



Dianne M. Triplett
DEPUTY GENERAL COUNSEL

April 2, 2024

VIA ELECTRONIC FILING

Mr. Adam J. Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 20240025-EI, Petition for Rate Increase by Duke Energy Florida, LLC

Dear Mr. Teitzman,

Attached for filing on behalf of Duke Energy Florida, LLC's ("DEF") in the above-referenced docket is the Direct Testimony of John Panizza and Exhibit Nos. JRP-1 and JRP-2.

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

(Document 20 of 40)

Respectfully,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/mw

Attachments

CERTIFICATE OF SERVICE

Docket No. 20240025-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 2nd day of April, 2024, to the following:

/s/ Dianne M. Triplett
Dianne M. Triplett

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Petition for increase in rates by
Duke Energy Florida, LLC**

Docket No. 20240025-EI

Submitted for filing: April 2, 2024

DIRECT TESTIMONY

OF

JOHN R. PANIZZA

On behalf of Duke Energy Florida, LLC

1 **I. INTRODUCTION AND SUMMARY.**

2 **Q. Please state your name and business address.**

3 A. My name is John R. Panizza, and my business address is 525 South Tryon Street, Charlotte,
4 North Carolina 28202.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Duke Energy Business Services, LLC (“DEBS”) as Director, Tax
8 Operations. DEBS provides various administrative and other services to Duke Energy
9 Florida, LLC (“DEF” or the “Company”) and other affiliated companies of Duke Energy
10 Corporation (“Duke Energy”).

11
12 **Q. What are your duties and responsibilities with respect to DEF?**

13 A. As Director, Tax Operations, I have overall responsibility for corporate tax compliance and
14 accounting for Duke Energy and therefore its subsidiary DEF. The Duke Energy Tax
15 Operations Department, which I manage, is staffed by the public accounting firm Ernst &
16 Young to provide efficient and technical tax services, and is responsible for all federal,
17 state, and local income tax returns for Duke Energy, including various joint ventures if
18 Duke Energy is the designated tax matters partner. The Duke Energy Tax Operations
19 Department is also responsible for maintaining and reconciling Duke Energy’s tax accounts
20 and for the reporting and disclosure of tax-related matters.

21
22 **Q. Please describe your educational background and professional experience.**

1 A. I have a Bachelor of Science degree in Accounting from Montclair State University and a
2 Master's in Taxation from Seton Hall University. I am a Certified Public Accountant in the
3 state of New Jersey. My professional work experience began in 1989 as an auditor with
4 KPMG. From 1993 to 2002, I held several financial positions primarily at two companies,
5 in telecommunications and automotive (AT&T Corp., and Collins & Aikman Inc.). In
6 2002, I joined Duke Energy and have held several financial positions of increasing
7 responsibilities, including various accounting and tax related positions. In March 2018,
8 after a three-year rotation primarily in Corporate Accounting, I moved back into the role
9 of Director, Tax Operations, a position that I had previously held.
10

11 **Q. Have you previously testified before this Commission or other State Public Utility**
12 **Commissions?**

13 A. Yes. I submitted pre-filed direct testimony before this Commission in the Company's
14 previous Petition for a Limited Proceeding to Approve Rate Reductions Associated with
15 the Inflation Reduction Act of 2022 in Florida Public Service Commission ("FPSC")
16 Docket No. 20220172-EI. I have also filed testimony on behalf of Duke Energy operating
17 utilities in proceedings before the North Carolina, South Carolina, Indiana, and Kentucky
18 utility commissions.
19

20 **Q. What is the purpose of your direct testimony?**

21 A. My testimony addresses DEF's income tax expense presented in this proceeding, including
22 DEF's treatment of excess deferred income taxes ("EDIT") balances arising from the 2017
23 Tax Cuts and Jobs Act ("Tax Act"), and background on the proration adjustment to the

1 capital structure. I also summarize the key tax related components of the Inflation
2 Reduction Act of 2022 (“IRA”) most applicable to DEF in this proceeding.

