

Rate Base model

Capital Cost
Required Return (pre tax)
Depreciation
OpEx
10-year Net Present Value
Up-front Payment
5-year amort

CapEx
\$926,500
10.15%
61,767
\$1,467,613.39
\$1,900,000.00
(\$503,137.31)

Return 55% 9.75% 14.77% 8.13%
Debt 45% 4.50% 4.50% 2.03%
10.15%

	MACRS R:	MACRS Table	Book Depr	Delta	Tax Rate	DIT	ADIT	Rate Base	Return Required	Property Tax	Insurance	O&M	Amortization of Initial Payment	Revenue Requirement	Actual Revenues	Delta
										3% actual	Concord					
								\$926,500								
1	5	46325	23162.5	-23162.5	34%	-7875.25	-7875.25	\$895,462	\$92,465	\$27,795	\$2,761	\$4,470	\$503,137	\$653,790.24	\$816,221.00	\$162,430.76
2	9.5	88017.5	23162.5	-64855	34%	-22050.7	-29926	\$850,249	\$88,595	\$26,864	\$2,761	\$4,582	\$503,137	\$649,101.13	\$660,760.00	\$11,658.87
3	8.55	79215.75	23162.5	-56053.3	34%	-19058.1	-48984.1	\$808,028	\$84,158	\$25,507	\$2,761	\$4,696	\$503,137	\$643,422.01	\$660,760.00	\$17,337.99
4	7.7	71340.5	23162.5	-48178	34%	-16380.5	-65364.6	\$768,485	\$80,008	\$24,241	\$2,761	\$4,814	\$503,137	\$638,123.29	\$660,760.00	\$22,636.71
5	6.93	64206.45	23162.5	-41044	34%	-13954.9	-79319.5	\$731,368	\$76,118	\$23,055	\$2,761	\$4,934	\$503,137	\$633,166.83	\$660,760.00	\$27,593.17
6	6.23	57720.95	23162.5	-34558.5	34%	-11749.9	-91069.4	\$696,456	\$72,462	\$21,941	\$2,761	\$5,057		\$125,384.14	\$660,760.00	\$535,375.86
7	5.9	54663.5	23162.5	-31501	34%	-10710.3	-101780	\$662,583	\$68,971	\$20,894	\$2,761	\$5,184		\$120,972.36	\$660,760.00	\$539,787.64
8	5.9	54663.5	23162.5	-31501	34%	-10710.3	-112490	\$628,710	\$65,533	\$19,877	\$2,761	\$5,313		\$116,647.67	\$660,760.00	\$544,112.33
9	5.91	54756.15	23162.5	-31593.7	34%	-10741.8	-123232	\$594,806	\$62,093	\$18,861	\$2,761	\$5,446		\$112,324.63	\$660,760.00	\$548,435.37
10	5.9	54663.5	23162.5	-31501	34%	-10710.3	-133942	\$560,933	\$58,654	\$17,844	\$2,761	\$5,582		\$108,003.97	\$660,760.00	\$552,756.03
11	5.91	54756.15	23162.5	-31593.7	34%	-10741.8	-144684	\$527,028	\$55,214	\$16,828	\$2,761	\$5,722		\$103,687.65	\$660,760.00	\$557,072.35
12	5.9	54663.5	23162.5	-31501	34%	-10710.3	-155394	\$493,156	\$51,774	\$15,811	\$2,761	\$5,865		\$99,373.88	\$660,760.00	\$561,386.12
13	5.91	54756.15	23162.5	-31593.7	34%	-10741.8	-166136	\$459,251	\$48,335	\$14,795	\$2,761	\$6,012		\$95,064.62	\$660,760.00	\$565,695.38
14	5.9	54663.5	23162.5	-31501	34%	-10710.3	-176847	\$425,378	\$44,895	\$13,778	\$2,761	\$6,162		\$90,758.09	\$660,760.00	\$570,001.91
15	5.91	54756.15	23162.5	-31593.7	34%	-10741.8	-187588	\$391,474	\$41,455	\$12,761	\$2,761	\$6,316		\$86,456.27	\$660,760.00	\$574,303.73
16	2.95	27331.75	23162.5	-4169.25	34%	-1417.55	-189006	\$366,894	\$38,487	\$11,744	\$2,761	\$6,474		\$82,628.95	\$660,760.00	\$578,131.05
17			23162.5	23162.5	34%	7875.25	-181131	\$351,607	\$36,464	\$11,007	\$2,761	\$6,636		\$80,030.13	\$660,760.00	\$580,729.87
18			23162.5	23162.5	34%	7875.25	-173256	\$336,320	\$34,912	\$10,548	\$2,761	\$6,802		\$78,185.75	\$660,760.00	\$582,574.25
19			23162.5	23162.5	34%	7875.25	-165380	\$321,032	\$33,361	\$10,090	\$2,761	\$6,972		\$76,345.52	\$660,760.00	\$584,414.48
20			23162.5	23162.5	34%	7875.25	-157505	\$305,745	\$31,809	\$9,631	\$2,761	\$7,146		\$74,509.54	\$660,760.00	\$586,250.46

