

CAES 1 Financial Model Base Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:	Scenario Input Assumptions				
		Scenario 1	Scenario 2	Scenario 3	
Grants					
Amount	\$30,600	\$30,600	\$30,600	\$30,600	\$30,600
Taxable	Y	Y	Y	N	N
Property Tax Exclusion	N	N	N	N	N
R&D - section 174 qualified	Y	Y	N	N	N
Production Tax Credit	N				
Inservice Date	2016				

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Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$ /MWH]	\$196.75	\$204.37	\$188.73	\$189.42	\$199.95	\$196.30	\$226.62	\$240.15	\$254.80	\$270.20	\$276.04	\$312.43	\$324.74	\$429.05	\$469.86	\$469.23	\$487.52	\$495.20
Revenue Requirement for CAES Plant [\$ /MWH]	\$1,502.46	\$710.83	\$532.08	\$528.44	\$528.62	\$454.34	\$443.67	\$418.33	\$434.83	\$435.31	\$423.31	\$428.50	\$426.87	\$378.40	\$412.90	\$500.69	\$508.61	\$519.08
Customer Benefit (Cost) [\$ /MWH Produced by CAES Plant]	(\$1,305.70)	(\$506.46)	(\$343.34)	(\$339.02)	(\$328.67)	(\$258.03)	(\$217.05)	(\$178.19)	(\$180.03)	(\$165.11)	(\$147.26)	(\$116.07)	(\$102.13)	\$50.64	\$56.97	(\$31.46)	(\$21.09)	(\$23.88)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$ /MWH]

Annual CAES Plant Generation (MWH)	33,198	83,905	116,355	117,188	118,766	143,684	151,355	166,513	160,082	162,374	171,927	173,706	180,186	235,909	209,661	152,808	151,454	147,836
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Annual Benefit (Cost) from CAES Plant [\$000]	(\$43,347)	(\$42,494)	(\$39,950)	(\$39,729)	(\$39,035)	(\$37,075)	(\$32,852)	(\$29,670)	(\$28,820)	(\$26,809)	(\$25,319)	(\$20,163)	(\$18,403)	\$11,947	\$11,944	(\$4,807)	(\$3,194)	(\$3,531)
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2707)	(0.2615)	(0.2422)	(0.2373)	(0.2297)	(0.2149)	(0.1876)	(0.1669)	(0.1598)	(0.1464)	(0.1362)	(0.1069)	(0.0961)	0.0615	0.0606	(0.0240)	(0.0157)	(0.0171)
Average Residential Customer² Annual Impact from CAES Plant [\$ /Year]	(\$19.49)	(\$18.82)	(\$17.44)	(\$17.08)	(\$16.54)	(\$15.47)	(\$13.51)	(\$12.02)	(\$11.50)	(\$10.54)	(\$9.81)	(\$7.70)	(\$6.92)	\$4.43	\$4.36	(\$1.73)	(\$1.13)	(\$1.23)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [\$000]	(\$241,747)
Net Present Value of Customer 2016-2045 Impact [\$000]	(\$259,835)

Weighted Cost of Capital = 10.81%

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [\$000]	198,823	231,112	225,780	220,684	215,576	210,458	205,332	200,198	195,057	189,910	184,756	179,776	174,966	170,138	165,294	160,433	155,557	150,670
Average Regulatory Equity [\$000]	95,435	110,934	108,374	105,928	103,477	101,020	98,559	96,095	93,627	91,157	88,683	86,293	83,984	81,666	79,341	77,008	74,667	72,321
After Tax Return on Equity [%]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [\$000]	9,543	11,093	10,837	10,593	10,348	10,102	9,856	9,610	9,363	9,116	8,868	8,629	8,398	8,167	7,934	7,701	7,467	7,232

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Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$ /MWH]	\$527.85	\$520.95	\$549.32	\$558.52	\$633.58	\$429.66	\$417.55	\$703.81	\$712.02	\$698.58	\$749.18	\$794.06
Revenue Requirement for CAES Plant [\$ /MWH]	\$570.56	\$728.71	\$814.71	\$807.55	\$958.21	\$949.71	\$870.99	\$1,015.49	\$1,006.19	\$958.82	\$1,037.22	\$1,128.30
Customer Benefit (Cost) [\$ /MWH Produced by CAES Plant]	(\$42.71)	(\$207.77)	(\$265.39)	(\$249.03)	(\$324.63)	(\$520.05)	(\$453.44)	(\$311.68)	(\$294.17)	(\$260.24)	(\$288.03)	(\$334.24)
Note 1: Blended Energy, Capacity, Ancillary Services Price [\$ /MWH]												
Annual CAES Plant Generation (MWH)	128,985	91,900	80,233	82,500	67,270	68,994	78,193	65,328	67,383	72,721	66,600	60,705
Annual Benefit (Cost) from CAES Plant [\$000]	(\$5,509)	(\$19,094)	(\$21,293)	(\$20,545)	(\$21,838)	(\$35,880)	(\$35,455)	(\$20,361)	(\$19,822)	(\$18,925)	(\$19,183)	(\$20,290)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.0263)	(0.0899)	(0.0987)	(0.0939)	(0.0983)	(0.1591)	(0.1549)	(0.0876)	(0.0841)	(0.0791)	(0.0790)	(0.0823)
Average Residential Customer² Annual Impact from CAES Plant [\$ /Year]	(\$1.89)	(\$6.47)	(\$7.11)	(\$6.76)	(\$7.08)	(\$11.46)	(\$11.15)	(\$6.31)	(\$6.05)	(\$5.69)	(\$5.68)	(\$5.92)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [\$000]
Net Present Value of Customer 2016-2045 Impact [\$000]

Weighted Cost of Capital =

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [\$000]	145,776	141,257	137,100	132,920	128,717	124,494	120,253	115,994	111,720	107,435	103,140	98,836
Average Regulatory Equity [\$000]	69,973	67,803	65,808	63,802	61,784	59,757	57,721	55,677	53,625	51,569	49,507	47,441
After Tax Return on Equity [%]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [\$000]	6,997	6,780	6,581	6,380	6,178	5,976	5,772	5,568	5,363	5,157	4,951	4,744

**CAES 1 Financial Model Base Case
Revenue Requirement**

(in thousands)

Common Equity Return = 10.00%
Preferred Return = 0.00%
Debt Cost = 5.50%

Combined Tax Rate = 39.6150%

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Return on Rate Base																				
Net Utility Plant																				
Beginning Net Plant Balance	\$k		415,189	404,809	394,430	384,537	374,645	364,752	354,859	344,965	335,071	325,177	315,283	305,388	295,859	286,329	276,798	267,267	257,735	248,203
Capital Additions	\$k		0	0	500	513	525	538	552	566	580	594	609	1,000	1,025	1,051	1,077	1,104	1,131	1,160
Less Book Depreciation	\$k		(10,380)	(10,380)	(10,392)	(10,405)	(10,418)	(10,432)	(10,445)	(10,460)	(10,474)	(10,489)	(10,504)	(10,529)	(10,555)	(10,581)	(10,608)	(10,636)	(10,664)	(10,693)
Net Plant Before Taxes	\$k		404,809	394,430	384,537	374,645	364,752	354,859	344,965	335,071	325,177	315,283	305,388	295,859	286,329	276,798	267,267	257,735	248,203	238,670
Plus Accumulated Deferred Tax Balance	\$k		(147,903)	(143,840)	(139,781)	(135,737)	(131,705)	(127,684)	(123,673)	(119,671)	(115,677)	(111,691)	(107,714)	(103,750)	(99,805)	(95,879)	(91,971)	(88,080)	(84,206)	(80,343)
Plant Rate Base	\$k		256,906	250,590	244,756	238,908	233,047	227,175	221,292	215,401	209,501	203,592	197,674	192,109	186,524	180,919	175,296	169,655	163,997	158,327
Deferred Credits (Non-cash Return)	\$k		(26,008)	(25,341)	(24,674)	(24,007)	(23,341)	(22,674)	(22,007)	(21,340)	(20,673)	(20,006)	(19,339)	(18,672)	(18,006)	(17,339)	(16,672)	(16,005)	(15,338)	(14,671)
Working Capital	\$k		3,000	3,076	3,153	3,232	3,313	3,396	3,481	3,568	3,658	3,749	3,843	3,939	4,038	4,140	4,243	4,348	4,457	4,568
Total Rate Base	\$k		233,899	228,325	223,235	218,133	213,020	207,897	202,767	197,629	192,485	187,335	182,177	177,375	172,556	167,721	162,867	157,998	153,115	148,224
Average Rate Base	\$k		198,823	231,112	225,780	220,684	215,576	210,458	205,332	200,198	195,057	189,910	184,756	179,776	174,966	170,138	165,294	160,433	155,557	150,670
Capitalization																				
		Effective Rate																		
Common Equity		48.0%	16,322	18,889	18,465	18,060	17,654	17,247	16,840	16,432	16,023	15,614	15,204	14,808	14,426	14,042	13,657	13,271	12,883	12,495
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			16,322	18,889	18,465	18,060	17,654	17,247	16,840	16,432	16,023	15,614	15,204	14,808	14,426	14,042	13,657	13,271	12,883	12,495
Total Debt		52.0%	5,686	6,610	6,457	6,312	6,165	6,019	5,872	5,726	5,579	5,431	5,284	5,142	5,004	4,866	4,727	4,588	4,449	4,309
Return on Rate Base	\$k		22,009	25,499	24,923	24,372	23,820	23,266	22,712	22,157	21,602	21,045	20,488	19,950	19,430	18,908	18,385	17,859	17,332	16,804

Operating Revenues & Costs																				
Depreciation Expense	\$k		10,380	10,380	10,392	10,405	10,418	10,432	10,445	10,460	10,474	10,489	10,504	10,529	10,555	10,581	10,608	10,636	10,664	10,693
NCR Amortization	\$k		(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)
Fuel Costs	\$k		1,104	3,109	4,487	4,433	4,638	5,820	6,481	7,314	7,099	7,376	8,177	8,585	9,490	12,922	12,244	9,371	9,762	9,852
Variable O&M Costs	\$k		119	315	450	470	495	624	686	787	790	836	922	973	1,054	1,434	1,337	1,025	1,062	1,080
NY RPS Incentive	\$k		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k		2,297	5,949	6,837	6,979	7,688	8,945	10,150	11,759	11,954	12,713	13,925	15,072	16,489	24,932	22,894	15,884	15,835	15,267
Fixed O&M	\$k		2,889	2,956	3,024	3,096	3,166	3,241	3,316	3,398	3,473	3,560	3,639	3,728	3,814	3,905	3,997	4,097	4,190	4,291
Property Taxes	\$k		11,749	12,101	12,464	12,838	13,223	13,620	14,029	14,450	14,883	15,330	15,789	16,263	16,751	17,254	17,771	18,304	18,853	19,419
Total Operating Costs	\$k		\$27,870	\$34,143	\$36,987	\$37,555	\$38,962	\$42,014	\$44,440	\$47,500	\$48,006	\$49,637	\$52,290	\$54,483	\$57,486	\$70,360	\$68,184	\$58,650	\$59,699	\$59,935

\$0

Total Plant Revenue Requirement																				
Return on Rate Base	\$k		22,009	25,499	24,923	24,372	23,820	23,266	22,712	22,157	21,602	21,045	20,488	19,950	19,430	18,908	18,385	17,859	17,332	16,804
Depreciation Expense	\$k		10,380	10,380	10,392	10,405	10,418	10,432	10,445	10,460	10,474	10,489	10,504	10,529	10,555	10,581	10,608	10,636	10,664	10,693
Variable Operating Costs	\$k		3,520	9,372	11,774	11,882	12,821	15,389	17,317	19,860	19,843	20,925	23,024	24,630	27,034	39,287	36,475	26,280	26,659	26,199
Fixed Operating Costs	\$k		13,971	14,391	14,821	15,268	15,723	16,194	16,678	17,181	17,690	18,223	18,762	19,324	19,898	20,492	21,101	21,735	22,376	23,043
Total Revenue Requirement	\$k		\$49,879	\$59,642	\$61,910	\$61,927	\$62,782	\$65,281	\$67,152	\$69,658	\$69,608	\$70,683	\$72,778	\$74,433	\$76,916	\$89,269	\$86,569	\$76,509	\$77,031	\$76,739

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Generated (gas dispatch)	GWH		33	84	116	117	119	144	151	167	160	162	172	174	180	236	210	153	151	148
Return on Rate Base	\$/MWH		\$662.95	\$303.90	\$214.19	\$207.97	\$200.56	\$161.93	\$150.06	\$133.07	\$134.94	\$129.61	\$119.17	\$114.85	\$107.83	\$80.15	\$87.69	\$116.87	\$114.44	\$113.67
Depreciation Expense	\$/MWH		\$312.66	\$123.71	\$89.31	\$88.79	\$87.72	\$72.60	\$69.01	\$62.82	\$65.43	\$64.60	\$61.10	\$60.61	\$58.58	\$44.85	\$50.60	\$69.60	\$70.41	\$72.33
Variable Operating Costs	\$/MWH		\$106.02	\$111.70	\$101.19	\$101.39	\$107.95	\$107.10	\$114.41	\$119.27	\$123.95	\$128.87	\$133.92	\$141.79	\$150.03	\$166.54	\$173.97	\$171.98	\$176.02	\$177.22
Fixed Operating Costs	\$/MWH		\$420.82	\$171.51	\$127.38	\$130.29	\$132.38	\$112.71	\$110.19	\$103.18	\$110.50	\$112.23	\$109.13	\$111.25	\$110.43	\$86.86	\$100.64	\$142.24	\$147.74	\$155.87
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH		\$1,502.46	\$710.83	\$532.08	\$528.44	\$528.62	\$454.34	\$443.67	\$418.33	\$434.83	\$435.31	\$423.31	\$428.50	\$426.87	\$378.40	\$412.90	\$500.69	\$508.61	\$519.08
"Regulated Revenue Requirement" Cost of Electricity	\$k		\$49,879	\$59,642	\$61,910	\$61,927	\$62,782	\$65,281	\$67,152	\$69,658	\$69,608	\$70,683	\$72,778	\$74,433	\$76,916	\$89,269	\$86,569	\$76,509	\$77,031	\$76,739

Market Revenues																				
Energy Value	\$k		\$4,921	\$12,672	\$17,410	\$17,598	\$19,076	\$23,446	\$29,459	\$35,047	\$35,723	\$38,680	\$42,191	\$48,881	\$53,002	\$83,416	\$80,242	\$53,873	\$54,652	\$53,656
Capacity Value	\$k		\$1,456	\$4,064	\$4,143	\$4,217	\$4,303	\$4,393	\$4,489	\$4,586	\$4,681	\$4,774	\$4,879	\$4,981	\$5,087	\$17,489	\$17,875	\$17,345	\$18,684	\$19,085
Ancillary Services	\$k		\$155	\$411	\$407	\$382	\$368	\$367	\$353	\$355	\$385	\$419	\$389	\$409	\$424	\$311	\$395	\$484	\$501	\$467
Total Market Value	\$k		\$6,532	\$17,147	\$21,960	\$22,197	\$23,747	\$28,205	\$34,300	\$39,987	\$40,788	\$43,874	\$47,459	\$54,270	\$58,513	\$101,216	\$98,512	\$71,702	\$73,837	\$73,208
Blended Energy, Capacity, Ancillary Services Price	\$/MWH		\$196.75	\$204.37	\$188.73	\$189.42	\$199.95	\$196.30	\$226.62	\$240.15	\$254.80	\$270.20	\$276.04	\$312.43	\$324.74	\$429.05	\$469.86	\$469.23	\$487.52	\$495.20
Annual Savings (Cost) from CAES 1 Plant	\$k		(\$43,347)	(\$42,494)	(\$39,950)	(\$39,729)	(\$39,035)	(\$37,075)	(\$32,852)	(\$29,670)	(\$28,820)	(\$26,809)	(\$25,319)	(\$20,163)	(\$18,403)	\$11,947	\$11,944	(\$4,807)	(\$3,194)	(\$3,531)
2016-2035 Customer NPV Savings	\$k																			(\$241,747)
CAES 1 2016-2045 Customer NPV Savings	\$k																			(\$259,835)

Regulated Weighted Cost of Capital = 10.81%

\$11,947

**CAES 1 Financial Model Base Case
Revenue Requirement**

(in thousands)

Common Equity Return =
Preferred Return =
Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	238,670	229,136	220,363	211,590	202,815	194,038	185,260	176,481	167,701	158,919	150,135	141,350
Capital Additions	\$k	1,189	2,000	2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437	2,498	2,560
Less Book Depreciation	\$k	(10,723)	(10,773)	(10,824)	(10,876)	(10,930)	(10,985)	(11,042)	(11,100)	(11,159)	(11,220)	(11,283)	(11,347)
Net Plant Before Taxes	\$k	229,136	220,363	211,590	202,815	194,038	185,260	176,481	167,701	158,919	150,135	141,350	132,564
Plus Accumulated Deferred Tax Balance	\$k	(76,484)	(72,639)	(68,821)	(65,028)	(61,257)	(57,508)	(53,779)	(50,068)	(46,373)	(42,688)	(39,015)	(35,354)
Plant Rate Base	\$k	152,652	147,724	142,769	137,787	132,781	127,752	122,703	117,633	112,546	107,447	102,335	97,210
Deferred Credits (Non-cash Return)		(14,004)	(13,337)	(12,671)	(12,004)	(11,337)	(10,670)	(10,003)	(9,336)	(8,669)	(8,002)	(7,336)	(6,669)
Working Capital	\$k	4,682	4,798	4,918	5,041	5,166	5,295	5,428	5,563	5,703	5,845	5,991	6,141
Total Rate Base	\$k	143,329	139,185	135,016	130,824	126,610	122,378	118,127	113,860	109,579	105,290	100,991	96,682
Average Rate Base		145,776	141,257	137,100	132,920	128,717	124,494	120,253	115,994	111,720	107,435	103,140	98,836
Capitalization													
Common Equity		48.0%	12,106	11,746	11,416	11,084	10,750	10,414	10,077	9,738	9,399	9,058	8,717
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required		12,106	11,746	11,416	11,084	10,750	10,414	10,077	9,738	9,399	9,058	8,717	8,374
Total Debt		52.0%	4,169	4,040	3,921	3,802	3,681	3,561	3,439	3,317	3,195	3,073	2,950
Return on Rate Base	\$k	16,275	15,786	15,337	14,885	14,431	13,974	13,516	13,056	12,594	12,131	11,666	11,201

Operating Revenues & Costs													
Depreciation Expense	\$k	10,723	10,773	10,824	10,876	10,930	10,985	11,042	11,100	11,159	11,220	11,283	11,347
NCR Amortization	\$k	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)
Fuel Costs	\$k	9,056	6,731	5,916	6,228	5,294	5,614	6,565	5,624	5,920	6,564	6,134	5,827
Variable O&M Costs	\$k	985	734	649	693	590	625	736	638	683	763	723	684
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	12,828	8,503	7,481	8,032	6,539	6,852	7,963	6,799	7,458	8,170	7,483	6,694
Fixed O&M	\$k	4,393	4,507	4,606	4,718	4,831	4,953	5,067	5,191	5,315	5,448	5,576	5,720
Property Taxes	\$k	20,002	20,602	21,220	21,856	22,512	23,187	23,883	24,599	25,337	26,098	26,880	27,687
Total Operating Costs	\$k	\$57,319	\$51,182	\$50,029	\$51,737	\$50,028	\$51,550	\$54,589	\$53,284	\$55,206	\$57,596	\$57,412	\$57,292

Total Plant Revenue Requirement													
Return on Rate Base	\$k	16,275	15,786	15,337	14,885	14,431	13,974	13,516	13,056	12,594	12,131	11,666	11,201
Depreciation Expense	\$k	10,723	10,773	10,824	10,876	10,930	10,985	11,042	11,100	11,159	11,220	11,283	11,347
Variable Operating Costs	\$k	22,869	15,968	14,047	14,953	12,422	13,091	15,264	13,061	14,061	15,497	14,340	13,206
Fixed Operating Costs	\$k	23,727	24,442	25,159	25,908	26,676	27,474	28,283	29,123	29,985	30,879	31,789	32,740
Total Revenue Requirement	\$k	\$73,594	\$66,969	\$65,367	\$66,623	\$64,459	\$65,525	\$68,105	\$66,340	\$67,800	\$69,726	\$69,078	\$68,493

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	129	92	80	82	67	69	78	65	67	73	67	61
Return on Rate Base	\$/MWH	\$126.18	\$171.78	\$191.16	\$180.43	\$214.52	\$202.55	\$172.86	\$199.85	\$186.90	\$166.81	\$175.17	\$184.52
Depreciation Expense	\$/MWH	\$83.13	\$117.22	\$134.90	\$131.83	\$162.48	\$159.22	\$141.21	\$169.91	\$165.61	\$154.29	\$169.41	\$186.92
Variable Operating Costs	\$/MWH	\$177.30	\$173.75	\$175.08	\$181.25	\$184.66	\$189.74	\$195.21	\$199.93	\$208.68	\$213.10	\$215.31	\$217.54
Fixed Operating Costs	\$/MWH	\$183.96	\$265.96	\$313.57	\$314.03	\$396.54	\$398.21	\$361.70	\$445.80	\$445.00	\$424.62	\$477.32	\$539.32
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$570.56	\$728.71	\$814.71	\$807.55	\$958.21	\$949.71	\$870.99	\$1,015.49	\$1,006.19	\$958.82	\$1,037.22	\$1,128.30
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$73,594	\$66,969	\$65,367	\$66,623	\$64,459	\$65,525	\$68,105	\$66,340	\$67,800	\$69,726	\$69,078	\$68,493

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$48,120	\$27,471	\$23,214	\$24,774	\$20,762	\$22,610	\$25,432	\$22,537	\$23,985	\$26,255	\$24,784	\$22,459
Capacity Value	\$k	\$19,491	\$19,903	\$20,323	\$20,795	\$21,284	\$6,474	\$6,629	\$22,841	\$23,401	\$23,976	\$24,574	\$25,190
Ancillary Services	\$k	\$474	\$501	\$535	\$509	\$575	\$559	\$588	\$601	\$593	\$570	\$537	\$554
Total Market Value	\$k	\$68,085	\$47,875	\$44,073	\$46,078	\$42,621	\$29,644	\$32,650	\$45,979	\$47,978	\$50,801	\$49,895	\$48,203
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$527.85	\$520.95	\$549.32	\$558.52	\$633.58	\$429.66	\$417.55	\$703.81	\$712.02	\$698.58	\$749.18	\$794.06
Annual Savings (Cost) from CAES 1 Plant	\$k	(\$5,509)	(\$19,094)	(\$21,293)	(\$20,545)	(\$21,838)	(\$35,880)	(\$35,455)	(\$20,361)	(\$19,822)	(\$18,925)	(\$19,183)	(\$20,290)
2016-2035 Customer NPV Savings	\$k												
CAES 1 2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 1 Financial Model Base Case

Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		49,879	59,642	61,910	61,927	62,782	65,281	67,152	69,658	69,608	70,683	72,778	74,433	76,916	89,269	86,569	76,509	77,031
Fuel Costs	\$k	1,104	3,109	4,487	4,433	4,638	5,820	6,481	7,314	7,099	7,376	8,177	8,585	9,490	12,922	12,244	9,371	9,762
Variable O&M	\$k	2,416	6,264	7,287	7,449	8,183	9,568	10,836	12,546	12,744	13,549	14,847	16,045	17,544	26,366	24,231	16,908	16,896
Direct O&M	\$k	2,222	2,289	2,357	2,430	2,499	2,574	2,649	2,731	2,807	2,894	2,972	3,061	3,147	3,238	3,330	3,430	3,523
Property taxes	\$k	11,749	12,101	12,464	12,838	13,223	13,620	14,029	14,450	14,883	15,330	15,789	16,263	16,751	17,254	17,771	18,304	18,853
Total operating expenses	\$k	17,490	23,763	26,595	27,150	28,544	31,583	33,995	37,041	37,532	39,149	41,786	43,954	46,931	59,779	57,576	48,014	49,035
Operating Income	\$k	32,388	35,879	35,315	34,777	34,238	33,698	33,158	32,617	32,076	31,534	30,992	30,479	29,985	29,489	28,993	28,495	27,996
Less: Book depreciation	\$k	10,380	10,380	10,392	10,405	10,418	10,432	10,445	10,460	10,474	10,489	10,504	10,529	10,555	10,581	10,608	10,636	10,664
Less: Interest expense	\$k	5,686	6,610	6,457	6,312	6,165	6,019	5,872	5,726	5,579	5,431	5,284	5,142	5,004	4,866	4,727	4,588	4,449
Earnings before Income Taxes	\$k	16,322	18,889	18,465	18,060	17,654	17,247	16,840	16,432	16,023	15,614	15,204	14,808	14,426	14,042	13,657	13,271	12,883
Less: Federal tax expense	\$k	5,564	6,398	6,261	6,129	5,997	5,865	5,732	5,599	5,467	5,334	5,200	5,072	4,947	4,823	4,697	4,572	4,446
Less: State income tax expense	\$k	1,215	1,397	1,367	1,338	1,309	1,281	1,252	1,223	1,194	1,165	1,136	1,107	1,080	1,053	1,026	998	971
Net Income	\$k	9,543	11,093	10,837	10,593	10,348	10,102	9,856	9,610	9,363	9,116	8,868	8,629	8,398	8,167	7,934	7,701	7,467
Average Regulatory Equity	\$k	95,435	110,934	108,374	105,928	103,477	101,020	98,559	96,095	93,627	91,157	88,683	86,293	83,984	81,666	79,341	77,008	74,667
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	16,506	9,543	11,093	10,837	10,593	10,348	10,102	9,856	9,610	9,363	9,116	8,868	8,629	8,398	8,167	7,934	7,701	7,467
AFUDC	(54,162)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0)
Depreciation	10,380	10,380	10,392	10,405	10,418	10,432	10,445	10,460	10,474	10,489	10,504	10,529	10,555	10,581	10,608	10,636	10,664	
Deferred Taxes	(11,616)	(4,063)	(4,063)	(4,058)	(4,044)	(4,032)	(4,021)	(4,011)	(4,002)	(3,994)	(3,986)	(3,977)	(3,964)	(3,945)	(3,926)	(3,908)	(3,891)	(3,874)
Working capital	(3,000)	0	(76)	(77)	(79)	(81)	(83)	(85)	(87)	(89)	(92)	(94)	(96)	(99)	(102)	(103)	(105)	(109)
Net Cash Flow From Operations	(52,272)	15,860	17,334	17,094	16,875	16,653	16,430	16,205	15,979	15,754	15,527	15,302	15,098	14,910	14,719	14,531	14,341	14,148
Capital Investments	(361,027)	0	0	(500)	(513)	(525)	(538)	(552)	(566)	(580)	(594)	(609)	(1,000)	(1,025)	(1,051)	(1,077)	(1,104)	(1,131)
Other	(361,027)	0	0	(500)	(513)	(525)	(538)	(552)	(566)	(580)	(594)	(609)	(1,000)	(1,025)	(1,051)	(1,077)	(1,104)	(1,131)
Net Cash Used in Investing Activities	(361,027)	0	0	(500)	(513)	(525)	(538)	(552)	(566)	(580)	(594)	(609)	(1,000)	(1,025)	(1,051)	(1,077)	(1,104)	(1,131)
Equity Investment	257,169	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	0	(8,349)	(9,863)	(9,380)	(9,156)	(8,929)	(8,699)	(8,467)	(8,233)	(7,998)	(7,763)	(7,528)	(7,131)	(6,929)	(6,725)	(6,519)	(6,312)	(6,101)
LTD Debt Issuance/(Redemption)	296,481	(7,510)	(7,471)	(7,214)	(7,206)	(7,199)	(7,192)	(7,186)	(7,181)	(7,176)	(7,170)	(7,165)	(6,967)	(6,955)	(6,944)	(6,935)	(6,925)	(6,915)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	553,650	(15,860)	(17,334)	(16,594)	(16,362)	(16,128)	(15,891)	(15,653)	(15,414)	(15,174)	(14,933)	(14,692)	(14,098)	(13,885)	(13,669)	(13,454)	(13,237)	(13,016)
Net Increase / (Decrease) in Cash	140,350	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	3,000	3,076	3,153	3,232	3,313	3,396	3,481	3,568	3,658	3,749	3,843	3,939	4,038	4,140	4,243	4,348	4,457
Property Plant & Equipment	415,189	404,809	394,430	384,537	374,645	364,752	354,859	344,965	335,071	325,177	315,283	305,388	295,859	286,329	276,798	267,267	257,735	248,203
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	418,190	407,810	397,506	387,691	377,877	368,065	358,255	348,447	338,640	328,835	319,032	309,231	299,798	290,367	280,939	271,511	262,084	252,660
Common Equity	273,675	266,742	259,846	253,187	246,535	239,890	233,251	226,617	219,989	213,366	206,747	200,134	193,703	187,283	180,873	174,471	168,079	161,696
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	296,481	288,971	281,500	274,285	267,079	259,880	252,688	245,502	238,322	231,146	223,976	216,811	209,845	202,889	195,945	189,011	182,085	175,170
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(151,966)	(147,903)	(143,840)	(139,781)	(135,737)	(131,705)	(127,684)	(123,673)	(119,671)	(115,677)	(111,691)	(107,714)	(103,750)	(99,805)	(95,879)	(91,971)	(88,080)	(84,206)
Total liabilities & Equity	418,190	407,810	397,506	387,691	377,877	368,065	358,255	348,447	338,640	328,835	319,032	309,231	299,798	290,367	280,939	271,511	262,084	252,660

CAES 1 Financial Model Base Case
Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Total Revenues		76,739	73,594	66,969	65,367	66,623	64,459	65,525	68,105	66,340	67,800	69,726	69,078	68,493
Fuel Costs	\$k	9,852	9,056	6,731	5,916	6,228	5,294	5,614	6,565	5,624	5,920	6,564	6,134	5,827
Variable O&M	\$k	16,347	13,813	9,237	8,131	8,725	7,129	7,477	8,699	7,437	8,141	8,933	8,206	7,378
Direct O&M	\$k	3,624	3,726	3,840	3,939	4,051	4,164	4,286	4,400	4,524	4,648	4,781	4,909	5,053
Property taxes	\$k	19,419	20,002	20,602	21,220	21,856	22,512	23,187	23,883	24,599	25,337	26,098	26,880	27,687
Total operating expenses	\$k	49,242	46,596	40,410	39,206	40,861	39,098	40,565	43,547	42,184	44,047	46,376	46,129	45,945
Operating Income	\$k	27,497	26,997	26,559	26,161	25,762	25,361	24,960	24,558	24,156	23,753	23,351	22,949	22,548
Less: Book depreciation	\$k	10,693	10,723	10,773	10,824	10,876	10,930	10,985	11,042	11,100	11,159	11,220	11,283	11,347
Less: Interest expense	\$k	4,309	4,169	4,040	3,921	3,802	3,681	3,561	3,439	3,317	3,195	3,073	2,950	2,827
Earnings before Income Taxes	\$k	12,495	12,106	11,746	11,416	11,084	10,750	10,414	10,077	9,738	9,399	9,058	8,717	8,374
Less: Federal tax expense	\$k	4,319	4,193	4,076	3,969	3,861	3,752	3,643	3,533	3,423	3,313	3,202	3,091	2,980
Less: State income tax expense	\$k	943	916	890	867	843	819	795	772	747	723	699	675	651
Net Income	\$k	7,232	6,997	6,780	6,581	6,380	6,178	5,976	5,772	5,568	5,363	5,157	4,951	4,744
Average Regulatory Equity	\$k	72,321	69,973	67,803	65,808	63,802	61,784	59,757	57,721	55,677	53,625	51,569	49,507	47,441
After Tax Return on Equity %		42.20%	42.20%	42.28%	42.35%	42.44%	42.52%	42.62%	42.72%	42.83%	42.94%	43.07%	43.20%	43.35%

