depreciated for tax purposes, the company's taxes due to the taxing
19 authority in that period are higher than they would be if based on book income. This higher
20 tax amount due later in the life of an asset is the payment of the taxes that were avoided
21 earlier in the life of the asset through the recognition of accelerated tax depreciation. Hence

⁸ As discussed below, while the Commission dealt with ADIT in File No. EO-2022-0193, the development of the factual record in that case was at best incomplete. My testimony provides a complete record, as explained below.

1 the description as deferred taxes. But it is critical for this discussion to note that accelerated
2 depreciation does nothing to change the *total tax payments* due from a company to the IRS
3 over an asset's life. It only can and does impact the *timing* of tax payments – it defers them
4 from early in the asset life to later in the asset life. When an asset is retired earlier than
5 anticipated, and therefore prior to being fully depreciated (as in the case of a plant being
6 recovered through securitization), a deferred tax balance may still exist at the point of
7 retirement – meaning the company in question has not paid all of the taxes that will be due
8 to the IRS. However, those taxes will still come due when the remaining net book value of
9 the asset in question reduces the company's net income, as it eventually must.

10 **Q. How is ADIT treated in traditional ratemaking?**

11 A. First, utility revenue requirements reflect income tax expenses at the
12 statutory rate applied to book net income before taxes, rather than basing the revenue
13 requirement on its actual current period tax payments (i.e., the utility revenue requirement
14 is calculated based on an income tax expense associated with the level of income
15 determined using book depreciation rates – not accelerated tax depreciation). Reflecting
16 income taxes in rates based on actual current period tax payments would result in a
17 violation of the IRS' normalization rules,⁹ which would have significant negative
18 consequences for the Company and for its customers. By reflecting income tax expense in
19 the revenue requirement at the statutory rate applied to adjusted book net income rather
20 than taxable income, utility ratemaking results in customers effectively providing the funds
21 the utility needs to pay its current and net deferred tax liabilities (ADIT) to the IRS. Said
22 another way, customers pay rates as if the taxes were not being deferred. The revenues that

⁹ A requirement spelled out in the federal tax code that dictates the regulatory treatment of plant-related ADIT and associated penalty for violation of the requirements.

1 are collected from customers that are related to deferred taxes, which the utility will not
2 pay until some later date, become cash available to the utility to invest in its system until
3 the time when those deferred taxes come due for payment to the IRS. In this way, deferred
4 tax liabilities collected from customers can be thought of as an interest free loan from the
5 IRS, because the cash available to the utility offsets the need to use other forms of financing
6 to acquire that cash – financing that would obviously have a cost of capital associated with
7 it. Customers are compensated for the long-term use of their funds through a rate base
8 reduction; i.e., the annual general rate revenue requirement is reduced by the product of the
9 ADIT rate base reduction multiplied by the Company's WACC. The reduction of rate base
10 for deferred tax liabilities is an acknowledgement that the utility has collected amounts
11 from customers that will not be paid to the IRS until future periods – amounts which
12 therefore reduce the amount of the Company's investment in rate base that must be financed
13 by traditional debt and equity forms of financing. This lower rate base level results in a
14 lower revenue requirement used to set customer general rates. That lower annual general
15 rate revenue requirement is the benefit customers receive from ADIT.¹⁰

16 **Q. Please provide an example of how ADIT is treated for traditional**
17 **ratemaking.**

18 A. Schedule MJL-D5 provides a simplified example of how ADIT is treated
19 for traditional ratemaking over a 20-year period using a hypothetical investment of \$1,000
20 on lines one through 15. Through this example, one can observe the life cycle of ADIT
21 associated with an isolated asset. This example demonstrates what I briefly described

¹⁰ Net deferred tax liabilities in particular.

1 earlier – that income taxes paid by the utility change in their timing because of ADIT,¹¹
2 but do not change in the total amount of taxes ultimately paid.