3
4 **Q. Do you sponsor any schedules of the Company’s Minimum Filing Requirements**
5 **(“MFRs”) and Exhibits?**

6 A. Yes, I sponsor or co-sponsor the following MFR schedules and Exhibits, and they are
7 true and accurate, subject to being updated during this proceeding:

- 8 B-22 Accumulated Deferred Income Tax
- 9 B-23 Investment Tax Credits – Annual Analysis
- 10 C-6 Budgeted vs. Actual Operating Revenue & Expense
- 11 C-8 Detail of Changes in Expenses
- 12 C-9 5 Year Analysis – Change in Cost
- 13 C-20 Taxes Other Than Income Taxes
- 14 C-21 Revenue Taxes
- 15 C-22 State & Federal Income Tax Calculation
- 16 C-23 Interest in Tax Expense Calculation
- 17 C-25 Deferred Tax Adjustment
- 18 C-26 Income Tax Returns
- 19 C-27 Consolidated Tax Information
- 20 C-28 Miscellaneous Tax Information
- 21 C-35 Payroll & Fringe Benefit Increases Compared to CPI
- 22 D-1a Cost of Capital

23 Exhibit JRP-1 – Calculation of PTCs In Test Periods

24 Exhibit JRP-2 – Calculation of Proration Adjustments

25
26 **Q. Please summarize your testimony.**

27 A. My testimony addresses DEF’s income tax expense presented in this proceeding, DEF’s
28 compliance with the 2017 Revised and Restated Stipulation and Settlement Agreement
29 (“2017 Settlement”)¹ methodology for amortization of EDIT balances, and the proration

¹ Approved in Order No. PSC-2017-0451-AS-EI.

1 adjustment to Accumulated Deferred Income Taxes (“ADIT”) for calculating the capital
2 structure for the projected test periods. I also summarize the key tax related components of
3 the IRA and provide an overview of the impacts most applicable to DEF in this proceeding.
4

5 Based on these facts and others that are discussed more fully in my testimony, the
6 Company’s forecasted tax costs are reasonable and should be approved in this proceeding.
7

8 **II. INCOME TAX EXPENSE**

9 **Q. What tax rate did the company use to calculate its historical, prior, and projected**
10 **test periods federal income tax expenses?**

11 A. The Company used the statutory Federal corporate income tax rate of 21 percent for the
12 historical, prior, and projected test periods.
13

14 **Q. What tax rate did the Company use to calculate its historical, prior, and projected**
15 **test periods state income tax expense?**

16 A. The Company used the statutory Florida corporate income tax rate of 5.5 percent for the
17 historical, prior, and projected test periods.
18

19 **Q. Please discuss the concept of ADIT.**

20 A. Many timing differences exist between when items are recognized in the financial
21 statements and when they are recognized in the tax return. These timing differences are
22 referred to as temporary differences. A temporary difference is a difference between the
23 tax basis of an asset or liability, determined based on recognition and measurement

1 requirements for tax positions, and its reported amount in the financial statements that will
2 result in taxable or deductible amounts in future years when the reported amount of the
3 asset or liability is recovered or settled, respectively.

4
5 Deferred tax assets and liabilities represent the future effects on income taxes that result
6 from temporary differences and carryforwards that exist at the end of a period. Deferred
7 tax assets and liabilities are measured using enacted tax rates and provisions of the enacted
8 tax law. All deferred tax balances, whether they are assets or liabilities, reverse over time
9 and converge to zero over the life of the underlying item giving rise to the deferred tax
10 balance.

11
12 **Q. How has federal EDIT from the Tax Act impacted customer rates in the historical,
13 prior, and projected test periods?**

14 A. The 2017 Settlement methodology provided that EDIT should be flowed back to customers
15 over a term consistent with the law. For protected EDIT, the Company applies the Tax Act-
16 prescribed IRS tax normalization rules. The amortization methodology the Company uses
17 is called the Average Rate Assumption Method (“ARAM”). ARAM is the method under
18 which the excess in the reserve for deferred taxes is reduced over the remaining lives of
19 the property as used in its regulated books of account which gave rise to the reserve for
20 deferred taxes. The total amount of EDIT amortization will fluctuate year to year.

21
22 For unprotected EDIT, the amount of EDIT to amortize was less than \$200 million and
23 therefore amortized over five years. The amortization began in 2018 and ended in 2022.