Cash Flow Report	Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	16,506	7,232	6,997	6,780	6,581	6,380	6,178	5,976	5,772	5,568	5,363	5,157	4,951	4,744
AFUDC	(54,162)	-	(0)	-	-	0	-	-	-	-	-	-	-	-
Depreciation	10,693	10,723	10,773	10,824	10,876	10,930	10,985	11,042	11,100	11,159	11,220	11,283	11,347	
Deferred Taxes	(11,616)	(3,864)	(3,858)	(3,845)	(3,818)	(3,793)	(3,770)	(3,749)	(3,730)	(3,711)	(3,696)	(3,684)	(3,673)	(3,661)
Working capital	(3,000)	(111)	(114)	(116)	(120)	(123)	(126)	(129)	(133)	(135)	(139)	(143)	(146)	(150)
Net Cash Flow From Operations	(52,272)	13,950	13,748	13,591	13,467	13,340	13,213	13,083	12,952	12,822	12,687	12,550	12,414	12,280
Capital Investments	(361,027)	(1,160)	(1,189)	(2,000)	(2,050)	(2,101)	(2,154)	(2,208)	(2,263)	(2,319)	(2,377)	(2,437)	(2,498)	(2,560)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Used in Investing Activities	(361,027)	(1,160)	(1,189)	(2,000)	(2,050)	(2,101)	(2,154)	(2,208)	(2,263)	(2,319)	(2,377)	(2,437)	(2,498)	(2,560)
Equity Investment	257,169	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	0	(5,882)	(5,654)	(5,090)	(4,931)	(4,767)	(4,600)	(4,428)	(4,254)	(4,077)	(3,894)	(3,704)	(3,514)	(3,324)
LTD Debt Issuance/(Redemption)	296,481	(6,908)	(6,905)	(6,501)	(6,486)	(6,472)	(6,459)	(6,447)	(6,436)	(6,425)	(6,416)	(6,409)	(6,402)	(6,395)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	553,650	(12,791)	(12,559)	(11,591)	(11,417)	(11,239)	(11,059)	(10,875)	(10,689)	(10,502)	(10,310)	(10,113)	(9,917)	(9,720)
Net Increase / (Decrease) in Cash	140,350	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	4,568	4,682	4,798	4,918	5,041	5,166	5,295	5,428	5,563	5,703	5,845	5,991	6,141
Property Plant & Equipment	415,189	238,670	229,136	220,363	211,590	202,815	194,038	185,260	176,481	167,701	158,919	150,135	141,350	132,564
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	418,190	243,238	233,818	225,161	216,507	207,855	199,204	190,556	181,909	173,264	164,621	155,980	147,341	138,704
Common Equity	273,675	155,319	148,945	142,944	136,957	130,984	125,022	119,071	113,130	107,199	101,277	95,361	89,451	83,548
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	296,481	168,262	161,357	154,856	148,371	141,899	135,440	128,993	122,558	116,133	109,717	103,308	96,905	90,510
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(151,966)	(80,343)	(76,484)	(72,639)	(68,821)	(65,028)	(61,257)	(57,508)	(53,779)	(50,068)	(46,373)	(42,688)	(39,015)	(35,354)
Total liabilities & Equity	418,190	243,238	233,818	225,161	216,507	207,855	199,204	190,556	181,909	173,264	164,621	155,980	147,341	138,704

Financial Model Inputs

CAES 1 Financial Model Base Case

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
LTSA																	
LTSA Initial Spare Parts																	
LTSA Annual Fee	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
LTSA Hours Based Charge	\$40	\$886	\$42	\$2,440	\$44	\$978	\$46	\$4,307	\$48	\$5,294	\$51	\$2,973	\$53	\$1,192	\$56	\$5,248	\$59
LTSA Total	\$665	\$1,527	\$698	\$3,113	\$734	\$1,686	\$771	\$5,050	\$810	\$6,074	\$851	\$3,793	\$894	\$2,054	\$939	\$6,153	\$987
Other O&M Costs																	
Inergy Ground & Cavern Lease	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
Plant Staffing	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,196	\$2,827,997	\$2,897,830	\$2,972,673	\$3,044,532	\$3,121,579	\$3,198,662	\$3,282,888	\$3,360,594	\$3,449,853	\$3,530,724	\$3,621,913	\$3,709,467	\$3,803,341	\$3,897,259	\$3,999,881	\$4,094,558
Capital Additions																	
Cap Adds			\$500	\$513	\$525	\$538	\$552	\$566	\$580	\$594	\$609	\$1,000	\$1,025	\$1,051	\$1,077	\$1,104	\$1,131

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Natural Gas Cost	\$1,104	\$3,109	\$4,487	\$4,433	\$4,638	\$5,820	\$6,481	\$7,314	\$7,099	\$7,376	\$8,177	\$8,585	\$9,490	\$12,922	\$12,244	\$9,371	\$9,762
Compression Costs	\$2,297	\$5,949	\$6,837	\$6,979	\$7,688	\$8,945	\$10,150	\$11,759	\$11,954	\$12,713	\$13,925	\$15,072	\$16,489	\$24,932	\$22,894	\$15,884	\$15,835
Variable O&M Costs	\$14	\$37	\$51	\$52	\$53	\$65	\$70	\$79	\$77	\$80	\$86	\$88	\$94	\$124	\$113	\$86	\$87
Emissions Costs	\$105	\$278	\$399	\$418	\$442	\$559	\$615	\$708	\$713	\$756	\$836	\$885	\$961	\$1,310	\$1,223	\$939	\$975
Total Variable Costs	\$3,520	\$9,372	\$11,774	\$11,882	\$12,821	\$15,389	\$17,317	\$19,860	\$19,843	\$20,925	\$23,024	\$24,630	\$27,034	\$39,287	\$36,475	\$26,280	\$26,659

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capacity Revenue	\$1,456	\$4,064	\$4,143	\$4,217	\$4,303	\$4,393	\$4,489	\$4,586	\$4,681	\$4,774	\$4,879	\$4,981	\$5,087	\$17,489	\$17,875	\$17,345	\$18,684
Regulation Revenue	\$724	\$1,858	\$2,205	\$1,992	\$2,200	\$2,348	\$2,572	\$2,310	\$2,326	\$2,819	\$2,795	\$2,596	\$2,792	\$2,822	\$2,937	\$2,633	\$3,050
MVAR Revenue																	
Syn Spinning Reserve	\$67	\$208	\$209	\$174	\$158	\$159	\$137	\$144	\$163	\$200	\$171	\$184	\$194	\$103	\$168	\$253	\$233
Non-Syn Spinning Reserve	\$88	\$203	\$198	\$208	\$210	\$208	\$216	\$210	\$221	\$219	\$219	\$225	\$230	\$208	\$227	\$232	\$268
Energy Revenue	\$4,197	\$10,814	\$15,205	\$15,605	\$16,876	\$21,098	\$26,886	\$32,738	\$33,396	\$35,861	\$39,396	\$46,285	\$50,209	\$80,594	\$77,305	\$51,239	\$51,602
Other Revenue																	
Total Revenues	\$6,532	\$17,147	\$21,960	\$22,197	\$23,747	\$28,205	\$34,300	\$39,987	\$40,788	\$43,874	\$47,459	\$54,270	\$58,513	\$101,216	\$98,512	\$71,702	\$73,837

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Generator Starts	131	302	287	302	311	308	295	311	309	332	326	332	352	320	314	267	287
Generator Operating Hours	505	1,311	1,492	1,395	1,451	1,589	1,617	1,738	1,715	1,797	1,829	1,843	1,918	2,197	2,056	1,691	1,703
Net Generation (MWH)	33,198	83,905	116,355	117,188	118,766	143,684	151,355	166,513	160,082	162,374	171,927	173,706	180,186	235,909	209,661	152,808	151,454

Financial Model Inputs

CAES 1 Financial Model Base Case

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
LTSA Initial Spare Parts													
LTSA Annual Fee	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$1,316	\$62	\$9,016	\$65	\$1,453	\$68	\$6,394	\$72	\$1,603	\$75	\$4,413	\$79	\$8,674
LTSA Total	\$2,267	\$1,037	\$10,015	\$1,089	\$2,502	\$1,144	\$7,497	\$1,202	\$2,762	\$1,263	\$5,631	\$1,327	\$9,953
Other O&M Costs													
Inergy Ground & Cavern Lease	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,198,177	\$4,301,845	\$4,418,343	\$4,519,626	\$4,634,002	\$4,748,432	\$4,873,466	\$4,988,821	\$5,115,071	\$5,241,380	\$5,376,751	\$5,506,725	\$5,652,986
Capital Additions													
Cap Adds	\$1,160	\$1,189	\$2,000	\$2,050	\$2,101	\$2,154	\$2,208	\$2,263	\$2,319	\$2,377	\$2,437	\$2,498	\$2,560

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$9,852	\$9,056	\$6,731	\$5,916	\$6,228	\$5,294	\$5,614	\$6,565	\$5,624	\$5,920	\$6,564	\$6,134	\$5,827
Compression Costs	\$15,267	\$12,828	\$8,503	\$7,481	\$8,032	\$6,539	\$6,852	\$7,963	\$6,799	\$7,458	\$8,170	\$7,483	\$6,694
Variable O&M Costs	\$86	\$77	\$56	\$49	\$51	\$43	\$44	\$51	\$43	\$45	\$49	\$45	\$42
Emissions Costs	\$994	\$908	\$678	\$600	\$642	\$547	\$581	\$685	\$595	\$638	\$714	\$678	\$643
Total Variable Costs	\$26,199	\$22,869	\$15,968	\$14,047	\$14,953	\$12,422	\$13,091	\$15,264	\$13,061	\$14,061	\$15,497	\$14,340	\$13,206

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$19,085	\$19,491	\$19,903	\$20,323	\$20,795	\$21,284	\$6,474	\$6,629	\$22,841	\$23,401	\$23,976	\$24,574	\$25,190
Regulation Revenue	\$2,644	\$2,620	\$2,442	\$2,678	\$3,017	\$2,484	\$2,701	\$2,951	\$2,458	\$2,786	\$2,922	\$2,868	\$2,670
MVAR Revenue													
Syn Spinning Reserve	\$181	\$161	\$142	\$174	\$145	\$193	\$164	\$196	\$185	\$175	\$151	\$110	\$101
Non-Syn Spinning Reserve	\$286	\$313	\$359	\$362	\$364	\$382	\$396	\$392	\$416	\$418	\$419	\$427	\$453
Energy Revenue	\$51,012	\$45,500	\$25,030	\$20,536	\$21,757	\$18,278	\$19,910	\$22,482	\$20,079	\$21,199	\$23,333	\$21,916	\$19,790
Other Revenue													
Total Revenues	\$73,208	\$68,085	\$47,875	\$44,073	\$46,078	\$42,621	\$29,644	\$32,650	\$45,979	\$47,978	\$50,801	\$49,895	\$48,203

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	258	248	207	190	209	169	173	183	172	165	185	173	148
Generator Operating Hours	1,595	1,424	1,080	1,033	1,060	901	916	1,030	843	871	925	864	791
Net Generation (MWH)	147,836	128,985	91,900	80,233	82,500	67,270	68,994	78,193	65,328	67,383	72,721	66,600	60,705

CAES 1 Project Development Cash Flow Estimate in Nominal \$							
Total Cost							
Direct Plant Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages		\$162,300,876		\$23,164,721	\$1,142,530	\$121,788,790	\$16,204,835
Contract Packages		\$149,078,498			\$14,694,783	\$117,457,406	\$16,926,309
Professional Services		\$26,419,800	\$4,049,564	\$4,225,632	\$5,813,232	\$7,947,304	\$4,384,068
Owners Costs		\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support		\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
AFUDC		<u>\$49,195,892</u>	<u>\$383,715</u>	<u>\$1,951,376</u>	<u>\$4,134,493</u>	<u>\$15,382,679</u>	<u>\$27,343,629</u>
Total		\$401,387,199	\$9,706,226	\$30,715,880	\$28,409,765	\$264,386,943	\$68,168,385
Cavern Development Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$4,965,764</u>	<u>\$204,951</u>	<u>\$449,320</u>	<u>\$851,655</u>	<u>\$1,232,586</u>	<u>\$2,227,253</u>
Total		\$43,885,886	\$5,184,327	\$1,406,986	\$9,668,888	\$1,670,252	\$25,955,434
	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Cost		\$352,191,308	\$9,322,511	\$28,764,504	\$24,275,272	\$249,004,264	\$40,824,756
Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$54,161,656</u>	<u>\$588,666</u>	<u>\$2,400,696</u>	<u>\$4,986,148</u>	<u>\$16,615,265</u>	<u>\$29,570,881</u>
Total		\$445,273,086	\$14,890,553	\$32,122,866	\$38,078,653	\$266,057,195	\$94,123,819

CAES 1A Financial Model Base Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of project costs.
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:	Scenario Input Assumptions				
	Scenario 1	Scenario 2	Scenario 3		
Grants					
Amount	\$30,600	\$ Thousands	\$30,600	\$30,600	\$30,600
Taxable	Y	Yes (Y) / No (N)	Y	Y	N
Property Tax Exclusion	N	Yes (Y) / No (N)	N	N	N
R&D - section 174 qualified	Y	Yes (Y) / No (N)	Y	N	N
Production Tax Credit	N	Yes (Y) / No (N)			
Inservice Date	2016				
Gas Transmission Line Expense	\$1,031				

CAES 1A Financial Model Base Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual Benefit (Cost) from CAES Plant [\$000]	(\$47,958)	(\$46,365)	(\$43,424)	(\$42,962)	(\$42,108)	(\$38,987)	(\$34,015)	(\$30,040)	(\$28,825)	(\$26,532)	(\$24,507)	(\$17,709)	(\$15,517)	\$24,656	\$24,148	\$3,537	\$5,621	\$5,975
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2995)	(0.2853)	(0.2632)	(0.2566)	(0.2478)	(0.2260)	(0.1943)	(0.1690)	(0.1598)	(0.1449)	(0.1319)	(0.0939)	(0.0810)	0.1269	0.1224	0.0177	0.0277	0.0290
Average Residential Customer² Annual Impact from CAES Plant [\$ /Year]	(\$21.56)	(\$20.54)	(\$18.95)	(\$18.47)	(\$17.84)	(\$16.27)	(\$13.99)	(\$12.17)	(\$11.51)	(\$10.43)	(\$9.49)	(\$6.76)	(\$5.84)	\$9.14	\$8.81	\$1.27	\$1.99	\$2.09

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [\$000]	(\$242,922)
Net Present Value of Customer 2016-2045 Impact [\$000]	(\$256,269)

Weighted Cost of Capital = 10.81%

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [\$000]	223,404	259,739	253,697	247,890	242,072	236,244	230,408	224,564	218,712	212,855	206,991	201,301	195,780	190,243	184,689	179,117	173,530	167,932
Average Regulatory Equity [\$000]	107,234	124,675	121,774	118,987	116,195	113,397	110,596	107,790	104,982	102,170	99,356	96,624	93,974	91,317	88,651	85,976	83,294	80,608
After Tax Return on Equity [%]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [\$000]	10,723	12,467	12,177	11,899	11,619	11,340	11,060	10,779	10,498	10,217	9,936	9,662	9,397	9,132	8,865	8,598	8,329	8,061

CAES 1A Financial Model Base Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Annual Benefit (Cost) from CAES Plant [\$000]	\$4,203	(\$11,857)	(\$14,393)	(\$13,422)	(\$14,412)	(\$36,542)	(\$35,891)	(\$11,910)	(\$11,053)	(\$9,774)	(\$9,581)	(\$10,616)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0201	(0.0558)	(0.0667)	(0.0613)	(0.0649)	(0.1620)	(0.1568)	(0.0513)	(0.0469)	(0.0408)	(0.0394)	(0.0430)
Average Residential Customer² Annual Impact from CAES Plant [\$ /Year]	\$1.45	(\$4.02)	(\$4.80)	(\$4.41)	(\$4.67)	(\$11.67)	(\$11.29)	(\$3.69)	(\$3.37)	(\$2.94)	(\$2.84)	(\$3.10)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [\$000]

Net Present Value of Customer 2016-2045 Impact [\$000]

Weighted Cost of Capital =

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [\$000]	162,329	157,098	152,230	147,339	142,426	137,493	132,541	127,572	122,587	117,592	112,587	107,573
Average Regulatory Equity [\$000]	77,918	75,407	73,071	70,723	68,365	65,997	63,620	61,234	58,842	56,444	54,042	51,635
After Tax Return on Equity [%]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [\$000]	7,792	7,541	7,307	7,072	6,836	6,600	6,362	6,123	5,884	5,644	5,404	5,164

**CAES 1A Financial Model Base Case
Revenue Requirement**

(in thousands)

Common Equity Return = 10.00%
Preferred Return = 0.00%
Debt Cost = 5.50%
Combined Tax Rate = 39.6150%

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Return on Rate Base																					
Net Utility Plant																					
Beginning Net Plant Balance	\$k		467,139	455,460	443,782	432,591	421,400	410,208	399,016	387,824	376,631	365,438	354,245	343,051	332,223	321,395	310,566	299,736	288,905	278,074	
Capital Additions	\$k		0	0	500	513	525	538	552	566	580	594	609	1,000	1,025	1,051	1,077	1,104	1,131	1,160	
Less Book Depreciation	\$k		(11,678)	(11,678)	(11,691)	(11,704)	(11,717)	(11,730)	(11,744)	(11,758)	(11,773)	(11,788)	(11,803)	(11,828)	(11,854)	(11,880)	(11,907)	(11,934)	(11,963)	(11,992)	
Net Plant Before Taxes	\$k		455,460	443,782	432,591	421,400	410,208	399,016	387,824	376,631	365,438	354,245	343,051	332,223	321,395	310,566	299,736	288,905	278,074	267,242	
Plus Accumulated Deferred Tax Balance	\$k		(166,428)	(161,857)	(157,291)	(152,739)	(148,199)	(143,671)	(139,152)	(134,642)	(130,140)	(125,647)	(121,162)	(116,690)	(112,237)	(107,804)	(103,388)	(98,989)	(94,608)	(90,236)	
Plant Rate Base	\$k		289,032	281,925	275,300	268,661	262,009	255,345	248,672	241,989	235,298	228,598	221,889	215,533	209,157	202,762	196,348	189,916	183,467	177,006	
Deferred Credits (Non-cash Return)			(29,151)	(28,404)	(27,657)	(26,909)	(26,162)	(25,414)	(24,667)	(23,919)	(23,172)	(22,424)	(21,677)	(20,929)	(20,182)	(19,434)	(18,687)	(17,939)	(17,192)	(16,444)	
Working Capital	\$k		3,000	3,076	3,153	3,232	3,313	3,397	3,482	3,569	3,659	3,750	3,844	3,941	4,040	4,144	4,247	4,350	4,459	4,570	
Total Rate Base	\$k		262,881	256,597	250,797	244,984	239,161	233,328	227,487	221,640	215,785	209,924	204,057	198,545	193,015	187,471	181,908	176,326	170,733	165,131	
Average Rate Base			223,404	259,739	253,697	247,890	242,072	236,244	230,408	224,564	218,712	212,855	206,991	201,301	195,780	190,243	184,689	179,117	173,530	167,932	
Capitalization																					
		Effective Rate																			
Common Equity		48.0%	16.5604%	18,340	21,229	20,748	20,287	19,824	19,361	18,897	18,433	17,967	17,502	17,036	16,583	16,145	15,704	15,263	14,820	14,376	13,931
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required				18,340	21,229	20,748	20,287	19,824	19,361	18,897	18,433	17,967	17,502	17,036	16,583	16,145	15,704	15,263	14,820	14,376	13,931
Total Debt		52.0%	5.50%	6,389	7,429	7,256	7,090	6,923	6,757	6,590	6,423	6,255	6,088	5,920	5,757	5,599	5,441	5,282	5,123	4,963	4,803
Return on Rate Base	\$k		24,730	28,657	28,004	27,376	26,748	26,118	25,487	24,855	24,223	23,589	22,956	22,341	21,744	21,145	20,545	19,943	19,339	18,734	

Operating Revenues & Costs																				
Depreciation Expense	\$k		11,678	11,678	11,691	11,704	11,717	11,730	11,744	11,758	11,773	11,788	11,803	11,828	11,854	11,880	11,907	11,934	11,963	11,992
NCR Amortization	\$k		(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k		1,080	2,959	4,716	4,817	5,087	6,989	8,166	8,939	8,914	9,287	10,284	10,855	12,054	17,400	16,240	11,502	12,029	12,419
Variable O&M Costs	\$k		110	287	452	487	516	711	824	916	943	1,002	1,107	1,176	1,282	1,849	1,696	1,197	1,246	1,299
NY RPS Incentive	\$k		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k		2,815	6,951	8,212	8,827	9,612	11,331	14,782	17,520	18,516	20,024	22,085	25,168	27,518	47,580	44,802	28,396	28,523	27,704
Fixed O&M	\$k		2,889	2,957	3,024	3,098	3,166	3,241	3,316	3,400	3,473	3,563	3,639	3,729	3,814	3,906	3,997	4,100	4,190	4,292
Property taxes	\$k		13,106	13,500	13,905	14,322	14,751	15,194	15,650	16,119	16,603	17,101	17,614	18,142	18,687	19,247	19,825	20,419	21,032	21,663
Total Operating Costs	\$k		\$30,931	\$37,584	\$41,252	\$42,506	\$44,102	\$48,449	\$53,734	\$57,905	\$59,475	\$62,016	\$65,785	\$70,151	\$74,461	\$101,114	\$97,718	\$76,801	\$78,235	\$78,621

\$0

Total Plant Revenue Requirement																				
Return on Rate Base	\$k		24,730	28,657	28,004	27,376	26,748	26,118	25,487	24,855	24,223	23,589	22,956	22,341	21,744	21,145	20,545	19,943	19,339	18,734
Depreciation Expense	\$k		11,678	11,678	11,691	11,704	11,717	11,730	11,744	11,758	11,773	11,788	11,803	11,828	11,854	11,880	11,907	11,934	11,963	11,992
Variable Operating Costs	\$k		4,005	10,197	13,380	14,131	15,215	19,031	23,772	27,375	28,374	30,312	33,477	37,199	40,855	66,829	62,737	41,095	41,798	41,422
Fixed Operating Costs	\$k		15,248	15,709	16,181	16,672	17,170	17,688	18,218	18,772	19,329	19,916	20,506	21,124	21,753	22,405	23,074	23,771	24,474	25,207
Total Revenue Requirement	\$k		\$55,661	\$66,242	\$69,256	\$69,883	\$70,849	\$74,567	\$79,221	\$82,760	\$83,698	\$85,605	\$88,741	\$92,492	\$96,205	\$122,259	\$118,263	\$96,744	\$97,574	\$97,355

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Generated	GWH		33	82	124	128	130	172	191	204	201	205	217	221	230	318	279	189	188	187
Return on Rate Base	\$/MWH		\$756.63	\$350.07	\$226.25	\$213.75	\$205.37	\$151.49	\$133.29	\$121.87	\$120.48	\$115.18	\$105.72	\$101.20	\$94.39	\$66.44	\$73.58	\$105.70	\$103.02	\$100.16
Depreciation Expense	\$/MWH		\$357.31	\$142.66	\$94.45	\$91.38	\$89.96	\$68.04	\$61.42	\$57.65	\$58.56	\$57.55	\$54.36	\$53.58	\$51.46	\$37.33	\$42.64	\$63.25	\$63.73	\$64.11
Variable Operating Costs	\$/MWH		\$122.55	\$124.57	\$108.10	\$110.33	\$116.82	\$110.38	\$124.32	\$134.23	\$141.13	\$148.00	\$154.18	\$168.50	\$177.35	\$209.98	\$224.70	\$217.81	\$222.66	\$221.45
Fixed Operating Costs	\$/MWH		\$466.51	\$191.89	\$130.73	\$130.17	\$131.83	\$102.59	\$95.27	\$92.04	\$96.14	\$97.24	\$94.44	\$95.69	\$94.43	\$70.40	\$82.64	\$125.99	\$130.38	\$134.77
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH		\$1,703.01	\$809.19	\$559.53	\$545.63	\$543.98	\$432.50	\$414.30	\$405.79	\$416.30	\$417.97	\$408.70	\$418.96	\$417.63	\$384.14	\$423.56	\$512.76	\$519.79	\$520.48
"Regulated Revenue Requirement" Cost of Electricity	\$k		\$55,661	\$66,242	\$69,256	\$69,883	\$70,849	\$74,567	\$79,221	\$82,760	\$83,698	\$85,605	\$88,741	\$92,492	\$96,205	\$122,259	\$118,263	\$96,744	\$97,574	\$97,355

Market Revenues																					
Energy Value	\$k		\$5,319	\$13,316	\$19,149	\$20,092	\$21,760	\$28,470	\$37,947	\$45,331	\$47,299	\$51,379	\$56,391	\$66,785	\$72,522	\$119,643	\$114,528	\$73,193	\$73,978	\$73,455	
Capacity Value	\$k		\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785	\$28,852	\$29,472	
Ancillary Services	\$k		\$136	\$284	\$285	\$316	\$336	\$327	\$328	\$309	\$346	\$322	\$309	\$306	\$310	\$267	\$281	\$303	\$365	\$403	
Total Market Value	\$k		\$7,703	\$19,876	\$25,832	\$26,921	\$28,741	\$35,580	\$45,206	\$52,720	\$54,873	\$59,074	\$64,234	\$74,783	\$80,688	\$146,916	\$142,411	\$100,281	\$103,195	\$103,329	
Blended Energy, Capacity, Ancillary Services Price	\$/MWH		\$235.68	\$242.80	\$208.70	\$210.19	\$220.68	\$206.37	\$236.41	\$258.50	\$272.93	\$288.43	\$295.83	\$338.74	\$350.27	\$461.61	\$510.05	\$531.51	\$549.73	\$552.43	
Annual Savings (Cost) from Generating Plant	\$k		(\$47,958)	(\$46,365)	(\$43,424)	(\$42,962)	(\$42,108)	(\$38,987)	(\$34,015)	(\$30,040)	(\$28,825)	(\$26,532)	(\$24,507)	(\$17,709)	(\$15,517)	\$24,656	\$24,148	\$3,537	\$5,621	\$5,975	
2016-2035 Customer NPV Savings	\$k																			(\$242,922)	
2016-2045 Customer NPV Savings	\$k																				(\$256,269)

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model Base Case
Revenue Requirement

(in thousands)

Common Equity Return =
Preferred Return =
Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	267,242	256,410	246,338	236,266	226,192	216,117	206,040	195,962	185,883	175,802	165,720	155,636
Capital Additions	\$k	1,189	2,000	2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437	2,498	2,560
Less Book Depreciation	\$k	(12,021)	(12,071)	(12,123)	(12,175)	(12,229)	(12,284)	(12,341)	(12,399)	(12,458)	(12,519)	(12,581)	(12,645)
Net Plant Before Taxes	\$k	256,410	246,338	236,266	226,192	216,117	206,040	195,962	185,883	175,802	165,720	155,636	145,551
Plus Accumulated Deferred Tax Balance	\$k	(85,870)	(81,517)	(77,191)	(72,890)	(68,612)	(64,355)	(60,118)	(55,900)	(51,696)	(47,504)	(43,323)	(39,154)
Plant Rate Base	\$k	170,540	164,821	159,075	153,302	147,505	141,685	135,845	129,984	124,106	118,216	112,313	106,397
Deferred Credits (Non-cash Return)		(15,697)	(14,949)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)
Working Capital	\$k	4,683	4,798	4,918	5,041	5,166	5,296	5,428	5,564	5,703	5,846	5,992	6,141
Total Rate Base	\$k	159,526	154,670	149,791	144,888	139,964	135,021	130,061	125,083	120,092	115,092	110,083	105,063
Average Rate Base		162,329	157,098	152,230	147,339	142,426	137,493	132,541	127,572	122,587	117,592	112,587	107,573
Capitalization													
Common Equity		48.0%	13,485	13,070	12,683	12,294	11,903	11,511	11,118	10,723	10,326	9,929	9,532
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			13,485	13,070	12,683	12,294	11,903	11,511	11,118	10,723	10,326	9,929	9,532
Total Debt		52.0%	4,643	4,493	4,354	4,214	4,073	3,932	3,791	3,649	3,506	3,363	3,220
Return on Rate Base	\$k	18,128	17,563	17,037	16,508	15,977	15,444	14,908	14,371	13,832	13,293	12,752	12,210

Operating Revenues & Costs													
Depreciation Expense	\$k	12,021	12,071	12,123	12,175	12,229	12,284	12,341	12,399	12,458	12,519	12,581	12,645
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	10,953	7,867	6,435	6,640	5,971	6,758	7,389	6,368	6,416	7,592	7,366	6,406
Variable O&M Costs	\$k	1,136	818	673	701	638	712	781	685	699	830	820	712
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	22,497	11,902	9,258	9,702	8,134	9,042	9,801	8,719	9,133	10,500	9,875	7,961
Fixed O&M	\$k	4,393	4,511	4,606	4,719	4,831	4,956	5,067	5,191	5,315	5,450	5,576	5,723
Property taxes	\$k	22,313	22,982	23,672	24,382	25,113	25,867	26,643	27,442	28,265	29,113	29,987	30,886
Total Operating Costs	\$k	\$72,564	\$59,405	\$56,019	\$57,572	\$56,168	\$58,871	\$61,274	\$60,056	\$61,539	\$65,255	\$65,458	\$63,586

Total Plant Revenue Requirement													
Return on Rate Base	\$k	18,128	17,563	17,037	16,508	15,977	15,444	14,908	14,371	13,832	13,293	12,752	12,210
Depreciation Expense	\$k	12,021	12,071	12,123	12,175	12,229	12,284	12,341	12,399	12,458	12,519	12,581	12,645
Variable Operating Costs	\$k	34,585	20,588	16,366	17,044	14,742	16,512	17,972	15,772	16,249	18,921	18,062	15,079
Fixed Operating Costs	\$k	25,958	26,746	27,530	28,353	29,196	30,075	30,962	31,886	32,832	33,815	34,815	35,862
Total Revenue Requirement	\$k	\$90,693	\$76,968	\$73,056	\$74,080	\$72,144	\$74,315	\$76,183	\$74,427	\$75,372	\$78,548	\$78,210	\$75,796

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated	GWH	157	108	88	88	77	83	88	75	73	84	80	67
Return on Rate Base	\$/MWH	\$115.74	\$162.64	\$193.13	\$186.53	\$206.16	\$185.28	\$169.02	\$192.59	\$188.67	\$158.68	\$160.37	\$183.33
Depreciation Expense	\$/MWH	\$76.75	\$111.79	\$137.43	\$137.57	\$157.80	\$147.38	\$139.91	\$166.16	\$169.92	\$149.45	\$158.24	\$189.88
Variable Operating Costs	\$/MWH	\$220.80	\$190.66	\$185.53	\$192.59	\$190.23	\$198.10	\$203.75	\$211.36	\$221.63	\$225.87	\$227.16	\$226.41
Fixed Operating Costs	\$/MWH	\$165.73	\$247.68	\$312.10	\$320.38	\$376.74	\$360.82	\$351.02	\$427.30	\$447.82	\$403.67	\$437.86	\$538.49
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$579.01	\$712.78	\$828.19	\$837.08	\$930.94	\$891.57	\$863.71	\$997.41	\$1,028.04	\$937.66	\$983.63	\$1,138.11
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$90,693	\$76,968	\$73,056	\$74,080	\$72,144	\$74,315	\$76,183	\$74,427	\$75,372	\$78,548	\$78,210	\$75,796

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$64,364	\$33,924	\$26,812	\$28,079	\$24,385	\$27,295	\$29,588	\$26,776	\$27,692	\$31,240	\$30,081	\$25,698
Capacity Value	\$k	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$9,998	\$10,236	\$35,271	\$36,136	\$37,023	\$37,947	\$38,899
Ancillary Services	\$k	\$434	\$453	\$467	\$468	\$480	\$479	\$468	\$469	\$491	\$511	\$600	\$583
Total Market Value	\$k	\$94,895	\$65,110	\$58,663	\$60,658	\$57,732	\$37,772	\$40,291	\$62,517	\$64,319	\$68,774	\$68,628	\$65,180
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$605.85	\$602.97	\$665.03	\$685.41	\$744.97	\$453.16	\$456.80	\$837.79	\$877.29	\$820.99	\$863.13	\$978.71
Annual Savings (Cost) from Generating Plant	\$k	\$4,203	(\$11,857)	(\$14,393)	(\$13,422)	(\$14,412)	(\$36,542)	(\$35,891)	(\$11,910)	(\$11,053)	(\$9,774)	(\$9,581)	(\$10,616)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model Base Case

Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		55,661	66,242	69,256	69,883	70,849	74,567	79,221	82,760	83,698	85,605	88,741	92,492	96,205	122,259	118,263	96,744	97,574
Fuel Costs	\$k	1,080	2,959	4,716	4,817	5,087	6,989	8,166	8,939	8,914	9,287	10,284	10,855	12,054	17,400	16,240	11,502	12,029
Variable O&M	\$k	2,925	7,238	8,664	9,313	10,128	12,042	15,606	18,436	19,459	21,025	23,193	26,344	28,800	49,429	46,497	29,593	29,769
Direct O&M	\$k	2,141	2,209	2,276	2,350	2,419	2,494	2,568	2,726	2,815	2,892	2,982	3,066	3,066	3,158	3,249	3,352	3,442
Property taxes	\$k	13,106	13,500	13,905	14,322	14,751	15,194	15,650	16,119	16,603	17,101	17,614	18,142	18,687	19,247	19,825	20,419	21,032
Total operating expenses	\$k	19,253	25,906	29,561	30,802	32,385	36,719	41,990	46,147	47,702	50,228	53,982	58,324	62,608	89,234	85,812	64,867	66,273
Operating Income	\$k	36,408	40,336	39,695	39,080	38,464	37,848	37,231	36,613	35,995	35,377	34,759	34,169	33,597	33,025	32,452	31,877	31,301
Less: Book depreciation	\$k	11,678	11,678	11,691	11,704	11,717	11,730	11,744	11,758	11,773	11,788	11,803	11,828	11,854	11,880	11,907	11,934	11,963
Less: Interest expense	\$k	6,389	7,429	7,256	7,090	6,923	6,757	6,590	6,423	6,255	6,088	5,920	5,757	5,599	5,441	5,282	5,123	4,963
Earnings before Income Taxes	\$k	18,340	21,229	20,748	20,287	19,824	19,361	18,897	18,433	17,967	17,502	17,036	16,583	16,145	15,704	15,263	14,820	14,376
Less: Federal tax expense	\$k	6,252	7,191	7,035	6,885	6,734	6,584	6,433	6,282	6,131	5,979	5,828	5,681	5,538	5,395	5,251	5,107	4,963
Less: State income tax expense	\$k	1,365	1,570	1,536	1,503	1,471	1,438	1,405	1,372	1,339	1,306	1,273	1,240	1,209	1,178	1,147	1,115	1,084
Net Income	\$k	10,723	12,467	12,177	11,899	11,619	11,340	11,060	10,779	10,498	10,217	9,936	9,662	9,397	9,132	8,865	8,598	8,329
Average Regulatory Equity	\$k	107,234	124,675	121,774	118,987	116,195	113,397	110,596	107,790	104,982	102,170	99,356	96,624	93,974	91,317	88,651	85,976	83,294
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.53%	41.27%	41.31%	41.35%	41.39%	41.43%	41.47%	41.52%	41.57%	41.62%	41.68%	41.73%	41.79%	41.85%	41.92%	41.99%	42.06%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,670	10,723	12,467	12,177	11,899	11,619	11,340	11,060	10,779	10,498	10,217	9,936	9,662	9,397	9,132	8,865	8,598	8,329
AFUDC	(60,858)																	
Depreciation	11,678	11,678	11,691	11,704	11,717	11,730	11,744	11,758	11,773	11,788	11,803	11,828	11,854	11,880	11,907	11,934	11,963	
Deferred Taxes	(12,971)	(4,571)	(4,571)	(4,566)	(4,552)	(4,540)	(4,529)	(4,519)	(4,510)	(4,502)	(4,493)	(4,485)	(4,472)	(4,452)	(4,434)	(4,416)	(4,399)	(4,382)
Working capital	(3,000)	0	(76)	(77)	(79)	(81)	(83)	(85)	(87)	(89)	(92)	(94)	(96)	(99)	(104)	(103)	(103)	(109)
Net Cash Flow From Operations	(58,159)	17,831	19,499	19,225	18,971	18,716	18,458	18,200	17,940	17,680	17,420	17,160	16,922	16,700	16,474	16,253	16,030	15,801
Capital Investments	(406,281)	0	0	(500)	(513)	(525)	(538)	(552)	(566)	(580)	(594)	(609)	(1,000)	(1,025)	(1,051)	(1,077)	(1,104)	(1,131)
Other																		
Net Cash Used in Investing Activities	(406,281)	0	0	(500)	(513)	(525)	(538)	(552)	(566)	(580)	(594)	(609)	(1,000)	(1,025)	(1,051)	(1,077)	(1,104)	(1,131)
Equity Investment	289,077																	
Dividends	0	(9,381)	(11,089)	(10,571)	(10,313)	(10,052)	(9,788)	(9,522)	(9,254)	(8,985)	(8,716)	(8,447)	(8,016)	(7,780)	(7,541)	(7,302)	(7,061)	(6,816)
LTD Debt Issuance/(Redemption)	333,392	(8,450)	(8,410)	(8,154)	(8,146)	(8,138)	(8,131)	(8,125)	(8,120)	(8,115)	(8,109)	(8,104)	(7,906)	(7,895)	(7,883)	(7,874)	(7,865)	(7,854)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	622,469	(17,831)	(19,499)	(18,725)	(18,459)	(18,190)	(17,920)	(17,648)	(17,374)	(17,100)	(16,825)	(16,551)	(15,922)	(15,675)	(15,423)	(15,176)	(14,926)	(14,670)
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	3,000	3,076	3,153	3,232	3,313	3,397	3,482	3,569	3,659	3,750	3,844	3,941	4,040	4,144	4,247	4,350	4,459
Property Plant & Equipment	467,139	455,460	443,782	432,591	421,400	410,208	399,016	387,824	376,631	365,438	354,245	343,051	332,223	321,395	310,566	299,736	288,905	278,074
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	470,139	458,461	446,858	435,744	424,632	413,521	402,413	391,306	380,201	369,097	357,995	346,896	336,164	325,434	314,709	303,982	293,255	282,533
Common Equity	307,747	299,947	292,183	284,657	277,138	269,626	262,120	254,620	247,124	239,634	232,148	224,668	217,370	210,083	202,806	195,538	188,277	181,027
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	333,392	324,942	316,532	308,378	300,233	292,095	283,963	275,838	267,718	259,603	251,494	243,390	235,484	227,589	219,707	211,833	203,967	196,113
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(166,428)	(161,857)	(157,291)	(152,739)	(148,199)	(143,671)	(139,152)	(134,642)	(130,140)	(125,647)	(121,162)	(116,690)	(112,237)	(107,804)	(103,388)	(98,989)	(94,608)
Total liabilities & Equity	470,139	458,461	446,858	435,744	424,632	413,521	402,413	391,306	380,201	369,097	357,995	346,896	336,164	325,434	314,709	303,982	293,255	282,533

CAES 1A Financial Model Base Case
Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Total Revenues		97,355	90,693	76,968	73,056	74,080	72,144	74,315	76,183	74,427	75,372	78,548	78,210	75,796
Fuel Costs	\$k	12,419	10,953	7,867	6,435	6,640	5,971	6,758	7,389	6,368	6,416	7,592	7,366	6,406
Variable O&M	\$k	29,002	23,632	12,721	9,931	10,404	8,771	9,754	10,583	9,404	9,833	11,329	10,695	8,673
Direct O&M	\$k	3,544	3,645	3,763	3,859	3,971	4,083	4,209	4,319	4,444	4,567	4,702	4,828	4,976
Property taxes	\$k	21,663	22,313	22,982	23,672	24,382	25,113	25,867	26,643	27,442	28,265	29,113	29,987	30,886
Total operating expenses	\$k	66,629	60,543	47,334	43,897	45,397	43,939	46,587	48,934	47,657	49,081	52,736	52,877	50,941
Operating Income	\$k	30,725	30,149	29,634	29,159	28,683	28,206	27,728	27,249	26,770	26,291	25,812	25,333	24,855
Less: Book depreciation	\$k	11,992	12,021	12,071	12,123	12,175	12,229	12,284	12,341	12,399	12,458	12,519	12,581	12,645
Less: Interest expense	\$k	4,803	4,643	4,493	4,354	4,214	4,073	3,932	3,791	3,649	3,506	3,363	3,220	3,077
Earnings before Income Taxes	\$k	13,931	13,485	13,070	12,683	12,294	11,903	11,511	11,118	10,723	10,326	9,929	9,532	9,133
Less: Federal tax expense	\$k	4,818	4,673	4,538	4,412	4,286	4,159	4,031	3,903	3,775	3,646	3,517	3,388	3,258
Less: State income tax expense	\$k	1,052	1,020	991	963	936	908	880	852	824	796	768	740	711
Net Income	\$k	8,061	7,792	7,541	7,307	7,072	6,836	6,600	6,362	6,123	5,884	5,644	5,404	5,164
Average Regulatory Equity	\$k	80,608	77,918	75,407	73,071	70,723	68,365	65,997	63,620	61,234	58,842	56,444	54,042	51,635
After Tax Return on Equity %		42.14%	42.22%	42.30%	42.39%	42.47%	42.57%	42.67%	42.78%	42.89%	43.02%	43.15%	43.30%	43.46%

Cash Flow Report	Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	18,670	8,061	7,792	7,541	7,307	7,072	6,836	6,600	6,362	6,123	5,884	5,644	5,404	5,164
AFUDC	(60,858)	-	-	(0)	-	-	-	-	-	(0)	(0)	-	-	-
Depreciation	11,992	12,021	12,071	12,123	12,175	12,229	12,284	12,341	12,399	12,458	12,519	12,581	12,645	
Deferred Taxes	(12,971)	(4,371)	(4,366)	(4,353)	(4,326)	(4,301)	(4,278)	(4,257)	(4,237)	(4,218)	(4,203)	(4,192)	(4,181)	(4,169)
Working capital	(3,000)	(111)	(113)	(115)	(119)	(123)	(126)	(129)	(133)	(135)	(139)	(143)	(146)	(149)
Net Cash Flow From Operations	(58,159)	15,570	15,334	15,144	14,984	14,823	14,662	14,498	14,333	14,168	14,000	13,828	13,659	13,490
Capital Investments	(406,281)	(1,160)	(1,189)	(2,000)	(2,050)	(2,101)	(2,154)	(2,208)	(2,263)	(2,319)	(2,377)	(2,437)	(2,498)	(2,560)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Used in Investing Activities	(406,281)	(1,160)	(1,189)	(2,000)	(2,050)	(2,101)	(2,154)	(2,208)	(2,263)	(2,319)	(2,377)	(2,437)	(2,498)	(2,560)
Equity Investment	289,077	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	0	(6,562)	(6,300)	(5,703)	(5,509)	(5,311)	(5,110)	(4,904)	(4,695)	(4,485)	(4,267)	(4,043)	(3,819)	(3,596)
LTD Debt Issuance/(Redemption)	333,392	(7,848)	(7,844)	(7,441)	(7,425)	(7,411)	(7,398)	(7,386)	(7,375)	(7,364)	(7,355)	(7,348)	(7,342)	(7,335)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	622,469	(14,410)	(14,145)	(13,144)	(12,934)	(12,722)	(12,508)	(12,290)	(12,070)	(11,849)	(11,623)	(11,392)	(11,161)	(10,930)
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	4,570	4,683	4,798	4,918	5,041	5,166	5,296	5,428	5,564	5,703	5,846	5,992	6,141
Property Plant & Equipment	467,139	267,242	256,410	246,338	236,266	226,192	216,117	206,040	195,962	185,883	175,802	165,720	155,636	145,551
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	470,139	271,812	261,093	251,137	241,184	231,233	221,283	211,336	201,391	191,447	181,505	171,566	161,628	151,692
Common Equity	307,747	173,783	166,542	159,674	152,820	145,979	139,150	132,332	125,524	118,726	111,937	105,154	98,377	91,606
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	333,392	188,265	180,421	172,980	165,555	158,144	150,746	143,359	135,984	128,620	121,265	113,916	106,575	99,240
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(90,236)	(85,870)	(81,517)	(77,191)	(72,890)	(68,612)	(64,355)	(60,118)	(55,900)	(51,696)	(47,504)	(43,323)	(39,154)
Total liabilities & Equity	470,139	271,812	261,093	251,137	241,184	231,233	221,283	211,336	201,391	191,447	181,505	171,566	161,628	151,692

Financial Model Inputs

CAES 1A Financial Model Base Case

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
LTSA																	
LTSA Initial Spare Parts																	
LTSA Annual Fee	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
LTSA Hours Based Charge	\$57	\$1,266	\$59	\$3,486	\$62	\$1,398	\$66	\$6,153	\$69	\$7,562	\$72	\$4,247	\$76	\$1,703	\$80	\$7,497	\$84
LTSA Total	\$682	\$1,907	\$716	\$4,159	\$752	\$2,105	\$790	\$6,896	\$830	\$8,343	\$872	\$5,067	\$917	\$2,565	\$963	\$8,402	\$1,012
Other O&M Costs																	
Inergy Ground & Cavern Lease	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
Plant Staffing	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,377	\$2,897,848	\$2,973,719	\$3,044,551	\$3,121,999	\$3,198,682	\$3,284,734	\$3,360,615	\$3,452,122	\$3,530,746	\$3,623,188	\$3,709,490	\$3,803,852	\$3,897,283	\$4,002,130	\$4,094,583
Capital Additions																	
Cap Adds			\$500	\$513	\$525	\$538	\$552	\$566	\$580	\$594	\$609	\$1,000	\$1,025	\$1,051	\$1,077	\$1,104	\$1,131

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Natural Gas Cost	\$1,080	\$2,959	\$4,716	\$4,817	\$5,087	\$6,989	\$8,166	\$8,939	\$8,914	\$9,287	\$10,284	\$10,855	\$12,054	\$17,400	\$16,240	\$11,502	\$12,029
Compression Costs	\$2,815	\$6,951	\$8,212	\$8,827	\$9,612	\$11,331	\$14,782	\$17,520	\$18,516	\$20,024	\$22,085	\$25,168	\$27,518	\$47,580	\$44,802	\$28,396	\$28,523
Variable O&M Costs	\$13	\$34	\$52	\$55	\$57	\$77	\$87	\$94	\$95	\$99	\$106	\$111	\$118	\$166	\$149	\$103	\$105
Emissions Costs	\$97	\$253	\$400	\$432	\$459	\$635	\$737	\$822	\$848	\$903	\$1,001	\$1,066	\$1,164	\$1,683	\$1,547	\$1,094	\$1,142
Total Variable Costs	\$4,005	\$10,197	\$13,380	\$14,131	\$15,215	\$19,031	\$23,772	\$27,375	\$28,374	\$30,312	\$33,477	\$37,199	\$40,855	\$66,829	\$62,737	\$41,095	\$41,798

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capacity Revenue	\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785	\$28,852
Regulation Revenue	\$365	\$775	\$987	\$1,032	\$1,030	\$1,207	\$1,242	\$1,021	\$1,272	\$1,434	\$1,481	\$1,351	\$1,557	\$1,736	\$1,713	\$806	\$1,000
MVAR Revenue																	
Syn Spinning Reserve	\$39	\$55	\$58	\$86	\$101	\$98	\$99	\$82	\$112	\$86	\$74	\$67	\$67	\$59	\$53	\$51	\$74
Non-Syn Spinning Reserve	\$97	\$229	\$227	\$230	\$235	\$228	\$229	\$227	\$235	\$236	\$235	\$239	\$243	\$208	\$228	\$253	\$291
Energy Revenue	\$4,954	\$12,541	\$18,162	\$19,060	\$20,730	\$27,263	\$36,705	\$44,309	\$46,027	\$49,945	\$54,911	\$65,434	\$70,964	\$117,906	\$112,815	\$72,386	\$72,978
Other Revenue																	
Total Revenues	\$7,703	\$19,876	\$25,832	\$26,921	\$28,741	\$35,580	\$45,206	\$52,720	\$54,873	\$59,074	\$64,234	\$74,783	\$80,688	\$146,916	\$142,411	\$100,281	\$103,195

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Generator Starts	59	152	161	173	172	184	192	187	188	196	199	206	214	256	234	150	172
Generator Operating Hours	285	675	824	881	896	1,042	1,124	1,151	1,166	1,194	1,255	1,274	1,349	1,751	1,569	1,031	1,044
Net Generation (MWH)	32,684	81,862	123,775	128,078	130,242	172,408	191,218	203,951	201,051	204,812	217,132	220,764	230,359	318,265	279,210	188,672	187,719

Financial Model Inputs

CAES 1A Financial Model Base Case

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
LTSA Initial Spare Parts													
LTSA Annual Fee	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$1,880	\$88	\$12,880	\$93	\$2,075	\$97	\$9,134	\$102	\$2,291	\$108	\$6,305	\$113	\$12,392
LTSA Total	\$2,831	\$1,063	\$13,879	\$1,117	\$3,125	\$1,173	\$10,237	\$1,233	\$3,449	\$1,295	\$7,522	\$1,361	\$13,671
Other O&M Costs													
Inergy Ground & Cavern Lease	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,198,741	\$4,301,871	\$4,422,207	\$4,519,653	\$4,634,625	\$4,748,461	\$4,876,206	\$4,988,852	\$5,115,759	\$5,241,412	\$5,378,642	\$5,506,759	\$5,656,704
Capital Additions													
Cap Adds	\$1,160	\$1,189	\$2,000	\$2,050	\$2,101	\$2,154	\$2,208	\$2,263	\$2,319	\$2,377	\$2,437	\$2,498	\$2,560

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$12,419	\$10,953	\$7,867	\$6,435	\$6,640	\$5,971	\$6,758	\$7,389	\$6,368	\$6,416	\$7,592	\$7,366	\$6,406
Compression Costs	\$27,704	\$22,497	\$11,902	\$9,258	\$9,702	\$8,134	\$9,042	\$9,801	\$8,719	\$9,133	\$10,500	\$9,875	\$7,961
Variable O&M Costs	\$107	\$91	\$64	\$52	\$53	\$47	\$51	\$55	\$47	\$47	\$54	\$53	\$45
Emissions Costs	\$1,192	\$1,045	\$754	\$621	\$649	\$591	\$661	\$727	\$638	\$652	\$775	\$768	\$667
Total Variable Costs	\$41,422	\$34,585	\$20,588	\$16,366	\$17,044	\$14,742	\$16,512	\$17,972	\$15,772	\$16,249	\$18,921	\$18,062	\$15,079

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$29,472	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$9,998	\$10,236	\$35,271	\$36,136	\$37,023	\$37,947	\$38,899
Regulation Revenue	\$1,001	\$667	\$620	\$527	\$637	\$477	\$483	\$539	\$275	\$369	\$485	\$764	\$591
MVAR Revenue													
Syn Spinning Reserve	\$103	\$100	\$67	\$70	\$68	\$62	\$55	\$38	\$21	\$35	\$60	\$139	\$97
Non-Syn Spinning Reserve	\$300	\$333	\$386	\$397	\$400	\$418	\$425	\$430	\$448	\$456	\$451	\$461	\$486
Energy Revenue	\$72,454	\$63,696	\$33,304	\$26,285	\$27,442	\$23,908	\$26,812	\$29,049	\$26,502	\$27,323	\$30,755	\$29,317	\$25,108
Other Revenue													
Total Revenues	\$103,329	\$94,895	\$65,110	\$58,663	\$60,658	\$57,732	\$37,772	\$40,291	\$62,517	\$64,319	\$68,774	\$68,628	\$65,180

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	171	163	120	100	105	94	100	101	86	83	100	102	89
Generator Operating Hours	1,069	874	589	494	502	428	457	480	391	392	457	465	377
Net Generation (MWH)	187,046	156,633	107,983	88,211	88,499	77,497	83,352	88,204	74,621	73,316	83,770	79,511	66,598

CAES 1A Project Development Cash Flow Estimate in Nominal \$

Total Cost						
Direct Plant Costs	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages	\$193,630,735		\$27,800,272	\$1,244,338	\$145,011,679	\$19,574,446
Contract Packages	\$162,956,933			\$16,077,060	\$128,010,827	\$18,869,046
Professional Services	\$26,419,800	\$4,049,564	\$4,225,632	\$5,813,232	\$7,947,304	\$4,384,068
Owners Costs	\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support	\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
AFUDC	<u>\$55,194,679</u>	<u>\$383,715</u>	<u>\$2,142,175</u>	<u>\$4,577,177</u>	<u>\$17,276,680</u>	<u>\$30,814,932</u>
Total	\$452,594,280	\$9,706,226	\$35,542,230	\$30,336,533	\$300,057,254	\$76,952,037
Cavern Development Costs	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development	\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC	<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total	\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142
Total Cost	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Costs	\$397,399,601	\$9,322,511	\$33,400,055	\$25,759,356	\$282,780,574	\$46,137,105
Cavern Development Costs	\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC	<u>\$60,857,797</u>	<u>\$597,464</u>	<u>\$2,629,134</u>	<u>\$5,525,549</u>	<u>\$18,703,757</u>	<u>\$33,401,893</u>
Total	\$497,177,520	\$14,899,351	\$36,986,855	\$40,102,138	\$301,921,997	\$103,267,179

CAES 2 Financial Model Base Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of project costs.
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:

			Scenario Input Assumptions		
			Scenario 1	Scenario 2	Scenario 3
Grants					
Amount	\$30,600	\$ Thousands	\$30,600	\$30,600	\$30,600
Taxable	Y	Yes (Y) / No (N)	Y	Y	N
Property Tax Exclusion	N	Yes (Y) / No (N)	N	N	N
R&D - section 174 qualified	Y	Yes (Y) / No (N)	Y	N	N
Production Tax Credit	N	Yes (Y) / No (N)			
Inservice Date	2016				
Gas Transmission Line Expense	\$1,031				

CAES 2 Financial Model Base Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$/MWH]	\$203.50	\$220.68	\$194.54	\$194.37	\$206.10	\$195.62	\$226.07	\$246.17	\$256.24	\$275.42	\$282.36	\$319.26	\$331.37	\$445.91	\$487.61	\$512.34	\$513.00	\$497.52
Revenue Requirement for CAES Plant [\$/MWH]	\$1,376.38	\$709.61	\$498.76	\$482.71	\$486.84	\$393.51	\$384.08	\$376.13	\$379.82	\$389.37	\$381.01	\$385.55	\$386.12	\$363.12	\$396.88	\$485.07	\$477.11	\$461.46
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$1,172.88)	(\$488.93)	(\$304.22)	(\$288.34)	(\$280.73)	(\$197.89)	(\$158.01)	(\$129.96)	(\$123.58)	(\$113.95)	(\$98.65)	(\$66.28)	(\$54.75)	\$82.79	\$90.73	\$27.27	\$35.90	\$36.06

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	40,676	94,145	140,661	146,699	147,403	192,335	207,754	220,932	222,780	220,304	233,049	241,120	250,468	332,908	295,834	198,131	205,799	215,878
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Annual Benefit (Cost) from CAES Plant [S000]	(\$47,708)	(\$46,030)	(\$42,792)	(\$42,299)	(\$41,381)	(\$38,061)	(\$32,828)	(\$28,713)	(\$27,530)	(\$25,105)	(\$22,991)	(\$15,982)	(\$13,714)	\$27,561	\$26,842	\$5,402	\$7,388	\$7,785
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2979)	(0.2832)	(0.2594)	(0.2526)	(0.2435)	(0.2206)	(0.1875)	(0.1616)	(0.1526)	(0.1371)	(0.1237)	(0.0847)	(0.0716)	0.1418	0.1361	0.0270	0.0364	0.0377
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$21.45)	(\$20.39)	(\$18.68)	(\$18.19)	(\$17.53)	(\$15.89)	(\$13.50)	(\$11.63)	(\$10.99)	(\$9.87)	(\$8.91)	(\$6.10)	(\$5.16)	\$10.21	\$9.80	\$1.94	\$2.62	\$2.72

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]	(\$234,312)
Net Present Value of Customer 2016-2045 Impact [S000]	(\$246,938)

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [S000]	222,057	258,002	252,005	246,244	240,471	234,688	228,897	223,098	217,292	211,479	205,660	200,016	194,540	189,048	183,539	178,012	172,470	166,918
Average Regulatory Equity [S000]	106,588	123,841	120,963	118,197	115,426	112,650	109,870	107,087	104,300	101,510	98,717	96,007	93,379	90,743	88,099	85,446	82,786	80,121
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	10,659	12,384	12,096	11,820	11,543	11,265	10,987	10,709	10,430	10,151	9,872	9,601	9,338	9,074	8,810	8,545	8,279	8,012

CAES 2 Financial Model Base Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$/MWH]	\$489.71	\$434.45	\$446.11	\$468.03	\$536.33	\$353.00	\$351.97	\$565.01	\$575.71	\$587.02	\$568.48	\$573.01
Revenue Requirement for CAES Plant [\$/MWH]	\$461.17	\$496.81	\$533.66	\$550.75	\$648.86	\$628.06	\$596.67	\$651.22	\$653.06	\$652.56	\$628.96	\$642.17
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	\$28.54	(\$62.36)	(\$87.55)	(\$82.73)	(\$112.53)	(\$275.06)	(\$244.70)	(\$86.21)	(\$77.35)	(\$65.54)	(\$60.48)	(\$69.16)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	209,965	172,835	154,276	150,862	120,984	129,424	142,023	127,545	130,098	133,293	142,492	139,710
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Annual Benefit (Cost) from CAES Plant [S000]	\$5,992	(\$10,778)	(\$13,506)	(\$12,481)	(\$13,614)	(\$35,599)	(\$34,754)	(\$10,996)	(\$10,063)	(\$8,736)	(\$8,618)	(\$9,662)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0286	(0.0507)	(0.0626)	(0.0570)	(0.0613)	(0.1578)	(0.1518)	(0.0473)	(0.0427)	(0.0365)	(0.0355)	(0.0392)
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	\$2.06	(\$3.65)	(\$4.51)	(\$4.10)	(\$4.41)	(\$11.37)	(\$10.93)	(\$3.41)	(\$3.07)	(\$2.63)	(\$2.55)	(\$2.82)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]

Net Present Value of Customer 2016-2045 Impact [S000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

- NY RPS incentive (\$/mwh)
- NY RPS incentive escalation rate

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [S000]	161,359	156,174	151,352	146,506	141,638	136,750	131,843	126,919	121,980	117,029	112,070	107,101
Average Regulatory Equity [S000]	77,453	74,964	72,649	70,323	67,986	65,640	63,285	60,921	58,550	56,174	53,794	51,409
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	7,745	7,496	7,265	7,032	6,799	6,564	6,328	6,092	5,855	5,617	5,379	5,141

CAES 2 Financial Model Base Case
Revenue Requirement

(in thousands)

Common Equity Return = 10.00%
 Preferred Return = 0.00%
 Debt Cost = 5.50%
 Combined Tax Rate = 39.6150%

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Return on Rate Base																				
Net Utility Plant																				
Beginning Net Plant Balance	\$k	464,163	452,559	440,955	429,838	418,721	407,604	396,486	385,369	374,250	363,132	352,013	340,894	330,140	319,386	308,631	297,876	287,120	276,363	
Capital Additions	\$k	0	0	500	513	525	538	552	566	580	594	609	1,000	1,025	1,051	1,077	1,104	1,131	1,160	
Less Book Depreciation	\$k	(11,604)	(11,604)	(11,617)	(11,629)	(11,643)	(11,656)	(11,670)	(11,684)	(11,698)	(11,713)	(11,728)	(11,753)	(11,779)	(11,805)	(11,832)	(11,860)	(11,888)	(11,917)	
Net Plant Before Taxes	\$k	452,559	440,955	429,838	418,721	407,604	396,486	385,369	374,250	363,132	352,013	340,894	330,140	319,386	308,631	297,876	287,120	276,363	265,605	
Plus Accumulated Deferred Tax Balance	\$k	(165,285)	(160,743)	(156,206)	(151,683)	(147,173)	(142,674)	(138,184)	(133,703)	(129,231)	(124,767)	(120,311)	(115,869)	(111,446)	(107,041)	(102,655)	(98,286)	(93,933)	(89,591)	
Plant Rate Base	\$k	287,274	280,212	273,632	267,038	260,431	253,813	247,184	240,547	233,901	227,246	220,582	214,271	207,940	201,590	195,221	188,834	182,430	176,014	
Deferred Credits (Non-cash Return)	\$k	(29,152)	(28,405)	(27,657)	(26,910)	(26,162)	(25,415)	(24,667)	(23,920)	(23,172)	(22,425)	(21,677)	(20,930)	(20,182)	(19,435)	(18,687)	(17,940)	(17,192)	(16,445)	
Working Capital	\$k	3,001	3,076	3,154	3,233	3,313	3,397	3,482	3,569	3,659	3,750	3,844	3,941	4,040	4,144	4,247	4,350	4,459	4,570	
Total Rate Base	\$k	261,122	254,883	249,128	243,360	237,582	231,795	225,999	220,196	214,387	208,571	202,749	197,282	191,797	186,298	180,780	175,244	169,696	164,140	
Average Rate Base	\$k	222,057	258,002	252,005	246,244	240,471	234,688	228,897	223,098	217,292	211,479	205,660	200,016	194,540	189,048	183,539	178,012	172,470	166,918	
Capitalization																				
			Effective Rate																	
Common Equity		48.0%	16.5604%	18,233	21,090	20,614	20,156	19,697	19,237	18,777	18,316	17,854	17,392	16,930	16,481	16,046	15,609	15,171	14,732	14,291
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required				18,233	21,090	20,614	20,156	19,697	19,237	18,777	18,316	17,854	17,392	16,930	16,481	16,046	15,609	15,171	14,732	14,291
Total Debt		52.0%	5.50%	6,351	7,379	7,207	7,043	6,877	6,712	6,546	6,381	6,215	6,048	5,882	5,720	5,564	5,407	5,249	5,091	4,933
Return on Rate Base	\$k			24,584	28,469	27,821	27,198	26,574	25,949	25,323	24,696	24,069	23,441	22,812	22,201	21,610	21,016	20,420	19,823	19,224

Operating Revenues & Costs																				
Depreciation Expense	\$k	11,604	11,604	11,617	11,629	11,643	11,656	11,670	11,684	11,698	11,713	11,728	11,753	11,779	11,805	11,832	11,860	11,888	11,917	
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	
Fuel Costs	\$k	1,348	3,403	5,328	5,552	5,789	7,745	8,809	9,587	9,796	9,869	10,884	11,682	12,951	17,970	16,964	11,907	13,004	14,154	
Variable O&M Costs	\$k	122	292	453	497	520	704	793	879	930	958	1,056	1,143	1,246	1,726	1,604	1,126	1,226	1,348	
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Compression Costs	\$k	3,169	7,420	8,851	9,359	10,165	12,046	15,087	17,586	18,905	19,998	21,927	25,178	27,500	46,091	43,650	27,752	28,513	28,515	
Fixed O&M	\$k	2,889	2,957	3,024	3,100	3,166	3,242	3,316	3,404	3,473	3,563	3,639	3,732	3,814	3,906	3,997	4,105	4,190	4,292	
Property Taxes	\$k	13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890	21,517	
Total Operating Costs	\$k	\$31,402	\$38,337	\$42,335	\$43,615	\$45,187	\$49,737	\$54,472	\$58,403	\$60,547	\$62,340	\$65,983	\$70,761	\$75,102	\$99,869	\$96,990	\$76,285	\$78,964	\$80,995	

\$0

Total Plant Revenue Requirement																				
Return on Rate Base	\$k	24,584	28,469	27,821	27,198	26,574	25,949	25,323	24,696	24,069	23,441	22,812	22,201	21,610	21,016	20,420	19,823	19,224	18,624	
Depreciation Expense	\$k	11,604	11,604	11,617	11,629	11,643	11,656	11,670	11,684	11,698	11,713	11,728	11,753	11,779	11,805	11,832	11,860	11,888	11,917	
Variable Operating Costs	\$k	4,639	11,115	14,631	15,408	16,474	20,495	24,690	28,052	29,632	30,826	33,868	38,003	41,697	65,787	62,218	40,786	42,743	44,016	
Fixed Operating Costs	\$k	15,159	15,618	16,087	16,578	17,070	17,586	18,112	18,667	19,217	19,801	20,387	21,005	21,626	22,276	22,940	23,639	24,332	25,062	
Total Revenue Requirement	\$k	\$55,986	\$66,806	\$70,156	\$70,813	\$71,761	\$75,686	\$79,795	\$83,099	\$84,616	\$85,781	\$88,795	\$92,963	\$96,712	\$120,885	\$117,411	\$96,108	\$98,188	\$99,619	

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Generated (gas dispatch)	GWH	41	94	141	147	147	192	208	221	223	220	233	241	250	333	296	198	206	216
Return on Rate Base	\$/MWH	\$604.38	\$302.40	\$197.79	\$185.40	\$180.28	\$134.92	\$121.89	\$111.78	\$108.04	\$106.40	\$97.88	\$92.08	\$86.28	\$63.13	\$69.03	\$100.05	\$93.41	\$86.27
Depreciation Expense	\$/MWH	\$285.28	\$123.26	\$82.59	\$79.27	\$78.98	\$60.60	\$56.17	\$52.88	\$52.51	\$53.17	\$50.33	\$48.75	\$47.03	\$35.46	\$40.00	\$59.86	\$57.77	\$55.20
Variable Operating Costs	\$/MWH	\$114.04	\$118.06	\$104.02	\$105.03	\$111.76	\$106.56	\$118.84	\$126.97	\$133.01	\$139.92	\$145.33	\$157.61	\$166.47	\$197.61	\$210.31	\$205.85	\$207.69	\$203.89
Fixed Operating Costs	\$/MWH	\$372.68	\$165.89	\$114.37	\$113.00	\$115.81	\$91.43	\$87.18	\$84.49	\$86.26	\$89.88	\$87.48	\$87.11	\$86.34	\$66.91	\$77.54	\$119.31	\$118.23	\$116.09
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$1,376.38	\$709.61	\$498.76	\$482.71	\$486.84	\$393.51	\$384.08	\$376.13	\$379.82	\$389.37	\$381.01	\$385.55	\$386.12	\$363.12	\$396.88	\$485.07	\$477.11	\$461.46
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$55,986	\$66,806	\$70,156	\$70,813	\$71,761	\$75,686	\$79,795	\$83,099	\$84,616	\$85,781	\$88,795	\$92,963	\$96,712	\$120,885	\$117,411	\$96,108	\$98,188	\$99,619