3 In this example, accelerated tax depreciation as compared to book depreciation
4 results in a deferred tax liability, which, as I described earlier, is the most common
5 component of ADIT for the Company or any utility. Lines one through three indicate a
6 \$1,000 investment in year one, the accumulation of \$50 of book depreciation in the reserve
7 for depreciation each year over the 20-year period, and the resulting net plant balance.
8 Lines four through eight is the calculation of ADIT by year.¹² This demonstrates the effect
9 of accelerated tax depreciation, which reduced taxable income early in the asset life,
10 allowing the utility to avoid the payment of taxes until the time that book depreciation
11 "catches up" with the accelerated tax depreciation that is allowed by the federal tax code.
12 ADIT must equal zero at the end of the life of an investment¹³ because both the book basis
13 and tax basis must equal zero at that time – meaning all of the investment has eventually
14 been expensed both for tax purposes and book purposes – and there is no remaining ADIT
15 when the book and tax basis converge at zero. Note this effect in line 8 of the example,
16 where ADIT becomes zero in year 21. Line 9 – Rate Base is the net plant investment on
17 line three less ADIT – since the ADIT provided cash that displaced the need for traditional
18 financing of that amount of rate base for a period of time - on line 8, which is the proper
19 treatment of ADIT for traditional ratemaking as I discussed previously. Lines 11 through
20 15 is a summation of the revenue requirement by year. Of note, income tax expense on line
21 14 is included in the revenue requirement at the statutory rate as I described is the proper

¹¹ Particularly the tax deductions (in the case of accelerated depreciation) that result in book-tax differences and produce ADIT.

¹² The difference between the book basis of the asset and tax basis multiplied by the applicable tax rate.

¹³ Or upon full recovery of an asset, as it pertains to ADIT resulting from a regulatory asset.

1 treatment for traditional ratemaking previously (the 25% statutory tax rate on line 7 has
2 been applied to the return on rate base on line 11).¹⁴

3 **Q. Continuing the prior example, please explain the calculation of a tax**
4 **return, including the impacts on current and deferred income tax liabilities and**
5 **expenses.**

6 A. On Schedule MJL-D5, line 16 identifies Net Income Before Income Tax
7 ("NIBIT"), which is the summation of the return on rate base from line 11 and income taxes
8 on line 14.¹⁵ Line 18 is the change in cumulative tax timing differences in the current
9 period, i.e., this is the difference in book income and taxable income in the current period
10 that results from adding book depreciation back to NIBIT, while subtracting tax
11 depreciation from NIBIT. The result becomes net income as adjusted for (accelerated) tax
12 depreciation and given this example produces taxable income on line 19. Taxable income
13 is multiplied by the tax rate to produce line 20, which are the tax payments owed to the
14 IRS in each current period. Line 21 provides the annual activity for deferred tax expense
15 and deferred tax liabilities, as calculated above in the revenue requirement.¹⁶ Total income
16 tax expense on line 22 equals income taxes included in the revenue requirement on line 14
17 in each period – this demonstrates that the taxes reflected in the revenue requirement are
18 equal to the taxes due in the period along with the taxes deferred in the period – those
19 deferred taxes being a temporary source of cash to the utility. Note that the summation of
20 current tax expense on line 20 is \$201 over the 20 year period and equals the summation
21 of income taxes included in the revenue requirement over that same 20-year period. This

¹⁴ Ignoring any interest deduction for ease of illustration.

¹⁵ Presuming all other costs included in the revenue requirement are recovered dollar for dollar with no resulting contribution to net income.

¹⁶ The year over year change in ADIT from line 8.

1 part of the example evidences that, although greater income tax amounts were included in
2 the revenue requirement than paid to the IRS earlier in the 20-year period, ultimately the
3 total income tax cost included in the revenue requirement (both the current and deferred or
4 ADIT elements of tax expense) is paid to the IRS.

5 **Q. Further continuing the prior example, please explain the amount that**
6 **should be provided as an offset to a securitization revenue requirement.**

7 A. First, §393.1700 2(3)(c)m of the Securitization Statute requires that
8 applicable "accumulated deferred income taxes, including excess deferred income taxes,
9 shall be excluded from rate base in future general rate cases... ." This means that the benefit
10 of the cash held by the Company to pay its deferred taxes in the future, which was provided
11 by customers through their general rates, can no longer be used to offset rate base in a
12 future rate proceeding. But that cash still is providing a benefit – it is still displacing the
13 need for incremental financing to support the Company's rate base that would carry a cost
14 – until such time that the deferred taxes are required to be paid to the IRS, and the Company
15 no longer has access to that cash. Line 25 of Schedule MJL-D5 calculates that very benefit
16 – the benefit customers receive in the form a reduction to rate base and a resulting reduction
17 in return on rate base under traditional ratemaking by multiplying ADIT by the WACC.
18 Logically, since that benefit is being removed from general rates going forward, it stands
19 to reason that it is that same benefit that should be applied in some manner to the
20 securitization revenue requirement to ensure customers receive the value of the benefit to
21 which they are entitled. Although the benefit that would occur under traditional ratemaking
22 if the asset was not being retired prior to becoming fully depreciated is expressed as a
23 different amount over the course of a series of years, a single lump sum amount can be

