Goss Samford PLLC

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JUN 0 5 2015

PUBLIC SERVICE COMMISSION

VIA HAND DELIVERY

Mr. Jeff Derouen Executive Director Kentucky Public Service Commission P.O. Box 615 211 Sower Boulevard Frankfort, KY 40602

Re: PSC Case No. 2014-00432

Dear Mr. Derouen:

June 5, 2015

Please find enclosed for filing with the Commission in the above-referenced case an original and eight copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC"), to the Staff's Second Request for Information dated May 29, 2015.

Very truly yours,

David S. Samford

Enclosures

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY POWER)COOPERATIVE, INC. FOR AN ORDER APPROVING)THE ESTABLISHMENT OF REGULATORY ASSETS)FOR THE DEPRECIATION AND ACCRETION)EXPENSES ASSOCIATED WITH ASSET RETIREMENT)OBLIGATIONS)

RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC., DATED MAY 29, 2015

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF EAST KENTUCKY POWER)COOPERATIVE, INC. FOR AN ORDER APPROVING)THE ESTABLISHMENT OF REGULATORY ASSETS)FOR THE DEPRECIATION AND ACCRETION)EXPENSES ASSOCIATED WITH ASSET RETIREMENT)OBLIGATIONS)

CASE NO. 2014-00432

CERTIFICATE

STATE OF KENTUCKY)) COUNTY OF CLARK)

Michelle K. Carpenter, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's Second Request for Information in the above-referenced case dated May 29, 2015, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Michelle K. Carpenter

Subscribed and sworn before me on this $\underline{\mathcal{S}}_{-}^{H}$ day of June 2015.

#500/44 GWYN M. WILLOUGHBY **Notary Public** State at Large Kentucky My Commission Expires Nov 30, 2017

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR AN ORDER APPROVING)	
THE ESTABLISHMENT OF REGULATORY ASSETS)	CASE NO.
FOR THE DEPRECIATION AND ACCRETION)	2014-00432
EXPENSES ASSOCIATED WITH ASSET RETIREMENT)	
OBLIGATIONS)	

CERTIFICATE

STATE OF KENTUCKY)) COUNTY OF CLARK)

Mike McNalley, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's Second Request for Information in the above-referenced case dated May 29, 2015, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

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Subscribed and sworn before me on this 5^{H} day of June 2015.

GWYN M. WILLOUGHBY Notary Public State at Large Kentucky My Commission Expires Nov 30, 2017 an month

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF EAST KENTUCKY POWER)COOPERATIVE, INC. FOR AN ORDER APPROVING)THE ESTABLISHMENT OF REGULATORY ASSETS)FOR THE DEPRECIATION AND ACCRETION)EXPENSES ASSOCIATED WITH ASSET RETIREMENT)OBLIGATIONS)

CASE NO. 2014-00432

CERTIFICATE

STATE OF KENTUCKY)) COUNTY OF CLARK)

Isaac S. Scott, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's Second Request for Information in the above-referenced case dated May 29, 2015, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Lonar S. Sunt

Subscribed and sworn before me on this 5^{44} day of June 2015.

5001411 GWYN M. WILLOUGHBY **Notary Public** State at Large Kentucky My Commission Expires Nov 30, 2017

EAST KENTUCKY POWER COOPERATIVE, INC. PSC CASE NO. 2014-00432 RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 05/29/15 REQUEST 1 RESPONSIBLE PARTY: Mike McNalley

Request 1. Refer to the application for rehearing, page 8, regarding the \$2,149,889 of the 2014 total Asset Retirement Obligation ("ARO") that remained on EKPC's financial statements and resulted in a corresponding reduction of 2014 margins. If the Commission were to approve EKPC's request in the instant case, explain any changes that would be made to EKPC's 2014 financial statements regarding the \$2,149,889 that remained on EKPC's financial statements due to the original Order.

Response 1. If the Commission approves EKPC's rehearing request, EKPC would not make any changes to the 2014 financial statements regarding the \$2,149,889 that was recorded as expense during the year given the dollars involved were expensed as required by the March 6, 2015 Order and would not warrant reopening closed books, restating audited financial statements, and revising the capital credit allocations for 2014. If the Commission grants the relief requested in this rehearing, EKPC would request the Commission direct EKPC to record a credit to expense and debit to the regulatory asset account for \$2,149,889 in the 2015 financial statements to bring the regulatory asset balance up to the amount requested in our original application and to

Page 2 of 2

also record the entire annual ARO-related depreciation and accretion expenses as regulatory assets in 2015 and subsequent years.

Page 1 of 15

EAST KENTUCKY POWER COOPERATIVE, INC. PSC CASE NO. 2014-00432 RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 05/29/15 REQUEST 2 RESPONSIBLE PARTY: Michelle K. Carpenter and Isaac S. Scott

Request 2. Refer to EKPC's response to Commission Staff's Rehearing Request for Information, Item 1, pages 7-9, regarding the ARO example. In the same format used in the example, based on the amount of ash transfer costs of \$9,866,193 approved in Case No. 2014-00252,¹ provide the relevant calculations including the ARO-related depreciation and accretion expenses' impacts on EKPC's financial statements. Include a detailed narrative description of the calculations and the reasoning supporting the calculations.

Response 2. The ARO example provided in the response to Rehearing Request 1, pages 7 through 9, reflected a hypothetical example showing the impacts on financial statements between the regular ARO accounting treatment and recording ARO-related depreciation and accretion expenses as regulatory assets. EKPC perceives the current request is seeking to show the impacts of the Commission's March 6, 2015 Order in this case where the requested

¹ Case No. 2014-00252, Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience for Construction of an Ash Landfill at J.K. Smith Station, the Removal of Impounded Ash from William C. Dale Station for Transport to J.K. Smith and Approval of a Compliance Plan Amendment for Environmental Surcharge Recovery (Ky. PSC Mar. 6, 2015).

Page 2 of 15

regulatory asset treatment was denied for the ARO-related depreciation and accretion expenses associated with the ash transfer costs for Dale. Pages 8 through 15 of this response contain EKPC's calculations of the March 6, 2015 Order's impact on the financial statements using the format used in the earlier hypothetical example. The calculations recognize earlier entries EKPC made to its financial records concerning the originally established ARO associated with the Dale ash ponds. In addition to the requested impact on EKPC's financial statements of the March 6, 2015 Order, EKPC has included calculations reflecting the impact on its financial statements of its original proposal and its request for rehearing.