1 Since the amortization ended in 2022 there was no impact to the forecasted test periods of
2 2025-2027 in this case.

3
4 **III. PRORATION ADJUSTMENT.**

5 **Q. Has the Company made an adjustment to the amount of ADIT included in its capital**
6 **structure?**

7 A. Yes, the Company has made a proration adjustment to apply proration to all property, plant
8 & equipment-related ADIT activity including activity related to EDIT. The proration
9 formula treats all activity prior to the test period as historical data; therefore, the beginning
10 balance of the proration formula will not include any prorated amounts even though it is
11 based on a projected balance. Proration takes the place of the averaging convention. The
12 depreciation-related prorated ADIT balance replaces the 13-month average balance in the
13 weighted average cost of capital (“WACC”) and therefore is a specific adjustment to ADIT
14 in the WACC calculation. The decrease in ADIT because of the proration formula results
15 in a corresponding pro-rata increase to all other sources of capital in the cap structure. The
16 decrease in ADIT is assumed to be funded with other sources of capital thereby keeping
17 the capital structure equal to rate base.

18
19 **Q. Why is the proration adjustment being made in this rate case?**

20 A. ADITs are included as a component of zero-cost capital in DEF’s capital structure. To
21 comply with the Internal Revenue Code (“IRC”) set forth under Treasury Regulation
22 §1.167(1)-1(h)(6), ADIT treated as zero cost capital, or a component of rate base, in
23 determining a utility’s cost of service must be determined by reference to the same period

1 as is used in determining the income tax expense utilized for ratemaking purposes. If the
2 amounts are computed using projected data, in whole or in part, and the rates go into effect
3 during the projected period, then the utility must use the proration formula provided in
4 Treasury Regulation §1.167(1)-1(h)(6)(ii) to calculate the amount of ADIT to be included
5 for ratemaking purposes. Because DEF expects the base rate increase(s) to become
6 effective in the first billing cycle of the 2025-2027 projected test periods, DEF is required
7 to comply with Treasury Regulation §1.167(1)-1(h)(6).

8
9 **Q. Do the Treasury Regulations require the Company to follow a certain formula to**
10 **adjust ADIT during the test period?**

11 A. Yes. There is a specific “proration formula” that must be applied to project depreciation-
12 related ADIT. The pro rata amount of any increase during the future portion of the period
13 is determined by multiplying the increase by a fraction, the numerator of which is the
14 number of days remaining in the period at the time the increase is to accrue, and the
15 denominator of which is the total number of days in the future portion of the period. The
16 proration formula prorates the projected accruals to the reserve to account for the actual
17 time these amounts are expected to be in the reserve. The impact of the proration
18 adjustment is reflected in MFR Schedule D-1 Cost of Capital which provides the projected
19 proration of depreciation-related ADIT and federal EDIT for years 2025-2027 and Exhibit
20 JRP-2 Calculation of Proration Adjustments which provides the calculation of the projected
21 proration of depreciation-related ADIT and federal EDIT for years 2025-2027.

22
23 **IV. SUMMARY OF TAX-RELATED CHANGES IN THE IRA**

1 **Q. What are the impacts of the IRA to DEF in this proceeding?**

2 A. The key tax-related components of the IRA that impact DEF in this proceeding include
3 modifications made to the production tax credit (“PTC”) and the investment tax credit
4 (“ITC”) provided under IRC §§ 45 and 48, respectively, and the introduction of a corporate
5 alternative minimum tax (“CAMT”) based on adjusted financial statement income. In
6 particular, the IRA expands PTC eligibility to solar generation and ITC eligibility to stand-
7 alone energy storage projects, such as battery storage.

8
9 The IRA tax credit for which DEF expects to qualify – and whose impact on the revenue
10 requirement is at this time capable of estimation, is the IRC § 45 PTC related to solar
11 projects. The amount of tax benefits associated with the solar PTCs that customers will
12 ultimately receive will be reduced by costs associated with obtaining and maximizing the
13 value of the tax benefits. Examples of these costs could include, but are not limited to, legal
14 fees, investment banker fees, and costs to cure the prevailing wage requirements. The
15 amounts of the PTCs estimated in the forecasted periods are \$64.563 million, \$95.934
16 million, and \$117.008 million for 2025, 2026 and 2027, respectively, as reflected in Exhibit
17 JRP-1 Calculation of PTCs in Test Periods. The estimated PTCs do not reflect a reduction
18 for associated costs.