1 determined through a net present value calculation that represents the present value of the
2 benefits customers could expect to receive for the ADIT under traditional ratemaking. Line
3 26 provides that net present value. Offsetting the amount of the bond issuance by this
4 present value reduces the level of the securitization charge customers will experience, and
5 thereby provides customers the full value of the tax benefits of ADIT that they would
6 otherwise receive by offsetting rate base under traditional ratemaking. To further illustrate,
7 the net present value of the benefits resulting from ADIT in year 12 is \$31.¹⁷ This amount
8 is calculated as the net present value of the return on rate base reduction customers would
9 otherwise receive through traditional ratemaking from years 12 through 20. If this
10 hypothetical asset were being financed using securitization in year 12 of the example, the
11 bond proceeds would be reduced by \$31 – reducing the securitization charge borne by
12 customers – and providing the customers the tax benefits of ADIT. Section 2(3)(c)m of the
13 Securitization Statute further describes the same net present value calculation as is
14 provided on line 26 of Schedule MJL-D5.

15 **Q. What is the appropriate reduction in the Rush Island securitization**
16 **revenue requirement relating to ADIT?**

17 A. \$49,798,897. As of September 1, 2024, the Company's book basis in the
18 Rush Island Energy Center is expected to be \$475,235,629,¹⁸ while the tax basis will be
19 zero. The difference between the book basis and tax basis is multiplied by the Company's
20 23.73% combined state and federal tax rate to compute the applicable ADIT balance of

¹⁷ The ADIT balance of \$113 was previously collected from customers via inclusion of income taxes in the revenue requirement at the statutory rate. \$31 is the net present value of future ADIT benefits to customers. \$81 is the net present value of the future tax payments the company must pay to the IRS. These net present value calculations are a dissection of the nominal ADIT balance and, therefore, the summation of the net present values is equal to the ADIT balance.

¹⁸ This amount is the difference between the original cost of plant included in the Rush Island securitization revenue requirement and the reserve for depreciation noted previously.

1 \$112,788,066, which will be paid to the taxing authority over 15 years after the
2 securitization transaction commences. Excess Accumulated Deferred Income Taxes
3 ("EDIT") is a component of ADIT that results from a change in tax law reducing the
4 statutory tax rate. The expected EDIT balance at September 1, 2024, is \$26,139,137.
5 Calculating customer benefits equal to the present value of the benefits resulting from
6 ADIT¹⁹ that customers would otherwise receive through traditional ratemaking results in a
7 securitization revenue requirement reduction of \$49,798,897.²⁰

8 **Q. You noted earlier that ADIT was addressed in one other securitization**
9 **case, but has the Commission decided any case involving energy transition costs and**
10 **ADIT while relying on facts that are the same or similar to those presented in this**
11 **testimony?**

12 A. No. Although in File No. EO-2022-0193 the Commission was presented
13 with a question regarding ADIT and its effect on energy transition costs, the factual record
14 in that case was substantially different from the facts presented by my testimony in this
15 case.²¹ Specifically, the record in that case did not establish that ADIT²² is the income tax
16 payments that must be made to the IRS in future periods. Nor did the record in that case
17 properly contain the comparison of how ADIT is treated in traditional ratemaking to the
18 treatment of ADIT in a securitization transaction.

19

¹⁹ Including EDIT.

²⁰ The "return on ADIT" and discount rate used to quantify these benefits is equal to the securitized interest rate as required by the Securitization Statute.

²¹ Should the Commission order the Company to reduce the securitization revenue requirement in this case in the same manner as ordered in File No. EO-2022-0193, ongoing financing costs should be increased to include resulting necessary future income tax recoveries. Those income tax recoveries are calculated as the recovered principal on the bonds multiplied by the Company's combined state and federal income tax rate.

²² Specifically deferred tax liabilities.

1 **VI. DEFERRAL REQUEST**

2 **Q. What is the nature of the deferral the Company requests?**

3 A. Approval of the requested financing order in this case is expected to result
4 in the Company's receipt of securitization bond proceeds and recovery of its outstanding
5 investment before general rates are reset to exclude the costs of the Rush Island Energy
6 Center that are reflected in current rates. In order to avoid double recovery of these costs,
7 the Company requests authority defer these amounts included in the Company's revenue
8 requirement used to set customer rates in File No. ER-2022-0337 from the date the
9 Company receives securitization bond proceeds to the date base rates are reset to exclude
10 costs related to the Rush Island Energy Center.