Page 8 of 15 shows the determination of the ARO liability, ARO accretion, and ARO depreciation for the Dale ash transfer and Dale ash pond reclamation on a combined basis. The total retirement cost at January 1, 2014 of \$22,290,000 is developed from the Application in Case No. 2014-00252, page 22, paragraph 28, the project cost estimate for the Dale ash removal and restoration project and the Smith landfill project. The total retirement costs also can be found in Exhibit ET-1 to the Direct Testimony of Ed Tohill, Table 7-1. Beginning with the total cost of \$26,962,000, the following items are removed: the Smith landfill costs of \$4,000,000; the escalation estimate of \$512,000; estimated Smith liner costs of \$100,000; and estimated Smith project management costs of \$60,000. The estimated Smith landfill cost, liner costs, and project management costs are excluded because the Smith landfill was not associated with the ARO established for the Dale ash removal and restoration project. The escalation estimate was excluded since the ARO calculations would reflect separate present value estimates. The present value factor

Page 3 of 15

of 3.45% is the same rate that was utilized when EKPC recorded the ARO liability for the Dale ash disposal cost on December 1, 2013. Please see EKPC's response to the Commission Staff's Initial Request for Information dated December 24, 2014 ("Staff Initial Request"), Item 5, page 3 of 3. The determination of the accretion and depreciation expenses follows the same approach utilized in the hypothetical example. The accretion and depreciation expenses are calculated through 2019 to correspond with the end of the estimated useful life of Dale.

The calculations on this page reflect the determination of the ARO liability, ARO accretion, and ARO depreciation for the Dale ash disposal costs utilizing the estimated project costs provided in Case No. 2014-00252. As EKPC has noted throughout this proceeding, any measurement changes in the ARO liability would result in changes in the ARO-related depreciation and accretion expenses. As shown in EKPC's response to Staff Initial Request 5, page 3 of 3, the original estimated cost for the Dale ash disposal was \$24,000,000. The revision of the total retirement cost to \$22,290,000 constitutes a measurement change that has to be recognized. The depreciation and accretion adjustments labeled "Previous" reflect the originally calculated depreciation and accretion expenses for 2013 and 2014. This "Previous" adjustment is necessary in order to determine the correct depreciation and accretion expenses through 2019.

Page 9 of 15 shows the determination of the ARO liability, ARO accretion, and ARO depreciation for only the Dale ash transfer costs. In order to model the impact on the financial statements of the March 6, 2015 Order, it is necessary to prepare separate ARO calculations for the Dale ash transfer and Dale ash pond reclamation. The assumptions and

Page 4 of 15

approaches are the same as were utilized on page 8 of 15. The total retirement cost at January 1, 2014 of \$9,857,000 comes from the Application in Case No. 2014-00252, page 22, paragraph 28, the line item titled "Ash Removal and Hauling". The 44.22% allocation of the "Previous" adjustment to depreciation and accretion expenses is the result of dividing the \$9,857,000 by the combined cost of \$22,290,000.

Page 10 of 15 shows the determination of the ARO liability, ARO accretion, and ARO depreciation for only the Dale ash pond reclamation costs. The assumptions and approaches are the same as were utilized on page 8 of 15. The total retirement cost at January 1, 2014 of \$12,433,000 is the balance remaining after subtracting the Dale ash transfer costs of \$9,857,000 from the combined cost of \$22,290,000. The 55.78% allocation of the "Previous" adjustment to depreciation and accretion expenses is the result of dividing the \$12,433,000 by the combined cost of \$22,290,000.

Page 11 of 15 shows the impact on EKPC's financial statements if the originally requested regulatory asset treatment for the ARO-related depreciation and accretion expenses had been authorized. For purposes of this modeling, EKPC has assumed that the final actual project costs would be \$23,500,000. The ARO-related depreciation and accretion expenses are shown from 2013 through 2019, as the end of the estimated useful life of Dale is in 2019.

The calculations for 2013 reflect the impacts from the initial establishment of the ARO for this legal obligation. The impact to margins in 2013 reflects the fact EKPC did not seek to have the ARO-related depreciation and accretion expenses recorded in December 2013

Page 5 of 15

reclassified as part of the regulatory asset. In 2014, there is a present value cash flow revision to the ARO asset and ARO liability balances, reflecting the change in measurement discussed previously in this response. There is no impact on the margins in 2014 through 2019 as all AROrelated depreciation and accretion expenses were reclassified as regulatory assets.

For purposes of this modeling, EKPC has assumed the ash transfer costs would be incurred over the 2015-2017 time period and the reclamation costs would be incurred in 2017. The recovery of the costs through the environmental surcharge reflects the Commission's determination in Case No. 2014-00252 that the ash transfer costs would be expensed as incurred while the ash pond reclamation costs would be deferred and amortized over a 10-year period. In this model this amortization is assumed to begin in 2018 and continues through 2027. There is a final true-up of the regulatory assets in 2027 which is due to the fact EKPC expensed the 2013 ARO-related depreciation and accretion expenses, but ultimately recovered these costs through the environmental surcharge.

As EKPC has noted throughout this proceeding, there will be a settlement adjustment when the actual costs of the legal obligation are final. This is shown in 2017. There is a "Gain/Loss on Settlement" adjustment to the ARO liability of \$1,411,539. This is the difference between the ARO estimated liability at 2019 of \$24,911,539 and the assumed final actual costs of \$23,500,000. A corresponding adjustment is reflected in the regulatory asset accumulated amortization.

Page 6 of 15

Pages 12 and 13 of 15 show the impact on EKPC's financial statements reflecting the findings in the March 6, 2015 Order, which denied regulatory asset treatment for that portion of the ARO-related depreciation and accretion expenses associated with the Dale ash transfer costs. The assumptions and approaches followed in preparing this page are the same as for the calculations shown on page 11 of 15, with the exception that the assumed Dale ash transfer costs are separated from the assumed Dale ash pond reclamation costs. The ARO-related depreciation and accretion expenses associated with the Dale ash pond reclamation are reclassified as regulatory assets. The ARO-related depreciation and accretion expenses associated with the Dale ash pond reclamation are reclassified as regulatory assets. The ARO-related depreciation and accretion expenses associated with the Dale ash pond reclamation are reclassified as regulatory assets. The ARO-related depreciation and accretion expenses associated with the Dale ash pond reclamation are reclassified as regulatory assets. The ARO-related depreciation and accretion expenses associated with the Dale ash pond reclamation are reclassified as regulatory assets. The ARO-related depreciation and accretion expenses associated with the Dale ash pond reclamation expenses associated with the Dale ash transfer are expensed as incurred.

