Grupo Guascor

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Membertou Corporate Division
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Community Feed in Tariffs

Large Wind COMFIT rate calculation review

We are writing with the purpose of giving our opinion on the revised tariff financial model worksheet[1] that has been disclosed to the participants concerning "Large Wind" category as defined in the Renewable Electricity Regulations. We understand that tariff definition is open at least until written submissions of February 10th 2011. This provided, our goal is to emphasize on wind COMFIT modeling assumptions that we consider appropriate and advice in respects to various calculation mechanics and formulae currently used in the Excel worksheets.

Please note that Grupo Guascor's comments are based on our experience in renewable energy development in several countries and our understanding of renewable energy project development in Nova Scotia. This document is only intended to advice on rate setting and does not refer to policy related aspects of COMFIT (rate differentiation, different community natures, etc.), which will be dealt separately.

1. Prices
   1.1. It should be taken into consideration that price inputs used in the model (investment, expenses, tariff) should be placed in **2013-2014 timeframe**, since they are currently set for 2011 (development commencement period).
   1.2. Note that current inflation in Nova Scotia (2.4%, December 2010) is higher than the assumption of 1,92%. See latest update on http://www.statcan.gc.ca/subjects-sujets/cpi-ipc/cpi-ipc-eng.htm. We encourage to use past 10 year average value as a more robust approach that would take different economy contexts.

2. Investment
   2.1. The final investment 2.6 million CAD / MW, even if a market base, would be more of a utility sized unitary investment benchmark value. We would suggest to use at least a 2.8 overall investment assumption[2].

3. Project Financing
   3.1. In general, these assumptions should be confirmed and validated by interested lenders and under non-recourse considerations.

Capital Structure

   3.2. Assumption 40/60 "equity/debt" could be reachable with loan guarantees but slightly aggressive for a 1.5 MW wind farm.

Loan Terms

   3.3. 15 year Loan Life is a reasonable assumption for a general developer and somewhat aggressive for such a small facility.
   3.4. 8.00% APR is an adequate value but a lower value would ignore project concentration related technical risk (availability).

Debt Service Reserve

   3.5. Debt Reserve amount to be calculated from the complete Principal + Interest payment, instead of solely for principal repayments. Current excel file takes first year principal payment only [revised in model].

4. Revenues
   4.1. Generation assumption is adequate at 2,628 hours.

[1] As of February 5th, 2011
[2] Please check public reference of Nutbby 45 MW Wind Project cost (2.7million CAD/MW) at http://www.nspower.ca/site-nsp/media/nspower/NSPI%20(CBEX)%20IRs%201-11.pdf

4.2. We strongly recommend a 25% increase of the tariff as of inflation factor (see Ontario, Spain, etc.). This moderately protects project cash flows before unexpected price increases [revised in model].

4.3. See conclusions for tariff assessment.

5. Taxation

Asset Depreciation

5.1. Interconnection: If the facility's interconnection infrastructure is of the property of NSPI (regardless it were payable by the small generator), we understand that it should not be considered within the depreciable base and should be considered as a first year expense [revised in model].

5.2. The reference of the 95% should therefore be calculated from "Equipment & Installation" or `'Assumptions'!B6` item [revised in model].

5.3. Year 1 depreciation should then exclude Development Costs + Financing Closing costs + Interconnection, considered as expenses that year [revised in model].

5.4. Reserves are not expenses, just a cash guarantee; therefore these should not be integrated into the depreciable base [revised in model].

Corporate Income Tax

5.5. Tax benefits are treated as positive cash flows; we believe these should be credits to carryforward but not treated as fiscal period inflow of cash from CRA as currently modeled. This has a relevant impact on the real IRR calculation [revised in model].

5.6. Considering the progressive 4.5% to 16% provincial tax rates discourages facilities bigger than 1.5 MW, with marginal earnings levied tax at 16% [revised in model].

Property Tax

5.7. Interconnection would not be considered as part of the facilities' property as for the base calculation.

5.8. Please include a thorough explanation of calculation of tax and legal reference and calculation.

6. Annual Operating Expenses

6.1. Operation and Maintenance (O&M): in addition to the general inflation factor (that implies no real cost increase), we believe necessary to consider the equipment's lifecycle cost factors. In our understanding, a third of the initial O&M expenses are coming from spare parts and replacements. These costs practically double around year 10 of operation (from years 9 to 10) for major maintenance and replacements occur [revised in model].