Market Revenues																				
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Energy Value	\$k	\$5,908	\$14,248	\$20,718	\$21,712	\$23,437	\$30,550	\$39,746	\$47,043	\$49,562	\$53,024	\$58,003	\$69,028	\$74,852	\$121,261	\$116,478	\$74,523	\$76,484	\$77,657	
Capacity Value	\$k	\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742	\$29,360	
Ancillary Services	\$k	\$130	\$275	\$273	\$315	\$323	\$318	\$315	\$290	\$323	\$308	\$295	\$290	\$319	\$281	\$277	\$304	\$349	\$388	
Total Market Value	\$k	\$8,278	\$20,776	\$27,364	\$28,514	\$30,380	\$37,625	\$46,967	\$54,386	\$57,085	\$60,676	\$65,804	\$76,981	\$82,998	\$148,446	\$144,253	\$101,510	\$105,576	\$107,404	
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$203.50	\$220.68	\$194.54	\$194.37	\$206.10	\$195.62	\$226.07	\$246.17	\$256.24	\$275.42	\$282.36	\$319.26	\$331.37	\$445.91	\$487.61	\$512.34	\$513.00	\$497.52	
Annual Savings (Cost) from Generating Plant	\$k	(\$47,708)	(\$46,030)	(\$42,792)	(\$42,299)	(\$41,381)	(\$38,061)	(\$32,828)	(\$28,713)	(\$27,530)	(\$25,105)	(\$22,991)	(\$15,982)	(\$13,714)	\$27,561	\$26,842	\$5,402	\$7,388	\$7,785	
2016-2035 Customer NPV Savings	\$k																			
2016-2045 Customer NPV Savings	\$k																			

Regulated Weighted Cost of Capital = 10.81%

**CAES 2 Financial Model Base Case
Revenue Requirement**

(in thousands)

Common Equity Return =
Preferred Return =
Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	
Return on Rate Base														
Net Utility Plant														
Beginning Net Plant Balance	\$k	265,605	254,847	244,850	234,852	224,853	214,852	204,850	194,846	184,841	174,835	164,827	154,818	
Capital Additions	\$k	1,189	2,000	2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437	2,498	2,560	
Less Book Depreciation	\$k	(11,947)	(11,997)	(12,048)	(12,101)	(12,155)	(12,210)	(12,266)	(12,324)	(12,384)	(12,445)	(12,507)	(12,571)	
Net Plant Before Taxes	\$k	254,847	244,850	234,852	224,853	214,852	204,850	194,846	184,841	174,835	164,827	154,818	144,807	
Plus Accumulated Deferred Tax Balance	\$k	(85,254)	(80,930)	(76,634)	(72,362)	(68,113)	(63,886)	(59,678)	(55,489)	(51,315)	(47,152)	(43,000)	(38,860)	
Plant Rate Base	\$k	169,593	163,920	158,218	152,491	146,739	140,964	135,169	129,353	123,520	117,675	111,818	105,947	
Deferred Credits (Non-cash Return)		(15,697)	(14,950)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)	
Working Capital	\$k	4,684	4,800	4,919	5,042	5,167	5,297	5,429	5,565	5,704	5,847	5,993	6,143	
Total Rate Base	\$k	158,579	153,769	148,935	144,078	139,198	134,301	129,385	124,452	119,507	114,552	109,588	104,614	
Average Rate Base		161,359	156,174	151,352	146,506	141,638	136,750	131,843	126,919	121,980	117,029	112,070	107,101	
Capitalization														
Common Equity		48.0%	13,408	12,996	12,613	12,228	11,841	11,452	11,062	10,671	10,278	9,884	9,490	9,095
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0	
Total Equity Return Required			13,408	12,996	12,613	12,228	11,841	11,452	11,062	10,671	10,278	9,884	9,490	9,095
Total Debt		52.0%	4,615	4,467	4,329	4,190	4,051	3,911	3,771	3,630	3,489	3,347	3,205	3,063
Return on Rate Base	\$k	18,023	17,463	16,941	16,418	15,891	15,363	14,833	14,300	13,767	13,231	12,695	12,158	

Operating Revenues & Costs													
Depreciation Expense	\$k	11,947	11,997	12,048	12,101	12,155	12,210	12,266	12,324	12,384	12,445	12,507	12,571
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	14,377	12,252	10,923	11,038	9,151	10,129	11,536	10,581	11,183	11,811	12,853	12,941
Variable O&M Costs	\$k	1,369	1,178	1,059	1,077	902	998	1,144	1,061	1,136	1,211	1,347	1,364
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	25,307	16,382	13,989	14,265	11,376	12,678	14,181	13,093	13,852	14,660	15,607	15,029
Fixed O&M	\$k	4,393	4,515	4,606	4,720	4,831	4,963	5,067	5,192	5,315	5,454	5,576	5,724
Property Taxes	\$k	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678
Total Operating Costs	\$k	\$78,806	\$68,403	\$65,389	\$66,670	\$62,610	\$65,923	\$69,909	\$68,760	\$71,196	\$73,750	\$76,927	\$77,559

Total Plant Revenue Requirement													
Return on Rate Base	\$k	18,023	17,463	16,941	16,418	15,891	15,363	14,833	14,300	13,767	13,231	12,695	12,158
Depreciation Expense	\$k	11,947	11,997	12,048	12,101	12,155	12,210	12,266	12,324	12,384	12,445	12,507	12,571
Variable Operating Costs	\$k	41,052	29,812	25,970	26,380	21,429	23,805	26,861	24,735	26,170	27,682	29,807	29,333
Fixed Operating Costs	\$k	25,807	26,594	27,370	28,189	29,027	29,908	30,782	31,701	32,642	33,623	34,612	35,654
Total Revenue Requirement	\$k	\$96,830	\$85,866	\$82,331	\$83,088	\$78,501	\$81,286	\$84,742	\$83,061	\$84,962	\$86,982	\$89,622	\$89,717

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	210	173	154	151	121	129	142	128	130	133	142	140
Return on Rate Base	\$/MWH	\$85.84	\$101.04	\$109.81	\$108.83	\$131.35	\$118.70	\$104.44	\$112.12	\$105.82	\$99.27	\$89.10	\$87.03
Depreciation Expense	\$/MWH	\$56.90	\$69.41	\$78.09	\$80.21	\$100.46	\$94.34	\$86.37	\$96.63	\$95.19	\$93.36	\$87.77	\$89.98
Variable Operating Costs	\$/MWH	\$195.52	\$172.49	\$168.34	\$174.86	\$177.12	\$183.93	\$189.13	\$193.93	\$201.16	\$207.68	\$209.19	\$209.96
Fixed Operating Costs	\$/MWH	\$122.91	\$153.87	\$177.41	\$186.86	\$239.92	\$231.08	\$216.74	\$248.55	\$250.90	\$252.25	\$242.91	\$255.20
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$461.17	\$496.81	\$533.66	\$550.75	\$648.86	\$628.06	\$596.67	\$651.22	\$653.06	\$652.56	\$628.96	\$642.17
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$96,830	\$85,866	\$82,331	\$83,088	\$78,501	\$81,286	\$84,742	\$83,061	\$84,962	\$86,982	\$89,622	\$89,717

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$72,428	\$44,041	\$37,131	\$38,189	\$31,691	\$35,279	\$39,336	\$36,477	\$38,377	\$40,828	\$42,641	\$40,765
Capacity Value	\$k	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$9,960	\$10,197	\$35,137	\$35,998	\$36,882	\$37,803	\$38,751
Ancillary Services	\$k	\$411	\$430	\$429	\$429	\$454	\$449	\$455	\$451	\$524	\$536	\$560	\$539
Total Market Value	\$k	\$102,821	\$75,088	\$68,824	\$70,607	\$64,888	\$45,687	\$49,988	\$72,065	\$74,899	\$78,246	\$81,004	\$80,055
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$489.71	\$434.45	\$446.11	\$468.03	\$536.33	\$353.00	\$351.97	\$565.01	\$575.71	\$587.02	\$568.48	\$573.01
Annual Savings (Cost) from Generating Plant	\$k	\$5,992	(\$10,778)	(\$13,506)	(\$12,481)	(\$13,614)	(\$35,599)	(\$34,754)	(\$10,996)	(\$10,063)	(\$8,736)	(\$8,618)	(\$9,662)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model Base Case

Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		55,986	66,806	70,156	70,813	71,761	75,686	79,795	83,099	84,616	85,781	88,795	92,963	96,712	120,885	117,411	96,108	98,188
Fuel Costs	\$k	1,348	3,403	5,328	5,552	5,789	7,745	8,809	9,587	9,796	9,869	10,884	11,682	12,951	17,970	16,964	11,907	13,004
Variable O&M	\$k	3,291	7,712	9,304	9,857	10,684	12,750	15,880	18,465	19,835	20,956	22,984	26,321	28,746	47,817	45,254	28,878	29,739
Direct O&M	\$k	2,141	2,210	2,276	2,353	2,419	2,494	2,568	2,657	2,726	2,816	2,892	2,985	3,066	3,159	3,249	3,358	3,442
Property taxes	\$k	13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890
Total operating expenses	\$k	19,798	26,733	30,718	31,986	33,544	38,081	42,802	46,719	48,848	50,627	54,255	59,008	63,323	88,063	85,158	64,425	67,076
Operating Income	\$k	36,188	40,073	39,438	38,828	38,217	37,605	36,993	36,380	35,767	35,154	34,540	33,955	33,389	32,821	32,253	31,683	31,112
Less: Book depreciation	\$k	11,604	11,604	11,617	11,629	11,643	11,656	11,670	11,684	11,698	11,713	11,728	11,753	11,779	11,805	11,832	11,860	11,888
Less: Interest expense	\$k	6,351	7,379	7,207	7,043	6,877	6,712	6,546	6,381	6,215	6,048	5,882	5,720	5,564	5,407	5,249	5,091	4,933
Earnings before Income Taxes	\$k	18,233	21,090	20,614	20,156	19,697	19,237	18,777	18,316	17,854	17,392	16,930	16,481	16,046	15,609	15,171	14,732	14,291
Less: Federal tax expense	\$k	6,217	7,146	6,991	6,842	6,693	6,543	6,394	6,244	6,094	5,943	5,793	5,647	5,506	5,364	5,221	5,078	4,935
Less: State income tax expense	\$k	1,358	1,560	1,527	1,494	1,461	1,429	1,396	1,363	1,331	1,298	1,265	1,233	1,202	1,171	1,140	1,109	1,078
Net Income	\$k	10,659	12,384	12,096	11,820	11,543	11,265	10,987	10,709	10,430	10,151	9,872	9,601	9,338	9,074	8,810	8,545	8,279
Average Regulatory Equity	\$k	106,588	123,841	120,963	118,197	115,426	112,650	109,870	107,087	104,300	101,510	98,717	96,007	93,379	90,743	88,099	85,446	82,786
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.54%	41.28%	41.32%	41.36%	41.40%	41.44%	41.49%	41.53%	41.58%	41.63%	41.69%	41.75%	41.80%	41.87%	41.93%	42.00%	42.07%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,630	10,659	12,384	12,096	11,820	11,543	11,265	10,987	10,709	10,430	10,151	9,872	9,601	9,338	9,074	8,810	8,545	8,279
AFUDC	(60,831)																	
Depreciation	11,604	11,604	11,617	11,629	11,643	11,656	11,670	11,684	11,698	11,713	11,728	11,753	11,779	11,805	11,832	11,860	11,888	
Deferred Taxes	(12,986)	(4,542)	(4,542)	(4,537)	(4,523)	(4,510)	(4,499)	(4,489)	(4,481)	(4,473)	(4,464)	(4,455)	(4,443)	(4,423)	(4,404)	(4,386)	(4,369)	(4,353)
Working capital	(3,001)	0	(76)	(77)	(79)	(81)	(83)	(85)	(87)	(89)	(92)	(94)	(97)	(99)	(104)	(103)	(103)	(109)
Net Cash Flow From Operations	(58,188)	17,721	19,371	19,099	18,847	18,594	18,338	18,082	17,824	17,567	17,309	17,051	16,815	16,595	16,371	16,153	15,932	15,705
Capital Investments	(403,331)	0	0	(500)	(513)	(525)	(538)	(552)	(566)	(580)	(594)	(609)	(1,000)	(1,025)	(1,051)	(1,077)	(1,104)	(1,131)
Other																		
Net Cash Used in Investing Activities	(403,331)	0	0	(500)	(513)	(525)	(538)	(552)	(566)	(580)	(594)	(609)	(1,000)	(1,025)	(1,051)	(1,077)	(1,104)	(1,131)
Equity Investment	287,125																	
Dividends	0	(9,325)	(11,014)	(10,499)	(10,243)	(9,984)	(9,723)	(9,459)	(9,193)	(8,926)	(8,659)	(8,392)	(7,963)	(7,729)	(7,492)	(7,256)	(7,017)	(6,774)
LTD Debt Issuance/(Redemption)	331,235	(8,396)	(8,356)	(8,100)	(8,092)	(8,084)	(8,077)	(8,071)	(8,066)	(8,061)	(8,056)	(8,050)	(7,852)	(7,841)	(7,829)	(7,820)	(7,811)	(7,800)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	618,360	(17,721)	(19,371)	(18,599)	(18,335)	(18,069)	(17,800)	(17,530)	(17,259)	(16,987)	(16,714)	(16,442)	(15,815)	(15,570)	(15,321)	(15,076)	(14,828)	(14,574)
Net Increase / (Decrease) in Cash	156,840	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	3,001	3,076	3,154	3,233	3,313	3,397	3,482	3,569	3,659	3,750	3,844	3,941	4,040	4,144	4,247	4,350	4,459
Property Plant & Equipment	464,163	452,559	440,955	429,838	418,721	407,604	396,486	385,369	374,250	363,132	352,013	340,894	330,140	319,386	308,631	297,876	287,120	276,363
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,163	455,559	444,031	432,992	421,954	410,917	399,883	388,851	377,820	366,791	355,763	344,738	334,081	323,426	312,775	302,122	291,469	280,822
Common Equity	305,755	298,005	290,291	282,815	275,346	267,883	260,427	252,977	245,531	238,090	230,654	223,224	215,976	208,738	201,512	194,293	187,082	179,882
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	322,839	314,482	306,383	298,291	290,207	282,129	274,058	265,992	257,931	249,876	241,826	233,974	226,133	218,304	210,484	202,673	194,872
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(165,285)	(160,743)	(156,206)	(151,683)	(147,173)	(142,674)	(138,184)	(133,703)	(129,231)	(124,767)	(120,311)	(115,869)	(111,446)	(107,041)	(102,655)	(98,286)	(93,933)
Total liabilities & Equity	467,163	455,559	444,031	432,992	421,954	410,917	399,883	388,851	377,820	366,791	355,763	344,738	334,081	323,426	312,775	302,122	291,469	280,822

CAES 2 Financial Model Base Case

Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Total Revenues		99,619	96,830	85,866	82,331	83,088	78,501	81,286	84,742	83,061	84,962	86,982	89,622	89,717
Fuel Costs	\$k	14,154	14,377	12,252	10,923	11,038	9,151	10,129	11,536	10,581	11,183	11,811	12,853	12,941
Variable O&M	\$k	29,862	26,675	17,560	15,048	15,342	12,278	13,676	15,325	14,154	14,987	15,871	16,954	16,392
Direct O&M	\$k	3,545	3,645	3,767	3,859	3,972	4,083	4,216	4,319	4,445	4,567	4,707	4,828	4,977
Property taxes	\$k	21,517	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678
Total operating expenses	\$k	69,078	66,860	56,407	53,341	54,570	50,456	53,713	57,643	56,436	58,812	61,306	64,419	64,988
Operating Income	\$k	30,541	29,970	29,460	28,990	28,518	28,046	27,573	27,099	26,625	26,150	25,676	25,202	24,729
Less: Book depreciation	\$k	11,917	11,947	11,997	12,048	12,101	12,155	12,210	12,266	12,324	12,384	12,445	12,507	12,571
Less: Interest expense	\$k	4,774	4,615	4,467	4,329	4,190	4,051	3,911	3,771	3,630	3,489	3,347	3,205	3,063
Earnings before Income Taxes	\$k	13,850	13,408	12,996	12,613	12,228	11,841	11,452	11,062	10,671	10,278	9,884	9,490	9,095
Less: Federal tax expense	\$k	4,792	4,648	4,514	4,389	4,264	4,138	4,012	3,885	3,758	3,630	3,502	3,374	3,246
Less: State income tax expense	\$k	1,046	1,015	986	958	931	904	876	848	821	793	765	737	709
Net Income	\$k	8,012	7,745	7,496	7,265	7,032	6,799	6,564	6,328	6,092	5,855	5,617	5,379	5,141
Average Regulatory Equity	\$k	80,121	77,453	74,964	72,649	70,323	67,986	65,640	63,285	60,921	58,550	56,174	53,794	51,409
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Cash Flow Report	Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	18,630	8,012	7,745	7,496	7,265	7,032	6,799	6,564	6,328	6,092	5,855	5,617	5,379	5,141
AFUDC	(60,831)	-	-	-	(0)	(0)	-	-	(0)	(0)	-	0	-	-
Depreciation	11,917	11,947	11,997	12,048	12,101	12,155	12,210	12,266	12,324	12,384	12,445	12,507	12,571	
Deferred Taxes	(12,986)	(4,342)	(4,337)	(4,324)	(4,297)	(4,272)	(4,249)	(4,228)	(4,208)	(4,189)	(4,174)	(4,163)	(4,152)	(4,140)
Working capital	(3,001)	(111)	(114)	(116)	(119)	(123)	(125)	(129)	(133)	(135)	(139)	(143)	(146)	(150)
Net Cash Flow From Operations	(58,188)	15,476	15,242	15,054	14,897	14,738	14,579	14,417	14,254	14,092	13,926	13,756	13,589	13,422
Capital Investments	(403,331)	(1,160)	(1,189)	(2,000)	(2,050)	(2,101)	(2,154)	(2,208)	(2,263)	(2,319)	(2,377)	(2,437)	(2,498)	(2,560)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Used in Investing Activities	(403,331)	(1,160)	(1,189)	(2,000)	(2,050)	(2,101)	(2,154)	(2,208)	(2,263)	(2,319)	(2,377)	(2,437)	(2,498)	(2,560)
Equity Investment	287,125	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	0	(6,522)	(6,263)	(5,667)	(5,476)	(5,280)	(5,081)	(4,877)	(4,670)	(4,462)	(4,247)	(4,025)	(3,803)	(3,582)
LTD Debt Issuance/(Redemption)	331,235	(7,794)	(7,790)	(7,387)	(7,371)	(7,357)	(7,345)	(7,332)	(7,321)	(7,310)	(7,301)	(7,295)	(7,288)	(7,281)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	618,360	(14,316)	(14,053)	(13,054)	(12,847)	(12,637)	(12,425)	(12,209)	(11,991)	(11,773)	(11,548)	(11,320)	(11,091)	(10,862)
Net Increase / (Decrease) in Cash	156,840	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	4,570	4,684	4,800	4,919	5,042	5,167	5,297	5,429	5,565	5,704	5,847	5,993	6,143
Property Plant & Equipment	464,163	265,605	254,847	244,850	234,852	224,853	214,852	204,850	194,846	184,841	174,835	164,827	154,818	144,807
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,163	270,176	259,531	249,650	239,771	229,895	220,019	210,146	200,276	190,406	180,539	170,674	160,811	150,950
Common Equity	305,755	172,688	165,497	158,678	151,874	145,083	138,304	131,535	124,778	118,030	111,290	104,556	97,829	91,109
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	187,079	179,288	171,902	164,530	157,173	149,829	142,497	135,176	127,865	120,564	113,269	105,982	98,701
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(89,591)	(85,254)	(80,930)	(76,634)	(72,362)	(68,113)	(63,886)	(59,678)	(55,489)	(51,315)	(47,152)	(43,000)	(38,860)
Total liabilities & Equity	467,163	270,176	259,531	249,650	239,771	229,895	220,019	210,146	200,276	190,406	180,539	170,674	160,811	150,950

Financial Model Inputs

CAES 2 Financial Model Base Case

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
LTSA																	
LTSA Initial Spare Parts																	
LTSA Annual Fee	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
LTSA Hours Based Charge	\$57	\$1,733	\$59	\$5,977	\$62	\$1,912	\$66	\$10,864	\$69	\$8,130	\$72	\$7,283	\$76	\$2,330	\$80	\$13,237	\$84
LTSA Total	\$682	\$2,373	\$716	\$6,651	\$752	\$2,620	\$790	\$11,607	\$830	\$8,911	\$872	\$8,103	\$917	\$3,192	\$963	\$14,142	\$1,012
Other O&M Costs																	
Inergy Ground & Cavern Lease	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
Plant Staffing	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,843	\$2,897,848	\$2,976,210	\$3,044,551	\$3,122,513	\$3,198,682	\$3,289,445	\$3,360,615	\$3,452,690	\$3,530,746	\$3,626,223	\$3,709,490	\$3,804,479	\$3,897,283	\$4,007,870	\$4,094,583
Capital Additions																	
Cap Adds			\$500	\$513	\$525	\$538	\$552	\$566	\$580	\$594	\$609	\$1,000	\$1,025	\$1,051	\$1,077	\$1,104	\$1,131

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Natural Gas Cost	\$1,348	\$3,403	\$5,328	\$5,552	\$5,789	\$7,745	\$8,809	\$9,587	\$9,796	\$9,869	\$10,884	\$11,682	\$12,951	\$17,970	\$16,964	\$11,907	\$13,004
Compression Costs	\$3,169	\$7,420	\$8,851	\$9,359	\$10,165	\$12,046	\$15,087	\$17,586	\$18,905	\$19,998	\$21,927	\$25,178	\$27,500	\$46,091	\$43,650	\$27,752	\$28,513
Variable O&M Costs	\$3	\$7	\$11	\$11	\$12	\$15	\$17	\$18	\$19	\$19	\$21	\$22	\$23	\$31	\$28	\$19	\$21
Emissions Costs	\$119	\$285	\$442	\$486	\$508	\$689	\$776	\$861	\$911	\$939	\$1,036	\$1,121	\$1,222	\$1,695	\$1,576	\$1,107	\$1,205
Total Variable Costs	\$4,639	\$11,115	\$14,631	\$15,408	\$16,474	\$20,495	\$24,690	\$28,052	\$29,632	\$30,826	\$33,868	\$38,003	\$41,697	\$65,787	\$62,218	\$40,786	\$42,743

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capacity Revenue	\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742
Regulation Revenue	\$285	\$571	\$959	\$1,104	\$1,092	\$1,226	\$1,327	\$1,077	\$1,241	\$1,479	\$1,515	\$1,316	\$1,547	\$1,823	\$1,751	\$831	\$909
MVAR Revenue																	
Syn Spinning Reserve	\$34	\$46	\$51	\$91	\$94	\$94	\$88	\$65	\$93	\$73	\$62	\$53	\$78	\$72	\$50	\$50	\$59
Non-Syn Spinning Reserve	\$96	\$229	\$221	\$224	\$229	\$224	\$227	\$225	\$230	\$234	\$233	\$237	\$241	\$208	\$228	\$254	\$290
Energy Revenue	\$5,623	\$13,677	\$19,759	\$20,608	\$22,346	\$29,324	\$38,420	\$45,966	\$48,321	\$51,545	\$56,488	\$67,712	\$73,305	\$119,439	\$114,727	\$73,692	\$75,575
Other Revenue																	
Total Revenues	\$8,278	\$20,776	\$27,364	\$28,514	\$30,380	\$37,625	\$46,967	\$54,386	\$57,085	\$60,676	\$65,804	\$76,981	\$82,998	\$148,446	\$144,253	\$101,510	\$105,576

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Generator Starts	75	166	173	188	190	201	202	197	205	207	215	218	232	266	247	153	192
Generator Operating Hours	312	659	872	949	945	1,113	1,179	1,216	1,240	1,241	1,311	1,346	1,427	1,819	1,623	1,063	1,108
Net Generation (MWH)	40,676	94,145	140,661	146,699	147,403	192,335	207,754	220,932	222,780	220,304	233,049	241,120	250,468	332,908	295,834	198,131	205,799

Financial Model Inputs

CAES 2 Financial Model Base Case

SSSS

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
LTSA Initial Spare Parts													
LTSA Annual Fee	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$2,572	\$88	\$16,579	\$93	\$2,839	\$97	\$16,128	\$102	\$3,134	\$108	\$10,812	\$113	\$13,322
LTSA Total	\$3,523	\$1,063	\$17,578	\$1,117	\$3,889	\$1,173	\$17,231	\$1,233	\$4,292	\$1,295	\$12,029	\$1,361	\$14,601
Other O&M Costs													
Inergy Ground & Cavern Lease	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,199,433	\$4,301,871	\$4,425,906	\$4,519,653	\$4,635,389	\$4,748,461	\$4,883,200	\$4,988,852	\$5,116,602	\$5,241,412	\$5,383,149	\$5,506,759	\$5,657,634
Capital Additions													
Cap Adds	\$1,160	\$1,189	\$2,000	\$2,050	\$2,101	\$2,154	\$2,208	\$2,263	\$2,319	\$2,377	\$2,437	\$2,498	\$2,560

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$14,154	\$14,377	\$12,252	\$10,923	\$11,038	\$9,151	\$10,129	\$11,536	\$10,581	\$11,183	\$11,811	\$12,853	\$12,941
Compression Costs	\$28,515	\$25,307	\$16,382	\$13,989	\$14,265	\$11,376	\$12,678	\$14,181	\$13,093	\$13,852	\$14,660	\$15,607	\$15,029
Variable O&M Costs	\$22	\$22	\$18	\$16	\$16	\$13	\$14	\$16	\$14	\$15	\$16	\$17	\$17
Emissions Costs	\$1,326	\$1,347	\$1,160	\$1,043	\$1,061	\$889	\$984	\$1,128	\$1,047	\$1,121	\$1,196	\$1,330	\$1,347
Total Variable Costs	\$44,016	\$41,052	\$29,812	\$25,970	\$26,380	\$21,429	\$23,805	\$26,861	\$24,735	\$26,170	\$27,682	\$29,807	\$29,333

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$29,360	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$9,960	\$10,197	\$35,137	\$35,998	\$36,882	\$37,803	\$38,751
Regulation Revenue	\$1,010	\$663	\$620	\$529	\$639	\$499	\$482	\$685	\$361	\$555	\$662	\$783	\$648
MVAR Revenue													
Syn Spinning Reserve	\$93	\$93	\$70	\$61	\$54	\$56	\$44	\$49	\$30	\$98	\$109	\$130	\$95
Non-Syn Spinning Reserve	\$294	\$317	\$360	\$368	\$376	\$398	\$405	\$406	\$421	\$425	\$427	\$430	\$444
Energy Revenue	\$76,647	\$71,765	\$43,421	\$36,602	\$37,549	\$31,192	\$34,796	\$38,650	\$36,116	\$37,822	\$40,166	\$41,858	\$40,117
Other Revenue													
Total Revenues	\$107,404	\$102,821	\$75,088	\$68,824	\$70,607	\$64,888	\$45,687	\$49,988	\$72,065	\$74,899	\$78,246	\$81,004	\$80,055

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	203	217	184	161	157	132	139	154	134	142	151	157	152
Generator Operating Hours	1,193	1,121	917	820	801	649	685	761	666	696	720	780	754
Net Generation (MWH)	215,878	209,965	172,835	154,276	150,862	120,984	129,424	142,023	127,545	130,098	133,293	142,492	139,710

Project Development Cash Flow Estimate in Nominal \$

Total Cost

Direct Plant Costs	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages	\$161,099,191	\$0	\$22,698,408	\$1,466,471	\$120,634,995	\$16,299,318
Contract Packages	\$183,969,191	\$0	\$0	\$15,637,487	\$146,568,563	\$21,763,142
Professional Services	\$27,585,800	\$4,317,744	\$4,505,472	\$6,093,072	\$8,215,484	\$4,454,028
Owners Costs	\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support	\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
Licensing Fees	\$7,350,000	\$5,000,000				\$2,350,000
AFUDC	<u>\$55,168,257</u>	<u>\$600,553</u>	<u>\$2,377,377</u>	<u>\$4,616,473</u>	<u>\$17,090,075</u>	<u>\$30,483,779</u>
Total	\$449,564,572	\$15,191,244	\$30,955,408	\$30,438,228	\$294,319,880	\$78,659,812

Cavern Development Costs	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development	\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC	<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total	\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

Total Cost	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Costs	\$394,396,315	\$14,590,691	\$28,578,031	\$25,821,755	\$277,229,806	\$48,176,032
Cavern Development Costs	\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC	<u>\$60,831,375</u>	<u>\$814,302</u>	<u>\$2,864,336</u>	<u>\$5,564,845</u>	<u>\$18,517,152</u>	<u>\$33,070,740</u>
Total	\$494,147,812	\$20,384,369	\$32,400,033	\$40,203,833	\$296,184,623	\$104,974,954

CAES 1A Financial Model High Gas Price Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:	Scenario Input Assumptions				
			Scenario 1	Scenario 2	Scenario 3
Grants					
Amount	\$30,600	\$ Thousands	\$30,600	\$30,600	\$30,600
Taxable	Y	Yes (Y) / No (N)	Y	Y	N
Property Tax Exclusion	N	Yes (Y) / No (N)	N	N	N
R&D - section 174 qualified	Y	Yes (Y) / No (N)	Y	N	N
Production Tax Credit	N	Yes (Y) / No (N)			
Inservice Date	2016				

CAES 1A Financial Model High Gas Price Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$/MWH]	\$296.45	\$251.18	\$218.18	\$222.56	\$232.33	\$222.39	\$249.67	\$267.88	\$279.84	\$299.43	\$306.89	\$348.68	\$363.19	\$478.15	\$519.27	\$520.78	\$533.08	\$538.16
Revenue Requirement for CAES Plant [\$/MWH]	\$1,646.45	\$825.81	\$545.48	\$545.82	\$544.74	\$436.71	\$431.70	\$421.71	\$428.22	\$438.83	\$430.67	\$435.21	\$438.36	\$406.16	\$440.39	\$510.71	\$510.65	\$512.88
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$1,350.00)	(\$574.63)	(\$327.31)	(\$323.26)	(\$312.41)	(\$214.32)	(\$182.03)	(\$153.83)	(\$148.38)	(\$139.40)	(\$123.78)	(\$86.53)	(\$75.17)	\$71.99	\$78.88	\$10.07	\$22.43	\$25.29

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	33,940	80,167	131,761	131,266	133,284	180,099	188,008	199,601	199,376	197,247	207,838	220,364	226,133	312,596	276,471	200,558	202,918	201,549
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Annual Benefit (Cost) from CAES Plant [S000]	(\$45,819)	(\$46,066)	(\$43,126)	(\$42,432)	(\$41,639)	(\$38,598)	(\$34,223)	(\$30,704)	(\$29,584)	(\$27,495)	(\$25,727)	(\$19,069)	(\$16,999)	\$22,503	\$21,808	\$2,020	\$4,551	\$5,096
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2861)	(0.2834)	(0.2614)	(0.2534)	(0.2450)	(0.2238)	(0.1955)	(0.1728)	(0.1640)	(0.1502)	(0.1384)	(0.1011)	(0.0888)	0.1158	0.1106	0.0101	0.0224	0.0247
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$20.60)	(\$20.41)	(\$18.82)	(\$18.25)	(\$17.64)	(\$16.11)	(\$14.07)	(\$12.44)	(\$11.81)	(\$10.81)	(\$9.97)	(\$7.28)	(\$6.39)	\$8.34	\$7.96	\$0.73	\$1.61	\$1.78

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]	(\$243,521)
Net Present Value of Customer 2016-2045 Impact [S000]	(\$255,416)

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [S000]	223,404	259,739	253,456	247,174	240,895	234,617	228,342	222,068	215,797	209,528	203,261	196,996	190,734	184,476	178,220	171,963	165,710	159,460
Average Regulatory Equity [S000]	107,234	124,675	121,659	118,644	115,629	112,616	109,604	106,593	103,582	100,573	97,565	94,558	91,552	88,549	85,546	82,542	79,541	76,541
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	10,723	12,467	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,757	9,456	9,155	8,855	8,555	8,254	7,954	7,654

CAES 1A Financial Model High Gas Price Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$/MWH]	\$540.57	\$502.02	\$508.02	\$530.48	\$561.40	\$387.55	\$386.98	\$584.81	\$610.65	\$629.14	\$612.09	\$620.92
Revenue Requirement for CAES Plant [\$/MWH]	\$520.92	\$577.43	\$604.76	\$620.20	\$666.58	\$668.23	\$638.08	\$660.14	\$679.47	\$686.34	\$663.68	\$678.16
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	\$19.65	(\$75.41)	(\$96.74)	(\$89.72)	(\$105.17)	(\$280.68)	(\$251.10)	(\$75.33)	(\$68.82)	(\$57.20)	(\$51.60)	(\$57.24)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	191,644	148,550	136,781	134,525	121,121	123,487	134,523	129,903	127,312	128,126	136,494	133,495
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Annual Benefit (Cost) from CAES Plant [S000]	\$3,765	(\$11,202)	(\$13,233)	(\$12,069)	(\$12,739)	(\$34,660)	(\$33,779)	(\$9,786)	(\$8,761)	(\$7,329)	(\$7,043)	(\$7,642)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0180	(0.0527)	(0.0614)	(0.0551)	(0.0573)	(0.1537)	(0.1476)	(0.0421)	(0.0372)	(0.0306)	(0.0290)	(0.0310)
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	\$1.29	(\$3.80)	(\$4.42)	(\$3.97)	(\$4.13)	(\$11.07)	(\$10.62)	(\$3.03)	(\$2.67)	(\$2.20)	(\$2.09)	(\$2.23)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]