For the 2017 settlement of the ARO associated with the Dale ash transfer, the \$1,150,094 is the difference between the ARO estimated liability at 2019 of \$11,016,287 and the assumed final actual costs of \$9,866,193. The settlement for the Dale ash transfer impacts the determination of margins in 2017. The settlement of the ARO associated with the Dale ash pond reclamation of \$261,445 is the difference between the ARO estimated liability at 2019 of \$13,895,252 and the assumed final actual costs of \$13,633,807. The settlement for the Dale ash pond reclamation is reflected in the regulatory asset accumulated amortization in 2017.

As shown on page 13 of 15, during the years 2014 through 2019 EKPC's margins would be impacted each year by the decision in the March 6, 2015 Order.

Pages 14 and 15 of 15 show the impact on EKPC's financial statements reflecting EKPC's requested relief in this rehearing. The assumptions and approaches followed in

Page 7 of 15

preparing this page are the same as for the calculations shown on pages 11 through 13 of 15. The 2015 margins are impacted by the rehearing decision, but margins in 2016 through 2019 are not impacted as all ARO-related depreciation and accretion expenses are reclassified as regulatory assets.

As noted on pages 11 through 15 of 15, regardless of the method used, EKPC will still incur assumed project costs of \$23,500,000 and will ultimately recover these costs through the environmental surcharge over time, which results in no overall impact to margins by the end of the recovery period. However, the method prescribed in the March 6, 2015 Order causes volatility in margins from year to year. These examples also demonstrate that the establishment and amortization of a regulatory asset is the only way to effectively match revenues and expenses.

EAST KENTUCKY POWER COOPERATIVE ASSET RETIREMENT OBLIGATION CALCULATION--RETIREMENT OF DALE ASH PONDS

Aggregate Calculation--Excludes Cost of New Smith Landfill

Retirement	Cost Jan 1	Inflation Rate	Inflation	Inflation December 31	
014	22,290,000.00			22,290,000.00	
015	22,290,000.00	2.50%	557,250.00	22,847,250.00	
016	22,847,250.00	2.50%	571,181.25	23,418,431.25	
017	23,418,431.25	2.50%	585,460.78	24,003,892.03	
018	24,003,892.03	2.50%	600,097.30	24,603,989.33	
019	24,603,989.33	2.50%	307,549.87	24,911,539.20	Cost for inflation through June 2019

21,385,200.90 PV at 3.45%

4.5 YEARS (54 months)

	Liability Balance Jan 1	Interest Rate	Accretion	Liability Balance December 31
	21,385,200.90			21,385,200.90
2015	21,385,200.90	3.45%	737,789.43	22,122,990.33
2016	22,122,990.33	3.45%	763,243.17	22,886,233.50
2017	22,886,233.50	3.45%	789,575.06	23,675,808.55
2018	23,675,808.55	3.45%	816,815.40	24,492,623.95
2019	24,492,623.95	3.45%	418,915.25	24,911,539.20

	Estimated Annual Depreciation	Accretion from above	Estimated Annual Depreciation & Accretion
2015	4,752,266.87	737,789.43	5,490,056.30
2016	4,752,266.87	763,243.17	5,515,510.04
2017	4,752,266.87	789,575.06	5,541,841.93
2018	4,752,266.87	816,815.40	5,569,082.27
2019	2,376,133.42	418,915.25	2,795,048.67
	21,385,200.90	3,526,338.30	24,911,539.20
Previous	(4,414,218.20)	(852,545.32)	(5,266,763.52)
	16,970,982.70	2,673,792.98	19,644,775.68

	New Estimated Annual Depreciation	Previously Recognized	Depreciation to be Recognized	New Estimated Accretion	Previously Recognized	Accretion to be Recognized	Annual Depreciation & Accretion to be Recognized
2015	4,752,266.87	(980,937.38)	3,771,329.49	737,789.43	(189,454,52)	548 334 91	4 319 664 40
2016	4,752,266.87	(980,937.38)	3,771,329.49	763,243,17	(189 454 52)	573 789 65	4,315,004.40
2017	4,752,266.87	(980,937.38)	3,771,329.49	789,575.06	(189 454 52)	600 120 54	4,343,110.14
2018	4,752,266.87	(980,937.38)	3,771,329,49	816,815,40	(189 454 52)	627 260 99	4,371,450.03
2019	2,376,133.42	(490,468.69)	1,885,664.73	418,915.25	(94,727.24)	324,188.01	4,398,690.37
	21,385,200.90	(4,414,218.20)	16,970,982.70	3,526,338.30	(852,545.32)	2,673,792.98	19,644,775.68

Estimated

rates:	credit adj:	final disc rate:
5 year U.S. Treasury 1.75%	1.7	3.45
7 year U.S. Treasury 2.45%		

PSC Request 2

EAST KENTUCKY POWER COOPERATIVE ASSET RETIREMENT OBLIGATION CALCULATION--RETIREMENT OF DALE ASH PONDS

Cost to Haul Ash to Smith-Breakdown of Non-Regulatory Asset Treatment Per PSC Order

neurennen	Cost Jan 1	Rate	Inflation	Inflation December 31	
2014	9,857,000.00			9,857,000.00	
015	9,857,000.00	2.50%	246,425.00	10,103,425.00	
016	10,103,425.00	2.50%	252,585.63	10,356,010.63	
017	10,356,010.63	2.50%	258,900.27	10,614,910.90	
018	10,614,910.90	2.50%	265,372.77	10,880,283.67	
019	10,880,283.67	2.50%	136,003.55	11,016,287.22	Cost for inflation through June 2019

9,456,883.15 PV at 3.45% 4.5 YEARS (54 months)

	Liability Balance Jan 1	Interest Rate	Accretion	Liability Balance December 31
	9,456,883.15			9,456,883.15
2015	9,456,883.15	3.45%	326,262.47	9,783,145.62
2016	9,783,145.62	3.45%	337,518.52	10,120,664.14
2017	10,120,664.14	3.45%	349,162.91	10,469,827.05
2018	10,469,827.05	3.45%	361,209.03	10,831,036.08
2019	10,831,036.08	3.45%	185,251.14	11,016,287.22