6.2. We consider that 55,000 CAD/year is a very low value considering this amount could perfectly be the cost of hiring a dedicated employee. If this value is maintained for O&M, we would suggest to include a G&A expense apart from the current O&M cost. This, if outsourced, could be around 4,500 CAD/year [revised in model].

6.3. It would be interesting to analyze if any (a) wheeling or transportation charges and (b) shortfall penalties should be considered from the energy purchase contract. Since we still do not have a firm PPA contract template for COMFIT projects, we cannot conclude. We have included a yearly 1,000 CAD as a miscellaneous cost in the "Others" item [revised in model].

7. Conclusions

7.1. The comparison with other jurisdictions (response to information requests from Synapse) should be considered with the LCOE analysis, this is, having into consideration tariff escalation for the revenue side and real prices (not current prices).

7.2. After introducing the aforementioned considerations to the worksheet[3] we would obtain the following tariff values for "Large Wind":

After Tax Return (year 20)	Pre-Tax Return (year 20)	Feed in Tariff (year 1)	Escalation as of General Inflation	LCOE (8.00%)
11.00%	12.84%	143.96	25%	149.34
12.00%	13.95%	148.43	25%	153.97
13.00%	14.99%	152.64	25%	158.34

[3] We attach to this submission an updated financial model workbook with the modified cells colored in red and cash flow lines in orange.

Nova Scotia Utility & Review Board FIT Model **Large Wind (Over 50 kW)**

Assumptions		Notes:
General Inflation Factor (revenue and expenses)	1.92%	From NSPI 2009 IRP Update
Capital Costs (Uses of Funds)		
Development	500,000	
Equipment & Installation	2,675,000	
Interconnection	210,000	
Reserves		
Maintenance	27,500	(Half of year-one O&M)
Working Capital	52,678	(Half of year-one expenses)
Debt Service	134,354	(Half of year-one debt service Including Interest Payment)
Financing		
Debt Closing Costs & Fees	138,000	(Summed from below)
Equity Closing Costs & Fees	60,000	(Estimated as roughly 4% of equity)
Interest During Construction	115,400	Loan value (Equipment & Installation and Interconnection co
Total Project Cost	3,912,931	
Total Project Cost ($/kW)	2,609	
Initial Reserve Account Sizing		
Upfront Maintenance (months of Year 1 O&M)	6	
Working Capital (months of Year 1 OPEX)	6	
Debt Service Reserve (months of P&I)	6	
Capital Structure (Sources of Funds)		
Amount ($)		
Grants (net value)	0	
Debt	2,300,000	
Equity	1,612,931	
Total Sources of Funds	3,912,931	
Amount (%)		
Grants	0.0%	
Debt	59%	
Equity	41%	
Total Sources of Funds	100.0%	
Grants:		
State and Federal Incentives	0	
Net Value of Grants	0	
Debt Terms		
Amount	2,300,000	58,78% (Based on target debt/equity ratio)
Amortization Period	15	
Interest Rate	8.00%	
Up-Front Fee (%)	1.00%	
Up-Front Fee ($)	23,000	
Closing Costs	115,000	(5% of loan value)
Tax Depreciation Allocation		
% of Total Project's Hard Cost		
30% Double Declining	0.0%	
50% Double Declining	95.0%	(Approximately 95% of hard costs)
20-yr SL	0.0%	
40-yr SL	0.0%	
Other	0.0%	
Non-Depreciable	5.00%	(Approx. 5% of hard costs)
Total	100.0%	
Amount Allocated		
30% Double Declining	0	
50% Double Declining	2,541,250	% as of hard costs, excluding interconnection, since this is n
20-yr SL	0	
40-yr SL	0	
Other	0	
Non-Depreciable	133,750	% as of hard costs
Total	2,675,000	
Year One Depreciation		
Year One Percent	25.0%	(Based on the "half year rule")
Year One Amount	1,023,400	Accrued expenses for taxable basis are = Development + fir