Net Present Value of Customer 2016-2045 Impact [S000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

- NY RPS incentive (\$/mwh)
- NY RPS incentive escalation rate

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [S000]	153,213	146,968	140,725	134,487	128,251	122,019	115,790	109,565	103,342	97,123	90,908	84,696
Average Regulatory Equity [S000]	73,542	70,544	67,548	64,554	61,561	58,569	55,579	52,591	49,604	46,619	43,636	40,654
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	7,354	7,054	6,755	6,455	6,156	5,857	5,558	5,259	4,960	4,662	4,364	4,065

CAES 1A Financial Model High Gas Price Case
Revenue Requirement

(in thousands)

Common Equity Return = 10.00%
 Preferred Return = 0.00%
 Debt Cost = 5.50%
 Combined Tax Rate = 39.6150%

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Return on Rate Base																			
Net Utility Plant																			
Beginning Net Plant Balance	\$k	467,139	455,460	443,782	432,104	420,425	408,747	397,069	385,391	373,712	362,034	350,356	338,678	326,999	315,321	303,643	291,965	280,286	268,608
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,678)	(11,678)	(11,678)	(11,678)	(11,678)	(11,678)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)
Net Plant Before Taxes	\$k	455,460	443,782	432,104	420,425	408,747	397,069	385,391	373,712	362,034	350,356	338,678	326,999	315,321	303,643	291,965	280,286	268,608	256,930
Plus Accumulated Deferred Tax Balance	\$k	(166,428)	(161,857)	(157,286)	(152,715)	(148,144)	(143,573)	(139,002)	(134,431)	(129,860)	(125,289)	(120,718)	(116,147)	(111,575)	(107,004)	(102,433)	(97,862)	(93,291)	(88,720)
Plant Rate Base	\$k	289,032	281,925	274,818	267,710	260,603	253,496	246,389	239,282	232,174	225,067	217,960	210,853	203,746	196,638	189,531	182,424	175,317	168,210
Deferred Credits (Non-cash Return)	\$k	(29,151)	(28,404)	(27,657)	(26,909)	(26,162)	(25,414)	(24,667)	(23,919)	(23,172)	(22,424)	(21,677)	(20,929)	(20,182)	(19,434)	(18,687)	(17,939)	(17,192)	(16,444)
Working Capital	\$k	3,001	3,076	3,154	3,233	3,314	3,397	3,482	3,570	3,659	3,750	3,844	3,941	4,040	4,144	4,247	4,351	4,459	4,571
Total Rate Base	\$k	262,881	256,597	250,315	244,034	237,755	231,479	225,204	218,932	212,662	206,393	200,128	193,865	187,604	181,348	175,091	168,835	162,584	156,336
Average Rate Base	\$k	223,404	259,739	253,456	247,174	240,895	234,617	228,342	222,068	215,797	209,528	203,261	196,996	190,734	184,476	178,220	171,963	165,710	159,460
Capitalization																			
			Effective Rate																
Common Equity		48.0%	16.5604%	18,340	21,229	20,729	20,230	19,731	19,232	18,733	18,234	17,736	17,237	16,739	16,241	15,743	15,246	14,749	14,251
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required				18,340	21,229	20,729	20,230	19,731	19,232	18,733	18,234	17,736	17,237	16,739	16,241	15,743	15,246	14,749	14,251
Total Debt		52.0%	5.50%	6,389	7,429	7,249	7,069	6,890	6,710	6,531	6,351	6,172	5,992	5,813	5,634	5,455	5,276	5,097	4,918
Return on Rate Base	\$k			24,730	28,657	27,978	27,299	26,620	25,942	25,263	24,585	23,907	23,230	22,552	21,875	21,198	20,522	19,846	19,170

Operating Revenues & Costs																			
Depreciation Expense	\$k	11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	1,496	3,789	6,348	6,527	6,838	9,488	10,393	11,318	11,419	11,544	12,627	13,814	14,980	21,521	20,082	15,174	16,056	16,501
Variable O&M Costs	\$k	115	282	481	499	528	743	810	898	936	965	1,060	1,173	1,258	1,817	1,679	1,274	1,348	1,399
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	2,614	6,088	9,207	8,972	9,770	13,112	14,801	16,922	18,108	19,224	21,087	26,239	28,261	49,021	45,395	31,359	31,569	30,765
Fixed O&M	\$k	2,889	2,957	3,024	3,098	3,166	3,241	3,316	3,400	3,473	3,563	3,639	3,729	3,814	3,906	3,997	4,100	4,190	4,292
Property taxes	\$k	13,106	13,500	13,905	14,322	14,751	15,194	15,650	16,119	16,603	17,101	17,614	18,142	18,687	19,247	19,825	20,419	21,032	21,663
Total Operating Costs	\$k	\$31,151	\$37,546	\$43,896	\$44,348	\$45,984	\$52,709	\$55,900	\$59,588	\$61,470	\$63,327	\$66,958	\$74,029	\$77,930	\$106,442	\$101,909	\$83,257	\$85,126	\$85,551

\$0

Total Plant Revenue Requirement																			
Return on Rate Base	\$k	24,730	28,657	27,978	27,299	26,620	25,942	25,263	24,585	23,907	23,230	22,552	21,875	21,198	20,522	19,846	19,170	18,494	17,818
Depreciation Expense	\$k	11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Variable Operating Costs	\$k	4,225	10,159	16,036	15,998	17,136	23,343	26,004	29,138	30,463	31,732	34,773	41,226	44,499	72,358	67,157	47,807	48,973	48,666
Fixed Operating Costs	\$k	15,248	15,709	16,181	16,672	17,170	17,688	18,218	18,772	19,329	19,916	20,506	21,124	21,753	22,405	23,074	23,771	24,474	25,207
Total Revenue Requirement	\$k	\$55,881	\$66,203	\$71,874	\$71,648	\$72,605	\$78,651	\$81,164	\$84,174	\$85,378	\$86,557	\$89,510	\$95,904	\$99,128	\$126,964	\$121,755	\$102,426	\$103,620	\$103,370

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Generated (gas dispatch) GWH	34	80	132	131	133	180	188	200	199	197	208	220	226	313	276	201	203	202
Return on Rate Base \$/MWH	\$728.63	\$357.47	\$212.34	\$207.97	\$199.73	\$144.04	\$134.37	\$123.17	\$119.91	\$117.77	\$108.51	\$99.27	\$93.74	\$65.65	\$71.78	\$95.58	\$91.14	\$88.41
Depreciation Expense \$/MWH	\$344.09	\$145.68	\$88.63	\$88.97	\$87.62	\$64.84	\$62.12	\$58.51	\$58.58	\$59.21	\$56.19	\$53.00	\$51.64	\$37.36	\$42.24	\$58.23	\$57.55	\$57.94
Variable Operating Costs \$/MWH	\$124.48	\$126.72	\$121.71	\$121.88	\$128.57	\$129.61	\$138.31	\$145.98	\$152.79	\$160.88	\$167.31	\$187.08	\$196.78	\$231.48	\$242.91	\$238.37	\$241.34	\$241.46
Fixed Operating Costs \$/MWH	\$449.25	\$195.95	\$122.81	\$127.01	\$128.82	\$98.21	\$96.90	\$94.05	\$96.95	\$100.97	\$98.66	\$95.86	\$96.19	\$71.68	\$83.46	\$118.53	\$120.61	\$125.07
"Regulated Revenue Requirement" Cost of Electricity \$/MWH	\$1,646.45	\$825.81	\$545.48	\$545.82	\$544.74	\$436.71	\$431.70	\$421.71	\$428.22	\$438.83	\$430.67	\$435.21	\$438.36	\$406.16	\$440.39	\$510.71	\$510.65	\$512.88
"Regulated Revenue Requirement" Cost of Electricity \$k	\$55,881	\$66,203	\$71,874	\$71,648	\$72,605	\$78,651	\$81,164	\$84,174	\$85,378	\$86,557	\$89,510	\$95,904	\$99,128	\$126,964	\$121,755	\$102,426	\$103,620	\$103,370

Market Revenues																			
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Energy Value \$k	\$7,700	\$13,599	\$22,094	\$22,429	\$24,038	\$33,009	\$39,749	\$46,125	\$48,286	\$51,418	\$55,988	\$68,887	\$73,996	\$122,210	\$115,678	\$77,338	\$78,976	\$78,656	
Capacity Value \$k	\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785	\$28,852	\$29,472	
Ancillary Services \$k	\$114	\$262	\$256	\$274	\$283	\$261	\$259	\$264	\$280	\$271	\$260	\$257	\$278	\$251	\$283	\$323	\$343	\$339	
Total Market Value \$k	\$10,062	\$20,137	\$28,747	\$29,215	\$30,966	\$40,053	\$46,940	\$53,470	\$55,794	\$59,062	\$63,783	\$76,835	\$82,129	\$149,467	\$143,563	\$104,446	\$108,171	\$108,466	
Blended Energy, Capacity, Ancillary Services Price \$/MWH	\$296.45	\$251.18	\$218.18	\$222.56	\$232.33	\$222.39	\$249.67	\$267.88	\$279.84	\$299.43	\$306.89	\$348.68	\$363.19	\$478.15	\$519.27	\$520.78	\$533.08	\$538.16	
Annual Savings (Cost) from Generating Plant \$k	(\$45,819)	(\$46,066)	(\$43,126)	(\$42,432)	(\$41,639)	(\$38,598)	(\$34,223)	(\$30,704)	(\$29,584)	(\$27,495)	(\$25,727)	(\$19,069)	(\$16,999)	\$22,503	\$21,808	\$2,020	\$4,551	\$5,096	
2016-2035 Customer NPV Savings \$k																			(\$243,521)
2016-2045 Customer NPV Savings \$k																			(\$255,416)

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model High Gas Price Case
Revenue Requirement

(in thousands)

Common Equity Return =
 Preferred Return =
 Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	256,930	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)
Net Plant Before Taxes	\$k	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469	116,791
Plus Accumulated Deferred Tax Balance	\$k	(84,149)	(79,578)	(75,007)	(70,436)	(65,865)	(61,294)	(56,723)	(52,152)	(47,581)	(43,010)	(38,439)	(33,868)
Plant Rate Base	\$k	161,102	153,995	146,888	139,781	132,673	125,566	118,459	111,352	104,244	97,137	90,030	82,923
Deferred Credits (Non-cash Return)		(15,697)	(14,949)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)
Working Capital	\$k	4,684	4,800	4,919	5,042	5,168	5,297	5,430	5,565	5,705	5,847	5,994	6,143
Total Rate Base	\$k	150,090	143,845	137,605	131,368	125,134	118,904	112,677	106,452	100,232	94,015	87,801	81,591
Average Rate Base		153,213	146,968	140,725	134,487	128,251	122,019	115,790	109,565	103,342	97,123	90,908	84,696
Capitalization													
Common Equity		48.0%	12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,797	8,302	7,808
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,797	8,302	7,808
Total Debt		52.0%	4,382	4,203	4,025	3,846	3,668	3,490	3,312	3,134	2,956	2,778	2,600
Return on Rate Base	\$k	17,143	16,468	15,793	15,119	14,445	13,771	13,098	12,425	11,752	11,080	10,408	9,737

Operating Revenues & Costs													
Depreciation Expense	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	16,365	13,222	12,208	12,333	11,391	12,006	13,509	13,320	13,357	13,811	14,901	14,974
Variable O&M Costs	\$k	1,388	1,124	1,042	1,064	995	1,053	1,192	1,194	1,213	1,268	1,399	1,421
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	27,300	16,539	14,468	14,885	13,031	13,934	15,397	15,251	15,671	16,285	17,387	16,859
Fixed O&M	\$k	4,393	4,511	4,606	4,719	4,831	4,956	5,067	5,191	5,315	5,450	5,576	5,723
Property taxes	\$k	22,313	22,982	23,672	24,382	25,113	25,867	26,643	27,442	28,265	29,113	29,987	30,886
Total Operating Costs	\$k	\$82,689	\$69,310	\$66,927	\$68,314	\$66,291	\$68,747	\$72,739	\$73,329	\$74,753	\$76,858	\$80,180	\$80,794

Total Plant Revenue Requirement													
Return on Rate Base	\$k	17,143	16,468	15,793	15,119	14,445	13,771	13,098	12,425	11,752	11,080	10,408	9,737
Depreciation Expense	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Variable Operating Costs	\$k	45,052	30,886	27,718	28,282	25,416	26,993	30,099	29,765	30,242	31,364	33,687	33,254
Fixed Operating Costs	\$k	25,958	26,746	27,530	28,353	29,196	30,075	30,962	31,886	32,832	33,815	34,815	35,862
Total Revenue Requirement	\$k	\$99,832	\$85,778	\$82,720	\$83,433	\$80,736	\$82,518	\$85,837	\$85,754	\$86,505	\$87,938	\$90,588	\$90,531

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	192	149	137	135	121	123	135	130	127	128	136	133
Return on Rate Base	\$/MWH	\$89.45	\$110.86	\$115.46	\$112.39	\$119.26	\$111.52	\$97.36	\$95.65	\$92.31	\$86.48	\$76.25	\$72.94
Depreciation Expense	\$/MWH	\$60.94	\$78.62	\$85.38	\$86.81	\$96.42	\$94.57	\$86.82	\$89.90	\$91.73	\$91.15	\$85.56	\$87.48
Variable Operating Costs	\$/MWH	\$235.08	\$207.92	\$202.65	\$210.24	\$209.84	\$218.59	\$223.74	\$229.13	\$237.54	\$244.79	\$246.80	\$249.10
Fixed Operating Costs	\$/MWH	\$135.45	\$180.04	\$201.27	\$210.77	\$241.05	\$243.55	\$230.16	\$245.46	\$257.89	\$263.92	\$255.07	\$268.64
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$520.92	\$577.43	\$604.76	\$620.20	\$666.58	\$668.23	\$638.08	\$660.14	\$679.47	\$686.34	\$663.68	\$678.16
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$99,832	\$85,778	\$82,720	\$83,433	\$80,736	\$82,518	\$85,837	\$85,754	\$86,505	\$87,938	\$90,588	\$90,531

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$73,146	\$43,439	\$37,706	\$38,878	\$34,725	\$37,446	\$41,362	\$40,221	\$41,138	\$43,113	\$45,149	\$43,493
Capacity Value	\$k	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$9,998	\$10,236	\$35,271	\$36,136	\$37,023	\$37,947	\$38,899
Ancillary Services	\$k	\$353	\$403	\$398	\$374	\$405	\$414	\$459	\$477	\$470	\$473	\$449	\$497
Total Market Value	\$k	\$103,597	\$74,576	\$69,488	\$71,363	\$67,997	\$47,858	\$52,058	\$75,968	\$77,744	\$80,609	\$83,546	\$82,890
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$540.57	\$502.02	\$508.02	\$530.48	\$561.40	\$387.55	\$386.98	\$584.81	\$610.65	\$629.14	\$612.09	\$620.92
Annual Savings (Cost) from Generating Plant	\$k	\$3,765	(\$11,202)	(\$13,233)	(\$12,069)	(\$12,739)	(\$34,660)	(\$33,779)	(\$9,786)	(\$8,761)	(\$7,329)	(\$7,043)	(\$7,642)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model High Gas Price Case
Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		55,881	66,203	71,874	71,648	72,605	78,651	81,164	84,174	85,378	86,557	89,510	95,904	99,128	126,964	121,755	102,426	103,620
Fuel Costs	\$k	1,496	3,789	6,348	6,527	6,838	9,488	10,393	11,318	11,419	11,544	12,627	13,814	14,980	21,521	20,082	15,174	16,056
Variable O&M	\$k	2,729	6,369	9,688	9,472	10,298	13,855	15,611	17,820	19,044	20,188	22,147	27,412	29,519	50,837	47,074	32,633	32,917
Direct O&M	\$k	2,141	2,209	2,276	2,350	2,419	2,494	2,568	2,652	2,726	2,815	2,892	2,982	3,066	3,158	3,249	3,352	3,442
Property taxes	\$k	13,106	13,500	13,905	14,322	14,751	15,194	15,650	16,119	16,603	17,101	17,614	18,142	18,687	19,247	19,825	20,419	21,032
Total operating expenses	\$k	19,472	25,867	32,217	32,670	34,306	41,031	44,222	47,910	49,792	51,649	55,279	62,350	66,251	94,764	90,231	71,578	73,447
Operating Income	\$k	36,408	40,336	39,657	38,978	38,299	37,620	36,942	36,264	35,586	34,908	34,231	33,554	32,877	32,201	31,524	30,848	30,172
Less: Book depreciation	\$k	11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Less: Interest expense	\$k	6,389	7,429	7,249	7,069	6,890	6,710	6,531	6,351	6,172	5,992	5,813	5,634	5,455	5,276	5,097	4,918	4,739
Earnings before Income Taxes	\$k	18,340	21,229	20,729	20,230	19,731	19,232	18,733	18,234	17,736	17,237	16,739	16,241	15,743	15,246	14,749	14,251	13,754
Less: Federal tax expense	\$k	6,252	7,191	7,029	6,866	6,704	6,542	6,379	6,217	6,055	5,893	5,731	5,569	5,407	5,246	5,084	4,922	4,761
Less: State income tax expense	\$k	1,365	1,570	1,535	1,499	1,464	1,428	1,393	1,358	1,322	1,287	1,251	1,216	1,181	1,145	1,110	1,075	1,040
Net Income	\$k	10,723	12,467	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,757	9,456	9,155	8,855	8,555	8,254	7,954
Average Regulatory Equity	\$k	107,234	124,675	121,659	118,644	115,629	112,616	109,604	106,593	103,582	100,573	97,565	94,558	91,552	88,549	85,546	82,542	79,541
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.53%	41.27%	41.31%	41.35%	41.40%	41.44%	41.49%	41.54%	41.60%	41.65%	41.71%	41.78%	41.85%	41.92%	42.00%	42.08%	42.17%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,670	10,723	12,467	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,757	9,456	9,155	8,855	8,555	8,254	7,954
AFUDC	(60,858)																	
Depreciation	11,678	11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Deferred Taxes	(12,971)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)
Working capital	(3,001)	0	(76)	(78)	(79)	(81)	(84)	(85)	(87)	(89)	(92)	(94)	(97)	(99)	(104)	(103)	(104)	(109)
Net Cash Flow From Operations	(58,159)	17,831	19,499	19,196	18,893	18,589	18,285	17,983	17,679	17,376	17,073	16,770	16,466	16,164	15,858	15,559	15,258	14,953
Capital Investments	(406,281)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other																		
Net Cash Used in Investing Activities	(406,281)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	289,077																	
Dividends	0	(9,381)	(11,089)	(10,786)	(10,484)	(10,182)	(9,879)	(9,577)	(9,275)	(8,973)	(8,671)	(8,369)	(8,067)	(7,765)	(7,462)	(7,163)	(6,862)	(6,559)
LTD Debt Issuance/(Redemption)	333,392	(8,450)	(8,410)	(8,409)	(8,409)	(8,408)	(8,406)	(8,405)	(8,404)	(8,403)	(8,402)	(8,401)	(8,399)	(8,398)	(8,395)	(8,396)	(8,396)	(8,393)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	622,469	(17,831)	(19,499)	(19,195)	(18,893)	(18,589)	(18,285)	(17,982)	(17,679)	(17,376)	(17,073)	(16,770)	(16,466)	(16,164)	(15,858)	(15,559)	(15,258)	(14,953)
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	3,001	3,076	3,154	3,233	3,314	3,397	3,482	3,570	3,659	3,750	3,844	3,941	4,040	4,144	4,247	4,351	4,459
Property Plant & Equipment	467,139	455,460	443,782	432,104	420,425	408,747	397,069	385,391	373,712	362,034	350,356	338,678	326,999	315,321	303,643	291,965	280,286	268,608
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	470,139	458,461	446,858	435,257	423,658	412,061	400,466	388,873	377,282	365,693	354,106	342,522	330,941	319,361	307,787	296,212	284,637	273,068
Common Equity	307,747	299,947	292,183	284,421	276,659	268,898	261,139	253,380	245,622	237,865	230,110	222,355	214,602	206,850	199,100	191,350	183,600	175,852
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	333,392	324,942	316,532	308,123	299,714	291,306	282,900	274,495	266,091	257,687	249,285	240,885	232,485	224,087	215,692	207,295	198,900	190,507
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(166,428)	(161,857)	(157,286)	(152,715)	(148,144)	(143,573)	(139,002)	(134,431)	(129,860)	(125,289)	(120,718)	(116,147)	(111,575)	(107,004)	(102,433)	(97,862)	(93,291)
Total liabilities & Equity	470,139	458,461	446,858	435,257	423,658	412,061	400,466	388,873	377,282	365,693	354,106	342,522	330,941	319,361	307,787	296,212	284,637	273,068

CAES 1A Financial Model High Gas Price Case
Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Total Revenues		103,370	99,832	85,778	82,720	83,433	80,736	82,518	85,837	85,754	86,505	87,938	90,588	90,531
Fuel Costs	\$k	16,501	16,365	13,222	12,208	12,333	11,391	12,006	13,509	13,320	13,357	13,811	14,901	14,974
Variable O&M	\$k	32,164	28,688	17,664	15,511	15,949	14,026	14,987	16,590	16,444	16,885	17,552	18,786	18,280
Direct O&M	\$k	3,544	3,645	3,763	3,859	3,971	4,083	4,209	4,319	4,444	4,567	4,702	4,828	4,976
Property taxes	\$k	21,663	22,313	22,982	23,672	24,382	25,113	25,867	26,643	27,442	28,265	29,113	29,987	30,886
Total operating expenses	\$k	73,873	71,010	57,632	55,248	56,635	54,613	57,068	61,060	61,651	63,074	65,179	68,502	69,116
Operating Income	\$k	29,497	28,821	28,146	27,472	26,797	26,123	25,450	24,776	24,103	23,431	22,759	22,087	21,416
Less: Book depreciation	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Less: Interest expense	\$k	4,561	4,382	4,203	4,025	3,846	3,668	3,490	3,312	3,134	2,956	2,778	2,600	2,422
Earnings before Income Taxes	\$k	13,257	12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,797	8,302	7,808	7,315
Less: Federal tax expense	\$k	4,599	4,438	4,276	4,115	3,954	3,792	3,631	3,470	3,310	3,149	2,988	2,827	2,667
Less: State income tax expense	\$k	1,004	969	934	899	863	828	793	758	723	688	652	617	582
Net Income	\$k	7,654	7,354	7,054	6,755	6,455	6,156	5,857	5,558	5,259	4,960	4,662	4,364	4,065
Average Regulatory Equity	\$k	76,541	73,542	70,544	67,548	64,554	61,561	58,569	55,579	52,591	49,604	46,619	43,636	40,654
After Tax Return on Equity %		42.27%	42.37%	42.48%	42.60%	42.73%	42.88%	43.03%	43.21%	43.40%	43.61%	43.85%	44.12%	44.42%

Cash Flow Report	Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	18,670	7,654	7,354	7,054	6,755	6,455	6,156	5,857	5,558	5,259	4,960	4,662	4,364	4,065
AFUDC	(60,858)													
Depreciation	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Deferred Taxes	(12,971)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)
Working capital	(3,001)	(111)	(114)	(115)	(120)	(123)	(126)	(129)	(133)	(136)	(139)	(143)	(146)	(150)
Net Cash Flow From Operations	(58,159)	14,650	14,348	14,047	13,743	13,440	13,138	12,835	12,533	12,231	11,929	11,627	11,325	11,023
Capital Investments	(406,281)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other														
Net Cash Used in Investing Activities	(406,281)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	289,077													
Dividends	0	(6,258)	(5,957)	(5,657)	(5,355)	(5,054)	(4,753)	(4,452)	(4,152)	(3,852)	(3,551)	(3,251)	(2,951)	(2,651)
LTD Debt Issuance/(Redemption)	333,392	(8,392)	(8,391)	(8,390)	(8,387)	(8,386)	(8,384)	(8,382)	(8,381)	(8,379)	(8,377)	(8,375)	(8,374)	(8,372)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	622,469	(14,650)	(14,348)	(14,046)	(13,743)	(13,440)	(13,138)	(12,835)	(12,532)	(12,231)	(11,929)	(11,626)	(11,324)	(11,023)
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	4,571	4,684	4,800	4,919	5,042	5,168	5,297	5,430	5,565	5,705	5,847	5,994	6,143
Property Plant & Equipment	467,139	256,930	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469	116,791
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	470,139	261,501	249,936	238,373	226,814	215,259	203,706	192,157	180,612	169,069	157,530	145,994	134,462	122,934
Common Equity	307,747	168,106	160,361	152,617	144,874	137,134	129,394	121,657	113,921	106,186	98,453	90,722	82,993	75,265
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	333,392	182,115	173,724	165,335	156,947	148,561	140,177	131,795	123,414	115,035	106,658	98,282	89,909	81,537
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(88,720)	(84,149)	(79,578)	(75,007)	(70,436)	(65,865)	(61,294)	(56,723)	(52,152)	(47,581)	(43,010)	(38,439)	(33,868)
Total liabilities & Equity	470,139	261,501	249,936	238,373	226,814	215,259	203,706	192,157	180,612	169,069	157,530	145,994	134,462	122,934

Financial Model Inputs

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
<i>LTSA</i>																	
<i>LTSA Initial Spare Parts</i>																	
<i>LTSA Annual Fee</i>	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
<i>LTSA Hours Based Charge</i>	\$57	\$1,266	\$59	\$3,486	\$62	\$1,398	\$66	\$6,153	\$69	\$7,562	\$72	\$4,247	\$76	\$1,703	\$80	\$7,497	\$84
<i>LTSA Total</i>	\$682	\$1,907	\$716	\$4,159	\$752	\$2,105	\$790	\$6,896	\$830	\$8,343	\$872	\$5,067	\$917	\$2,565	\$963	\$8,402	\$1,012
Other O&M Costs																	
<i>Inergy Ground & Cavern Lease</i>	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
<i>Plant Staffing</i>	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,377	\$2,897,848	\$2,973,719	\$3,044,551	\$3,121,999	\$3,198,682	\$3,284,734	\$3,360,615	\$3,452,122	\$3,530,746	\$3,623,188	\$3,709,490	\$3,803,852	\$3,897,283	\$4,002,130	\$4,094,583
Capital Additions																	
<i>Cap Adds</i>			\$219	\$224	\$230	\$236	\$242	\$248	\$254	\$260	\$267	\$274	\$280	\$287	\$295	\$302	\$309

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<i>Natural Gas Cost</i>	\$1,496	\$3,789	\$6,348	\$6,527	\$6,838	\$9,488	\$10,393	\$11,318	\$11,419	\$11,544	\$12,627	\$13,814	\$14,980	\$21,521	\$20,082	\$15,174	\$16,056
<i>Compression Costs</i>	\$2,614	\$6,088	\$9,207	\$8,972	\$9,770	\$13,112	\$14,801	\$16,922	\$18,108	\$19,224	\$21,087	\$26,239	\$28,261	\$49,021	\$45,395	\$31,359	\$31,569
<i>Variable O&M Costs</i>	\$14	\$33	\$55	\$56	\$58	\$80	\$85	\$92	\$94	\$95	\$102	\$110	\$116	\$163	\$148	\$109	\$113
<i>Emissions Costs</i>	\$101	\$248	\$425	\$443	\$469	\$663	\$725	\$805	\$841	\$870	\$958	\$1,063	\$1,143	\$1,653	\$1,532	\$1,165	\$1,235
Total Variable Costs	\$4,225	\$10,159	\$16,036	\$15,998	\$17,136	\$23,343	\$26,004	\$29,138	\$30,463	\$31,732	\$34,773	\$41,226	\$44,499	\$72,358	\$67,157	\$47,807	\$48,973

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<i>Capacity Revenue</i>	\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785	\$28,852
<i>Regulation Revenue</i>	\$2,614	\$1,312	\$1,389	\$1,687	\$1,613	\$1,728	\$2,033	\$1,692	\$2,009	\$2,034	\$1,801	\$1,694	\$1,831	\$2,144	\$1,926	\$1,234	\$1,600
<i>MVAR Revenue</i>																	
<i>Syn Spinning Reserve</i>	\$18	\$34	\$33	\$45	\$48	\$36	\$30	\$33	\$45	\$31	\$20	\$17	\$33	\$42	\$56	\$82	\$66
<i>Non-Syn Spinning Reserve</i>	\$95	\$228	\$223	\$229	\$236	\$225	\$230	\$230	\$234	\$240	\$241	\$240	\$244	\$209	\$228	\$241	\$277
<i>Energy Revenue</i>	\$5,086	\$12,286	\$20,705	\$20,742	\$22,426	\$31,281	\$37,716	\$44,433	\$46,277	\$49,384	\$54,187	\$67,193	\$72,165	\$120,066	\$113,752	\$76,104	\$77,376
<i>Other Revenue</i>																	
Total Revenues	\$10,062	\$20,137	\$28,747	\$29,215	\$30,966	\$40,053	\$46,940	\$53,470	\$55,794	\$59,062	\$63,783	\$76,835	\$82,129	\$149,467	\$143,563	\$104,446	\$108,171

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<i>Number of Generator Starts</i>	81	202	203	219	210	217	227	235	237	236	248	229	229	290	284	192	207
<i>Generator Operating Hours</i>	344	768	935	991	983	1,134	1,206	1,229	1,279	1,249	1,265	1,310	1,381	1,779	1,627	1,188	1,234
<i>Net Generation (MWH)</i>	33,940	80,167	131,761	131,266	133,284	180,099	188,008	199,601	199,376	197,247	207,838	220,364	226,133	312,596	276,471	200,558	202,918

Financial Model Inputs

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
LTSA Initial Spare Parts													
LTSA Annual Fee	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$1,880	\$88	\$12,880	\$93	\$2,075	\$97	\$9,134	\$102	\$2,291	\$108	\$6,305	\$113	\$12,392
LTSA Total	\$2,831	\$1,063	\$13,879	\$1,117	\$3,125	\$1,173	\$10,237	\$1,233	\$3,449	\$1,295	\$7,522	\$1,361	\$13,671
Other O&M Costs													
Inergy Ground & Cavern Lease	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,198,741	\$4,301,871	\$4,422,207	\$4,519,653	\$4,634,625	\$4,748,461	\$4,876,206	\$4,988,852	\$5,115,759	\$5,241,412	\$5,378,642	\$5,506,759	\$5,656,704
Capital Additions													
Cap Adds	\$317	\$325	\$333	\$342	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$427

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$16,501	\$16,365	\$13,222	\$12,208	\$12,333	\$11,391	\$12,006	\$13,509	\$13,320	\$13,357	\$13,811	\$14,901	\$14,974
Compression Costs	\$30,765	\$27,300	\$16,539	\$14,468	\$14,885	\$13,031	\$13,934	\$15,397	\$15,251	\$15,671	\$16,285	\$17,387	\$16,859
Variable O&M Costs	\$115	\$111	\$88	\$80	\$80	\$73	\$75	\$84	\$82	\$81	\$83	\$89	\$89
Emissions Costs	\$1,284	\$1,277	\$1,036	\$962	\$984	\$922	\$978	\$1,109	\$1,112	\$1,132	\$1,185	\$1,310	\$1,332
Total Variable Costs	\$48,666	\$45,052	\$30,886	\$27,718	\$28,282	\$25,416	\$26,993	\$30,099	\$29,765	\$30,242	\$31,364	\$33,687	\$33,254

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$29,472	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$9,998	\$10,236	\$35,271	\$36,136	\$37,023	\$37,947	\$38,899
Regulation Revenue	\$1,445	\$1,224	\$1,073	\$973	\$1,114	\$787	\$928	\$1,048	\$762	\$770	\$925	\$886	\$861
MVAR Revenue													
Syn Spinning Reserve	\$47	\$38	\$40	\$28	\$2	\$12	\$12	\$58	\$64	\$48	\$49	\$20	\$53
Non-Syn Spinning Reserve	\$292	\$315	\$363	\$370	\$372	\$394	\$402	\$401	\$413	\$422	\$423	\$429	\$444
Energy Revenue	\$77,211	\$71,922	\$42,365	\$36,733	\$37,764	\$33,938	\$36,518	\$40,315	\$39,459	\$40,368	\$42,189	\$44,263	\$42,632
Other Revenue													
Total Revenues	\$108,466	\$103,597	\$74,576	\$69,488	\$71,363	\$67,997	\$47,858	\$52,058	\$75,968	\$77,744	\$80,609	\$83,546	\$82,890