	Estimated Annual Depreciation	Accretion from above	Estimated Annual Depreciation & Accretion
2015	2,101,529.59	326,262.47	2,427,792.06
2016	2,101,529.59	337,518.52	2,439,048.11
2017	2,101,529.59	349,162.91	2,450,692.50
2018	2,101,529.59	361,209.03	2,462,738.62
2019	1,050,764.79	185,251.14	1,236,015.93
	9,456,883.15	1,559,404.07	11,016,287.22
Previous	(4,414,218.20)	(852,545.32)	(5,266,763.52)
applied	(1,951,967.29)	(376,995.54)	(2,328,962.83)

established December	1, 2013, revised estimate December 31, 2014	

rates:	credit adj:	final disc rate:
5 year U.S. Treasury 1.75%	1.7	3.45
7 year U.S. Treasury 2.45%		

Note: percentage applied based upon ratio of hauling expense to total ARO

	New Estimated Annual Depreciation	Previously Recognized	Depreciation to be Recognized	New Estimated Accretion	Previously Recognized	Accretion to be Recognized	Annual Depreciation & Accretion to be Recognized
2015	2,101,529.59	(433,770.51)	1,667,759.08	326,262.47	(83,776.79)	242,485.68	1.910.244.76
2016	2,101,529.59	(433,770.51)	1,667,759.08	337,518.52	(83,776.79)	253,741.73	1.921.500.81
2017	2,101,529.59	(433,770.51)	1,667,759.08	349,162.91	(83,776.79)	265,386.12	1.933.145.20
2018	2,101,529.59	(433,770.51)	1,667,759.08	361,209.03	(83,776.79)	277,432,24	1.945 191.32
2019	1,050,764.79	(216,885.25)	833,879.54	185,251.14	(41,888.38)	143,362.76	977,242.30
	9,456,883.15	(1,951,967.29)	7,504,915.86	1,559,404.07	(376,995.54)	1,182,408.53	8,687,324.39



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EAST KENTUCKY POWER COOPERATIVE ASSET RETIREMENT OBLIGATION CALCULATION-RETIREMENT OF DALE ASH PONDS

All Costs Other than Ash Hauling for Dale Ash Pond ARO--Per PSC Order

Retirement	Cost Jan 1	Inflation Rate	Inflation	Retirement w/ Inflation December 31	
014	12,433,000.00			12,433,000.00	
015	12,433,000.00	2.50%	310,825.00	12,743,825.00	
016	12,743,825.00	2.50%	318,595.63	13.062.420.63	
017	13,062,420.63	2.50%	326,560.52	13,388,981,15	
018	13,388,981.15	2.50%	334,724.53	13,723,705,68	
019	13,723,705.68	2.50%	171,546.32	13,895,252.00	Cost for inflation through June 201

11,928,317.76 PV at 3.45%

4.5 YEARS (54 months)

	Liability Balance Jan 1	Interest Rate	Accretion	Liability Balance December 31
	11,928,317.76			11,928,317.76
2015	11,928,317.76	3.45%	411,526.96	12,339,844.72
2016	12,339,844.72	3.45%	425,724.64	12,765,569.36
2017	12,765,569.36	3.45%	440,412.14	13,205,981.50
2018	13,205,981.50	3.45%	455,606.36	13,661,587.86
2019	13,661,587.86	3.45%	233,664.14	13,895,252.00

	Estimated Annual Depreciation	Accretion from above	Estimated Annual Depreciation & Accretion
2015	2,650,737.28	411,526.96	3.062.264.24
2016	2,650,737.28	425,724.64	3,076,461.92
2017	2,650,737.28	440,412.14	3,091,149.42
2018	2,650,737.28	455,606.36	3,106,343.64
2019	1,325,368.64	233,664.14	1,559,032.78
	11,928,317.76	1,966,934.24	13,895,252.00
Previous	(4,414,218.20)	(852,545.32)	(5,266,763.52)
applied	(2,462,250.91)	(475,549.78)	(2,937,800.69)

	New Estimated Annual Depreciation	Previously Recognized	Depreciation to be Recognized	New Estimated Accretion	Previously Recognized	Accretion to be	Estimated Annual Depreciation & Accretion to be
2015	2,650,737.28	(547,166.87)	2.103.570.41	411 576 96	(105 677 72)	205 040 00	Recognized
2016	2 650 737 28	(547 166 97)	2 102 570 41	411,520.50	(105,677.75)	305,849.23	2,409,419.64
2017	2,030,737.20	(547,100.07)	2,105,570.41	425,724.64	(105,677.73)	320,046.91	2,423,617.32
2017	2,650,737.28	(547,166.87)	2,103,570.41	440,412.14	(105,677,73)	334 734 41	2 438 304 82
2018	2,650,737.28	(547,166.87)	2.103.570.41	455 606 36	(105 677 72)	240,000,00	2,450,504.62
2019	1 325 368 64	(272 502 42)	1 051 705 21	405,000.50	(100,077.75)	549,928.63	2,453,499.04
2015	1,020,00.04	[275,565.45]	1,031,785.21	233,664.14	(52,838.86)	180,825.28	1,232,610.49
	11,928,317.76	(2,462,250.91)	9,466,066.85	1,966,934,24	(475.549.78)	1 491 384 46	10.057 451 31

established December	1, 2013, revised estimate December 31, 2014

rates:	credit adj:	final disc rate:
5 year U.S. Treasury 1.75%	1.7	3.45
7 year U.S. Treasury 2 45%		