Assumptions:		Notes:
Operating Inputs		
Net Generator Capacity (MW)	1.50	
Energy Production:		
Net Capacity Factor	30%	Net of plant availability and other loss factors
Net Output in MWhs	3,942	
Annual Operating Expenses		
Annual Fuel Cost		
Fuel Required per Year (mmBtu)	0	Fuel requirements calculated outside the model and input here.
Initial year Fuel Price ($/mmBtu)	0	
Annual O&M (expensed)	55,000	Escalates at inflation.
Spare Parts (%)	30.00%	As of O&M Cost
Degradation cost increase (%)	60.00%	As of Spare parts O&M
Year	10	
Site Maintenance	0	Included in Annual O&M
G&A/Labor	4,500	Different profile from O&M service, outsourced service
Insurance	20,000	Escalates at inflation.
Land Lease	16,200	Approximately 3% of year one revenues.
Other	1,000	Escalates at inflation.
Property Tax		
Project Hard Costs	2,885,000	Includes hard costs only (equipment and interconnection)
Assessed Value (%)	100.00%	
Assessed Value ($)	2,885,000	Assessed value will decline annually by the decline assumption to a floor, at which point the decline will stop.
Annual Decline in Assessed Value	4.00%	Annual assessed value increases can be entered as a negative number.
Assessed Value Minimum %	20.00%	
Property Tax Rate	0.30%	Based on Wind Turbine Facilities Municipal Taxation Act
Revenue Assumptions		
Base Year Energy Price ($/MWh)	152.64	
% of Base Price Escalating @ Infl.	25.0%	Strong recommendation for lender's guarantee
Other Revenues (increases with inflation)	0	
Return Metrics		
20-year Equity IRR		
Pre-Tax	14.99%	
After-Tax	13.00%	
Average Debt Service Coverage Ratio	1.88	
Minimum Debt Service Coverage Ratio	1.86	
Minimum Annual After-Tax Equity Net Benefits	139,318	Includes tax benefit/(liability)
Tax Rates:		
Levelized Cost of Energy	158.34	
Utility Discount Rate	8.00%	
Tax Rates:		
Federal Income Tax	15.0%	
State/Provincial Income Tax (Low)	4.5%	Implemented
State/Provincial Income Tax (High)	16.0%	Implemented
Average Income tax rate	17.63%	Implemented
Major Maintenance		Major Maintenance is funded through operations.
Replacement Occurs Every X Years	5	Major Maintenance can not occur more frequently than every five years (e.g. 1, 2, 3, or 4, years are not an option)
Cost of Replacement (Year 0 Dollars)	0	Escalates at inflation.
Tax Depreciation Classification of Spending	Declining	
Book Depreciation Classification of Spending	30-yr SL	
Residual Value		
Residual Value (Net Book Value)	(0)	
Book Depreciation Classifications		
20-yr SL	100.0%	
30-yr SL	0.0%	
37-yr SL	0.0%	
40-yr SL	0.0%	
Non-Depreciable	0.00%	
Total	100.0%	
Amount Allocated		
20-yr SL	3,912,931	
30-yr SL	0	
37-yr SL	0	
40-yr SL	0	
Non-Depreciable	0	
Total	3,912,931	