11 **Q. What are the relevant annual cost amounts included in the revenue**
12 **requirement used to set customer rates in File No. ER-2022-0337 to use in calculating**
13 **the requested deferral?**

14 A. Table MJL-5 below identifies these amounts.

	Amount
Plant in Service	\$893,926,949
Reserve for Depreciation	(365,389,078)
ADIT	(138,896,106)
Fuel Inventory	29,171,064
Materials and Supplies Inventory	17,594,944
Total Net Rate Base	436,407,773
WACC (Including Income Taxes)	7.627%
Return on Rate Base (Including Income Taxes)	33,285,021

Direct Testimony of
Mitchell J. Lansford

Depreciation Expense	35,206,296
Non-labor Operations and Maintenance Expense	6,105,702
Labor Operations and Maintenance Expense ²³	-
Total	74,597,019

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

2 **A. Yes, it does.**

²³ To be determined and dependent on whether and what the exact terms of workforce transition costs incurred.

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

In the Matter of the Petition of Union)
Electric Company d/b/a Ameren Missouri)
for a Financing Order Authorizing the Issue) EF-2024-0021
of Securitized Utility Tariff Bonds for)
Energy Transition Costs related to Rush)
Island Energy Center.)

AFFIDAVIT OF MITCHELL J. LANSFORD

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

Steven M. Wills, being first duly sworn on his oath, states:

My name is Mitchell J. Lansford, and hereby declare on oath that I am of sound mind and lawful age; that I have prepared the foregoing *Direct Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

/s/ Mitchell J. Lansford
Mitchell J. Lansford

Sworn to me this 21st day of November 2023.

AMEREN MISSOURI
TOTAL RETAIL REVENUE REQUIREMENT FOR SECURITIZED ENERGY TRANSITION CHARGE
EF-2024-0021

<u>LINE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
1	Rush Island Plant in Service	\$ 897,863,380
2	Rush Island Reserve	422,627,751
3	Net Plant in Service	<u>\$ 475,235,629</u>
4	Abandoned Capital Projects	12,968,798
5	Base Mat Coal Inventory	1,923,660
6	Materials and Supplies Inventory	18,304,442
7	NPV of Tax Benefits (NPV 15 Years)	(49,798,897)
8	Safe Closure and Decommissioning	46,907,500
9	** _____ **	
10	Asset Retirement Obligation-Ash Ponds	2,604,158
11	Water Treatment and Monitoring	4,615,042
12	Community Transition	3,677,365
13	Total Rush Island Energy Transition Costs to Securitize	<u>512,760,332</u>
14	Upfront Financing Costs	6,606,609
15	Total Cost to be Financed with Securitized Utility Tariff Bonds	<u>\$ 519,366,940</u>
16	Interest rate	5.59%
17	Term (years)	15
18	Monthly bond payment	4,268,783
19	Ongoing costs (annual)	791,883
20	Ongoing costs (monthly)	<u>\$ 65,990</u>
21	Monthly Revenue Requirement	<u><u>\$ 4,334,773</u></u>

**AMEREN MISSOURI
PRO FORMA PLANT IN SERVICE COSTS
EF-2024-0021**

<u>LINE</u>		<u>BALANCE AT 06/30/2023</u>	<u>REMOVE LAND</u>	<u>PLANT ADDITIONS</u>	<u>TRANSFERS TO OTHER PLANTS</u>	<u>CURRENT DEPR RATE</u>	<u>INCREMENT TO RESERVE</u>	<u>PRO FORMA BALANCE</u>
	PLANT-IN-SERVICE							
1	303	2,445,930	-	-	-			2,445,930
2	310	979,537	(979,537)	-	-			-
3	311	112,373,967	-	-	-			112,373,967
4	312	548,315,182	-	-	(10,433,038)			537,882,144
5	314	175,700,444	-	-	(23,448,008)			152,252,436
6	315	76,358,450	-	-	(6,506,369)			69,852,082
7	316	21,360,767	-	3,839,235	(4,959,409)			20,240,593
8	316.21	584,318	-	-	-			584,318
9	316.22	516,285	-	-	-			516,285
10	316.23	1,331,142	-	-	-			1,331,142
11	392	432,687	-	-	(48,204)			384,483
12	Total	<u>940,398,709</u>	<u>(979,537)</u>	<u>3,839,235</u>	<u>(45,395,028)</u>			<u>897,863,380</u>
	RESERVE							
13	303	2,435,097			-		6,066	2,441,163
14	310	-			-	0.00%	-	-
15	311	42,697,274			-	3.56%	4,667,265	47,364,540
16	312	228,940,115			(3,867,039)	4.12%	26,355,683	251,428,759
17	314	85,188,281			(10,849,930)	3.46%	7,092,441	81,430,793
18	315	30,775,074			(1,469,865)	3.58%	3,189,238	32,494,447
19	316	4,907,021			(1,391,070)	5.61%	1,523,701	5,039,653
20	316.21	275,680			-	5.00%	34,085	309,766
21	316.22	362,830			-	6.67%	40,176	403,006
22	316.23	1,180,138			-	20.00%	310,600	1,331,142
23	392	538,922			(55,285)	5.88%	29,682	384,483
24	Total	<u>397,300,433</u>			<u>(17,633,189)</u>		<u>43,248,938</u>	<u>422,627,751</u>