Page 10 of 15

PSC Request 2

1005			46																					
ARO Example with Regulatory A	Asset	Treatment-	Imp	act as Originally R	equest	ted																		
ARO Estimate		\$22,290,000	10 (r	revised based upor	n new	estimate)																		
ARO Est. Date		12/31/201	14																					
Retirement Date		6/30/201	19																					
ARO Est. at 2019		\$24,911,539	9																					
Project Inception		201	15																					
Project Duration		3 Year	rs																					
Project Cost		\$23,500,000	0 (f	or illustration our	10505	anly																		
Approved Recovery through ES					reaca	only i																		
		201	13	2014		2011		-																
		101	2	2014		2015	201	6	2017	2	018	2019	2020		2021	2022	2023	20	124	2025		2026	202	7
Balance Sheet																						manna.		<u>.</u>
Ben Net ARO Asset	¢	22 750 201		22.420.545						A														
Cash flow revision	0	22,750,201	1 3	22,410,646	2	16,970,983	\$ 13,199,653	\$	9,428,324	\$ 5,656,9	94	\$ 1,885,665	5 0	S	0 \$	0	\$ 0	5	0	\$ 0	s	0	s ,	
Depresiation	5	220 555		(1,365,001)	5	-	\$ -	\$		\$ -	. 18	\$ - 5		\$	- 5	-	s -	\$ -		s .	s		\$ U	, ,
Ending Not ABO Arrest	2	339,555	5 5	4,074,663	5	3,771,329	\$ 3,771,329	\$	3,771,329	\$ 3,771,3	29	\$ 1,885,665	-	S	- 5		\$ -	s -		\$	ć		e	
chung Net AND Asset	5	22,410,646	5 5	16,970,983	Ş	13,199,653	\$ 9,428,324	\$	5,656,994	\$ 1,885,6	65	\$ 0 5	6 0	\$	0 5	0	S 0	s	0	\$ 0	c .		5	
Barrier and a second																	· ·	7	0	\$ 0	2	0	5 0)
Regulatory Asset	-		_																					
ARO expense transfer	S	1004	\$	4,861,801	\$	4,319,664	\$ 4,345,118	\$	4,371,450	\$ 4,398,6	90	\$ 2,209,853	ALC: NOT THE OWNER	S		and the second second second	*		-		2	_	The second s	
Total Reg Asset	\$		S	4,861,801	\$	9,181,466	\$ 13,526,584	\$	17,898,034	\$ 22,296,7	24	\$ 24,506,577	24 506 577	s	74 506 577 6	24 505 577	2 34 FOC F77	2		\$.	\$		\$ -	
										,			24,300,377	3	24,300,377 5	24,506,577	\$ 24,506,577	\$ 24,506,57	7	\$ 24,506,577	\$ 24,50	6,577	\$ 24,506,577	
Reg Asset Amort.																								
Amort. Expense	\$	10 10 10	\$		s	(1.123,760)	\$ 14 687 478	2 ((4 055 005)	\$ (1 262 21	109		14 252 2011			-								
True-Up to Actual (Gain/Loss)	5		s		s	-	\$	0	(1,411,520)	¢ (1,505,50	001	5 (1,303,301) 5	(1,363,381)	5	(1,363,381) \$	(1,363,381)	\$ (1,363,381)	\$ (1,363,38	11) 1	\$ (1,363,381)	\$ (1,36)	3,381)	\$ (1,363,379)
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Total Assets	s	22,410,646	5	21 832 784	¢	21 257 250	¢ 17 143 730		13 377 305				1 201-201 (SULT)											
				estopetto.	~	22,237,333	5 17,145,720	2	12,211,296	5 11,541,2	// 3	5 10,502,084 \$	9,138,703	Ş	7,775,322 \$	6,411,941	\$ 5,048,560	\$ 3,685,17	9 !	\$ 2,321,798	\$ 951	8,417	\$ 0	
ARO Liability Bee of Yr	s	22 750 201	c	22 815 608	c	22 222 746	A 34 000 394					A IS-MARKED IN												
Cash Flow Revisions	é	22,7 30,201	ć	(1,205,003)	2	22,237,746	5 21,662,321	5	17,548,681	\$ (951,54	49) 9	5 (324,188) \$	(0)	\$	(0) \$	(0)	\$ (0)	5 (0) 1	\$ (0)	s	(0)	\$ 10	1
Accretion	é	CE 407	2	(1,365,001)	2		5 -	\$		\$ -	\$	- 5		\$	- \$	-	\$ -	5 -	1	s -	s		5	/
Actual Project Costr	-	05,407	2	/8/,138	5	548,335	\$ 573,789	\$	600,121	\$ 627,36	51 \$	324,188 \$		\$	- 5		\$ -	s -	1	\$ -	s	- 1	\$	
Gain/loss on Settlement	2	-	5	-	5	(1,123,760)	\$ (4,687,428)	5	(17,688,812)	\$ -	\$	- \$		\$	- S		s -	s -	1		ć	1	c	
APO Liability Fed of Ve	5		5		\$		\$ -	\$	(1,411,539)	\$ -	\$	- S	-	\$	- 5	-	s -	\$ -	1		c		-	
And Liability End of Yr	5	22,815,608	Ş	22,237,746	\$	21,662,321	\$ 17,548,681	\$	(951,549)	\$ (324,18	38) \$	(0) \$	(0)	5	(0) \$	(0)	s (0)	¢ ()	01 1	(0)	0	101	5 -	
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W I I. M.																								
Total Liabilities	ş	22,815,608	\$	22,237,746	\$	21,662,321	\$ 17,548,681	S	(951,549)	\$ (324,18	(8) S	(0) S	(0)	ŝ	(0) 5	(0)	c (0)	e 11		101		1.000		
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ncome Statement																								Cumulative
Revenue - ES	\$	-	s		Ś	1.123.760	\$ 4 687 478	s	4 055 005	1 362 29	n c	1 263 301 6	1 262 204	~		CL 1/20175705	n inseries i							Totals
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ARO Depreciation	Ś	339.555	s	4 074 663	\$	3 771 270	\$ 2 771 220	*	3 771 330															
ARO Accretion	s	65 407	ŝ	787 138	c	E49 325	5 5,771,329	2	3,771,329	> 3,771,32	9 5	1,885,665 \$	-	5	- \$	- 5	· ·	\$ -	S		5	- 5	s -	\$ 21,385,201
Total ARO Expenses	s	404 967	é	4 961 901	c	4 310 664	5 5/3,/89	2	600,121	627,36	1 5	324,188 \$		5	- \$	- 5	; -	5 -	\$		5	- 4	5 -	\$ 3 526 338
ARO to Reg Asset	¢	404,502	è	4,001,001	2	4,319,664	\$ 4,345,118	5	4,371,450	4,398,69	0 \$	2,209,853 \$		ŝ	- \$			s -	S		ŝ	- 9	4	\$ 24 911 539
Net ARO Expenses	e.	404.962	э. с	(4,001,001)	-	(4,319,664)	5 (4,345,118)	5	(4,371,450)	(4,398,69	0) \$	(2,209,853) \$		5	- 5	1000	54.0	5	S		5			\$ 124 506 577
the end expenses	2	404,962	2		>		5 -	\$			\$	- \$		ŝ	- \$	- 5	-	5 -	S					C 404 063
Reg Accest True up																					3 · · · · · · ·	2		\$ 404,962
neg. Assset true-up	5		S	1	\$		\$ -	\$	- 5	-	\$	- 5	- 5	\$	- \$				c				1404.053	A /101
P	140													0	•				\$		5	- 5	(404,962)	5 (404,962
Reg Asset Amortization	\$		\$		\$	1,123,760	\$ 4,687,428	\$	4,055,005 \$	1,363,38	0 \$	1,363,381 \$	1,363,381	ŝ	1.363.381 \$	1.363.381	1 363 381	1 262 204		1 262 201				
		1 million and a second										USAES CAREAU AND	And a second sec	And a design of the local distribution of the local distrbution of the local distribution of the local distribution of the	and the second s	shoopport à	2,303,361	1,000,381	. 2	1,303,381 \$	1,363,	381 \$	1,363,379	\$ 23,500,000
Margin Impact	\$	(404,962)	\$		\$		\$ -	\$	- \$	to the set	\$	- \$		\$										2
														-					Ş	- 5		- 5	404,962	\$ (0)