Nova Scotia Utility & Review Board FIT Model

Operating Year	0	1	2	3	4	5	6	7	8	9	10	11	12
Generation (MWh)		3,942	3,942	3,942	3,942	3,942	3,942	3,942	3,942	3,942	3,942	3,942	3,942
Partial Income Statement													
Revenue													
Standard Offer Price ($/MWh)													
Fixed Price Component	75%	114.48	114.48	114.48	114.48	114.48	114.48	114.48	114.48	114.48	114.48	114.48	114.48
Escalating Price Component	25%	38.16	38.89	39.64	40.40	41.18	41.97	42.77	43.59	44.43	45.28	46.15	47.04
Standard Offer Price		152.64	153.37	154.12	154.88	155.66	156.45	157.25	158.08	158.91	159.77	160.63	161.52
Revenues From Energy Production		601,712	604,600	607,544	610,544	613,602	616,719	619,895	623,132	626,432	629,795	633,222	636,715
Other Revenues		0	0	0	0	0	0	0	0	0	0	0	0
Interest Revenue		4,119	4,119	4,119	4,119	4,119	4,119	4,119	4,119	4,119	4,119	4,119	4,119
Total Revenue		605,831	608,719	611,663	614,663	617,721	620,838	624,014	627,251	630,551	633,914	637,341	640,834
Expenses													
Fuel Cost		0	0	0	0	0	0	0	0	0	0	0	0
O&M		(55,000)	(56,056)	(57,132)	(58,229)	(59,347)	(60,487)	(61,648)	(62,832)	(64,038)	(77,016)	(78,494)	(80,002)
Site Maintenance		0	0	0	0	0	0	0	0	0	0	0	0
G&A		(4,500)	(4,586)	(4,674)	(4,764)	(4,856)	(4,949)	(5,044)	(5,141)	(5,239)	(5,340)	(5,443)	(5,547)
Insurance		(20,000)	(20,384)	(20,775)	(21,174)	(21,581)	(21,995)	(22,417)	(22,848)	(23,287)	(23,734)	(24,189)	(24,654)
Land Lease		(16,200)	(16,511)	(16,828)	(17,151)	(17,480)	(17,816)	(18,158)	(18,507)	(18,862)	(19,224)	(19,593)	(19,970)
Other		(1,000)	(1,019)	(1,039)	(1,059)	(1,079)	(1,100)	(1,121)	(1,142)	(1,164)	(1,187)	(1,209)	(1,233)
Property tax		(8,655)	(8,309)	(7,963)	(7,616)	(7,270)	(6,924)	(6,578)	(6,232)	(5,885)	(5,539)	(5,193)	(4,847)
Total		(105,355)	(106,865)	(108,412)	(109,994)	(111,613)	(113,271)	(114,966)	(116,701)	(118,476)	(132,040)	(134,122)	(136,251)
EBITDA		500,476	501,854	503,252	504,669	506,108	507,567	509,048	510,550	512,075	501,874	503,219	504,583
		83.18%	*83.01%*	*82.83%*	*82.66%*	*82.48%*	*82.30%*	*82.12%*	*81.93%*	*81.74%*	*79.69%*	*79.47%*	*79.25%*
Equity Return													
Cash													
EBITDA		500,476	501,854	503,252	504,669	506,108	507,567	509,048	510,550	512,075	501,874	503,219	504,583
Plus: Release of Debt Service Reserve		0	0	0	0	0	0	0	0	0	0	0	0
Plus: Release of WC & Up-Front Maint Reserves		0	0	0	0	0	0	0	0	0	0	0	0
Plus: Release of Major Maintenance Reserves		0	0	0	0	0	0	0	0	0	0	0	0
Plus: Residual Value		0	0	0	0	0	0	0	0	0	0	0	0
Less: Major Maintenance Spending		0	0	0	0	0	0	0	0	0	0	0	0
Less: Major Maintenance Reserve Funding		0	0	0	0	0	0	0	0	0	0	0	0
Less: Principal		(84,708)	(91,485)	(98,803)	(106,708)	(115,244)	(124,464)	(134,421)	(145,175)	(156,789)	(169,332)	(182,878)	(197,508)
Less: Interest		(184,000)	(177,223)	(169,905)	(162,000)	(153,464)	(144,244)	(134,287)	(123,533)	(111,919)	(99,376)	(85,830)	(71,200)
Total Cash		231,768	233,146	234,544	235,961	237,400	238,859	240,340	241,842	243,367	233,166	234,511	235,875
Equity Investment	(1,612,931)												
Total Pre-Tax Equity Return	(1,612,931)	231,768	233,146	234,544	235,961	237,400	238,859	240,340	241,842	243,367	233,166	234,511	235,875

Pre-Tax Internal Rate of Return 14.99%

Taxable Income Benefit/(Liability)	0	1	2	3	4	5	6	7	8	9	10	11	12
EBITDA		500,476	501,854	503,252	504,669	506,108	507,567	509,048	510,550	512,075	501,874	503,219	504,583
Less: Interest		(184,000)	(177,223)	(169,905)	(162,000)	(153,464)	(144,244)	(134,287)	(123,533)	(111,919)	(99,376)	(85,830)	(71,200)
Less: Tax Depreciation		(1,023,400)	(758,925)	(379,463)	(189,731)	(94,866)	(47,433)	(23,716)	(11,858)	(5,929)	(2,965)	(1,482)	(741)
Taxable Income/(Loss)		(706,924)	(434,294)	(46,116)	152,938	257,778	315,890	351,044	375,159	394,226	399,533	415,907	432,642
Net Operating Loss		706,924	434,294	46,116	0	0	0	0	0	0	0	0	0
NOL Carryforwards		706,924	1,141,218	1,187,334	1,034,396	776,617	460,727	109,683	0	0	0	0	0
Taxable Base		0	0	0	0	0	0	0	(265,475)	(394,226)	(399,533)	(415,907)	(432,642)
Provincial Corporate Tax		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(18,000)**	**(18,000)**	**(18,000)**	**(20,545)**	**(23,223)**
Low Range <= 400,000		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*(18,000)*	*(18,000)*	*(18,000)*	*(18,000)*	*(18,000)*
High Range > 400,000		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*(2,545)*	*(5,223)*
Federal Corporate Tax		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(39,821)**	**(59,134)**	**(59,930)**	**(62,386)**	**(64,896)**
Equity Investment	(1,612,931)												

