

Calculations by C.L. Holt May 11, 2017 -

APPENDIX B - GREC Asset Purchase Evaluation Calculations

		Special Calculations		Savings	
Required Annual Debt Principal Payment to Repay \$759m (2.0% Annual Int return)	\$18,342,442	Insurance Cost for GRU at or 0.1% for rebuild	\$ 350,000	\$ 225,516	Annual LT lay-up Costs (5-year avg.)
Net GREC Property Tax paid by GRU	\$ 7,400,000	PV of Ins Cost for 26 years	\$ 6,701,213	\$ 4,317,806	PV of Annual LT Lay-up Costs
Portion Due City - subtract from GFT	\$ (1,400,000)	Daily Charge paid to GREC - No Usage	\$ 194,709		6.00% High Quality Corp Bond last 20 yr Avg yield
Net Savings on Property Tax	\$ 6,000,000	Yearly Charge paid to GREC at 95% availability	\$ 67,515,346		9.12% High Yield B US Corp Last 20 yr Avg Yield
		Monthly Charge paid to GREC at 95% availability	\$ 5,626,279		6.94% WACC for GREC - 70% HQ Bond / 30% HY Bond
Calculation if GREC Purchased at \$750 million, with 3.45% Bonds		GREC Numbers			
Discount Rate - GRU	3.45%	Discount Rate - GREC	6.94%		
Period (6 mos) discount rate for PV Calculation	1.725%	Period (1 month) discount rate	0.58%		
Principal including 1.1% financing cost	\$ 758,250,000				
Annual Interest Rate of Financing	3.450%				
Semi-Annual Interest Rate of Financing	1.725%				
Semi Annual Interest	\$ 13,079,813	Monthly Payments due GREC for 26 years - 95%avail.	5,626,279		
Semi Annual Principal Repayments of \$758.250 m (each invested at 2.0% annual)	\$ 9,171,221				
Semi Annual Debt Service Req for bonds	\$ 22,251,034	6-month Total Due GREC + 1/2 Ann Property tax	36,757,673		
Net Semi AnnDebt Paymt plus LT Layup cost plus Ins Cost	\$ 22,538,792	6-month Total Due GREC	\$ 33,757,673	\$ 14,218,881	Semi Annual Payment Savings (for first 26 years)
PV of Bond Payments (using math formula)	\$ 827,641,299	PV of GRU Payments to GREC (math formula)	\$ 811,905,305	\$ 28,437,762	Annual Savings (for first 26 years)
PV Using Excel PV Function	\$ 827,641,299	PV Using Excel PV Function	\$ 811,905,305	\$ 739,381,822	Savings Year 1 through 26
PV of Property Tax Savings (at \$6.0 million annually)	\$ 105,427,879	Annual Stand-by Costs	\$ (4,483,062)	\$ (180,310,334)	Total Additional Payments year 27-30
PV of Bond Payments - PV of Property Tax Savings + PV LT Lay-up Costs+ PV Ins Costs	\$ 733,232,439	PV of Stand-by Costs of 26 years	\$ 57,010,400	\$ 559,071,488	Net Savings Total Payments
PV of all GRU Payments for Status Quo (no GREC purchase)	\$ 1,260,806,604	Total PV (PV of Monthly Payments - Stand-by costs PV) for GREC	\$ 754,894,906		
Difference of PV of status quo and PV of GREC purchase	\$ 527,574,165				
Total of 30 yr LT Layup Costs + 30-year Insurance Payments	17,265,486	Total Property Taxes all 26 years (Net \$6.0 million annually)	\$ 156,000,000		
Total of all Bond Payments for 30 years	\$ 1,335,062,015	Total of All Payments for GREC Contract (includes PropTx)	\$ 1,911,398,989.50	\$ 559,071,488	Difference in Total of Payments
Total of all Bond Payments, 30 yr. LT lay-up, Insurance costs	1,352,327,501				
		Purchase Price Payable to GREC	\$ 750,000,000		
		Purchase price percentage of GREC's PV	99.35%		

Revenue Year	Percent Revenue Reduced (no NFEC)
2018	8.31%
2019	8.21%
2020	8.10%
2021	8.00%
2022	7.90%
2023	7.79%
2024	7.69%
2025	7.60%
2026	7.50%
2027	7.40%
2028	7.31%
2029	7.21%
2030	7.12%
2031	7.03%
2032	6.94%
2033	6.85%
2034	6.76%
2035	6.68%
2036	6.59%
2037	6.51%
2038	6.42%
2039	6.34%
2040	6.26%
2041	6.18%
2042	6.10%
2043	6.02%
2044	-5.94% Increase
2045	-5.87% Increase
2046	-5.79% Increase
2047	-5.72% Increase

GRU Annual Financials - Fiscal Year 2016		Pro Forma 2018*	9.88% Percent Savings Possible if Utility Tax Dollars Held Constant	
Electric Segment Sales	287,809,939	259,372,177		
Other Revenues	20,261,224	20,261,224		
Total Expenses	225,290,559	196,852,797		
Net Revenues	82,780,604	82,780,604		
*if no other changes				
Percent of Revenue Reduction Possible Year 1	(with 10% utility tax)	8.31%	Reduction	
Percent of Revenue Reduction Possible Year 5	(with 10% utility tax)	7.90%	Reduction	Revenue Growth 1.3 % year
Percent of Revenue Reduction Possible Year 10	(with 10% utility tax)	7.40%	Reduction	Revenue Growth 1.3 % year
Percent of Revenue Reduction Possible Year 20	(with 10% utility tax)	6.51%	Reduction	Revenue Growth 1.3 % year
Percent of Revenue Reduction Possible Year 26	(with 10% utility tax)	6.02%	Reduction	Revenue Growth 1.3 % year
Percent of Revenue Reduction Possible Year 27	(with 10% utility tax)	-5.94%	Increase **	Revenue Growth 1.3 % year
Percent of Revenue Reduction Possible Year 30	(with 10% utility tax)	-5.72%	Increase **	Revenue Growth 1.3 % year
**Years 27-30 are increases since GREC PPA would have ended				
Percent of Rev Reduction Possible if no actual dollar increase in utility tax: (collected dollars held constant)		9.88%	Calculations by C.L. Holt May 11, 2017 -	