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	202	204	184	172	171	145	150	164	155	146	157	152	149
Generator Operating Hours	1,187	1,117	865	798	809	680	699	781	732	693	725	752	746
Net Generation (MWH)	201,549	191,644	148,550	136,781	134,525	121,121	123,487	134,523	129,903	127,312	128,126	136,494	133,495

Project Development Cash Flow Estimate in Nominal \$**Total Cost**

Direct Plant Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages		\$193,630,735		\$27,800,272	\$1,244,338	\$145,011,679	\$19,574,446
Contract Packages		\$162,956,933			\$16,077,060	\$128,010,827	\$18,869,046
Professional Services		\$26,419,800	\$4,049,564	\$4,225,632	\$5,813,232	\$7,947,304	\$4,384,068
Owners Costs		\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support		\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
AFUDC		<u>\$55,194,679</u>	<u>\$383,715</u>	<u>\$2,142,175</u>	<u>\$4,577,177</u>	<u>\$17,276,680</u>	<u>\$30,814,932</u>
Total		\$452,594,280	\$9,706,226	\$35,542,230	\$30,336,533	\$300,057,254	\$76,952,037

Cavern Development Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total		\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

Total Cost	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Cost		\$397,399,601	\$9,322,511	\$33,400,055	\$25,759,356	\$282,780,574	\$46,137,105
Cavern Cost		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$60,857,797</u>	<u>\$597,464</u>	<u>\$2,629,134</u>	<u>\$5,525,549</u>	<u>\$18,703,757</u>	<u>\$33,401,893</u>
Total		\$497,177,520	\$14,899,351	\$36,986,855	\$40,102,138	\$301,921,997	\$103,267,179

CAES 2 Financial Model High Gas Price Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:	Scenario Input Assumptions				
		Scenario 1	Scenario 2	Scenario 3	
Grants					
Amount	\$30,600	\$30,600	\$30,600	\$30,600	\$30,600
Taxable	Y	Y	Y	N	N
Property Tax Exclusion	N	N	N	N	N
R&D - section 174 qualified	Y	Y	N	N	N
Production Tax Credit	N				
Inservice Date	2016				

CAES 2 Financial Model High Gas Price Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$/MWH]	\$218.78	\$229.13	\$207.27	\$211.76	\$221.71	\$216.48	\$241.80	\$259.56	\$269.74	\$286.55	\$297.07	\$338.72	\$351.30	\$460.55	\$493.82	\$499.51	\$506.50	\$509.67
Revenue Requirement for CAES Plant [\$/MWH]	\$1,468.57	\$702.09	\$496.55	\$496.85	\$494.59	\$410.79	\$400.72	\$390.44	\$397.30	\$404.06	\$401.25	\$410.94	\$412.31	\$384.44	\$412.61	\$481.00	\$476.63	\$476.37
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$1,249.79)	(\$472.96)	(\$289.28)	(\$285.09)	(\$272.88)	(\$194.31)	(\$158.92)	(\$130.88)	(\$127.56)	(\$117.51)	(\$104.18)	(\$72.22)	(\$61.01)	\$76.12	\$81.22	\$18.51	\$29.87	\$33.30

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	37,976	96,664	146,238	145,991	149,466	192,836	207,201	223,792	220,556	221,242	230,701	238,011	246,373	335,646	303,084	213,475	219,118	218,432
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Annual Benefit (Cost) from CAES Plant [S000]	(\$47,462)	(\$45,718)	(\$42,303)	(\$41,621)	(\$40,787)	(\$37,471)	(\$32,928)	(\$29,289)	(\$28,133)	(\$25,998)	(\$24,034)	(\$17,190)	(\$15,031)	\$25,548	\$24,615	\$3,952	\$6,545	\$7,275
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2964)	(0.2813)	(0.2564)	(0.2486)	(0.2400)	(0.2172)	(0.1881)	(0.1648)	(0.1560)	(0.1420)	(0.1293)	(0.0911)	(0.0785)	0.1315	0.1248	0.0197	0.0322	0.0353
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$21.34)	(\$20.25)	(\$18.46)	(\$17.90)	(\$17.28)	(\$15.64)	(\$13.54)	(\$11.87)	(\$11.23)	(\$10.22)	(\$9.31)	(\$6.56)	(\$5.65)	\$9.47	\$8.99	\$1.42	\$2.32	\$2.54

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000] **(\$235,650)**

Net Present Value of Customer 2016-2045 Impact [S000] **(\$246,718)**

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [S000]	222,057	258,003	251,765	245,528	239,294	233,061	226,831	220,603	214,377	208,152	201,931	195,711	189,495	183,281	177,070	170,859	164,650	158,446
Average Regulatory Equity [S000]	106,588	123,841	120,847	117,854	114,861	111,869	108,879	105,889	102,901	99,913	96,927	93,941	90,957	87,975	84,994	82,012	79,032	76,054
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,798	8,499	8,201	7,903	7,605

CAES 2 Financial Model High Gas Price Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$/MWH]	\$495.48	\$441.77	\$449.02	\$465.61	\$523.20	\$361.61	\$362.26	\$544.47	\$571.64	\$577.18	\$574.06	\$584.75
Revenue Requirement for CAES Plant [\$/MWH]	\$469.33	\$496.08	\$522.02	\$531.61	\$610.51	\$595.18	\$572.08	\$605.02	\$626.31	\$619.80	\$612.80	\$629.30
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	\$26.15	(\$54.31)	(\$73.00)	(\$65.99)	(\$87.31)	(\$233.57)	(\$209.81)	(\$60.55)	(\$54.67)	(\$42.62)	(\$38.73)	(\$44.55)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	218,814	183,645	166,866	165,887	134,940	143,622	155,177	144,902	140,936	145,975	151,243	146,865
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Annual Benefit (Cost) from CAES Plant [S000]	\$5,722	(\$9,974)	(\$12,182)	#####	(\$11,782)	(\$33,546)	(\$32,558)	(\$8,773)	(\$7,705)	(\$6,221)	(\$5,858)	(\$6,542)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0273	(0.0469)	(0.0565)	(0.0500)	(0.0530)	(0.1487)	(0.1422)	(0.0378)	(0.0327)	(0.0260)	(0.0241)	(0.0265)
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	\$1.97	(\$3.38)	(\$4.07)	(\$3.60)	(\$3.82)	(\$10.71)	(\$10.24)	(\$2.72)	(\$2.35)	(\$1.87)	(\$1.74)	(\$1.91)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]
Net Present Value of Customer 2016-2045 Impact [S000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

NY RPS incentive (\$/mwh)
 NY RPS incentive escalation rate

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [S000]	152,244	146,044	139,846	133,653	127,463	121,275	115,092	108,911	102,734	96,560	90,390	84,223
Average Regulatory Equity [S000]	73,077	70,101	67,126	64,153	61,182	58,212	55,244	52,277	49,312	46,349	43,387	40,427
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043

CAES 2 Financial Model High Gas Price Case
Revenue Requirement

(in thousands)

Common Equity Return = 10.00%
Preferred Return = 0.00%
Debt Cost = 5.50%

Combined Tax Rate = 39.6150%

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Return on Rate Base																				
Net Utility Plant																				
Beginning Net Plant Balance	\$k		464,163	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897
Capital Additions	\$k		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k		(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)
Net Plant Before Taxes	\$k		452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897	255,293
Plus Accumulated Deferred Tax Balance	\$k		(165,285)	(160,743)	(156,201)	(151,659)	(147,118)	(142,576)	(138,034)	(133,492)	(128,951)	(124,409)	(119,867)	(115,325)	(110,784)	(106,242)	(101,700)	(97,158)	(92,617)	(88,075)
Plant Rate Base	\$k		287,274	280,212	273,150	266,087	259,025	251,963	244,901	237,839	230,777	223,715	216,653	209,591	202,529	195,466	188,404	181,342	174,280	167,218
Deferred Credits (Non-cash Return)			(29,152)	(28,405)	(27,657)	(26,910)	(26,162)	(25,415)	(24,667)	(23,920)	(23,172)	(22,425)	(21,677)	(20,930)	(20,182)	(19,435)	(18,687)	(17,940)	(17,192)	(16,445)
Working Capital	\$k		3,001	3,076	3,154	3,233	3,314	3,397	3,483	3,570	3,659	3,751	3,845	3,942	4,040	4,145	4,248	4,351	4,460	4,571
Total Rate Base	\$k		261,122	254,883	248,646	242,411	236,177	229,946	223,716	217,489	211,264	205,041	198,820	192,602	186,387	180,176	173,965	167,753	161,547	155,344
Average Rate Base			222,057	258,003	251,765	245,528	239,294	233,061	226,831	220,603	214,377	208,152	201,931	195,711	189,495	183,281	177,070	170,859	164,650	158,446
Capitalization																				
		Effective Rate																		
Common Equity		48.0%	16.5604%	18,233	21,090	20,595	20,099	19,603	19,108	18,613	18,117	17,623	17,128	16,633	16,139	15,645	15,151	14,657	14,163	13,670
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			18,233	21,090	20,595	20,099	19,603	19,108	18,613	18,117	17,623	17,128	16,633	16,139	15,645	15,151	14,657	14,163	13,670	13,177
Total Debt		52.0%	5.50%	6,351	7,379	7,200	7,022	6,844	6,666	6,487	6,309	6,131	5,953	5,775	5,597	5,420	5,242	5,064	4,887	4,709
Return on Rate Base	\$k		24,584	28,469	27,795	27,121	26,447	25,773	25,100	24,427	23,754	23,081	22,408	21,736	21,064	20,393	19,721	19,050	18,379	17,708

Operating Revenues & Costs																				
Depreciation Expense	\$k		11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
NCR Amortization	\$k		(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k		1,678	4,566	7,011	7,224	7,611	10,026	11,305	12,514	12,474	12,743	13,775	14,688	16,040	22,704	21,655	15,913	17,064	17,535
Variable O&M Costs	\$k		113	299	470	490	523	700	788	890	917	959	1,043	1,125	1,219	1,313	1,407	1,501	1,643	1,356
NY RPS Incentive	\$k		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k		2,632	7,311	9,646	9,518	10,669	13,525	16,119	19,275	19,661	21,206	23,351	27,651	30,028	50,322	47,492	31,263	31,756	30,789
Fixed O&M	\$k		2,889	2,957	3,024	3,100	3,166	3,242	3,316	3,404	3,473	3,563	3,639	3,732	3,814	3,906	3,997	4,105	4,190	4,292
Property taxes	\$k		13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890	21,517
Total Operating Costs	\$k		\$31,186	\$39,398	\$44,819	\$45,414	\$47,478	\$53,442	\$57,929	\$62,950	\$63,872	\$66,314	\$70,160	\$76,073	\$80,519	\$108,642	\$105,334	\$83,632	\$86,059	\$86,346

\$0

Total Plant Revenue Requirement																				
Return on Rate Base	\$k		24,584	28,469	27,795	27,121	26,447	25,773	25,100	24,427	23,754	23,081	22,408	21,736	21,064	20,393	19,721	19,050	18,379	17,708
Depreciation Expense	\$k		11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Variable Operating Costs	\$k		4,423	12,175	17,128	17,233	18,803	24,252	28,212	32,679	33,052	34,909	38,169	43,464	47,288	74,761	70,790	48,388	50,122	49,680
Fixed Operating Costs	\$k		15,159	15,618	16,087	16,578	17,070	17,586	18,112	18,667	19,217	19,801	20,387	21,005	21,627	22,276	22,940	23,639	24,332	25,062
Total Revenue Requirement	\$k		\$55,770	\$67,867	\$72,614	\$72,535	\$73,925	\$79,215	\$83,029	\$87,377	\$87,626	\$89,395	\$92,568	\$97,809	\$101,583	\$129,034	\$125,055	\$102,682	\$104,438	\$104,054

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Generated (gas dispatch)	GWH		38	97	146	146	149	193	207	224	221	221	231	238	246	336	303	213	219	218
Return on Rate Base	\$/MWH		\$647.35	\$294.52	\$190.07	\$185.77	\$176.94	\$133.65	\$121.14	\$109.15	\$107.70	\$104.32	\$97.13	\$91.32	\$85.50	\$60.76	\$65.07	\$89.24	\$83.88	\$81.07
Depreciation Expense	\$/MWH		\$305.56	\$120.05	\$79.35	\$79.49	\$77.64	\$60.18	\$56.00	\$51.85	\$52.61	\$52.45	\$50.30	\$48.75	\$47.10	\$34.57	\$38.29	\$54.36	\$52.96	\$53.12
Variable Operating Costs	\$/MWH		\$116.48	\$125.96	\$117.12	\$118.04	\$125.80	\$125.76	\$136.16	\$146.02	\$149.86	\$157.79	\$165.45	\$182.61	\$191.94	\$222.74	\$233.56	\$226.67	\$228.75	\$227.44
Fixed Operating Costs	\$/MWH		\$399.17	\$161.57	\$110.01	\$113.55	\$114.21	\$91.20	\$87.42	\$83.41	\$87.13	\$89.50	\$88.37	\$88.25	\$87.78	\$66.37	\$75.69	\$110.74	\$111.05	\$114.73
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH		\$1,468.57	\$702.09	\$496.55	\$496.85	\$494.59	\$410.79	\$400.72	\$390.44	\$397.30	\$404.06	\$401.25	\$410.94	\$412.31	\$384.44	\$412.61	\$481.00	\$476.63	\$476.37
"Regulated Revenue Requirement" Cost of Electricity	\$k		\$55,770	\$67,867	\$72,614	\$72,535	\$73,925	\$79,215	\$83,029	\$87,377	\$87,626	\$89,395	\$92,568	\$97,809	\$101,583	\$129,034	\$125,055	\$102,682	\$104,438	\$104,054

Market Revenues																					
Energy Value	\$k		\$5,956	\$15,644	\$23,690	\$24,170	\$26,250	\$34,742	\$42,944	\$50,789	\$52,029	\$55,791	\$60,775	\$72,706	\$78,456	\$127,447	\$121,910	\$79,659	\$81,926	\$81,656	
Capacity Value	\$k		\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742	\$29,360	
Ancillary Services	\$k		\$112	\$253	\$247	\$256	\$268	\$246	\$251	\$245	\$263	\$261	\$253	\$251	\$270	\$232	\$263	\$291	\$314	\$314	
Total Market Value	\$k		\$8,308	\$22,149	\$30,311	\$30,914	\$33,138	\$41,745	\$50,101	\$58,088	\$59,493	\$63,397	\$68,534	\$80,620	\$86,552	\$154,582	\$149,670	\$106,634	\$110,982	\$111,329	
Blended Energy, Capacity, Ancillary Services Price	\$/MWH		\$218.78	\$229.13	\$207.27	\$211.76	\$221.71	\$216.48	\$241.80	\$259.56	\$269.74	\$286.55	\$297.07	\$338.72	\$351.30	\$460.55	\$493.82	\$499.51	\$506.50	\$509.67	
Annual Savings (Cost) from Generating Plant	\$k		(\$47,462)	(\$45,718)	(\$42,303)	(\$41,621)	(\$40,787)	(\$37,471)	(\$32,928)	(\$29,289)	(\$28,133)	(\$25,998)	(\$24,034)	(\$17,190)	(\$15,031)	\$25,548	\$24,615	\$3,952	\$6,545	\$7,275	
2016-2035 Customer NPV Savings	\$k																			(\$235,650)	
2016-2045 Customer NPV Savings	\$k																				(\$246,718)

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model High Gas Price Case
Revenue Requirement

(in thousands)

Common Equity Return =
 Preferred Return =
 Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	255,293	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)
Net Plant Before Taxes	\$k	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650	116,047
Plus Accumulated Deferred Tax Balance	\$k	(83,533)	(78,992)	(74,450)	(69,908)	(65,366)	(60,825)	(56,283)	(51,741)	(47,200)	(42,658)	(38,116)	(33,574)
Plant Rate Base	\$k	160,156	153,094	146,031	138,969	131,907	124,845	117,783	110,721	103,659	96,597	89,534	82,472
Deferred Credits (Non-cash Return)		(15,697)	(14,950)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)
Working Capital	\$k	4,685	4,800	4,920	5,043	5,168	5,297	5,430	5,566	5,705	5,848	5,994	6,143
Total Rate Base	\$k	149,143	142,944	136,749	130,557	124,368	118,183	112,001	105,822	99,646	93,474	87,306	81,141
Average Rate Base		152,244	146,044	139,846	133,653	127,463	121,275	115,092	108,911	102,734	96,560	90,390	84,223
Capitalization													
Common Equity		48.0%	12,684	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			12,684	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767
Total Debt		52.0%	4,354	4,177	4,000	3,822	3,645	3,468	3,292	3,115	2,938	2,762	2,409
Return on Rate Base	\$k	17,038	16,368	15,698	15,028	14,359	13,690	13,022	12,354	11,686	11,019	10,352	9,685

Operating Revenues & Costs													
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	18,317	15,912	14,510	14,823	12,481	13,736	15,275	14,611	14,514	15,394	16,208	16,234
Variable O&M Costs	\$k	1,419	1,246	1,141	1,180	1,004	1,112	1,248	1,213	1,226	1,317	1,416	1,430
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	28,511	19,379	16,784	17,361	13,908	15,431	16,842	16,185	16,597	17,517	18,489	17,814
Fixed O&M	\$k	4,393	4,515	4,606	4,720	4,831	4,963	5,067	5,192	5,315	5,454	5,576	5,724
Property taxes	\$k	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678
Total Operating Costs	\$k	\$85,659	\$74,735	\$71,410	\$73,158	\$68,023	\$71,790	\$75,751	\$75,315	\$76,583	\$79,456	\$82,330	\$82,736

Total Plant Revenue Requirement													
Return on Rate Base	\$k	17,038	16,368	15,698	15,028	14,359	13,690	13,022	12,354	11,686	11,019	10,352	9,685
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Variable Operating Costs	\$k	48,247	36,537	32,435	33,364	27,392	30,278	33,365	32,009	32,337	34,228	36,113	35,478
Fixed Operating Costs	\$k	25,807	26,594	27,370	28,189	29,027	29,908	30,782	31,701	32,642	33,623	34,612	35,654
Total Revenue Requirement	\$k	\$102,696	\$91,103	\$87,107	\$88,186	\$82,383	\$85,480	\$88,773	\$87,669	\$88,269	\$90,475	\$92,681	\$92,422

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	219	184	167	166	135	144	155	145	141	146	151	147
Return on Rate Base	\$/MWH	\$77.86	\$89.13	\$94.07	\$90.59	\$106.41	\$95.32	\$83.92	\$85.26	\$82.92	\$75.48	\$68.45	\$65.95
Depreciation Expense	\$/MWH	\$53.03	\$63.19	\$69.54	\$69.95	\$86.00	\$80.80	\$74.78	\$80.08	\$82.34	\$79.49	\$76.73	\$79.01
Variable Operating Costs	\$/MWH	\$220.49	\$198.95	\$194.38	\$201.13	\$203.00	\$210.82	\$215.01	\$220.90	\$229.45	\$234.48	\$238.77	\$241.57
Fixed Operating Costs	\$/MWH	\$117.94	\$144.81	\$164.03	\$169.93	\$215.11	\$208.24	\$198.37	\$218.78	\$231.61	\$230.34	\$228.85	\$242.77
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$469.33	\$496.08	\$522.02	\$531.61	\$610.51	\$595.18	\$572.08	\$605.02	\$626.31	\$619.80	\$612.80	\$629.30
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$102,696	\$91,103	\$87,107	\$88,186	\$82,383	\$85,480	\$88,773	\$87,669	\$88,269	\$90,475	\$92,681	\$92,422

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$78,107	\$50,141	\$43,295	\$44,873	\$37,431	\$41,531	\$45,573	\$43,284	\$44,091	\$46,907	\$48,554	\$46,634
Capacity Value	\$k	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$9,960	\$10,197	\$35,137	\$35,998	\$36,882	\$37,803	\$38,751
Ancillary Services	\$k	\$328	\$370	\$367	\$376	\$427	\$444	\$445	\$474	\$476	\$465	\$466	\$494
Total Market Value	\$k	\$108,419	\$81,128	\$74,926	\$77,239	\$70,601	\$51,935	\$56,215	\$78,895	\$80,564	\$84,254	\$86,823	\$85,880
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$495.48	\$441.77	\$449.02	\$465.61	\$523.20	\$361.61	\$362.26	\$544.47	\$571.64	\$577.18	\$574.06	\$584.75
Annual Savings (Cost) from Generating Plant	\$k	\$5,722	(\$9,974)	(\$12,182)	(\$10,947)	(\$11,782)	(\$33,546)	(\$32,558)	(\$8,773)	(\$7,705)	(\$6,221)	(\$5,858)	(\$6,542)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model High Gas Price Case

Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		55,770	67,867	72,614	72,535	73,925	79,215	83,029	87,377	87,626	89,395	92,568	97,809	101,583	129,034	125,055	102,682	104,438
Fuel Costs	\$k	1,678	4,566	7,011	7,224	7,611	10,026	11,305	12,514	12,474	12,743	13,775	14,688	16,040	22,704	21,655	15,913	17,064
Variable O&M	\$k	2,745	7,610	10,117	10,008	11,192	14,226	16,908	20,165	20,578	22,165	24,394	28,776	31,248	52,057	49,135	32,476	33,058
Direct O&M	\$k	2,141	2,210	2,276	2,353	2,419	2,494	2,568	2,657	2,726	2,816	2,892	2,985	3,066	3,159	3,249	3,358	3,442
Property taxes	\$k	13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890
Total operating expenses	\$k	19,582	27,793	33,215	33,810	35,874	41,838	46,325	51,346	52,268	54,710	58,556	64,469	68,915	97,037	93,730	72,027	74,455
Operating Income	\$k	36,188	40,073	39,399	38,725	38,051	37,377	36,704	36,031	35,358	34,685	34,013	33,340	32,668	31,997	31,325	30,654	29,983
Less: Book depreciation	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Less: Interest expense	\$k	6,351	7,379	7,200	7,022	6,844	6,666	6,487	6,309	6,131	5,953	5,775	5,597	5,420	5,242	5,064	4,887	4,709
Earnings before Income Taxes	\$k	18,233	21,090	20,595	20,099	19,603	19,108	18,613	18,117	17,623	17,128	16,633	16,139	15,645	15,151	14,657	14,163	13,670
Less: Federal tax expense	\$k	6,217	7,146	6,985	6,823	6,662	6,501	6,340	6,179	6,018	5,857	5,697	5,536	5,375	5,215	5,054	4,894	4,733
Less: State income tax expense	\$k	1,358	1,560	1,525	1,490	1,455	1,420	1,384	1,349	1,314	1,279	1,244	1,209	1,174	1,139	1,104	1,069	1,034
Net Income	\$k	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,798	8,499	8,201	7,903
Average Regulatory Equity	\$k	106,588	123,841	120,847	117,854	114,861	111,869	108,879	105,889	102,901	99,913	96,927	93,941	90,957	87,975	84,994	82,012	79,032
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.54%	41.28%	41.32%	41.36%	41.41%	41.45%	41.50%	41.55%	41.61%	41.67%	41.73%	41.79%	41.86%	41.93%	42.01%	42.10%	42.18%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,630	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,798	8,499	8,201	7,903
AFUDC	(60,831)																	
Depreciation	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Deferred Taxes	(12,986)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)
Working capital	(3,001)	0	(76)	(77)	(79)	(81)	(83)	(85)	(88)	(89)	(92)	(94)	(97)	(99)	(104)	(103)	(103)	(109)
Net Cash Flow From Operations	(58,187)	17,721	19,370	19,070	18,769	18,467	18,166	17,865	17,564	17,263	16,962	16,661	16,360	16,059	15,756	15,459	15,160	14,857
Capital Investments	(403,331)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other																		
Net Cash Used in Investing Activities	(403,331)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	287,125																	
Dividends	0	(9,325)	(11,014)	(10,714)	(10,414)	(10,114)	(9,813)	(9,513)	(9,213)	(8,914)	(8,614)	(8,314)	(8,014)	(7,715)	(7,414)	(7,116)	(6,818)	(6,517)
LTD Debt Issuance/(Redemption)	331,235	(8,396)	(8,356)	(8,355)	(8,355)	(8,354)	(8,352)	(8,351)	(8,350)	(8,349)	(8,348)	(8,347)	(8,345)	(8,344)	(8,342)	(8,342)	(8,342)	(8,339)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	618,360	(17,721)	(19,370)	(19,069)	(18,769)	(18,467)	(18,166)	(17,865)	(17,564)	(17,263)	(16,962)	(16,661)	(16,360)	(16,059)	(15,755)	(15,459)	(15,160)	(14,857)
Net Increase / (Decrease) in Cash	156,841	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	3,001	3,076	3,154	3,233	3,314	3,397	3,483	3,570	3,659	3,751	3,845	3,942	4,040	4,145	4,248	4,351	4,460
Property Plant & Equipment	464,163	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,163	455,559	444,031	432,505	420,980	409,457	397,936	386,418	374,902	363,387	351,875	340,365	328,858	317,353	305,853	294,352	282,851	271,356
Common Equity	305,755	298,005	290,292	282,579	274,867	267,156	259,446	251,737	244,029	236,322	228,616	220,911	213,208	205,505	197,806	190,105	182,405	174,707
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	322,839	314,483	306,127	297,772	289,419	281,066	272,715	264,365	256,016	247,667	239,321	230,975	222,631	214,289	205,947	197,605	189,266
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(165,285)	(160,743)	(156,201)	(151,659)	(147,118)	(142,576)	(138,034)	(133,492)	(128,951)	(124,409)	(119,867)	(115,325)	(110,784)	(106,242)	(101,700)	(97,158)	(92,617)
Total liabilities & Equity	467,163	455,559	444,031	432,505	420,980	409,457	397,936	386,418	374,902	363,387	351,875	340,365	328,858	317,353	305,853	294,352	282,851	271,356

CAES 2 Financial Model High Gas Price Case

Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Total Revenues		104,054	102,696	91,103	87,107	88,186	82,383	85,480	88,773	87,669	88,269	90,475	92,681	92,422
Fuel Costs	\$k	17,535	18,317	15,912	14,510	14,823	12,481	13,736	15,275	14,611	14,514	15,394	16,208	16,234
Variable O&M	\$k	32,146	29,930	20,624	17,925	18,541	14,911	16,543	18,090	17,398	17,823	18,834	19,905	19,244
Direct O&M	\$k	3,545	3,645	3,767	3,859	3,972	4,083	4,216	4,319	4,445	4,567	4,707	4,828	4,977
Property taxes	\$k	21,517	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678
Total operating expenses	\$k	74,742	74,054	63,131	59,805	61,554	56,419	60,186	64,147	63,711	64,979	67,852	70,725	71,132
Operating Income	\$k	29,312	28,642	27,972	27,302	26,633	25,963	25,295	24,626	23,958	23,290	22,623	21,956	21,290
Less: Book depreciation	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Less: Interest expense	\$k	4,532	4,354	4,177	4,000	3,822	3,645	3,468	3,292	3,115	2,938	2,762	2,585	2,409
Earnings before Income Taxes	\$k	13,177	12,684	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767	7,277
Less: Federal tax expense	\$k	4,573	4,412	4,252	4,092	3,932	3,772	3,612	3,452	3,292	3,133	2,973	2,814	2,654
Less: State income tax expense	\$k	998	963	929	894	859	824	789	754	719	684	649	614	580
Net Income	\$k	7,605	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043
Average Regulatory Equity	\$k	76,054	73,077	70,101	67,126	64,153	61,182	58,212	55,244	52,277	49,312	46,349	43,387	40,427
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Cash Flow Report	Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	18,630	7,605	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043
AFUDC	(60,831)	-	-	0	-	(0)	-	-	-	-	0	-	-	-
Depreciation	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Deferred Taxes	(12,986)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)
Working capital	(3,001)	(111)	(114)	(116)	(119)	(123)	(125)	(129)	(133)	(135)	(139)	(143)	(146)	(150)
Net Cash Flow From Operations	(58,187)	14,557	14,256	13,957	13,656	13,355	13,055	12,754	12,454	12,155	11,855	11,555	11,255	10,956
Capital Investments	(403,331)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Used in Investing Activities	(403,331)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	287,125	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	0	(6,218)	(5,919)	(5,621)	(5,322)	(5,023)	(4,725)	(4,426)	(4,127)	(3,829)	(3,531)	(3,233)	(2,935)	(2,637)
LTD Debt Issuance/(Redemption)	331,235	(8,338)	(8,336)	(8,336)	(8,334)	(8,332)	(8,331)	(8,328)	(8,327)	(8,325)	(8,323)	(8,321)	(8,320)	(8,318)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	618,360	(14,556)	(14,256)	(13,957)	(13,655)	(13,354)	(13,055)	(12,754)	(12,454)	(12,154)	(11,854)	(11,554)	(11,255)	(10,955)
Net Increase / (Decrease) in Cash	156,841	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	4,571	4,685	4,800	4,920	5,043	5,168	5,297	5,430	5,566	5,705	5,848	5,994	6,143
Property Plant & Equipment	464,163	255,293	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650	116,047
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,163	259,864	248,374	236,886	225,401	213,920	202,442	190,967	179,496	168,028	156,563	145,102	133,644	122,190
Common Equity	305,755	167,011	159,315	151,621	143,928	136,238	128,548	120,860	113,174	105,489	97,806	90,125	82,445	74,767
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	180,928	172,592	164,256	155,923	147,591	139,260	130,932	122,605	114,280	105,957	97,635	89,315	80,998
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(88,075)	(83,533)	(78,992)	(74,450)	(69,908)	(65,366)	(60,825)	(56,283)	(51,741)	(47,200)	(42,658)	(38,116)	(33,574)
Total liabilities & Equity	467,163	259,864	248,374	236,886	225,401	213,920	202,442	190,967	179,496	168,028	156,563	145,102	133,644	122,190

Financial Model Inputs

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
LTSA																	
LTSA Initial Spare Parts																	
LTSA Annual Fee	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
LTSA Hours Based Charge	\$57	\$1,733	\$59	\$5,977	\$62	\$1,912	\$66	\$10,864	\$69	\$8,130	\$72	\$7,283	\$76	\$2,330	\$80	\$13,237	\$84
LTSA Total	\$682	\$2,373	\$716	\$6,651	\$752	\$2,620	\$790	\$11,607	\$830	\$8,911	\$872	\$8,103	\$917	\$3,192	\$963	\$14,142	\$1,012
Other O&M Costs																	
Inergy Ground & Cavern Lease	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
Plant Staffing	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,843	\$2,897,848	\$2,976,210	\$3,044,551	\$3,122,513	\$3,198,682	\$3,289,445	\$3,360,615	\$3,452,690	\$3,530,746	\$3,626,223	\$3,709,490	\$3,804,479	\$3,897,283	\$4,007,870	\$4,094,583
Capital Additions																	
Cap Adds			\$219	\$224	\$230	\$236	\$242	\$248	\$254	\$260	\$267	\$274	\$280	\$287	\$295	\$302	\$309

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Natural Gas Cost	\$1,678	\$4,566	\$7,011	\$7,224	\$7,611	\$10,026	\$11,305	\$12,514	\$12,474	\$12,743	\$13,775	\$14,688	\$16,040	\$22,704	\$21,655	\$15,913	\$17,064
Compression Costs	\$2,632	\$7,311	\$9,646	\$9,518	\$10,669	\$13,525	\$16,119	\$19,275	\$19,661	\$21,206	\$23,351	\$27,651	\$30,028	\$50,322	\$47,492	\$31,263	\$31,756
Variable O&M Costs	\$3	\$7	\$11	\$11	\$12	\$15	\$17	\$19	\$19	\$19	\$20	\$21	\$23	\$31	\$29	\$21	\$22
Emissions Costs	\$111	\$292	\$459	\$479	\$511	\$685	\$772	\$872	\$898	\$940	\$1,023	\$1,104	\$1,197	\$1,704	\$1,614	\$1,192	\$1,280
Total Variable Costs	\$4,423	\$12,175	\$17,128	\$17,233	\$18,803	\$24,252	\$28,212	\$32,679	\$33,052	\$34,909	\$38,169	\$43,464	\$47,288	\$74,761	\$70,790	\$48,388	\$50,122

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capacity Revenue	\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742
Regulation Revenue	\$564	\$1,013	\$1,489	\$1,723	\$1,621	\$1,833	\$2,103	\$1,829	\$2,042	\$2,109	\$1,959	\$1,696	\$1,880	\$2,161	\$1,972	\$1,233	\$1,572
MVAR Revenue																	
Syn Spinning Reserve	\$15	\$25	\$30	\$32	\$38	\$23	\$25	\$23	\$33	\$29	\$21	\$16	\$29	\$27	\$42	\$49	\$35
Non-Syn Spinning Reserve	\$97	\$228	\$218	\$225	\$230	\$222	\$225	\$221	\$230	\$232	\$232	\$236	\$240	\$205	\$222	\$243	\$278
Energy Revenue	\$5,392	\$14,631	\$22,202	\$22,447	\$24,630	\$32,909	\$40,842	\$48,960	\$49,987	\$53,682	\$58,816	\$71,010	\$76,576	\$125,286	\$119,937	\$78,426	\$80,355
Other Revenue																	
Total Revenues	\$8,308	\$22,149	\$30,311	\$30,914	\$33,138	\$41,745	\$50,101	\$58,088	\$59,493	\$63,397	\$68,534	\$80,620	\$86,552	\$154,582	\$149,670	\$106,634	\$110,982

