

**APPENDIX B-3**

CASE 3

COMBINATION CASE - IOU ACQUIRES BOTH

**DERIVATION OF BELUGA RIVER GAS PRICE INCLUDING INCREMENTAL DEBT SERVICE COSTS**

	Year	Principal	Interest	Total	BRU MCF	Incremental P&I Payment for Taxable Debt vs Tax Exempt	Adder per MCF	Natural Gas Price Blended BRU Transfer Price (\$/MCF)	ML&P Price + Adder (\$/MCF)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(h)	
1	2009	8,615,000	3,059,952	11,674,952	11,081,291	425,937	0.04	3.03	3.07
2	2010	7,730,000	2,692,951	10,422,951	11,089,734	425,937	0.04	2.59	2.63
3	2011	7,030,000	2,343,948	9,373,948	8,847,873	425,937	0.05	2.33	2.38
4	2012	6,570,000	2,017,975	8,587,975	8,888,384	425,937	0.05	2.30	2.35
5	2013	6,185,000	1,697,198	7,882,198	8,924,319	425,937	0.05	2.40	2.45
6	2014	5,985,000	1,389,490	7,374,490	8,962,470	425,937	0.05	2.44	2.49
7	2015	5,895,000	1,101,025	6,996,025	9,005,762	425,937	0.05	2.21	2.26
8	2016	5,705,000	835,915	6,540,915	9,042,417	425,937	0.05	2.06	2.11
9	2017	5,725,000	551,583	6,276,583	9,087,629	425,937	0.05	2.04	2.09
10	2018	6,045,000	270,508	6,315,508	9,133,067	425,937	0.05	2.10	2.15
11	2019	-	-	-	-	-	-	0.96	0.96
12	2020	-	-	-	-	-	-	0.68	0.68
	TOTAL	<u>\$ 65,485,000</u>							

**Source:** ML&P RCA Docket U-07-45 Filing that was Basis for BRU Transfer Price, Exhibit G

**CALCULATION OF INCREMENTAL DEBT SERVICE REQUIREMENT**

	Taxable	Tax-Exempt	Difference
Excel P&I Levelized			
1 Payment	\$ 7,397,192	\$ 6,971,256	<u>\$425,937</u>
2 Interest Rate	6.00%	5.00%	
3 Term (Yrs)	13	13	
4 NPV	<u>\$ 65,485,000</u>	<u>\$ 65,485,000</u>	