13	14	15	16	17	18	19	20
3,942	3,942	3,942	3,942	3,942	3,942	3,942	3,942
114.48	114.48	114.48	114.48	114.48	114.48	114.48	114.48
47.94	48.86	49.80	50.76	51.73	52.73	53.74	54.77
162.42	163.34	164.28	165.24	166.21	167.21	168.22	169.25
640,275	643,904	647,602	651,372	655,213	659,129	663,119	667,187
0	0	0	0	0	0	0	0
4,119	4,119	4,119	1,539	1,539	1,539	1,539	1,539
644,394	648,023	651,721	652,911	656,753	660,668	664,659	668,726
0	0	0	0	0	0	0	0
(81,538)	(83,103)	(84,699)	(86,325)	(87,982)	(89,672)	(91,393)	(93,148)
0	0	0	0	0	0	0	0
(5,654)	(5,762)	(5,873)	(5,986)	(6,100)	(6,218)	(6,337)	(6,459)
(25,127)	(25,610)	(26,101)	(26,602)	(27,113)	(27,634)	(28,164)	(28,705)
(20,353)	(20,744)	(21,142)	(21,548)	(21,962)	(22,383)	(22,813)	(23,251)
(1,256)	(1,280)	(1,305)	(1,330)	(1,356)	(1,382)	(1,408)	(1,435)
(4,501)	(4,154)	(3,808)	(3,462)	(3,116)	(2,770)	(2,423)	(2,077)
(138,428)	(140,653)	(142,928)	(145,253)	(147,629)	(150,058)	(152,539)	(155,075)
505,966	507,370	508,793	507,658	509,124	510,611	512,120	513,651
79.02%	*78.80%*	*78.57%*	*77.94%*	*77.70%*	*77.47%*	*77.23%*	*76.99%*
505,966	507,370	508,793	507,658	509,124	510,611	512,120	513,651
0	0	134,354	0	0	0	0	0
0	0	0	0	0	0	0	80,178
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	(0)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(213,309)	(230,374)	(248,804)	0	0	0	0	0
(55,399)	(38,334)	(19,904)	(0)	(0)	(0)	(0)	(0)
237,258	238,662	374,439	507,658	509,124	510,611	512,120	593,828
237,258	238,662	374,439	507,658	509,124	510,611	512,120	593,828
505,966	507,370	508,793	507,658	509,124	510,611	512,120	513,651
(55,399)	(38,334)	(19,904)	(0)	(0)	(0)	(0)	(0)
(371)	(185)	(93)	(46)	(23)	(12)	(6)	(3)
450,197	468,850	488,796	507,612	509,101	510,599	512,114	513,648
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(450,197)	(468,850)	(488,796)	(507,612)	(509,101)	(510,599)	(512,114)	(513,648)
(26,031)	**(29,016)**	**(32,207)**	**(35,218)**	**(35,456)**	**(35,696)**	**(35,938)**	**(36,184)**
(18,000)	*(18,000)*	*(18,000)*	*(18,000)*	*(18,000)*	*(18,000)*	*(18,000)*	*(18,000)*
(8,031)	*(11,016)*	*(14,207)*	*(17,218)*	*(17,456)*	*(17,696)*	*(17,938)*	*(18,184)*
(67,530)	**(70,328)**	**(73,319)**	**(76,142)**	**(76,365)**	**(76,590)**	**(76,817)**	**(77,047)**