Rate Base model

Capital Cost	\$1,213,730				
Required Return (pretax)	10.15%	Return	55%	9.75%	14.77%
Depreciation	\$ 80,915	Debt	45%	4.50%	4.50%
OpEx					8.13%
10-year Net Present Value	\$ 2,018,250.18				2.03%
					10.15%

	Tax Rate	Return + Depreciation	Property Tax 3% actual Concord	Insurance	O&M	Revenue Requirement	Actual Revenues	Delta
1	34%	\$ 7,819	\$ 1,588	\$ 63	\$ 450	\$ 9,920	\$ 51,255	\$ 41,335
2	34%	\$ 23,172	\$ 4,719	\$ 188	\$ 1,138	\$ 29,217	\$ 128,138	\$ 98,921
3	34%	\$ 93,075	\$ 18,963	\$ 754	\$ 2,679	\$ 115,471	\$ 378,856	\$ 263,385
4	34%	\$ 115,874	\$ 23,809	\$ 963	\$ 3,941	\$ 144,587	\$ 506,994	\$ 362,407
5	34%	\$ 142,720	\$ 29,631	\$ 1,214	\$ 5,497	\$ 179,062	\$ 660,760	\$ 481,698
6	34%	\$ 137,364	\$ 28,942	\$ 1,214	\$ 5,634	\$ 173,154	\$ 660,760	\$ 487,606
7	34%	\$ 132,121	\$ 28,252	\$ 1,214	\$ 5,775	\$ 167,362	\$ 660,760	\$ 493,398
8	34%	\$ 127,183	\$ 27,563	\$ 1,214	\$ 5,920	\$ 161,880	\$ 660,760	\$ 498,880
9	34%	\$ 122,475	\$ 26,873	\$ 1,214	\$ 6,068	\$ 156,630	\$ 660,760	\$ 504,130
10	34%	\$ 117,901	\$ 26,184	\$ 1,214	\$ 6,219	\$ 151,518	\$ 660,760	\$ 509,242

Assumptions

CapEx						
Year 1	Year 2	Year 3	Year 4	Year 5	Total	
\$ 62,650.00	\$ 125,222.00	\$ 566,712.00	\$ 208,703.00	\$ 250,443.00	\$ 1,213,730.00	

Total Potential Annual GPM from all Customers
\$ 660,760.00

Total Potential GPM of State Complex
\$ 148,207.00

Annual Conversion Assumptions						
Year 1	Year 2	Year 3	Year 4	Year 5	Total	
10%	15%		20%	25%	30%	100%

Annual Incremental GPM						
Year 1	Year 2	Year 3	Year 4	Year 5	Total	
\$ 51,255.30	\$ 76,882.95	\$ 250,717.60	\$ 128,138.25	\$ 153,765.90	\$ 660,760.00	