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Generator Starts	85	201	208	226	219	222	220	229	223	230	230	225	231	283	280	197	216
Generator Operating Hours	332	739	978	1,013	1,005	1,172	1,250	1,307	1,326	1,333	1,355	1,372	1,442	1,861	1,702	1,205	1,264
Net Generation (MWH)	37,976	96,664	146,238	145,991	149,466	192,836	207,201	223,792	220,556	221,242	230,701	238,011	246,373	335,646	303,084	213,475	219,118

Financial Model Inputs

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
LTSA Initial Spare Parts													
LTSA Annual Fee	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$2,572	\$88	\$16,579	\$93	\$2,839	\$97	\$16,128	\$102	\$3,134	\$108	\$10,812	\$113	\$13,322
LTSA Total	\$3,523	\$1,063	\$17,578	\$1,117	\$3,889	\$1,173	\$17,231	\$1,233	\$4,292	\$1,295	\$12,029	\$1,361	\$14,601
Other O&M Costs													
Inergy Ground & Cavern Lease	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,199,433	\$4,301,871	\$4,425,906	\$4,519,653	\$4,635,389	\$4,748,461	\$4,883,200	\$4,988,852	\$5,116,602	\$5,241,412	\$5,383,149	\$5,506,759	\$5,657,634
Capital Additions													
Cap Adds	\$317	\$325	\$333	\$342	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$427

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$17,535	\$18,317	\$15,912	\$14,510	\$14,823	\$12,481	\$13,736	\$15,275	\$14,611	\$14,514	\$15,394	\$16,208	\$16,234
Compression Costs	\$30,789	\$28,511	\$19,379	\$16,784	\$17,361	\$13,908	\$15,431	\$16,842	\$16,185	\$16,597	\$17,517	\$18,489	\$17,814
Variable O&M Costs	\$22	\$23	\$19	\$17	\$18	\$15	\$16	\$17	\$16	\$16	\$17	\$18	\$18
Emissions Costs	\$1,334	\$1,396	\$1,226	\$1,124	\$1,163	\$989	\$1,096	\$1,230	\$1,197	\$1,210	\$1,300	\$1,398	\$1,412
Total Variable Costs	\$49,680	\$48,247	\$36,537	\$32,435	\$33,364	\$27,392	\$30,278	\$33,365	\$32,009	\$32,337	\$34,228	\$36,113	\$35,478

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$29,360	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$9,960	\$10,197	\$35,137	\$35,998	\$36,882	\$37,803	\$38,751
Regulation Revenue	\$1,385	\$1,229	\$1,033	\$926	\$1,096	\$851	\$1,017	\$1,052	\$808	\$853	\$936	\$966	\$883
MVAR Revenue													
Syn Spinning Reserve	\$20	\$19	\$20	\$9	\$14	\$41	\$52	\$51	\$68	\$58	\$46	\$43	\$56
Non-Syn Spinning Reserve	\$294	\$309	\$350	\$358	\$362	\$386	\$392	\$394	\$406	\$418	\$419	\$423	\$438
Energy Revenue	\$80,270	\$76,878	\$49,108	\$42,369	\$43,777	\$36,580	\$40,514	\$44,521	\$42,476	\$43,237	\$45,971	\$47,588	\$45,752
Other Revenue													
Total Revenues	\$111,329	\$108,419	\$81,128	\$74,926	\$77,239	\$70,601	\$51,935	\$56,215	\$78,895	\$80,564	\$84,254	\$86,823	\$85,880

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	216	228	208	197	190	160	178	185	170	166	183	173	163
Generator Operating Hours	1,225	1,219	1,017	920	940	759	820	865	803	767	801	834	808
Net Generation (MWH)	218,432	218,814	183,645	166,866	165,887	134,940	143,622	155,177	144,902	140,936	145,975	151,243	146,865

Project Development Cash Flow Estimate in Nominal \$

Total Cost

Direct Plant Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages		\$161,099,191	\$0	\$22,698,408	\$1,466,471	\$120,634,995	\$16,299,318
Contract Packages		\$183,969,191	\$0	\$0	\$15,637,487	\$146,568,563	\$21,763,142
Professional Services		\$27,585,800	\$4,317,744	\$4,505,472	\$6,093,072	\$8,215,484	\$4,454,028
Owners Costs		\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support		\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
Licensing Fees		\$7,350,000	\$5,000,000				\$2,350,000
AFUDC		<u>\$55,168,257</u>	<u>\$600,553</u>	<u>\$2,390,778</u>	<u>\$4,603,072</u>	<u>\$17,062,652</u>	<u>\$30,511,202</u>
Total		\$449,564,572	\$15,191,244	\$30,968,808	\$30,424,828	\$294,292,457	\$78,687,235

Cavern Development Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total		\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

Total Cost	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Costs		\$394,396,315	\$14,590,691	\$28,578,031	\$25,821,755	\$277,229,806	\$48,176,032
Cavern Development Costs		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$60,831,375</u>	<u>\$814,302</u>	<u>\$2,877,736</u>	<u>\$5,551,444</u>	<u>\$18,489,729</u>	<u>\$33,098,163</u>
Total		\$494,147,812	\$20,384,369	\$32,413,433	\$40,190,433	\$296,157,200	\$105,002,377

CAES 1A Financial Model High Wind Generation Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:	Scenario Input Assumptions				
	Scenario 1	Scenario 2	Scenario 3		
Grants					
Amount	\$30,600	\$ Thousands	\$30,600	\$30,600	\$30,600
Taxable	Y	Yes (Y) / No (N)	Y	Y	N
Property Tax Exclusion	N	Yes (Y) / No (N)	N	N	N
R&D - section 174 qualified	Y	Yes (Y) / No (N)	Y	N	N
Production Tax Credit	N	Yes (Y) / No (N)			
Inservice Date	2016				

CAES 1A Financial Model High Wind Generation Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$/MWH]	\$227.46	\$241.83	\$207.49	\$205.39	\$215.20	\$200.92	\$232.03	\$255.25	\$270.67	\$288.85	\$297.79	\$335.92	\$345.55	\$456.85	\$501.62	\$523.94	\$529.26	\$515.88
Revenue Requirement for CAES Plant [\$/MWH]	\$1,644.65	\$820.89	\$569.01	\$536.68	\$531.40	\$423.69	\$407.16	\$397.97	\$406.72	\$410.23	\$401.60	\$403.24	\$395.27	\$372.88	\$413.67	\$489.09	\$485.88	\$479.45
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$1,417.19)	(\$579.06)	(\$361.52)	(\$331.29)	(\$316.20)	(\$222.78)	(\$175.13)	(\$142.72)	(\$136.05)	(\$121.38)	(\$103.82)	(\$67.32)	(\$49.72)	\$83.97	\$87.95	\$34.85	\$43.38	\$36.43

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	33,864	80,210	120,737	129,788	133,098	175,439	193,849	207,430	205,869	208,539	221,243	232,352	249,881	337,121	281,669	202,337	205,891	204,692
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Annual Benefit (Cost) from CAES Plant [S000]	(\$47,991)	(\$46,447)	(\$43,649)	(\$42,998)	(\$42,086)	(\$39,083)	(\$33,950)	(\$29,604)	(\$28,008)	(\$25,312)	(\$22,969)	(\$15,641)	(\$12,423)	\$28,309	\$24,772	\$7,051	\$8,931	\$7,457
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2997)	(0.2858)	(0.2646)	(0.2568)	(0.2476)	(0.2266)	(0.1939)	(0.1666)	(0.1553)	(0.1382)	(0.1236)	(0.0829)	(0.0649)	0.1457	0.1256	0.0352	0.0440	0.0362
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$21.58)	(\$20.58)	(\$19.05)	(\$18.49)	(\$17.83)	(\$16.31)	(\$13.96)	(\$11.99)	(\$11.18)	(\$9.95)	(\$8.90)	(\$5.97)	(\$4.67)	\$10.49	\$9.04	\$2.54	\$3.16	\$2.60

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000] **(\$237,259)**

Net Present Value of Customer 2016-2045 Impact [S000] **(\$248,544)**

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [S000]	223,404	259,739	253,456	247,174	240,894	234,617	228,341	222,068	215,797	209,527	203,261	196,996	190,734	184,476	178,220	171,963	165,709	159,460
Average Regulatory Equity [S000]	107,234	124,675	121,659	118,644	115,629	112,616	109,604	106,593	103,582	100,573	97,565	94,558	91,552	88,549	85,545	82,542	79,541	76,541
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	10,723	12,467	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,757	9,456	9,155	8,855	8,555	8,254	7,954	7,654

CAES 1A Financial Model High Wind Generation Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$/MWH]	\$498.23	\$448.09	\$498.96	\$500.97	\$508.19	\$551.87	\$364.70	\$562.07	\$583.72	\$388.37	\$574.60	\$580.60
Revenue Requirement for CAES Plant [\$/MWH]	\$468.32	\$503.85	\$603.04	\$584.44	\$586.92	\$653.80	\$637.31	\$629.02	\$662.21	\$654.40	\$638.89	\$641.07
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	\$29.91	(\$55.76)	(\$104.08)	(\$83.47)	(\$78.72)	(\$101.94)	(\$272.61)	(\$66.95)	(\$78.49)	(\$266.03)	(\$64.29)	(\$60.48)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	206,547	168,951	127,324	136,450	136,588	118,115	124,987	129,783	121,928	126,412	131,441	132,591
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Annual Benefit (Cost) from CAES Plant [S000]	\$6,178	(\$9,421)	(\$13,252)	(\$11,389)	(\$10,753)	(\$12,040)	(\$34,073)	(\$8,688)	(\$9,570)	(\$33,630)	(\$8,451)	(\$8,019)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0295	(0.0443)	(0.0614)	(0.0520)	(0.0484)	(0.0534)	(0.1489)	(0.0374)	(0.0406)	(0.1405)	(0.0348)	(0.0325)
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	\$2.12	(\$3.19)	(\$4.42)	(\$3.75)	(\$3.48)	(\$3.84)	(\$10.72)	(\$2.69)	(\$2.92)	(\$10.12)	(\$2.50)	(\$2.34)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]

Net Present Value of Customer 2016-2045 Impact [S000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

- NY RPS incentive (\$/mwh)
- NY RPS incentive escalation rate

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [S000]	153,212	146,967	140,725	134,486	128,251	122,019	115,789	109,564	103,342	97,123	90,907	84,696
Average Regulatory Equity [S000]	73,542	70,544	67,548	64,553	61,560	58,569	55,579	52,591	49,604	46,619	43,636	40,654
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	7,354	7,054	6,755	6,455	6,156	5,857	5,558	5,259	4,960	4,662	4,364	4,065

CAES 1A Financial Model High Wind Generation Case
Revenue Requirement

(in thousands)

Common Equity Return =
 Preferred Return =
 Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	256,930	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)
Net Plant Before Taxes	\$k	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469	116,791
Plus Accumulated Deferred Tax Balance	\$k	(84,149)	(79,578)	(75,007)	(70,436)	(65,865)	(61,294)	(56,723)	(52,152)	(47,581)	(43,010)	(38,439)	(33,868)
Plant Rate Base	\$k	161,102	153,995	146,888	139,781	132,673	125,566	118,459	111,352	104,244	97,137	90,030	82,923
Deferred Credits (Non-cash Return)	\$k	(15,697)	(14,949)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)
Working Capital	\$k	4,684	4,800	4,919	5,042	5,168	5,296	5,429	5,565	5,704	5,847	5,993	6,143
Total Rate Base	\$k	150,089	143,845	137,604	131,368	125,134	118,903	112,676	106,452	100,231	94,014	87,801	81,591
Average Rate Base		153,212	146,967	140,725	134,486	128,251	122,019	115,789	109,564	103,342	97,123	90,907	84,696
Capitalization													
Common Equity	48.0%	12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,797	8,302	7,808	7,314
Preferred	0.0%	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required		12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,797	8,302	7,808	7,314
Total Debt	52.0%	4,382	4,203	4,025	3,846	3,668	3,490	3,312	3,134	2,956	2,778	2,600	2,422
Return on Rate Base	\$k	17,143	16,468	15,793	15,119	14,445	13,771	13,098	12,425	11,752	11,080	10,408	9,737

Operating Revenues & Costs													
Depreciation Expense	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	14,314	12,145	9,129	10,069	10,463	9,395	10,281	10,937	10,468	11,204	11,850	12,353
Variable O&M Costs	\$k	988	828	636	699	717	635	687	730	702	745	793	819
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	26,648	17,260	12,014	13,828	13,667	11,669	12,949	13,979	13,309	14,201	14,432	14,550
Fixed O&M	\$k	4,393	4,511	4,606	4,719	4,831	4,956	5,067	5,191	5,315	5,450	5,576	5,723
Property taxes	\$k	22,313	22,982	23,672	24,382	25,113	25,867	26,643	27,442	28,265	29,113	29,987	30,886
Total Operating Costs	\$k	\$79,587	\$68,658	\$60,988	\$64,628	\$65,721	\$63,453	\$66,558	\$69,211	\$68,990	\$71,644	\$73,569	\$75,263

Total Plant Revenue Requirement													
Return on Rate Base	\$k	17,143	16,468	15,793	15,119	14,445	13,771	13,098	12,425	11,752	11,080	10,408	9,737
Depreciation Expense	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Variable Operating Costs	\$k	41,950	30,233	21,779	24,596	24,846	21,699	23,918	25,647	24,479	26,150	27,075	27,723
Fixed Operating Costs	\$k	25,958	26,746	27,530	28,353	29,196	30,075	30,962	31,886	32,832	33,815	34,815	35,862
Total Revenue Requirement	\$k	\$96,730	\$85,125	\$76,781	\$79,746	\$80,166	\$77,224	\$79,656	\$81,636	\$80,742	\$82,724	\$83,977	\$85,000

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	207	169	127	136	137	118	125	130	122	126	131	133
Return on Rate Base	\$/MWH	\$83.00	\$97.47	\$124.04	\$110.80	\$105.75	\$116.59	\$104.79	\$95.73	\$96.39	\$87.65	\$79.19	\$73.43
Depreciation Expense	\$/MWH	\$56.54	\$69.12	\$91.72	\$85.59	\$85.50	\$98.88	\$93.44	\$89.99	\$95.78	\$92.39	\$88.85	\$88.08
Variable Operating Costs	\$/MWH	\$203.10	\$178.95	\$171.05	\$180.26	\$181.91	\$183.71	\$191.36	\$197.61	\$200.76	\$206.87	\$205.99	\$209.08
Fixed Operating Costs	\$/MWH	\$125.68	\$158.30	\$216.22	\$207.79	\$213.75	\$254.63	\$247.72	\$245.68	\$269.28	\$267.50	\$264.87	\$270.47
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$468.32	\$503.85	\$603.04	\$584.44	\$586.92	\$653.80	\$637.31	\$629.02	\$662.21	\$654.40	\$638.89	\$641.07
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$96,730	\$85,125	\$76,781	\$79,746	\$80,166	\$77,224	\$79,656	\$81,636	\$80,742	\$82,724	\$83,977	\$85,000

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$72,431	\$44,555	\$31,727	\$35,789	\$36,082	\$31,041	\$34,852	\$37,188	\$34,524	\$37,578	\$37,066	\$37,560
Capacity Value	\$k	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$33,636	\$34,416	\$35,271	\$36,136	\$37,003	\$37,947	\$38,899
Ancillary Services	\$k	\$379	\$416	\$419	\$457	\$464	\$506	\$494	\$488	\$512	\$514	\$512	\$522
Total Market Value	\$k	\$102,908	\$75,705	\$63,529	\$68,357	\$69,413	\$65,184	\$45,583	\$72,947	\$71,172	\$49,095	\$75,526	\$76,982
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$498.23	\$448.09	\$498.96	\$500.97	\$508.19	\$551.87	\$364.70	\$562.07	\$583.72	\$388.37	\$574.60	\$580.60
Annual Savings (Cost) from Generating Plant	\$k	\$6,178	(\$9,421)	(\$13,252)	(\$11,389)	(\$10,753)	(\$12,040)	(\$34,073)	(\$8,688)	(\$9,570)	(\$33,630)	(\$8,451)	(\$8,019)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model High Wind Generation Case
Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		55,694	65,844	68,700	69,655	70,729	74,332	78,929	82,551	83,732	85,549	88,852	93,694	98,770	125,706	116,518	98,961	100,038
Fuel Costs	\$k	1,115	2,898	4,596	4,882	5,202	7,095	8,266	9,081	9,114	9,449	10,479	11,414	13,044	18,462	16,384	12,330	13,163
Variable O&M	\$k	2,923	6,901	8,267	9,123	10,057	11,929	15,503	18,434	19,703	21,275	23,637	27,602	31,097	52,638	45,535	32,012	32,229
Direct O&M	\$k	2,141	2,209	2,276	2,350	2,419	2,494	2,568	2,652	2,726	2,815	2,892	2,982	3,066	3,158	3,249	3,352	3,442
Property taxes	\$k	13,106	13,500	13,905	14,322	14,751	15,194	15,650	16,119	16,603	17,101	17,614	18,142	18,687	19,247	19,825	20,419	21,032
Total operating expenses	\$k	19,286	25,508	29,044	30,677	32,430	36,712	41,987	46,287	48,146	50,641	54,621	60,140	65,893	93,505	84,993	68,113	69,866
Operating Income	\$k	36,408	40,336	39,656	38,978	38,299	37,620	36,942	36,264	35,586	34,908	34,231	33,554	32,877	32,201	31,524	30,848	30,172
Less: Book depreciation	\$k	11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Less: Interest expense	\$k	6,389	7,429	7,249	7,069	6,890	6,710	6,531	6,351	6,172	5,992	5,813	5,634	5,455	5,276	5,097	4,918	4,739
Earnings before Income Taxes	\$k	18,340	21,229	20,729	20,230	19,731	19,232	18,733	18,234	17,736	17,237	16,739	16,241	15,743	15,246	14,749	14,251	13,754
Less: Federal tax expense	\$k	6,252	7,191	7,029	6,866	6,704	6,542	6,379	6,217	6,055	5,893	5,731	5,569	5,407	5,246	5,084	4,922	4,761
Less: State income tax expense	\$k	1,365	1,570	1,535	1,499	1,464	1,428	1,393	1,358	1,322	1,287	1,251	1,216	1,181	1,145	1,110	1,075	1,040
Net Income	\$k	10,723	12,467	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,757	9,456	9,155	8,855	8,555	8,254	7,954
Average Regulatory Equity	\$k	107,234	124,675	121,659	118,644	115,629	112,616	109,604	106,593	103,582	100,573	97,565	94,558	91,552	88,549	85,545	82,542	79,541
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,670	10,723	12,467	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,757	9,456	9,155	8,855	8,555	8,254	7,954
AFUDC	(60,858)																	
Depreciation	11,678	11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Deferred Taxes	(12,971)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)
Working capital	(3,000)	0	(76)	(77)	(79)	(81)	(83)	(85)	(87)	(89)	(92)	(94)	(97)	(99)	(104)	(102)	(104)	(109)
Net Cash Flow From Operations	(58,159)	17,831	19,499	19,196	18,893	18,589	18,286	17,982	17,679	17,376	17,073	16,770	16,467	16,164	15,858	15,560	15,258	14,953
Capital Investments	(406,281)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other																		
Net Cash Used in Investing Activities	(406,281)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	289,077																	
Dividends	0	(9,381)	(11,089)	(10,786)	(10,484)	(10,182)	(9,879)	(9,577)	(9,275)	(8,973)	(8,671)	(8,369)	(8,067)	(7,765)	(7,462)	(7,163)	(6,862)	(6,559)
LTD Debt Issuance/(Redemption)	333,392	(8,450)	(8,410)	(8,409)	(8,409)	(8,408)	(8,406)	(8,405)	(8,404)	(8,403)	(8,402)	(8,401)	(8,399)	(8,398)	(8,395)	(8,396)	(8,396)	(8,393)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	622,469	(17,831)	(19,499)	(19,196)	(18,893)	(18,589)	(18,286)	(17,982)	(17,679)	(17,376)	(17,073)	(16,770)	(16,466)	(16,163)	(15,858)	(15,559)	(15,258)	(14,953)
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	3,000	3,076	3,153	3,232	3,313	3,397	3,482	3,569	3,659	3,750	3,844	3,941	4,040	4,144	4,247	4,350	4,459
Property Plant & Equipment	467,139	455,460	443,782	432,104	420,425	408,747	397,069	385,391	373,712	362,034	350,356	338,678	326,999	315,321	303,643	291,965	280,286	268,608
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	470,139	458,461	446,858	435,257	423,658	412,060	400,465	388,873	377,282	365,693	354,106	342,522	330,940	319,361	307,787	296,211	284,637	273,067
Common Equity	307,747	299,947	292,183	284,421	276,659	268,898	261,138	253,380	245,622	237,865	230,110	222,355	214,602	206,850	199,100	191,349	183,599	175,852
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	333,392	324,942	316,532	308,122	299,714	291,306	282,900	274,495	266,091	257,687	249,285	240,885	232,485	224,087	215,692	207,295	198,899	190,506
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(166,428)	(161,857)	(157,286)	(152,715)	(148,144)	(143,573)	(139,002)	(134,431)	(129,860)	(125,289)	(120,718)	(116,147)	(111,575)	(107,004)	(102,433)	(97,862)	(93,291)
Total liabilities & Equity	470,139	458,461	446,858	435,257	423,658	412,060	400,465	388,873	377,282	365,693	354,106	342,522	330,940	319,361	307,787	296,211	284,637	273,067

CAES 1A Financial Model High Wind Generation Cas
Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	
Total Revenues		98,140	96,730	85,125	76,781	79,746	80,166	77,224	79,656	81,636	80,742	82,724	83,977	85,000	
Fuel Costs	\$k	13,561	14,314	12,145	9,129	10,069	10,463	9,395	10,281	10,937	10,468	11,204	11,850	12,353	
Variable O&M	\$k	29,875	27,636	18,088	12,650	14,527	14,383	12,304	13,637	14,709	14,011	14,946	15,225	15,369	
Direct O&M	\$k	3,544	3,645	3,763	3,859	3,971	4,083	4,209	4,319	4,444	4,567	4,702	4,828	4,976	
Property taxes	\$k	21,663	22,313	22,982	23,672	24,382	25,113	25,867	26,643	27,442	28,265	29,113	29,987	30,886	
Total operating expenses		68,643	67,909	56,979	49,309	52,949	54,043	51,774	54,879	57,532	57,311	59,966	61,890	63,585	
Operating Income		29,497	28,821	28,146	27,472	26,797	26,123	25,450	24,776	24,103	23,431	22,759	22,087	21,415	
Less: Book depreciation	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	
Less: Interest expense	\$k	4,561	4,382	4,203	4,025	3,846	3,668	3,490	3,312	3,134	2,956	2,778	2,600	2,422	
Earnings before Income Taxes		13,257	12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,797	8,302	7,808	7,314	
Less: Federal tax expense	\$k	4,599	4,438	4,276	4,115	3,954	3,792	3,631	3,470	3,309	3,149	2,988	2,827	2,667	
Less: State income tax expense	\$k	1,004	969	934	899	863	828	793	758	723	688	652	617	582	
Net Income		7,654	7,354	7,054	6,755	6,455	6,156	5,857	5,558	5,259	4,960	4,662	4,364	4,065	
Average Regulatory Equity		\$k	76,541	73,542	70,544	67,548	64,553	61,560	58,569	55,579	52,591	49,604	46,619	43,636	40,654
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
		42.27%	42.37%	42.48%	42.60%	42.73%	42.88%	43.03%	43.21%	43.40%	43.61%	43.85%	44.12%	44.42%	

Cash Flow Report		Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	18,670	7,654	7,354	7,054	6,755	6,455	6,156	5,857	5,558	5,259	4,960	4,662	4,364	4,065	
AFUDC	(60,858)	-	-	-	-	-	(0)	-	-	(0)	-	-	-	-	
Depreciation	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	
Deferred Taxes	(12,971)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	
Working capital	(3,000)	(111)	(114)	(116)	(119)	(123)	(126)	(129)	(133)	(136)	(139)	(143)	(146)	(150)	
Net Cash Flow From Operations	(58,159)	14,651	14,348	14,046	13,743	13,440	13,138	12,836	12,533	12,231	11,929	11,627	11,325	11,023	
Capital Investments	(406,281)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Used in Investing Activities	(406,281)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Equity Investment	289,077	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends	0	(6,258)	(5,957)	(5,657)	(5,355)	(5,054)	(4,753)	(4,453)	(4,152)	(3,851)	(3,551)	(3,251)	(2,951)	(2,651)	
LTD Debt Issuance/(Redemption)	333,392	(8,392)	(8,390)	(8,390)	(8,388)	(8,386)	(8,384)	(8,383)	(8,381)	(8,379)	(8,377)	(8,375)	(8,374)	(8,372)	
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Cash Used in Financing Activities	622,469	(14,650)	(14,347)	(14,046)	(13,743)	(13,439)	(13,137)	(12,835)	(12,533)	(12,230)	(11,929)	(11,626)	(11,325)	(11,023)	
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0	0	0	0	0	0	0	0	

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	4,570	4,684	4,800	4,919	5,042	5,168	5,296	5,429	5,565	5,704	5,847	5,993	6,143
Property Plant & Equipment	467,139	256,930	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469	116,791
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	470,139	261,500	249,936	238,373	226,813	215,258	203,706	192,157	180,611	169,069	157,529	145,994	134,462	122,933
Common Equity	307,747	168,106	160,361	152,617	144,874	137,133	129,394	121,656	113,920	106,186	98,453	90,722	82,992	75,264
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	333,392	182,115	173,724	165,335	156,947	148,561	140,177	131,794	123,414	115,035	106,657	98,282	89,908	81,537
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(88,720)	(84,149)	(79,578)	(75,007)	(70,436)	(65,865)	(61,294)	(56,723)	(52,152)	(47,581)	(43,010)	(38,439)	(33,868)
Total liabilities & Equity	470,139	261,500	249,936	238,373	226,813	215,258	203,706	192,157	180,611	169,069	157,529	145,994	134,462	122,933

Financial Model Inputs

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
<i>LTSA</i>																	
<i>LTSA Initial Spare Parts</i>																	
<i>LTSA Annual Fee</i>	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
<i>LTSA Hours Based Charge</i>	\$57	\$1,266	\$59	\$3,486	\$62	\$1,398	\$66	\$6,153	\$69	\$7,562	\$72	\$4,247	\$76	\$1,703	\$80	\$7,497	\$84
<i>LTSA Total</i>	\$682	\$1,907	\$716	\$4,159	\$752	\$2,105	\$790	\$6,896	\$830	\$8,343	\$872	\$5,067	\$917	\$2,565	\$963	\$8,402	\$1,012
Other O&M Costs																	
<i>Inergy Ground & Cavern Lease</i>	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
<i>Plant Staffing</i>	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,377	\$2,897,848	\$2,973,719	\$3,044,551	\$3,121,999	\$3,198,682	\$3,284,734	\$3,360,615	\$3,452,122	\$3,530,746	\$3,623,188	\$3,709,490	\$3,803,852	\$3,897,283	\$4,002,130	\$4,094,583
Capital Additions																	
<i>Cap Adds</i>			\$219	\$224	\$230	\$236	\$242	\$248	\$254	\$260	\$267	\$274	\$280	\$287	\$295	\$302	\$309

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<i>Natural Gas Cost</i>	\$1,115	\$2,898	\$4,596	\$4,882	\$5,202	\$7,095	\$8,266	\$9,081	\$9,114	\$9,449	\$10,479	\$11,414	\$13,044	\$18,462	\$16,384	\$12,330	\$13,163
<i>Compression Costs</i>	\$2,818	\$6,645	\$7,873	\$8,690	\$9,602	\$11,315	\$14,807	\$17,673	\$18,928	\$20,472	\$22,764	\$26,663	\$30,062	\$51,207	\$44,313	\$31,111	\$31,290
<i>Variable O&M Costs</i>	\$14	\$33	\$51	\$56	\$58	\$78	\$88	\$96	\$97	\$100	\$108	\$116	\$128	\$176	\$150	\$110	\$115
<i>Emissions Costs</i>	\$92	\$223	\$343	\$378	\$397	\$537	\$607	\$665	\$678	\$703	\$764	\$823	\$907	\$1,254	\$1,073	\$790	\$824
Total Variable Costs	\$4,038	\$9,799	\$12,863	\$14,006	\$15,260	\$19,024	\$23,768	\$27,516	\$28,817	\$30,724	\$34,116	\$39,016	\$44,140	\$71,100	\$61,919	\$44,341	\$45,392

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<i>Capacity Revenue</i>	\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785	\$28,852
<i>Regulation Revenue</i>	\$371	\$790	\$970	\$991	\$1,050	\$1,233	\$1,196	\$1,020	\$1,361	\$1,444	\$1,529	\$1,352	\$1,639	\$1,985	\$1,657	\$844	\$961
<i>MVAR Revenue</i>																	
<i>Syn Spinning Reserve</i>	\$31	\$53	\$43	\$63	\$83	\$81	\$76	\$58	\$83	\$67	\$64	\$44	\$78	\$102	\$43	\$35	\$40
<i>Non-Syn Spinning Reserve</i>	\$97	\$230	\$229	\$232	\$236	\$229	\$230	\$225	\$231	\$234	\$231	\$235	\$232	\$195	\$227	\$244	\$283
<i>Energy Revenue</i>	\$4,955	\$12,047	\$17,411	\$18,858	\$20,629	\$26,922	\$36,546	\$44,563	\$46,820	\$51,119	\$56,524	\$68,730	\$76,542	\$124,727	\$111,761	\$78,103	\$78,834
<i>Other Revenue</i>																	
Total Revenues	\$7,703	\$19,397	\$25,051	\$26,657	\$28,643	\$35,249	\$44,979	\$52,947	\$55,723	\$60,237	\$65,883	\$78,053	\$86,347	\$154,015	\$141,290	\$106,012	\$108,970

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<i>Number of Generator Starts</i>	72	148	163	170	182	194	190	192	192	199	207	215	234	274	236	163	189
<i>Generator Operating Hours</i>	283	671	805	869	894	1,034	1,120	1,163	1,197	1,215	1,301	1,330	1,484	1,897	1,582	1,114	1,131
<i>Net Generation (MWH)</i>	33,864	80,210	120,737	129,788	133,098	175,439	193,849	207,430	205,869	208,539	221,243	232,352	249,881	337,121	281,669	202,337	205,891

Financial Model Inputs

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
<i>LTSA Initial Spare Parts</i>													
<i>LTSA Annual Fee</i>	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
<i>LTSA Hours Based Charge</i>	\$1,880	\$88	\$12,880	\$93	\$2,075	\$97	\$9,134	\$102	\$2,291	\$108	\$6,305	\$113	\$12,392
LTSA Total	\$2,831	\$1,063	\$13,879	\$1,117	\$3,125	\$1,173	\$10,237	\$1,233	\$3,449	\$1,295	\$7,522	\$1,361	\$13,671
Other O&M Costs													
<i>Inergy Ground & Cavern Lease</i>	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
<i>Plant Staffing</i>	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,198,741	\$4,301,871	\$4,422,207	\$4,519,653	\$4,634,625	\$4,748,461	\$4,876,206	\$4,988,852	\$5,115,759	\$5,241,412	\$5,378,642	\$5,506,759	\$5,656,704
Capital Additions													
<i>Cap Adds</i>	\$317	\$325	\$333	\$342	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$427

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<i>Natural Gas Cost</i>	\$13,561	\$14,314	\$12,145	\$9,129	\$10,069	\$10,463	\$9,395	\$10,281	\$10,937	\$10,468	\$11,204	\$11,850	\$12,353
<i>Compression Costs</i>	\$28,918	\$26,648	\$17,260	\$12,014	\$13,828	\$13,667	\$11,669	\$12,949	\$13,979	\$13,309	\$14,201	\$14,432	\$14,550
<i>Variable O&M Costs</i>	\$117	\$120	\$100	\$74	\$81	\$82	\$72	\$77	\$82	\$77	\$82	\$86	\$88
<i>Emissions Costs</i>	\$840	\$868	\$728	\$562	\$618	\$635	\$563	\$610	\$648	\$624	\$663	\$707	\$731
Total Variable Costs	\$43,436	\$41,950	\$30,233	\$21,779	\$24,596	\$24,846	\$21,699	\$23,918	\$25,647	\$24,479	\$26,150	\$27,075	\$27,723