Actual Project Costs

\$ 1,123,760 \$ 4,687,428 \$ 17,688,812

PSC Request 2 Page 11 of 15

ARO Example Regulatory Asset	Treat	ment-Impact a	s Ordered																									
		Aggregate	Ash Hau	ling		Reclamation																						
ARO Estimate		\$22,290,000	\$9.8	57.000)	\$12 433 000																						
ARO Est. Date		12/31/2014	1 12/3	1/2014	4	17/21/201																						
Retirement Date		6/30/2019	6/3	0/2019	9	6/20/201	4																					
ARO Est. at 2019		\$24,911,539	\$11.0	16 287		\$12 905 251																						
Project Inception		2015		2016		\$13,093,252																						
Project Duration		3 Vears		2013	5	201	5																					
Project Cost		\$22 500 000		3 rears	s	3 Year	s																					
Approved Recovery through ES		\$23,300,000	\$9,8	66,193		\$13,633,807																						
in the second of the second of the second se		2012		-																								
		2013		2014		2015	5	201	6	2017	2	201	8	2019		2020		2021	2022	20		202.0						
alance Sheet																		and the second		204		2024	•	2025	2	2026		2027
Beg. Net ARO Asset-Ash		\$ 10,060,130	£ 0.0																									
Cash flow revision	1	3 10,000,139	\$ 9,9	09,988	\$	7,504,916	\$ 5,8	37,157	\$	4,169,398	\$	2,501,639	3 \$	833,880	\$	(0) \$	8	(0)	5 (0)	e /	-	101		1000	<i>.</i>			
Depreciation	1	-	\$ (60	03,256)	\$		\$		\$	-	\$	-	\$		s	- 5		10/ 1	(0)	5 1	01 3	> (0)	5	(0)	s	(0)	\$	(0)
Ending Not APO Accest tob	2	\$ 150,151	5 1,80	01,816	\$	1,667,759	\$ 1,6	67,759	\$	1,667,759	\$	1,667,759	9 S	833.880	s						-	-	\$	-	\$		\$	-
chung Net AND Asset-Ash	-	\$ 9,909,988	\$ 7,50	04,916	\$	5,837,157	\$ 4,1	69,398	\$	2,501,639	\$	833,880) S	(0)	S	(0) \$		101	-	5 -	ş	-	\$	· · · · · ·	\$		\$	-
Rea Not 400 4												1000		(-)	*	101 3		(0) \$	(0)	\$ (0	0) 5	6 (0)	\$	(0)	5	(0)	\$	(0)
Beg. Net AKO Asset-Reclaim	Ş	\$ 12,690,062	\$ 12,50	0,658	\$	9,466,067	\$ 7,3	62,496	s	5.258.926	s	3 155 356	Ś	1 051 795	c	0.0				1								0.000
Cash flow revision	\$	5 -	\$ (76	51,744)	\$	-	s	-	s	-	s	0,200,000	c	1,031,703	c	0 \$		0 5	0	\$ (0 \$	0	\$	0 1	5	0	5	0
Depreciation	\$	189,404	\$ 2,27	2,847	s	2,103,570	\$ 2,1	03,570	s	2.103.570	Ś	2 103 570	i c	1 051 705	\$	- >		- \$	-	\$ -	\$	e - 1	\$	- 1	\$	2	S	-
Ending Net ARO Asset-Reclaim	s	12,500,658	\$ 9,46	6,067	\$	7,362,496	\$ 5.2	58 926	s	3 155 356	¢	1 051 705	-	1,031,783	\$	- 5		- \$	-	\$ -	\$	-	\$	- 1	\$	-	S	
									*	3,233,330	2	1,031,763	\$	0	5	0 \$		0 \$	0	\$ (0 \$	0	\$	0	5	0	s	0
Total Ending Net ARO Assets	\$	22,410,646	\$ 16,97	0,983	S	13 199 653	\$ 94	78 374	c	E 656 004	•	1 005 555												1.200 1.2		-	*	0
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Regulatory Asset-Reclaim Only																											*	U
ARO expense transfer	\$	1	\$ 2.71	1.913	\$	2 400 400	6 7.4	22 617	*	3 430 300		1.1.1						_										
Total Reg Asset	\$	-	\$ 2.71	1.913	s	5 121 332	\$ 75	14 050	2	2,438,305	3	2,453,499	\$	1,232,610	ş	- 5	- this	- \$		\$.	\$	and the second second	S	100 Carlos 1		-	¢	
						0,122,0022	4 112	**,550	2	9,903,235	\$.	12,436,754	\$ 1	13,669,364	Ş	13,669,364 \$	13,669	,364 \$	13,669,364	\$ 13,669,364	I S	13,669,364	Ś	13.669.364	13 669 3	164	\$ 12	660 364
Reg Asset Amort.																						Contractor free topics in			13,003,3		\$ 13,	009,304
Amort. Expense	\$	-	\$	4	¢																							
True-Up to Actual (Gain/Loss)	s		s		¢		\$		\$	-	\$	(1,363,380)) \$ ((1,363,381)	\$	(1,363,381) \$	(1,363	381) \$	(1,363,381)	\$ (1.363.381	15	(1.363 381)	¢	(1 363 391) 6	11 262 2		A 14.	
Net Accum Amort	5		c		-		\$	-	5	(261,445)	ş	•	\$	-	\$	- \$		- \$		\$ -	S	[4,000,001]	ć	11,505,501) 5	(1,303,3	61)	\$ (1,:	363,379)
	*		2	-	5		\$		Ş	(261,445)	\$ 1	(1,624,825)	\$ (2,988,206)	\$	(4,351,587) \$	(5,714	968) \$	(7.078.349)	5 (8 441 730	2 1	19 905 1111	21	111 168 4031 6			5 2	225,888
Total Assets	¢	22 410 646	¢ 10.00	1 005			1												1.1-2.44.44	· (0,114,150	1 2	(3,803,111)	51	,11,108,492) 5	(12,531,8	73) 3	\$ (13,6	669,364)
	4	12,410,040	\$ 19,68.	2,896	\$	18,320,986	\$ 16,97	3,274	\$	15,378,804	\$ 1	2,697,593	\$ 10	0,681,158	\$	9,317,777 \$	7,954	396 \$	6 591 015	\$ 5 337 634	e	2.054.252						
ARO Liability Beg of Vr. Arb		10050130																	0,001,013	\$ 3,227,034	\$	3,864,253	\$	2,500,872 \$	1,137,49	91	\$	0
Cash Flow Revisions		10060139	5 10,089	9,062	\$	9,833,879	\$ 8,95	2,604	\$	4,518,918	\$	(420,795)	\$	(143,363)	\$	0 \$		0 5	0	¢ 0			2					
Accretion	2		\$ (603	3,256)	ş		S	-	\$		\$	1.1	5	-	Ś			e v	0	5 0	5	0	Ş	0 \$		0 5	\$	0
Actual Design Contra	5	28,923	\$ 348	3,073	\$	242,486	\$ 25	3,742	\$	265,386	\$	277,432	S	143.363	S				-	\$ -	S	-	\$	- \$		\$	\$	
Actual Project Costs	S	-	\$		\$	(1,123,760)	\$ (4,68	7,428)	\$	(4,055,005)	s		s		¢	, ,				5 -	Ş	-	\$	- \$		\$	\$	
Gain/loss on Settlement	\$	•	\$		\$		\$		s	(1,150,094)	s		s		ć	- 3		- 5	-	ş -	\$	-	Ş	- \$	1	5	s	-
ARO Liability End of Yr	\$	10,089,062	\$ 9,833	,879	\$	8,952,604	\$ 4,51	8,918	s	(420,795)	s	(143 363)	é	0	è	- >		- 5	-	\$ -	\$		\$	- \$		5	ŝ	
								and the state of	10			(1113)505)	4	.0	\$	0 \$		0 \$	0	\$ 0	\$	0	\$	0 \$		0 5	S	0
ARO Liability Beg of Yr-Reclaim	\$	12,690,062	\$ 12,726	,546	\$	12,403,868	\$ 12.70	9.717	\$	13 029 764	¢	(520 754)	c	(100 000)	<i>c</i>													
Cash Flow Revisions	\$	- 1	\$ (761	,744)	Ś		5		¢.		é	(330,734)	2	(180,825)	>	0 5		0 \$	0	\$ 0	S	0	\$	0 5		0 5		0
Accretion	\$	36,484	\$ 439	,066	s	305,849	5 32	0.047	ŝ	224 724	è	340.030	2		\$	- 5		- \$	-	\$ -	s	-	s	- 5		ŝ		
Actual Project Costs	\$		\$		S		S		\$ 11	334,734	0	349,929	2	180,825	\$	- \$		- \$	-	\$ -	\$		s	- 5		ç		10 10
Gain/loss on Settlement	\$	- 9	s	. 1	S		¢		0 11	(261.445)	0		5	*	Ş	- \$		- \$	-	s -	\$	-	S	- 4		0		
ARO Liability End of Yr	\$	12,726,546	\$ 12,403	868	s	12 709 717	6 13 03	764	0	(201,445)	5	-	\$		5	- \$		\$		s -	S		s			2		152
		Contraction of the state	,405		¥.	12,103,111	\$ 13,025	1,104	\$	(530,754)	\$	(180,825)	\$	0	\$	0 \$		0 \$	0	\$ O	5	0	Ś	0 6		0 0		-
Total Liabilities	\$	22,815.608	\$ 22.237	746	c	71 662 224	6 1754	0.000														5		0.5	6	0.5		0
					÷	£1,002,321	\$ 17,548	0,082	>	(951,549)	5	(324,188)	\$	0	\$	0 \$		0\$	0	5 0	\$	0	s	0 4	<i>a</i>	n ć		0
																							-					17