19
20 **Q. What could impact the actual PTCs for which DEF will qualify?**

21 A. The actual credits could change, given the impacts of bonus credit amounts available under
22 certain prevailing wage and apprenticeship standards, as well as domestic content and qualified
23 facilities located in applicable energy development communities. In addition, the IRA contains
24 provisions that allow both PTC and ITC credits to be transferred. Under new IRC § 6418, an

1 eligible taxpayer can elect to transfer all (or any portion specified in the election) of an eligible
2 credit to an unrelated transferee taxpayer. The transfer may have the effect of accelerating
3 monetization of these credits. The transfer, however, must be paid in cash, not be included in
4 the income of the recipient taxpayer, and not be deducted by the paying taxpayer. Further, the
5 transfer must be a one-time transfer (i.e., the transferee cannot make a subsequent election to
6 further transfer any portion of the transferred credit). The taxpayer must elect to transfer the
7 credits no later than the due date (including extensions) for the tax return for the tax year for
8 which the credit is determined, and any election, once made, is irrevocable. Furthermore, the
9 costs associated with each transaction reduce the benefit to be returned to customers and may
10 vary by transaction.

11
12 DEF believes that availing itself of the market for transferable credits may ultimately be
13 beneficial to customers in that it would provide DEF with the opportunity to monetize the cash
14 benefit of the credit more rapidly. While a discount on the total credit value is expected upon
15 the sale and transfer of the credit, the economics for these credit transfers is still uncertain as a
16 market will need to develop.

17
18 DEF assumed that the PTC projects would meet the prevailing wage and apprenticeship
19 guidance and would be transferred at 90 cents on the dollar. DEF has assumed that no projects
20 eligible for the PTC will be eligible for the bonus credits described in IRC § 45(b)(9) or §
21 45(b)(11) (domestic content and energy communities). The forecasted PTC credits do not
22 reflect a reduction for associated costs except for the transferability discount at 90%. Given the
23 uncertainty in forecasting the credits, DEF is proposing a solar PTC tax credit true-up which is
24 discussed in greater detail in the testimony of Witness Marcia Olivier.

1 **Q. Has DEF made other assumptions in the forecasted periods with respect to tax**
2 **credits?**

3 A. DEF projects to amortize \$1.012 million, \$1.458 million, and \$2.497 million of IRC § 48 ITCs
4 related to standalone energy storage projects in 2025, 2026, and 2027, respectively.

5
6 In addition, DEF could incur tax liability related to the CAMT provisions during tax years
7 beginning after December 31, 2022. DEF estimated current CAMT of approximately \$15.116
8 million in the 2027 test period, offset by a CAMT deferred tax asset of the same amount.
9 However, the application of the CAMT framework is still uncertain.

