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CONFIDENTIAL APPENDIX F

Impact on Rate Base, Revenue Requirement and Customer Rates Calculations

Depreciation
Page 1
Estimated Impact on Rate Base, Revenue Requirement and Customer Rates

Depreciation (000s)	Reference	Annual
Depreciation Expense		
Capital Additions for 2024	A	427,000
Plant Investment for Depreciation	C = A + B	\$ 427,000
Depreciation Rate (Note 1)	D	<u>2.20%</u>
2025 Depreciation Expense (first full year of depreciation)	E = C X D	\$ 9,394
Capital Investment		
Capital Investment	A	427,000
Less: Customer Contributions per Annual Depreciation	F	-
Total Capital Investment	G = A + F	\$ 427,000
Accumulated Depreciation		
Accumulated Depreciation, December 31, 2025	I	<u>14,091</u>
Total Change in Accumulated Depreciation	J = H + I	\$ 14,091
Net Book Value (NBV) - Capital Investment	K = C - J	\$ 412,909
Customer Contributions		
Customer Contributions per Annual Depreciation	F	\$ -
Depreciation Expense - Contributions		
Annual Contributions	F	\$ -
Depreciation Rate	L	<u>2.20%</u>
Amortization of Customer Contributions	M = F X L	\$ -
Accumulated Depreciation, December 31, 2025	N	\$ -
Net Book Value (NBV) - Customer Contributions	O = F - N	\$ -
Total 2025 Depreciation Expense (Net of Contributions)	P = E + M	\$ 9,394

Note 1: Assumed 50 year useful life 100% / 50 Years = 2% + 10% decommissioning cost = 2.2%

Income Taxes
Page 2
Estimated Impact on Rate Base, Revenue Requirement and Customer Rates

Income Taxes (000s)	Reference	Annual
Capital Additions for 2024	A	427,000
Less: Contributions	B	-
CCA Deductions 2025	C	<u>49,874</u>
Ending UCC	D = A - B - C	\$ 377,126
Future Income Taxes		
CCA Deductions 2025	C	\$ 49,874
Accumulated Depreciation, December 31, 2025	E = I - N From Page 1	<u>14,091</u>
Difference CCA/Depreciation	F = C - E	35,783
Future Tax Rate	G	<u>31.00%</u>
Future Income Tax Liability	H = F X G	11,093
Income Tax Effects of Increased Return		
Return on Rate Base	I = H from Page 3	\$ 26,873
Equity Return (grossed up)	J = G from Page 3 / (1-G)	<u>22,083</u>
Taxable Income from Return on Rate Base	K = J	\$ 22,083
Income Tax Expense		
Taxable Income from Return on Rate Base	L	\$ 22,083
Add: Depreciation	M = P from Page 1	9,394
Less: CCA	N = 2025 CCA	<u>(32,794)</u>
Corporate Tax Rate	O = L + M + N	(1,317)
Current Income Tax Expense	G	<u>31.00%</u>
Future Income Tax Expense	P = O X G	(408)
Total Income Tax Expense	Q = (-M - N)* G	<u>7,254</u>
	R = P + Q	\$ 6,846

2025 Rate Base & Cost of Capital
Page 3
Estimated Impact on Rate Base, Revenue Requirement and Customer Rates

Rate Base & Cost of Capital (000s)		Reference
Net Book Value, Capital Investment	A = K from Page 1	\$ 412,909
Net Book Value, Contributions	B = O from Page 1	-
Future Income Taxes	C = H from Page 2	<u>(11,093)</u>
Projected Rate Base	D = A + B + C	\$ 401,816
Total % Increase from 2023 Actual Year End Rate Base	E = D / R	78.64%
Return on Debt	F = D X O	\$ 11,636
Return on Common Equity	G = D X P	<u>15,237</u>
Total Return On Rate Base	H = F + G	\$ 26,873
Weighted Average Cost of Capital ("WACC")		
Debt	I	60.0%
Common Equity	J	40.0%
Cost of Debt	K	4.77%
Cost of Common Equity	L	9.35%
Forecast 2025 Average Capitalization (Total Debt plus Common Equity)	M	498,120,300
Forecast 2025 Average Rate Base*	N	491,764,300
WA Cost of Debt	O = I X K X M / N	2.90%
WA Cost of Common Equity	P = J X L X M / N	<u>3.79%</u>
Forecast 2025 WACC	Q = O + P	6.69%
2023 Actual Year End Rate Base	R	\$ 510,977

Revenue Requirement
Page 4

Estimated Impact on Rate Base, Revenue Requirement and Customer Rates

2025 Annual Project Revenue Requirement (000s)	Reference	0
Depreciation	A = P from Page 1	\$ 9,394
Return on Debt	C = F from Page 3	11,636
Return on Equity	D = G from Page 3	15,237
Income Taxes	E = R from Page 2	<u>6,846</u>
Estimated Annual Project Revenue Requirement	F = A + B + C + D + E	\$ 33,380
% Increase over 2025 Forecast Revenue Requirement	G = F / H	13.09%
Forecast 2025 Revenue Requirement*	H	\$ 255,063
Total Change in Revenue Requirement Allocated to MECL	100% = F	\$ 33,380

* 2025 forecast revenue requirement per GRA Negotiated Settlement filed with the Commission on April 4, 2023.

Distribution Rate Impact
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Estimated Impact on Rate Base, Revenue Requirement and Customer Rates

Project Rate Impact	Reference	0
Total Project Revenue Requirement	A = F from Appendix F X 1000	\$ 33,380,391
Forecast 2025 kWh Sales	B	1,649,073,000
Forecast Increase Per kWh Project Rate Impact	C = A / B	\$ 0.02024
Forecast Increase Annual Cost Benchmark Residential Customer (650 kWh per month) before tax	D = 650 kWh X C X 12 months	\$ 157.87
% Increase over 2025 Forecast Annual Cost for Rural Residential Customer	E = D / I	9.63%
% Increase over 2025 Forecast Annual Cost for Urban Residential Customer	F = D / J	9.80%
Forecast Increase Annual Cost Benchmark General Service Customer (10,000 kWh per month) before tax	G = 10,000 kWh X C X 12 months	\$ 2,428.80
% Increase over 2025 Forecast Annual Cost for General Service Customer	H = G / K	9.45%
2025 Annual Cost Benchmark Rural Residential Customer (650 kWh per month) excluding tax per GRA Negotiated Settlement filed with the Commission on April 4, 2023.	I	\$ 1,639.09
2025 Annual Cost Benchmark Rural Residential Customer (650 kWh per month) excluding tax per GRA Negotiated Settlement filed with the Commission on June 20, 2022 April 4, 2023.	J	\$ 1,610.89
2025 Annual Cost Benchmark General Service Customer (10,000 kWh per month) excluding tax per GRA Negotiated Settlement filed with the Commission on April 4, 2023.	K	\$ 25,712.54