Page 12 of 15

PSC Request 2 Page 13 of 15

\$ 12,227,660 \$ 4,687,428 \$ 17,558,812

Actual Project Costs

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\$60'051'1 \$60'051'1 (888'522)	\$ 6 \$ \$ (8	2525) - - 88,225)	s s	185'595'1 - -	\$ \$ \$	186'898'1	s s s	185,595,1	\$ \$ \$	188'898'1 - -	\$ \$ \$	185'595'T - -	s s s	185'595'T	s s s	185'595'T - -	\$	18	1°363'38	\$ \$ \$	086'696'1	s s s	¢60'051'1	s s		\$ \$ \$		\$ \$ \$	internetiene -	\$ \$ \$:	\$ \$ \$	da Sant Assert and the Article and Article
521'292'11 (996'699'E1) 6ES'116'92 9E6'996'T 8IE'826'TI 9D9'6SS'T E88'959'6	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$		*****	•	\$ \$ \$ \$ \$ \$ \$ \$		\$ \$ \$ \$ \$ \$ \$ \$ \$		****		\$ \$ \$ \$ \$ \$ \$	27 10) 23 53 58 58 58	2'226 9'222'1) 8'602'2 8'081 2'150'1 £'£Þ1 8'655	*****	161'5\$6'1 (66\$'25\$'2 069'865'9 626'6\$5 025'201'2 25\$'212	*****	S¢T'EE6'T (S0E'8E¢'2) OS¢'TZE'¢ ¢E2'¢EE 0ZS'E0T'Z 98E'S9Z	*****	105'126'1 (21'9'22'4'2) 811'5'4'5'4 240'02E 025'601'2 55'201'2	\$ \$ \$ \$ \$ \$ \$	542'016'1 (024'604'2) 499'616'4 648'506 025'601'2 984'242	\$ \$ \$ \$ \$ \$ \$	688'6\$1'2 (2145'88' 090'6\$ 438'242' 2438'03 540'88' 84	* * * * * * *	404'365 96'484 36'484 183'405 58'353	* * * * * * *	ARO Accretion-Ash Micloshion-fashon-fashon-fash Micloshion-fashon-fash Sastary SORA fash ARO Paster Sastary Tasza ang Arona Pastary Tasza ang Arona Pastary Tasza ang Arona Pastary Tasza ang
Income Statement Cumulative Totals Totals	61	1'898'1	S 1	38'898'1	\$	185'595'1	\$	185'595'1	\$	185'595'1	\$	T8E'E9E'T	\$	T8E'E9E'T	\$	185'595'1	s	18	8,558 8,558,1	\$	08E,E8E,I 08E,E8E,I	s s	652'299'T 500'550'b	\$ \$	652'299'I 82\$'289'\$	\$	652'299'T 092'EZT'T	\$	918,108,1	\$	TST'OST	\$	<u>stement</u> 759me 5187ement 750 Depreciation-Ash 750 Depreciation-Ash
	ZZO	DZ	97	502	ŝ	202	v	202	Ē	202	ł	2022	ī	20Z	3	5050		610	Z		8102		2072		9102	-	5102 208'EE9'EI\$ 5103 E		5014 59,866,133 2014	1	523'200'000 3 6 ⁹¹²	l	Project Duration Project Cost Approved Recovery through ES