Nova Scotia Utility & Review Board FIT Model

Operating Year		0	1	2	3	4	5	6	7	8	9	10	11	12
Total After-Tax Equity Return		(1,612,931)	231,768	233,146	234,544	235,961	237,400	238,859	240,340	184,021	166,233	155,236	151,580	147,756
After-Tax Internal Rate of Return	13.00%													
Debt														
Loan Balance		2,300,000	2,215,292	2,123,807	2,025,004	1,918,296	1,803,052	1,678,588	1,544,168	1,398,993	1,242,205	1,072,873	889,995	692,486
Interest	8.00%	(1,730,619)	(184,000)	(177,223)	(169,905)	(162,000)	(153,464)	(144,244)	(134,287)	(123,533)	(111,919)	(99,376)	(85,830)	(71,200)
Principal		(2,300,000)	(84,708)	(91,485)	(98,803)	(106,708)	(115,244)	(124,464)	(134,421)	(145,175)	(156,789)	(169,332)	(182,878)	(197,508)
Annual payment			(268,708)	(268,708)	(268,708)	(268,708)	(268,708)	(268,708)	(268,708)	(268,708)	(268,708)	(268,708)	(268,708)	(268,708)
Debt Service Coverage Ratio														
EBITDA			500,476	501,854	503,252	504,669	506,108	507,567	509,048	510,550	512,075	501,874	503,219	504,583
Less: Major Maintenance Reserve Funding			0	0	0	0	0	0	0	0	0	0	0	0
Cash Available for Debt Service			500,476	501,854	503,252	504,669	506,108	507,567	509,048	510,550	512,075	501,874	503,219	504,583
P&I			268,708	268,708	268,708	268,708	268,708	268,708	268,708	268,708	268,708	268,708	268,708	268,708
Debt Service Coverage Ratio			1.86	1.87	1.87	1.88	1.88	1.89	1.89	1.90	1.91	1.87	1.87	1.88
Average		1.88												
Minimum		1.86												
Reserve Accounts														
Reserves Funded As Part of Capital Cost														
Beginning Balance		0	214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531
Up-Front Maintenance Reserve		27,500	0	0	0	0	0	0	0	0	0	0	0	0
Working Capital		52,678	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service Reserve		134,354	0	0	0	0	0	0	0	0	0	0	0	0
Total		214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531	214,531
Major Maintenance Reserve Funded Through Operations														
Beginning Balance			0	0	0	0	0	0	0	0	0	0	0	0
Funding			0	0	0	0	0	0	0	0	0	0	0	0
Release of Funds			0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance			0	0	0	0	0	0	0	0	0	0	0	0
Major Maintenance Costs														
Occurrence 1		0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 2		0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 3		0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 4		0	0	0	0	0	0	0	0	0	0	0	0	0
Major Maintenance Funding														
Occurrence 1		0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 2		0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 3		0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 4		0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Reserves			4,119	4,119	4,119	4,119	4,119	4,119	4,119	4,119	4,119	4,119	4,119	4,119
Property Tax Calculation														
Original Assessed Value			2,885,000	2,885,000	2,885,000	2,885,000	2,885,000	2,885,000	2,885,000	2,885,000	2,885,000	2,885,000	2,885,000	2,885,000
Annual Decline in Assessed Value			100.0%	96.0%	92.0%	88.0%	84.0%	80.0%	76.0%	72.0%	68.0%	64.0%	60.0%	56.0%
Annual Assessed Value			2,885,000	2,769,600	2,654,200	2,538,800	2,423,400	2,308,000	2,192,600	2,077,200	1,961,800	1,846,400	1,731,000	1,615,600
Property Tax Rate			0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Property Tax Expense			8,655	8,309	7,963	7,616	7,270	6,924	6,578	6,232	5,885	5,539	5,193	4,847