10

11 **V. CONCLUSION**

12 **Q. Does this conclude your testimony?**

13 A. Yes, it does.

Line	Project	State	MW	COD	Month	Year	NCF	2025	2026	2027	
1	DEF-Utility Solar-Sandy Creek (SOBRA)	FL	Solar PV	75	May-22	5	2022	27%	177,390	177,390	177,390
2	DEF-Utility Solar-Charlie Creek (SOBRA)	FL	Solar PV	75	Aug-22	8	2022	27%	177,390	177,390	177,390
3	DEF-Utility Solar-Bay Trail 1 (CEC)	FL	Solar PV	57.5	Jun-22	6	2022	27%	135,999	135,999	135,999
4	DEF-Utility Solar-Bay Trail 2 (CEC)	FL	Solar PV	17.4	Sep-22	9	2022	27%	41,154	41,154	41,154
5	DEF-Utility Solar-Fort Green (CEC)	FL	Solar PV	75	Jun-22	6	2022	27%	177,390	177,390	177,390
6	DEF-Utility Solar-Bay Ranch (CEC)	FL	Solar PV	75	Apr-23	4	2023	27%	177,390	177,390	177,390
7	DEF-Utility Solar-Hardeetown (CEC)	FL	Solar PV	75	Apr-23	4	2023	27%	177,390	177,390	177,390
8	DEF-Utility Solar-High Springs (CEC)	FL	Solar PV	75	Apr-23	4	2023	27%	177,390	177,390	177,390
9	DEF-Utility Solar-Hildreth (CEC)	FL	Solar PV	75	Mar-23	3	2023	27%	177,390	177,390	177,390
10	DEF-Utility Solar-Dolphin Solar Clearwater Marine	FL	Solar PV	0.35	Aug-22	8	2022	27%	828	828	828
11	DEF-Utility Solar-Hines Floating Solar	FL	Solar PV	2	Dec-23	12	2023	27%	4,730	4,730	4,730
12	DEF-Utility Solar-Mule Creek (CEC)	FL	Solar PV	75	Mar-24	3	2024	27%	177,390	177,390	177,390
13	DEF-Utility Solar-County Line (CEC)	FL	Solar PV	75	Oct-24	10	2024	27%	177,390	177,390	177,390
14	DEF-Utility Solar-Falmouth (CEC)	FL	Solar PV	75	Jul-24	7	2024	27%	177,390	177,390	177,390
15	DEF-Utility Solar-Winquepin (CEC)	FL	Solar PV	75	Mar-24	3	2024	27%	177,390	177,390	177,390
16	DEF-Utility Solar-TYSP #1 - 2024 ISD (TYSP)	FL	Solar PV	75	Mar-25	3	2025	27%	133,043	177,390	177,390
17	DEF-Utility Solar-TYSP #2 - 2024 ISD (TYSP)	FL	Solar PV	75	Mar-25	3	2025	27%	133,043	177,390	177,390
18	DEF-Utility Solar-TYSP #3 - 2025 ISD (IRP)	FL	Solar PV	75	Dec-25	12	2025	27%	-	177,390	177,390
19	DEF-Utility Solar-TYSP #4 - 2025 ISD (IRP)	FL	Solar PV	75	Dec-25	12	2025	27%	-	177,390	177,390
20	DEF-Utility Solar-TYSP #5 - 2025 ISD (IRP)	FL	Solar PV	75	Dec-25	12	2025	27%	-	177,390	177,390
21	DEF-Utility Solar-TYSP #6 - 2025 ISD (IRP)	FL	Solar PV	75	Dec-25	12	2025	27%	-	177,390	177,390
22	DEF-Utility Solar-TYSP #7 - 2026 ISD (IRP)	FL	Solar PV	75	Jun-26	6	2026	27%	-	88,695	177,390
23	DEF-Utility Solar-TYSP #8 - 2026 ISD (IRP)	FL	Solar PV	75	Jun-26	6	2026	27%	-	88,695	177,390
24	DEF-Utility Solar-TYSP #9 - 2026 ISD (IRP)	FL	Solar PV	75	Jun-26	6	2026	27%	-	88,695	177,390
25	DEF-Utility Solar-TYSP #10 - 2026 ISD (IRP)	FL	Solar PV	75	Jun-26	6	2026	27%	-	88,695	177,390
26	DEF-Utility Solar-TYSP #11 - 2027 ISD (IRP)	FL	Solar PV	75	Jun-27	6	2027	27%	-	-	88,695
27	DEF-Utility Solar-TYSP #12 - 2027 ISD (IRP)	FL	Solar PV	75	Jun-27	6	2027	27%	-	-	88,695
28	DEF-Utility Solar-TYSP #13 - 2027 ISD (IRP)	FL	Solar PV	75	Jun-27	6	2027	27%	-	-	88,695
29	DEF-Utility Solar-TYSP #14 - 2027 ISD (IRP)	FL	Solar PV	75	Jun-27	6	2027	27%	-	-	88,695
30											
31	Total MWH pre '25 PIS								2,134,002	2,134,002	2,134,002
32	PTC Rate (\$/MWh) Pre 2025							\$	30.00	\$ 30.00	\$ 30.00
33	Total MWH post '24 PIS								266,085	1,419,120	2,128,680
34	PTC Rate (\$/MWh) Post 2024							\$	29.00	\$ 30.00	\$ 31.00
35	PTC Value (\$MMs)							\$	71,736,516	\$ 106,593,651	\$ 130,009,131
36	Transfer Eligible								Yes	Yes	Yes
37	PTC's to Use (\$MMs)							\$	-	\$ -	\$ -
38	PTC's to Transfer (\$MMs)							\$	71,736,516	\$ 106,593,651	\$ 130,009,131
39	PTC's at assumed Transfer Rate (Realized)	Transfer Rate	0.9					\$	64,562,864	\$ 95,934,286	\$ 117,008,218

