

Line	Description	Value	Notes
1	Cost of Equity	9.93%	Prefiled Direct Testimony of John W. Wilson, at 19
2	Effective Tax Rate	40.50%	Prefiled Direct Testimony of John W. Wilson, at 19
3	Equity Ratio	52.80%	Prefiled Direct Testimony of John W. Wilson, at 19
4	Pre-Tax Cost of Debt	4.50%	Prefiled Direct Testimony of John W. Wilson, at 19
5	Pre-Tax Cost of Equity	16.69%	$L1/(1-L2)$
6	Pre-Tax Rate of Return	10.94%	$((L1/(1-L2))*L3)+((1-L3)*L4)$
7	Rate Base	\$ 497,800,000	Prefiled Direct Testimony of John W. Wilson, at 18
8	Pre-Tax Return on Rate Base	\$ 54,438,571	$L6*L7$
9	After-Tax Rate of Return	6.51%	$(L1*L3)+((L4*(1-L2))*(1-L3))$
10	After-Tax Return on Rate Base	\$ 32,390,950	$L7*L9$
11	DOUBLE LEVERAGE CALCULATION		
12	Acquisition Financing Debt Ratio	50.00%	Prefiled Direct Testimony of John W. Wilson, at 19
13	Double-Leverage Pre-Tax Cost of Equity	10.59%	$((1-L12)*L1)/(1-L2)+L12*L4$
14	Pre-Tax Cost of Debt	4.50%	$L4$
15	Pre-Tax Rate of Return	7.72%	$(L13*L3)+((1-L3)*L14)$
16	Rate Base	\$ 497,800,000	$L7$
17	Pre-Tax Return on Rate Base	\$ 38,419,786	$L15*L16$
18	Difference in Pre-Tax Rate of Return	\$ 16,018,786	$L8-L17$
19			
20	Double-Leverage After-Tax Cost of Equity	6.30%	$L13*(1-L2)$
21	After-Tax Rate of Return	4.59%	$(L20*L3)+((L4*(1-L2))*(1-L3))$
22	After-Tax Return on Rate Base	\$ 22,859,772	$L16*L21$
23	Difference in After-Tax Rate of Return	\$ 9,531,177	$L10-L22$
24			
25	Weighted After-Tax Cost of Equity	5.2430400%	$L1*L3$
26	After-Tax Equity Return on Rate Base	\$ 26,099,853	$L25*L16$
27	Weighted After-Tax Double Leverage Cost of Equity	3.3283800%	$L20*L3$
28	After-Tax Double Leverage Equity Return on Rate Base	\$ 16,568,675.64	$L27*L16$
29	Difference in After-Tax Rate of Return on Equity	\$ 9,531,177	$L26-L28$
30	Tax Effect on Return	\$ 6,487,608	$L18-L29$