AMEREN MISSOURI
ESTIMATED UPFRONT AND ONGOING FINANCING COSTS
EF-2024-0021

<u>LINE</u>	<u>DESCRIPTION</u> (A)	<u>PRO FORMA</u> <u>TOTALS</u> (B)
1	Energy Transition Costs	\$ 512,760,332
	<u>Summary of Estimated Upfront Costs for Securitization</u>	
2	Legal Fees	3,682,400
3	Auditor Fee	200,000
4	Trustee Fees and Expenses	30,000
5	Miscellaneous	100,000
6	SPE Organizational Costs	50,000
7	Printing Fees	75,000
8	Servicer Set-up Fees	20,000
9	Financial Advisor (net of discount)	255,000
10	Commission Costs	-
11	Fixed Fees	<u>4,412,400</u>
12	Underwriting	0.4000%
13	SEC Registration Fees	0.0110%
14	Bond Rating Fees	0.0133%
15	Filing Fees Total Percentage	<u>0.4243%</u>
16	Total Rating and Filing Fees	<u>2,194,209</u>
17	Total Upfront Financing Costs	6,606,609
18	Estimated Bond Issuance Amount	<u>\$ 519,366,940</u>
	<u>Summary of Estimated Ongoing Costs per year</u>	
19	Servicing Fee	259,683
20	Administration	50,000
21	Trustee Fee	15,000
22	Auditing/accounting Fees	75,000
23	Legal Fees	35,000
24	Rating Agency Surveillance Fees	70,000
25	Return on Capital Account for Credit Enhancement (calculated at approved WACC from ER-2022-0337 including applicable income taxes)	217,199
26	Printing Fees	10,000
27	Independent Director/Manager Fees	10,000
28	Bad Debt	-
29	Miscellaneous	50,000
30	Ongoing Costs Per Year	<u>791,883</u>
31	Ongoing Costs Per Month	<u>\$ 65,990</u>

**AMEREN MISSOURI
BENEFITS COMPARISON
EF-2024-0021**

<u>LINE</u>	<u>DESCRIPTION</u> (A)	<u>SECURITIZATION</u> (B)	<u>AMORTIZATION: 15 YEARS</u> (C)
1	Energy Transition Costs(incl. carrying)	512,760,332	512,760,332
2	Upfront financing costs	6,606,609	-
3	Total	<u>519,366,940</u>	<u>512,760,332</u>
4	Carrying cost	5.59%	6.82%
5	Incremental Income Taxes	-	7,912,696
6	Term (years)	15	15
7	Monthly payment	4,268,783	5,008,607
8	Ongoing financing costs (monthly)	65,990	-
9	Monthly revenue requirement	4,334,773	5,008,607
10	Total payments	780,259,147	901,549,316
11	Securitization benefit		121,290,169
12	WACC	6.82%	6.82%
13	NPV payments discounted @ WACC	487,682,987	563,492,610
14	NPV securitization benefit		<u><u>75,809,623</u></u>

**AMEREN MISSOURI
ADIT SECURITIZATION EXAMPLE
EF-2024-0021**

Traditional Ratemaking Revenue Requirement:

Line		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	Total	
1	Original Cost of Plant	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	
2	Depreciation Reserve	-	50.00	100.00	150.00	200.00	250.00	300.00	350.00	400.00	450.00	500.00	550.00	600.00	650.00	700.00	750.00	800.00	850.00	900.00	950.00	1,000.00	1,000.00	
3	Net Plant	1,000.00	950.00	900.00	850.00	800.00	750.00	700.00	650.00	600.00	550.00	500.00	450.00	400.00	350.00	300.00	250.00	200.00	150.00	100.00	50.00	-	-	
4	Book Basis	1,000.00	950.00	900.00	850.00	800.00	750.00	700.00	650.00	600.00	550.00	500.00	450.00	400.00	350.00	300.00	250.00	200.00	150.00	100.00	50.00	-	-	
5	Tax Basis	1,000.00	800.00	600.00	400.00	200.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Cumulative Tax Timing Difference	-	150.00	300.00	450.00	600.00	750.00	700.00	650.00	600.00	550.00	500.00	450.00	400.00	350.00	300.00	250.00	200.00	150.00	100.00	50.00	-	-	
7	Tax Rate	25%																						
8	ADIT or Deferred Tax Liability	-	37.50	75.00	112.50	150.00	187.50	175.00	162.50	150.00	137.50	125.00	112.50	100.00	87.50	75.00	62.50	50.00	37.50	25.00	12.50	-	-	
9	Rate Base	1,000.00	912.50	825.00	737.50	650.00	562.50	525.00	487.50	450.00	412.50	375.00	337.50	300.00	262.50	225.00	187.50	150.00	112.50	75.00	37.50	-	-	
10	WACC	7%																						
11	Return on Rate Base	70.00	63.88	57.75	51.63	45.50	39.38	36.75	34.13	31.50	28.88	26.25	23.63	21.00	18.38	15.75	13.13	10.50	7.88	5.25	2.63	-	-	603.75
12	O&M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	Depreciation	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	1,000.00
14	Income Taxes	23.33	21.29	19.25	17.21	15.17	13.13	12.25	11.38	10.50	9.63	8.75	7.88	7.00	6.13	5.25	4.38	3.50	2.63	1.75	0.88	-	-	201.25
15	Total Revenue Requirement	143.33	135.17	127.00	118.83	110.67	102.50	99.00	95.50	92.00	88.50	85.00	81.50	78.00	74.50	71.00	67.50	64.00	60.50	57.00	53.50	-	-	1,805.00

Income Tax Provision:

16	Net Income Before Income Tax	93.33	85.17	77.00	68.83	60.67	52.50	49.00	45.50	42.00	38.50	35.00	31.50	28.00	24.50	21.00	17.50	14.00	10.50	7.00	3.50	-	-	805.00
17	Permanent Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18	Temporary Differences	(150.00)	(150.00)	(150.00)	(150.00)	(150.00)	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	
19	Taxable Income	(56.67)	(64.83)	(73.00)	(81.17)	(89.33)	102.50	99.00	95.50	92.00	88.50	85.00	81.50	78.00	74.50	71.00	67.50	64.00	60.50	57.00	53.50	-	-	805.00
20	Current Tax Payable / Expense	(14.17)	(16.21)	(18.25)	(20.29)	(22.33)	25.63	24.75	23.88	23.00	22.13	21.25	20.38	19.50	18.63	17.75	16.88	16.00	15.13	14.25	13.38	-	-	201.25
21	Deferred Tax Liability / Expense	37.50	37.50	37.50	37.50	37.50	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	(12.50)	
22	Total Income Tax Expense	23.33	21.29	19.25	17.21	15.17	13.13	12.25	11.38	10.50	9.63	8.75	7.88	7.00	6.13	5.25	4.38	3.50	2.63	1.75	0.88	-	-	201.25

Securitization NPV Calculations:

23	Future Tax Payments for ADIT	(37.50)	(37.50)	(37.50)	(37.50)	(37.50)	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	-
24	NPV of ADIT	(72.58)	(40.17)	(5.48)	31.64	71.35	113.85	109.32	104.47	99.28	93.73	87.79	81.44	74.64	67.37	59.58	51.25	42.34	32.80	22.60	11.68	-	-	
25	Return on ADIT	-	2.63	5.25	7.88	10.50	13.13	12.25	11.38	10.50	9.63	8.75	7.88	7.00	6.13	5.25	4.38	3.50	2.63	1.75	0.88	-	-	
26	NPV of ADIT Benefit	72.58	77.67	80.48	80.86	78.65	73.65	65.68	58.03	50.72	43.77	37.21	31.06	25.36	20.13	15.42	11.25	7.66	4.70	2.40	0.82	-	-	
27	ADIT	-	37.50	75.00	112.50	150.00	187.50	175.00	162.50	150.00	137.50	125.00	112.50	100.00	87.50	75.00	62.50	50.00	37.50	25.00	12.50	-	-	