Proration of Depreciation Related to Accumulated Deferred Federal Income Taxes

	Month	Deprec-Related ADFIT Bal.	Deprec-Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Bal.
1	Beginning Balance	\$ 2,485,465					\$ 2,485,465
2							
3	Projected Jan-25	2,495,667	10,203	31	335	9,364	2,494,829
4	Projected Feb-25	2,505,234	9,567	28	307	8,047	2,502,875
5	Projected Mar-25	2,519,615	14,381	31	276	10,874	2,513,750
6	Projected Apr-25	2,529,803	10,188	30	246	6,866	2,520,616
7	Projected May-25	2,539,276	9,473	31	215	5,580	2,526,196
8	Projected Jun-25	2,551,110	11,834	30	185	5,998	2,532,194
9	Projected Jul-25	2,560,241	9,131	31	154	3,853	2,536,047
10	Projected Aug-25	2,569,739	9,498	31	123	3,201	2,539,247
11	Projected Sep-25	2,582,393	12,654	30	93	3,224	2,542,471
12	Projected Oct-25	2,591,012	8,620	31	62	1,464	2,543,936
13	Projected Nov-25	2,599,681	8,669	30	32	760	2,544,696
14	Projected Dec-25	2,633,819	34,138	31	1	94	2,544,789
15		\$ 2,551,004	\$ 148,354	<u>365</u>		\$ 59,324	\$ 2,544,789
16						13 Mo Avg Bal	2,551,004
17						Proration Adj.	\$ (6,215)

Proration of Federal Excess Deferred Federal Income Taxes

	Month	FEDIT-Related ADFIT Bal.	FEDIT-Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated FEDIT-Related ADFIT Activity	Prorated FEDIT-Related ADFIT Bal.
18	Beginning Balance	\$ 482,496					\$ 482,496
19							
20	Projected Jan-25	480,634	(1,862)	31	335	(1,709)	480,787
21	Projected Feb-25	478,772	(1,862)	28	307	(1,566)	479,221
22	Projected Mar-25	476,910	(1,862)	31	276	(1,408)	477,813
23	Projected Apr-25	475,048	(1,862)	30	246	(1,255)	476,558
24	Projected May-25	473,186	(1,862)	31	215	(1,097)	475,461
25	Projected Jun-25	471,324	(1,862)	30	185	(944)	474,517
26	Projected Jul-25	469,462	(1,862)	31	154	(786)	473,732
27	Projected Aug-25	467,599	(1,862)	31	123	(627)	473,104
28	Projected Sep-25	465,737	(1,862)	30	93	(474)	472,630
29	Projected Oct-25	463,875	(1,862)	31	62	(316)	472,313
30	Projected Nov-25	462,013	(1,862)	30	32	(163)	472,150
31	Projected Dec-25	460,151	(1,862)	31	1	(5)	472,145
32		\$ 471,324	\$ (22,345)	<u>365</u>		\$ (10,351)	\$ 472,145
33						13 Mo Avg Bal	471,324
34						Proration Adj.	\$ 821
35							
36						Total Proration Adj.	\$ (5,394)

Proration of Depreciation Related to Accumulated Deferred Federal Income Taxes

	Month	Deprec-Related ADFIT Bal.	Deprec-Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Bal.
1	Beginning Balance	\$ 2,633,819					\$ 2,633,819
2							
3	Projected Jan-25	2,645,096	11,277	31	335	10,350	2,644,169
4	Projected Feb-25	2,656,210	11,114	28	307	9,348	2,653,517
5	Projected Mar-25	2,668,532	12,322	31	276	9,317	2,662,834
6	Projected Apr-25	2,679,531	11,000	30	246	7,413	2,670,248
7	Projected May-25	2,691,076	11,544	31	215	6,800	2,677,048
8	Projected Jun-25	2,709,255	18,180	30	185	9,214	2,686,262
9	Projected Jul-25	2,722,224	12,968	31	154	5,472	2,691,734
10	Projected Aug-25	2,733,631	11,408	31	123	3,844	2,695,578
11	Projected Sep-25	2,745,489	11,857	30	93	3,021	2,698,599
12	Projected Oct-25	2,756,034	10,545	31	62	1,791	2,700,390
13	Projected Nov-25	2,766,710	10,676	30	32	936	2,701,326
14	Projected Dec-25	2,784,755	18,045	31	1	49	2,701,376
15		\$ 2,707,105	\$ 150,936	<u>365</u>		\$ 67,557	\$ 2,701,376
16						13 Mo Avg Bal	2,707,105
17						Proration Adj.	\$ (5,729)

