

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										
<b>Tax (rounded)</b>	72,200,000	∞					<b>Proposed Bond Amount</b>	\$ 302,800,000.00		Total interest paid
<b>bond life</b>	15 years						<b>Effective rate</b>	23.84%		\$30,571,545.40
<b>Monthly amortization</b>	401,111.11						<b>PV (rounded)</b>	\$ 72,200,000.00		
<b>Annualized</b>	\$ 4,813,333.33						<b>5% bond rate</b>	.42% month		
							<b>15 years</b>	180 periods		
							<b>Monthly payment</b>	\$ 570,953.03		
							<b>Annual</b>	\$ 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)	**				
			<b>Total Company deferred tax benefit</b>		\$ 24,089,710.47			\$ 102,771,545.40	1.313	\$ 134,939,039.11
			<b>Total Company benefit</b>		\$ 96,289,710.47	**				
								<b>Ratepayer will ultimately pay:</b>		\$ 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.