13	14	15	16	17	18	19	20
143,697	139,318	268,913	396,299	397,303	398,325	399,364	480,597
479,177	248,804	0	0	0	0	0	0
(55,399)	(38,334)	(19,904)	(0)	(0)	(0)	(0)	(0)
(213,309)	(230,374)	(248,804)	0	0	0	0	0
(268,708)	(268,708)	(268,708)	0	0	0	0	0
505,966	507,370	508,793	0	0	0	0	0
0	0	0	0	0	0	0	0
505,966	507,370	508,793	0	0	0	0	0
268,708	268,708	268,708	0	0	0	0	0
1.88	1.89	1.89					
214,531	214,531	214,531	80,178	80,178	80,178	80,178	80,178
0	0	0	0	0	0	0	(27,500)
0	0	0	0	0	0	0	(52,678)
0	0	(134,354)	0	0	0	0	0
214,531	214,531	80,178	80,178	80,178	80,178	80,178	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
4,119	4,119	4,119	1,539	1,539	1,539	1,539	1,539
2,885,000	2,885,000	2,885,000	2,885,000	2,885,000	2,885,000	2,885,000	2,885,000
52.0%	48.0%	44.0%	40.0%	36.0%	32.0%	28.0%	24.0%
1,500,200	1,384,800	1,269,400	1,154,000	1,038,600	923,200	807,800	692,400
0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
4,501	4,154	3,808	3,462	3,116	2,770	2,423	2,077

Nova Scotia Utility & Review Board FIT Model

Operating Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
Calendar Year		**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Tax Depreciation																						
Calendar Year Depreciation per Classification (%)																						
30% Double Declining			30.00%	21.00%	14.70%	10.29%	7.20%	5.04%	3.53%	2.47%	1.73%	1.21%	0.85%	0.59%	0.42%	0.29%	0.20%	0.14%	0.10%	0.07%	0.05%	0.03%
50% Double Declining			50.00%	25.00%	12.50%	6.25%	3.13%	1.56%	0.78%	0.39%	0.20%	0.10%	0.05%	0.02%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20-yr SL			2.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
40-yr SL			1.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Calendar Year Depreciation per Classification ($)																						
Year One Capital Cost Allocation	1,023,400		1,023,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30% Double Declining			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50% Double Declining	1,517,850		0	758,925	379,463	189,731	94,866	47,433	23,716	11,858	5,929	2,965	1,482	741	371	185	93	46	23	12	6	3
20-yr SL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40-yr SL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Major Maintenance			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Depreciation	2,541,247		1,023,400	758,925	379,463	189,731	94,866	47,433	23,716	11,858	5,929	2,965	1,482	741	371	185	93	46	23	12	6	3
Major Maintenance																						
Timing of Spending																						
Occurrence 1			0	0	0	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Occurrence 2			0	0	0	0	0	0	0	0	0	1	2	3	4	5	6	7	8	9	10	11
Occurrence 3			0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3	4	5	6
Occurrence 4			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Depreciation Classification	50% Double Declining																					
Year		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Depreciation Schedule		0.00%	50.00%	25.00%	12.50%	6.25%	3.13%	1.56%	0.78%	0.39%	0.20%	0.10%	0.05%	0.02%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation Expense																						
	Expense	Depreciation Amount																				
Occurrence 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Book Depreciation																						
Calendar Year Depreciation per Classification (%)																						
20-yr SL			5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
30-yr SL			3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%
37-yr SL			2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
40-yr SL			2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Calendar Year Depreciation per Classification ($)																						
20-yr SL	3,912,931		195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647
30-yr SL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37-yr SL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40-yr SL	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Major Maintenance			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Depreciation	3,912,931		195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647	195,647
Major Maintenance																						
Timing of Spending																						
Occurrence 1			0	0	0	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Occurrence 2			0	0	0	0	0	0	0	0	0	1	2	3	4	5	6	7	8	9	10	11
Occurrence 3			0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3	4	5	6
Occurrence 4			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Depreciation Classification	30-yr SL																					
Year		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Depreciation Schedule		0.00%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%
Depreciation Expense																						
	Expense	Depreciation Amount																				
Occurrence 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Occurrence 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Book Value																						
Beginning Balance			0	3,717,285	3,521,638	3,325,992	3,130,345	2,934,699	2,739,052	2,543,405	2,347,759	2,152,112	1,956,466	1,760,819	1,565,173	1,369,526	1,173,879	978,233	782,586	586,940	391,293	195,647
Original Book Value			3,912,931	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus: Major Maintenance			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: Depreciation			(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)	(195,647)
Net Book Value			3,717,285	3,521,638	3,325,992	3,130,345	2,934,699	2,739,052	2,543,405	2,347,759	2,152,112	1,956,466	1,760,819	1,565,173	1,369,526	1,173,879	978,233	782,586	586,940	391,293	195,647	(0)