Proration of Federal Excess Deferred Federal Income Taxes

	Month	FEDIT-Related ADFIT Bal.	FEDIT-Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated FEDIT-Related ADFIT Activity	Prorated FEDIT-Related ADFIT Bal.
18	Beginning Balance	\$ 460,151					\$ 460,151
19							
20	Projected Jan-25	458,204	(1,947)	31	335	(1,787)	458,364
21	Projected Feb-25	456,257	(1,947)	28	307	(1,638)	456,727
22	Projected Mar-25	454,310	(1,947)	31	276	(1,472)	455,254
23	Projected Apr-25	452,363	(1,947)	30	246	(1,312)	453,942
24	Projected May-25	450,416	(1,947)	31	215	(1,147)	452,795
25	Projected Jun-25	448,469	(1,947)	30	185	(987)	451,808
26	Projected Jul-25	446,522	(1,947)	31	154	(822)	450,987
27	Projected Aug-25	444,575	(1,947)	31	123	(656)	450,330
28	Projected Sep-25	442,628	(1,947)	30	93	(496)	449,834
29	Projected Oct-25	440,680	(1,947)	31	62	(331)	449,504
30	Projected Nov-25	438,733	(1,947)	30	32	(171)	449,333
31	Projected Dec-25	436,786	(1,947)	31	1	(5)	449,328
32		\$ 448,469	\$ (23,365)	<u>365</u>		\$ (10,824)	\$ 449,328
33						13 Mo Avg Bal	448,469
34						Proration Adj.	\$ 859
35							
36						Total Proration Adj.	\$ (4,870)

Proration of Depreciation Related to Accumulated Deferred Federal Income Taxes

	Month	Deprec-Related ADFIT Bal.	Deprec-Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Bal.
1	Beginning Balance	\$ 2,784,755					\$ 2,784,755
2							
3	Projected Jan-25	2,796,767	12,012	31	335	11,025	2,795,780
4	Projected Feb-25	2,809,009	12,242	28	307	10,297	2,806,076
5	Projected Mar-25	2,824,356	15,347	31	276	11,605	2,817,681
6	Projected Apr-25	2,836,450	12,095	30	246	8,151	2,825,832
7	Projected May-25	2,848,649	12,199	31	215	7,186	2,833,018
8	Projected Jun-25	2,868,791	20,142	30	185	10,209	2,843,227
9	Projected Jul-25	2,883,504	14,713	31	154	6,208	2,849,434
10	Projected Aug-25	2,895,741	12,237	31	123	4,124	2,853,558
11	Projected Sep-25	2,909,049	13,308	30	93	3,391	2,856,949
12	Projected Oct-25	2,921,875	12,826	31	62	2,179	2,859,128
13	Projected Nov-25	2,933,688	11,813	30	32	1,036	2,860,163
14	Projected Dec-25	2,951,750	18,063	31	1	49	2,860,213
15		\$ 2,866,491	\$ 166,996	<u>365</u>		\$ 75,458	\$ 2,860,213
16						13 Mo Avg Bal	2,866,491
17						Proration Adj.	\$ (6,278)

Proration of Federal Excess Deferred Federal Income Taxes

	Month	FEDIT-Related ADFIT Bal.	FEDIT-Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated FEDIT-Related ADFIT Activity	Prorated FEDIT-Related ADFIT Bal.
18	Beginning Balance	\$ 436,786					\$ 436,786
19							
20	Projected Jan-25	434,806	(1,980)	31	335	(1,817)	434,969
21	Projected Feb-25	432,827	(1,980)	28	307	(1,665)	433,304
22	Projected Mar-25	430,847	(1,980)	31	276	(1,497)	431,807
23	Projected Apr-25	428,867	(1,980)	30	246	(1,334)	430,473
24	Projected May-25	426,887	(1,980)	31	215	(1,166)	429,306
25	Projected Jun-25	424,907	(1,980)	30	185	(1,003)	428,303
26	Projected Jul-25	422,927	(1,980)	31	154	(835)	427,468
27	Projected Aug-25	420,948	(1,980)	31	123	(667)	426,800
28	Projected Sep-25	418,968	(1,980)	30	93	(504)	426,296
29	Projected Oct-25	416,988	(1,980)	31	62	(336)	425,960
30	Projected Nov-25	415,008	(1,980)	30	32	(174)	425,786
31	Projected Dec-25	413,028	(1,980)	31	1	(5)	425,781
32		\$ 424,907	\$ (23,758)	<u>365</u>		\$ (11,006)	\$ 425,781
33						13 Mo Avg Bal	424,907
34						Proration Adj.	\$ 873
35							
36						Total Proration Adj.	\$ (5,405)