5102 252'568'ET\$ STOZ Project Inception STOZ 282'910'115 655'011'233 ARO Est. at 2019 e/30/5016 9/30/5014 6102/02/9 6102/02/9 Retirement Date 12/31/2014 12/31/2014 ARO Estimate ARO Est. Date \$15'433'000 000'258'6\$ 000'062'22\$ gnilusH dzA noitemeloas Aggregate

And Example Regulatory Asset Treatment-Impact as Ordered

ARO Example Regulatory Asset	Trea	tmentImpa	ct as P	Proposed in Re-H	earing																								
		Aggregate		Ash Hauling	Reclam	ation																							
ARO Estimate		\$22,290,00	00	\$9,857,000	\$12	433.00	0																						
ARO Est. Date		12/31/20	14	12/31/201	4 17	/21/201																							
Retirement Date		6/30/20	10	£/20/201	4 14	/31/201	14																						
ARO Est. at 2019		\$74 911 57	0	611.016.207	9 6)	/30/201	19																						
Project Inception		224,311,33	15	511,016,287	513,	,895,252	2																						
Project Duration		20	15	201	5	201	5																						
Project Cast		3 rea	irs	3 Year	s	3 Year	rs																						
Approved Proventies 1 55		\$23,500,00	0	\$9,866,193	\$13,	633,807	7																						
Approved Recovery through ES																													
		20:	13	2014	1	201	5	2016	5	2017		2019	2	2010			2												
alanas Chant								and the second s		and a state		2010	2	2019		202	0	2021		2022	2	2023	202	4	2025		2026		2027
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Actual Project Costs					\$ (1.12	23,760)	\$ 14.687	478)	\$ (4.05	5 0051	5 21	1,432	\$	143,303	5	-	\$	- \$	s	-	\$ -	5		\$		s		é	2 2
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PSC Request 2 Page 14 of 15

ARO Example Regulatory Asset	Treatm	ent-Impac	t as Pro	oposed in Re-H	learin	R																								
ARO Estimate ARO Est. Date Retirement Date ARO Est. at 2019 Project Inception Project Duration Project Cost		Aggregate \$22,290,000 12/31/201 6/30/201 \$24,911,53 201 3 Yea \$23,500,000	0 14 19 9 15 rs 0	Ash Hauling \$9,857,00 12/31/201 6/30/201 \$11,016,28 201 3 Yea \$9,866,19	0 14 19 7 15 rs 3	Reclamation \$12,433,000 12/31/2014 6/30/2019 \$13,895,252 2015 3 Years \$13,633,807																								
Approved Recovery dirod() E3		201	3	201	.4	2015	20	16	2013	2	2018		2019		2020		2021		2022		2023		202	4	20.	25	2026	Ĺ	2027	
Income Statement Revenue - ES					\$	1,123,760	\$ 4,687,42	28 \$	4,055,005	\$	1,363,380	\$	1,363,381	\$	1,363,381	Ş	1,363,381	s	1,363,381 \$	1,363	,381	\$ 1,	363,381	\$	1,363,38	1 \$	1,363,381	Ś	1.363.379	Income Statement Cumulative Totals \$ 23,500,000
ARO Depreciation-Ash	\$	150,151	\$	1,801,816	5 \$	1,667,759	\$ 1,667,79	9 \$	1,667,759	\$	1,667,759	s	833,880	\$		s		s				c		¢						
ARO Accretion-Ash	\$	28,923	\$	348,073	\$	242,486	\$ 253,74	2 \$	265,386	\$	277,432	\$	143,363	\$		s		Ś	- 5			c		è	-	2	-	5	-	5 9,456,883
ARO Depreciation-Reclaim	\$	189,404	s	2,272,847	\$	2,103,570	\$ 2,103,57	0 \$	2,103,570	s	2,103,570	\$	1,051,785	s	2	S		\$				c	-	0		2	-	5	-	\$ 1,559,404
ARO Accretion-Reclaim	\$	36,484	\$	439,066	i S	305,849	\$ 320,04	7 5	334,734	\$	349,929	s	180,825	\$		S		s				6	-	\$		5		5	•	\$ 11,928,318
Total ARO Expenses	S	404,962	\$	4,861,801	\$	4,319,664	\$ 4,345,11	8 \$	4,371,450	\$	4,398,690	\$	2,209,853	s		s		é			÷	2		2		5	*	\$		\$ 1,966,934
ARO to Reg Asset	\$	100.00	\$	(2,711,913	1 5	(4,319,664)	\$ (4,345,11	8) 5	(4,371,450)	S	(4,398,690)	\$	(2,209,853)	5		6	and the second	2		-		>		5		Ş		\$		\$ 24,911,539
Net ARO Expenses	\$	404,962	\$	2,149,889	\$		5 -	\$		s		S	(a)acoment	ç		¢		0	- 3	1000		5	60 C. 1	5		\$	1000	\$		\$ (22,356,689)
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Reg. Assset True-up Gain/Loss on Settlement-Ash	\$		\$		\$	(2,149,889)	\$ -	\$ S		\$		\$	•	\$	2	\$		\$	- \$		7.	\$	-	\$	-	\$	4	\$	(404,962)	\$ (2,554,851)
Reg Asset Amortization	\$	1. 1. 1. 1. 1.	\$	1.01.0.4	\$	1,123,760	\$ 4,687,42	8 \$	4,055,005	\$	1,363,380	\$	1,363,381	\$	1,363,381	\$	1,363,381	\$	1,363,381 \$	1,363	,381	\$ 1,3	63,381	\$	1,363,38	Ś	1.363.381	\$	1 363 379	\$ 23 500 000
Margin Impact	\$	(404,962) \$	(2,149,889) \$	2,149,889	\$ -	\$		\$		\$		\$		\$		\$	- \$		-	\$		\$	-	\$		\$	404,962	\$ 0

Actual Project Costs

\$ 1,123,760 \$ 4,687,428 \$ 17,688,812

PSC Request 2 Page 15 of 15