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<i>Capacity Revenue</i>	\$29,472	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$33,636	\$10,236	\$35,271	\$36,136	\$11,003	\$37,947	\$38,899
<i>Regulation Revenue</i>	\$957	\$731	\$657	\$404	\$740	\$776	\$603	\$604	\$581	\$447	\$556	\$594	\$520
<i>MVAR Revenue</i>													
<i>Syn Spinning Reserve</i>	\$78	\$65	\$57	\$37	\$78	\$78	\$98	\$80	\$72	\$81	\$82	\$75	\$72
<i>Non-Syn Spinning Reserve</i>	\$297	\$314	\$358	\$382	\$379	\$386	\$408	\$414	\$416	\$431	\$432	\$437	\$450
<i>Energy Revenue</i>	\$74,795	\$71,701	\$43,898	\$31,323	\$35,049	\$35,306	\$30,438	\$34,248	\$36,607	\$34,077	\$37,022	\$36,472	\$37,040
<i>Other Revenue</i>													
Total Revenues	\$105,597	\$102,908	\$75,705	\$63,529	\$68,357	\$69,413	\$65,184	\$45,583	\$72,947	\$71,172	\$49,095	\$75,526	\$76,982

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<i>Number of Generator Starts</i>	196	212	173	137	144	158	141	139	141	128	139	135	139
<i>Generator Operating Hours</i>	1,134	1,111	894	675	754	771	642	667	696	644	675	691	694
<i>Net Generation (MWH)</i>	204,692	206,547	168,951	127,324	136,450	136,588	118,115	124,987	129,783	121,928	126,412	131,441	132,591

Project Development Cash Flow Estimate in Nominal \$**Total Cost**

Direct Plant Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages		\$193,630,735		\$27,800,272	\$1,244,338	\$145,011,679	\$19,574,446
Contract Packages		\$162,956,933			\$16,077,060	\$128,010,827	\$18,869,046
Professional Services		\$26,419,800	\$4,049,564	\$4,225,632	\$5,813,232	\$7,947,304	\$4,384,068
Owners Costs		\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support		\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
AFUDC		<u>\$55,194,679</u>	<u>\$383,715</u>	<u>\$2,142,175</u>	<u>\$4,577,177</u>	<u>\$17,276,680</u>	<u>\$30,814,932</u>
Total		\$452,594,280	\$9,706,226	\$35,542,230	\$30,336,533	\$300,057,254	\$76,952,037

Cavern Development Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total		\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Cost		\$397,399,601	\$9,322,511	\$33,400,055	\$25,759,356	\$282,780,574	\$46,137,105
Cavern Cost		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$60,857,797</u>	<u>\$597,464</u>	<u>\$2,629,134</u>	<u>\$5,525,549</u>	<u>\$18,703,757</u>	<u>\$33,401,893</u>
Total		\$497,177,520	\$14,899,351	\$36,986,855	\$40,102,138	\$301,921,997	\$103,267,179

CAES 2 Financial Model High Wind Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:

	<u>Scenario Input Assumptions</u>		
	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
Grants			
Amount	\$30,600	\$ Thousands	\$30,600
Taxable	Y	Yes (Y) / No (N)	Y
Property Tax Exclusion	N	Yes (Y) / No (N)	N
R&D - section 174 qualified	Y	Yes (Y) / No (N)	N
Production Tax Credit	N	Yes (Y) / No (N)	N
Inservice Date	2016		

CAES 2 Financial Model High Wind Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$/MWH]	\$200.99	\$219.06	\$190.78	\$189.40	\$199.25	\$187.10	\$217.08	\$239.02	\$247.79	\$269.71	\$274.85	\$310.28	\$321.70	\$442.35	\$479.22	\$500.12	\$497.07	\$484.24
Revenue Requirement for CAES Plant [\$/MWH]	\$1,373.47	\$719.81	\$496.86	\$469.82	\$469.90	\$374.98	\$367.06	\$360.21	\$359.90	\$372.30	\$359.85	\$362.93	\$359.37	\$353.81	\$387.72	\$458.31	\$448.15	\$442.01
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$1,172.48)	(\$500.75)	(\$306.07)	(\$280.42)	(\$270.65)	(\$187.88)	(\$149.99)	(\$121.19)	(\$112.11)	(\$102.59)	(\$85.00)	(\$52.66)	(\$37.68)	\$88.54	\$91.50	\$41.82	\$48.92	\$42.22

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	40,707	92,231	140,544	151,126	152,846	203,156	218,700	232,928	238,288	232,703	251,413	263,592	279,469	352,582	299,620	215,188	224,259	223,313
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Annual Benefit (Cost) from CAES Plant [S000]	(\$47,729)	(\$46,185)	(\$43,017)	(\$42,379)	(\$41,367)	(\$38,168)	(\$32,802)	(\$28,229)	(\$26,716)	(\$23,872)	(\$21,371)	(\$13,879)	(\$10,529)	\$31,219	\$27,415	\$8,998	\$10,970	\$9,429
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2981)	(0.2842)	(0.2608)	(0.2531)	(0.2434)	(0.2213)	(0.1873)	(0.1588)	(0.1481)	(0.1304)	(0.1150)	(0.0736)	(0.0550)	0.1607	0.1390	0.0449	0.0540	0.0457
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$21.46)	(\$20.46)	(\$18.77)	(\$18.22)	(\$17.52)	(\$15.93)	(\$13.49)	(\$11.44)	(\$10.66)	(\$9.39)	(\$8.28)	(\$5.30)	(\$3.96)	\$11.57	\$10.01	\$3.24	\$3.89	\$3.29

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000] **(\$228,550)**

Net Present Value of Customer 2016-2045 Impact [S000] **(\$239,097)**

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [S000]	222,057	258,003	251,765	245,528	239,293	233,061	226,831	220,603	214,376	208,152	201,930	195,711	189,494	183,281	177,070	170,858	164,650	158,445
Average Regulatory Equity [S000]	106,588	123,841	120,847	117,854	114,861	111,869	108,879	105,889	102,901	99,913	96,927	93,941	90,957	87,975	84,993	82,012	79,032	76,054
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,797	8,499	8,201	7,903	7,605

CAES 2 Financial Model High Wind Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$/MWH]	\$473.52	\$423.63	\$461.98	\$452.26	\$466.19	\$519.71	\$338.77	\$518.15	\$549.74	\$369.19	\$553.57	\$567.84
Revenue Requirement for CAES Plant [\$/MWH]	\$436.94	\$468.21	\$548.71	\$517.57	\$529.28	\$607.41	\$569.68	\$570.94	\$615.10	\$604.60	\$607.43	\$619.28
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	\$36.58	(\$44.59)	(\$86.73)	(\$65.31)	(\$63.09)	(\$87.70)	(\$230.91)	(\$52.79)	(\$65.36)	(\$235.41)	(\$53.86)	(\$51.43)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	221,600	183,426	142,247	158,775	154,883	128,210	143,038	145,653	132,320	138,259	138,327	136,525
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Annual Benefit (Cost) from CAES Plant [S000]	\$8,105	(\$8,178)	(\$12,337)	#####	(\$9,771)	(\$11,244)	#####	(\$7,689)	(\$8,648)	(\$32,547)	(\$7,450)	(\$7,022)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0387	(0.0385)	(0.0572)	(0.0474)	(0.0440)	(0.0499)	(0.1443)	(0.0331)	(0.0367)	(0.1360)	(0.0307)	(0.0285)
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	\$2.79	(\$2.77)	(\$4.12)	(\$3.41)	(\$3.17)	(\$3.59)	(\$10.39)	(\$2.38)	(\$2.64)	(\$9.79)	(\$2.21)	(\$2.05)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]

Net Present Value of Customer 2016-2045 Impact [S000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

NY RPS incentive (\$/mwh)

NY RPS incentive escalation rate

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [S000]	152,243	146,043	139,846	133,652	127,462	121,275	115,091	108,910	102,733	96,559	90,389	84,222
Average Regulatory Equity [S000]	73,077	70,101	67,126	64,153	61,182	58,212	55,244	52,277	49,312	46,348	43,387	40,427
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043

CAES 2 Financial Model High Wind Case
Revenue Requirement

(in thousands)

Common Equity Return = 10.00%
Preferred Return = 0.00%
Debt Cost = 5.50%
Combined Tax Rate = 39.6150%

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Return on Rate Base																			
Net Utility Plant																			
Beginning Net Plant Balance	\$k	464,163	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)
Net Plant Before Taxes	\$k	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897	255,293
Plus Accumulated Deferred Tax Balance	\$k	(165,285)	(160,743)	(156,201)	(151,659)	(147,118)	(142,576)	(138,034)	(133,492)	(128,951)	(124,409)	(119,867)	(115,325)	(110,784)	(106,242)	(101,700)	(97,158)	(92,617)	(88,075)
Plant Rate Base	\$k	287,274	280,212	273,150	266,087	259,025	251,963	244,901	237,839	230,777	223,715	216,653	209,591	202,529	195,466	188,404	181,342	174,280	167,218
Deferred Credits (Non-cash Return)	\$k	(29,152)	(28,405)	(27,657)	(26,910)	(26,162)	(25,415)	(24,667)	(23,920)	(23,172)	(22,425)	(21,677)	(20,930)	(20,182)	(19,435)	(18,687)	(17,940)	(17,192)	(16,445)
Working Capital	\$k	3,001	3,076	3,154	3,233	3,313	3,397	3,482	3,570	3,659	3,751	3,845	3,941	4,040	4,144	4,247	4,350	4,459	4,570
Total Rate Base	\$k	261,122	254,883	248,646	242,410	236,177	229,945	223,716	217,489	211,264	205,041	198,820	192,602	186,387	180,176	173,964	167,753	161,547	155,343
Average Rate Base	\$k	222,057	258,003	251,765	245,528	239,293	233,061	226,831	220,603	214,376	208,152	201,930	195,711	189,494	183,281	177,070	170,858	164,650	158,445
Capitalization																			
			Effective Rate																
Common Equity		48.0%	16.5604%	18,233	21,090	20,594	20,099	19,603	19,108	18,613	18,117	17,623	17,128	16,633	16,139	15,645	15,151	14,657	14,163
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required				18,233	21,090	20,594	20,099	19,603	19,108	18,613	18,117	17,623	17,128	16,633	16,139	15,645	15,151	14,657	14,163
Total Debt		52.0%	5.50%	6,351	7,379	7,200	7,022	6,844	6,666	6,487	6,309	6,131	5,953	5,775	5,597	5,420	5,242	5,064	4,887
Return on Rate Base	\$k			24,584	28,469	27,795	27,121	26,447	25,773	25,100	24,427	23,754	23,081	22,408	21,736	21,064	20,393	19,721	19,050

Operating Revenues & Costs																			
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	1,340	3,333	5,315	5,667	5,966	8,111	9,230	10,116	10,427	10,373	11,737	12,743	14,393	19,083	17,136	12,891	14,106	14,564
Variable O&M Costs	\$k	111	257	398	441	457	618	680	743	778	776	860	922	1,005	1,299	1,123	827	884	904
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	3,112	7,107	8,631	9,591	10,277	12,487	15,549	18,345	19,981	21,000	23,475	27,657	30,739	50,092	43,645	30,611	31,197	28,865
Fixed O&M	\$k	2,889	2,957	3,024	3,100	3,166	3,242	3,316	3,404	3,473	3,563	3,639	3,732	3,814	3,906	3,997	4,105	4,190	4,292
Property taxes	\$k	13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890	21,517
Total Operating Costs	\$k	\$31,326	\$37,920	\$42,036	\$43,881	\$45,375	\$50,405	\$55,176	\$59,477	\$62,007	\$63,554	\$68,063	\$73,930	\$79,369	\$104,354	\$96,448	\$79,573	\$82,123	\$80,999

\$0

Total Plant Revenue Requirement																			
Return on Rate Base	\$k	24,584	28,469	27,795	27,121	26,447	25,773	25,100	24,427	23,754	23,081	22,408	21,736	21,064	20,393	19,721	19,050	18,379	17,708
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Variable Operating Costs	\$k	4,563	10,698	14,345	15,700	16,700	21,215	25,460	29,205	31,186	32,149	36,072	41,321	46,138	70,474	61,904	44,329	46,186	44,333
Fixed Operating Costs	\$k	15,159	15,618	16,087	16,578	17,070	17,586	18,112	18,667	19,217	19,801	20,387	21,005	21,627	22,276	22,940	23,639	24,332	25,062
Total Revenue Requirement	\$k	\$55,910	\$66,389	\$69,831	\$71,002	\$71,822	\$76,179	\$80,276	\$83,903	\$85,760	\$86,635	\$90,471	\$95,666	\$100,433	\$124,747	\$116,169	\$98,622	\$100,502	\$98,707

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Energy Generated (gas dispatch) GWH		41	92	141	151	153	203	219	233	238	233	251	264	279	353	300	215	224	223
Return on Rate Base \$/MWH		\$603.92	\$308.67	\$197.77	\$179.46	\$173.03	\$126.86	\$114.77	\$104.87	\$99.68	\$99.19	\$89.13	\$82.46	\$75.37	\$57.84	\$65.82	\$88.53	\$81.95	\$79.30
Depreciation Expense \$/MWH		\$285.06	\$125.82	\$82.57	\$76.78	\$75.92	\$57.12	\$53.06	\$49.82	\$48.70	\$49.87	\$46.16	\$44.02	\$41.52	\$32.91	\$38.73	\$53.93	\$51.74	\$51.96
Variable Operating Costs \$/MWH		\$112.10	\$115.99	\$102.06	\$103.88	\$109.26	\$104.43	\$116.41	\$125.38	\$130.88	\$138.15	\$143.48	\$156.76	\$165.09	\$199.88	\$206.61	\$206.00	\$205.95	\$198.53
Fixed Operating Costs \$/MWH		\$372.39	\$169.34	\$114.46	\$109.69	\$111.68	\$86.56	\$82.82	\$80.14	\$80.64	\$85.09	\$81.09	\$79.69	\$77.38	\$63.18	\$76.56	\$109.85	\$108.50	\$112.23
"Regulated Revenue Requirement" Cost of Electricity \$/MWH		\$1,373.47	\$719.81	\$496.86	\$469.82	\$469.90	\$374.98	\$367.06	\$360.21	\$359.90	\$372.30	\$359.85	\$362.93	\$359.37	\$353.81	\$387.72	\$458.31	\$448.15	\$442.01
"Regulated Revenue Requirement" Cost of Electricity \$k		\$55,910	\$66,389	\$69,831	\$71,002	\$71,822	\$76,179	\$80,276	\$83,903	\$85,760	\$86,635	\$90,471	\$95,666	\$100,433	\$124,747	\$116,169	\$98,622	\$100,502	\$98,707

Market Revenues																				
Energy Value \$k		\$5,819	\$13,678	\$20,181	\$21,844	\$23,518	\$30,953	\$40,269	\$48,328	\$51,540	\$55,126	\$61,301	\$73,849	\$81,767	\$128,773	\$115,830	\$80,659	\$82,398	\$78,413	
Capacity Value \$k		\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742	\$29,360	
Ancillary Services \$k		\$123	\$273	\$259	\$291	\$317	\$300	\$299	\$292	\$305	\$292	\$293	\$275	\$310	\$290	\$257	\$279	\$331	\$364	
Total Market Value \$k		\$8,182	\$20,204	\$26,814	\$28,623	\$30,455	\$38,010	\$47,474	\$55,675	\$59,045	\$62,762	\$69,100	\$81,787	\$89,904	\$155,966	\$143,584	\$107,621	\$111,472	\$108,137	
Blended Energy, Capacity, Ancillary Services Price \$/MWH		\$200.99	\$219.06	\$190.78	\$189.40	\$199.25	\$187.10	\$217.08	\$239.02	\$247.79	\$269.71	\$274.85	\$310.28	\$321.70	\$442.35	\$479.22	\$500.12	\$497.07	\$484.24	
Annual Savings (Cost) from Generating Plant \$k		(\$47,729)	(\$46,185)	(\$43,017)	(\$42,379)	(\$41,367)	(\$38,168)	(\$32,802)	(\$28,229)	(\$26,716)	(\$23,872)	(\$21,371)	(\$13,879)	(\$10,529)	\$31,219	\$27,415	\$8,998	\$10,970	\$9,429	
2016-2035 Customer NPV Savings \$k																			(\$228,550)	
2016-2045 Customer NPV Savings \$k																				(\$239,097)

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model High Wind Case
Revenue Requirement

(in thousands)

Common Equity Return =
 Preferred Return =
 Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	255,293	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)
Net Plant Before Taxes	\$k	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650	116,047
Plus Accumulated Deferred Tax Balance	\$k	(83,533)	(78,992)	(74,450)	(69,908)	(65,366)	(60,825)	(56,283)	(51,741)	(47,200)	(42,658)	(38,116)	(33,574)
Plant Rate Base	\$k	160,156	153,094	146,031	138,969	131,907	124,845	117,783	110,721	103,659	96,597	89,534	82,472
Deferred Credits (Non-cash Return)		(15,697)	(14,950)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)
Working Capital	\$k	4,684	4,800	4,919	5,042	5,168	5,297	5,429	5,565	5,704	5,847	5,993	6,143
Total Rate Base	\$k	149,143	142,944	136,748	130,557	124,368	118,182	112,000	105,821	99,645	93,473	87,305	81,140
Average Rate Base		152,243	146,043	139,846	133,652	127,462	121,275	115,091	108,910	102,733	96,559	90,389	84,222
Capitalization													
Common Equity		48.0%	12,684	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			12,684	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767
Total Debt		52.0%	4,354	4,177	4,000	3,822	3,645	3,468	3,292	3,115	2,938	2,762	2,409
Return on Rate Base	\$k	17,038	16,368	15,698	15,028	14,359	13,690	13,022	12,354	11,686	11,019	10,352	9,685

Operating Revenues & Costs													
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	15,106	12,957	10,068	11,753	11,841	10,158	11,681	12,184	11,273	12,149	12,319	12,540
Variable O&M Costs	\$k	918	779	616	715	716	606	689	718	668	715	731	740
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	26,353	17,580	12,696	14,888	14,430	11,910	13,708	14,598	13,518	14,481	14,405	14,323
Fixed O&M	\$k	4,393	4,515	4,606	4,720	4,831	4,963	5,067	5,192	5,315	5,454	5,576	5,724
Property taxes	\$k	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678
Total Operating Costs	\$k	\$79,789	\$69,514	\$62,355	\$67,149	\$67,617	\$64,185	\$68,464	\$70,805	\$69,704	\$72,572	\$73,672	\$74,861

Total Plant Revenue Requirement													
Return on Rate Base	\$k	17,038	16,368	15,698	15,028	14,359	13,690	13,022	12,354	11,686	11,019	10,352	9,685
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Variable Operating Costs	\$k	42,377	31,316	23,381	27,355	26,986	22,674	26,078	27,500	25,458	27,344	27,455	27,603
Fixed Operating Costs	\$k	25,807	26,594	27,370	28,189	29,027	29,908	30,782	31,701	32,642	33,623	34,612	35,654
Total Revenue Requirement	\$k	\$96,826	\$85,882	\$78,053	\$82,177	\$81,976	\$77,876	\$81,486	\$83,159	\$81,390	\$83,591	\$84,024	\$84,547

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	222	183	142	159	155	128	143	146	132	138	138	137
Return on Rate Base	\$/MWH	\$76.88	\$89.23	\$110.35	\$94.65	\$92.71	\$106.78	\$91.04	\$84.82	\$88.32	\$79.70	\$74.84	\$70.94
Depreciation Expense	\$/MWH	\$52.37	\$63.26	\$81.58	\$73.09	\$74.92	\$90.51	\$81.13	\$79.67	\$87.70	\$83.93	\$83.89	\$85.00
Variable Operating Costs	\$/MWH	\$191.23	\$170.73	\$164.37	\$172.29	\$174.23	\$176.85	\$182.32	\$188.80	\$192.40	\$197.78	\$198.48	\$202.18
Fixed Operating Costs	\$/MWH	\$116.46	\$144.99	\$192.42	\$177.54	\$187.41	\$233.27	\$215.20	\$217.65	\$246.69	\$243.19	\$250.22	\$261.16
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$436.94	\$468.21	\$548.71	\$517.57	\$529.28	\$607.41	\$569.68	\$570.94	\$615.10	\$604.60	\$607.43	\$619.28
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$96,826	\$85,882	\$78,053	\$82,177	\$81,976	\$77,876	\$81,486	\$83,159	\$81,390	\$83,591	\$84,024	\$84,547

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$74,577	\$46,678	\$34,039	\$39,363	\$38,985	\$32,623	\$37,774	\$39,845	\$36,240	\$39,576	\$38,270	\$38,256
Capacity Value	\$k	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$33,508	\$10,197	\$35,137	\$35,998	\$10,961	\$37,803	\$38,751
Ancillary Services	\$k	\$372	\$408	\$412	\$455	\$477	\$501	\$486	\$488	\$504	\$507	\$501	\$518
Total Market Value	\$k	\$104,932	\$77,704	\$65,716	\$71,807	\$72,205	\$66,632	\$48,457	\$75,470	\$72,742	\$51,044	\$76,573	\$77,525
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$473.52	\$423.63	\$461.98	\$452.26	\$466.19	\$519.71	\$338.77	\$518.15	\$549.74	\$369.19	\$553.57	\$567.84
Annual Savings (Cost) from Generating Plant	\$k	\$8,105	(\$8,178)	(\$12,337)	(\$10,370)	(\$9,771)	(\$11,244)	(\$33,029)	(\$7,689)	(\$8,648)	(\$32,547)	(\$7,450)	(\$7,022)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model High Wind Case

Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		55,910	66,389	69,831	71,002	71,822	76,179	80,276	83,903	85,760	86,635	90,471	95,666	100,433	124,747	116,169	98,622	100,502
Fuel Costs	\$k	1,340	3,333	5,315	5,667	5,966	8,111	9,230	10,116	10,427	10,373	11,737	12,743	14,393	19,083	17,136	12,891	14,106
Variable O&M	\$k	3,223	7,364	9,030	10,033	10,734	13,105	16,230	19,089	20,759	21,776	24,335	28,579	31,745	51,391	44,768	31,438	32,080
Direct O&M	\$k	2,141	2,210	2,276	2,353	2,419	2,494	2,568	2,657	2,726	2,816	2,892	2,985	3,066	3,159	3,249	3,358	3,442
Property taxes	\$k	13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890
Total operating expenses	\$k	19,722	26,316	30,432	32,277	33,771	38,801	43,572	47,872	50,403	51,950	56,459	62,326	67,765	92,750	84,844	67,968	70,519
Operating Income	\$k	36,188	40,073	39,399	38,725	38,051	37,377	36,704	36,031	35,358	34,685	34,013	33,340	32,668	31,997	31,325	30,654	29,983
Less: Book depreciation	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Less: Interest expense	\$k	6,351	7,379	7,200	7,022	6,844	6,666	6,487	6,309	6,131	5,953	5,775	5,597	5,420	5,242	5,064	4,887	4,709
Earnings before Income Taxes	\$k	18,233	21,090	20,594	20,099	19,603	19,108	18,613	18,117	17,623	17,128	16,633	16,139	15,645	15,151	14,657	14,163	13,670
Less: Federal tax expense	\$k	6,217	7,146	6,985	6,823	6,662	6,501	6,340	6,179	6,018	5,857	5,697	5,536	5,375	5,215	5,054	4,894	4,733
Less: State income tax expense	\$k	1,358	1,560	1,525	1,490	1,455	1,420	1,384	1,349	1,314	1,279	1,244	1,209	1,174	1,139	1,104	1,069	1,034
Net Income	\$k	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,797	8,499	8,201	7,903
Average Regulatory Equity	\$k	106,588	123,841	120,847	117,854	114,861	111,869	108,879	105,889	102,901	99,913	96,927	93,941	90,957	87,975	84,993	82,012	79,032
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.54%	41.28%	41.32%	41.36%	41.41%	41.45%	41.50%	41.55%	41.61%	41.67%	41.73%	41.79%	41.86%	41.93%	42.01%	42.10%	42.18%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,630	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,797	8,499	8,201	7,903
AFUDC	(60,831)																	
Depreciation	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Deferred Taxes	(12,986)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)
Working capital	(3,001)	0	(76)	(77)	(79)	(81)	(83)	(85)	(87)	(89)	(92)	(94)	(97)	(99)	(104)	(102)	(104)	(109)
Net Cash Flow From Operations	(58,187)	17,721	19,371	19,070	18,769	18,468	18,166	17,865	17,564	17,263	16,962	16,661	16,360	16,059	15,756	15,459	15,160	14,857
Capital Investments	(403,331)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other																		
Net Cash Used in Investing Activities	(403,331)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	287,125																	
Dividends	0	(9,325)	(11,014)	(10,714)	(10,414)	(10,114)	(9,813)	(9,513)	(9,213)	(8,914)	(8,614)	(8,314)	(8,014)	(7,715)	(7,414)	(7,117)	(6,818)	(6,517)
LTD Debt Issuance/(Redemption)	331,235	(8,396)	(8,356)	(8,356)	(8,355)	(8,354)	(8,352)	(8,351)	(8,350)	(8,349)	(8,348)	(8,347)	(8,345)	(8,344)	(8,342)	(8,342)	(8,342)	(8,339)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	618,360	(17,721)	(19,371)	(19,069)	(18,768)	(18,467)	(18,166)	(17,865)	(17,564)	(17,263)	(16,962)	(16,661)	(16,360)	(16,059)	(15,756)	(15,459)	(15,160)	(14,856)
Net Increase / (Decrease) in Cash	156,841	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	3,001	3,076	3,154	3,233	3,313	3,397	3,482	3,570	3,659	3,751	3,845	3,941	4,040	4,144	4,247	4,350	4,459
Property Plant & Equipment	464,163	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,163	455,559	444,031	432,504	420,980	409,457	397,936	386,418	374,901	363,387	351,874	340,365	328,857	317,353	305,853	294,351	282,851	271,356
Common Equity	305,755	298,005	290,292	282,579	274,867	267,156	259,446	251,737	244,029	236,322	228,616	220,911	213,208	205,505	197,805	190,105	182,405	174,707
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	322,839	314,482	306,127	297,772	289,419	281,066	272,715	264,365	256,015	247,667	239,321	230,975	222,631	214,289	205,947	197,605	189,266
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(165,285)	(160,743)	(156,201)	(151,659)	(147,118)	(142,576)	(138,034)	(133,492)	(128,951)	(124,409)	(119,867)	(115,325)	(110,784)	(106,242)	(101,700)	(97,158)	(92,617)
Total liabilities & Equity	467,163	455,559	444,031	432,504	420,980	409,457	397,936	386,418	374,901	363,387	351,874	340,365	328,857	317,353	305,853	294,351	282,851	271,356

CAES 2 Financial Model High Wind Case

Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Total Revenues		98,707	96,826	85,882	78,053	82,177	81,976	77,876	81,486	83,159	81,390	83,591	84,024	84,547
Fuel Costs	\$k	14,564	15,106	12,957	10,068	11,753	11,841	10,158	11,681	12,184	11,273	12,149	12,319	12,540
Variable O&M	\$k	29,769	27,271	18,359	13,312	15,602	15,145	12,515	14,397	15,316	14,185	15,196	15,136	15,063
Direct O&M	\$k	3,545	3,645	3,767	3,859	3,972	4,083	4,216	4,319	4,445	4,567	4,707	4,828	4,977
Property taxes	\$k	21,517	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678
Total operating expenses	\$k	69,395	68,185	57,910	50,751	55,544	56,013	52,581	56,860	59,201	58,100	60,968	62,067	63,257
Operating Income	\$k	29,312	28,642	27,972	27,302	26,632	25,963	25,295	24,626	23,958	23,290	22,623	21,956	21,290
Less: Book depreciation	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Less: Interest expense	\$k	4,532	4,354	4,177	4,000	3,822	3,645	3,468	3,292	3,115	2,938	2,762	2,585	2,409
Earnings before Income Taxes	\$k	13,177	12,684	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767	7,277
Less: Federal tax expense	\$k	4,573	4,412	4,252	4,092	3,932	3,772	3,612	3,452	3,292	3,133	2,973	2,814	2,654
Less: State income tax expense	\$k	998	963	928	894	859	824	789	754	719	684	649	614	580
Net Income	\$k	7,605	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043
Average Regulatory Equity	\$k	76,054	73,077	70,101	67,126	64,153	61,182	58,212	55,244	52,277	49,312	46,348	43,387	40,427
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		42.28%	42.38%	42.50%	42.62%	42.75%	42.89%	43.05%	43.23%	43.42%	43.63%	43.87%	44.14%	44.44%

Cash Flow Report	Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	18,630	7,605	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043
AFUDC	(60,831)	-	-	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Depreciation	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Deferred Taxes	(12,986)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)
Working capital	(3,001)	(111)	(114)	(116)	(119)	(123)	(126)	(129)	(133)	(136)	(139)	(143)	(146)	(150)
Net Cash Flow From Operations	(58,187)	14,557	14,256	13,957	13,656	13,354	13,055	12,755	12,454	12,154	11,855	11,555	11,255	10,955
Capital Investments	(403,331)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Used in Investing Activities	(403,331)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	287,125	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	0	(6,218)	(5,919)	(5,621)	(5,322)	(5,023)	(4,724)	(4,426)	(4,127)	(3,829)	(3,531)	(3,233)	(2,935)	(2,637)
LTD Debt Issuance/(Redemption)	331,235	(8,338)	(8,336)	(8,336)	(8,334)	(8,332)	(8,330)	(8,329)	(8,327)	(8,325)	(8,324)	(8,321)	(8,320)	(8,318)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	618,360	(14,556)	(14,256)	(13,957)	(13,656)	(13,354)	(13,054)	(12,755)	(12,454)	(12,154)	(11,855)	(11,554)	(11,255)	(10,955)
Net Increase / (Decrease) in Cash	156,841	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	4,570	4,684	4,800	4,919	5,042	5,168	5,297	5,429	5,565	5,704	5,847	5,993	6,143
Property Plant & Equipment	464,163	255,293	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650	116,047
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,163	259,863	248,373	236,885	225,400	213,920	202,442	190,966	179,495	168,027	156,562	145,101	133,643	122,189
Common Equity	305,755	167,010	159,315	151,621	143,928	136,237	128,548	120,860	113,174	105,489	97,806	90,124	82,445	74,767
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	180,928	172,591	164,256	155,922	147,590	139,260	130,931	122,605	114,280	105,956	97,635	89,315	80,997
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(88,075)	(83,533)	(78,992)	(74,450)	(69,908)	(65,366)	(60,825)	(56,283)	(51,741)	(47,200)	(42,658)	(38,116)	(33,574)
Total liabilities & Equity	467,163	259,863	248,373	236,885	225,400	213,920	202,442	190,966	179,495	168,027	156,562	145,101	133,643	122,189

Financial Model Inputs

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
<i>LTSA</i>																	
<i>LTSA Initial Spare Parts</i>																	
<i>LTSA Annual Fee</i>	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
<i>LTSA Hours Based Charge</i>	\$57	\$1,733	\$59	\$5,977	\$62	\$1,912	\$66	\$10,864	\$69	\$8,130	\$72	\$7,283	\$76	\$2,330	\$80	\$13,237	\$84
<i>LTSA Total</i>	\$682	\$2,373	\$716	\$6,651	\$752	\$2,620	\$790	\$11,607	\$830	\$8,911	\$872	\$8,103	\$917	\$3,192	\$963	\$14,142	\$1,012
Other O&M Costs																	
<i>Inergy Ground & Cavern Lease</i>	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
<i>Plant Staffing</i>	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,843	\$2,897,848	\$2,976,210	\$3,044,551	\$3,122,513	\$3,198,682	\$3,289,445	\$3,360,615	\$3,452,690	\$3,530,746	\$3,626,223	\$3,709,490	\$3,804,479	\$3,897,283	\$4,007,870	\$4,094,583
Capital Additions																	
<i>Cap Adds</i>			\$219	\$224	\$230	\$236	\$242	\$248	\$254	\$260	\$267	\$274	\$280	\$287	\$295	\$302	\$309

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<i>Natural Gas Cost</i>	\$1,340	\$3,333	\$5,315	\$5,667	\$5,966	\$8,111	\$9,230	\$10,116	\$10,427	\$10,373	\$11,737	\$12,743	\$14,393	\$19,083	\$17,136	\$12,891	\$14,106
<i>Compression Costs</i>	\$3,112	\$7,107	\$8,631	\$9,591	\$10,277	\$12,487	\$15,549	\$18,345	\$19,981	\$21,000	\$23,475	\$27,657	\$30,739	\$50,092	\$43,645	\$30,611	\$31,197
<i>Variable O&M Costs</i>	\$3	\$7	\$11	\$12	\$12	\$16	\$18	\$19	\$20	\$20	\$22	\$24	\$26	\$33	\$29	\$21	\$22
<i>Emissions Costs</i>	\$108	\$250	\$388	\$430	\$445	\$602	\$663	\$724	\$758	\$756	\$838	\$899	\$980	\$1,266	\$1,094	\$806	\$861
Total Variable Costs	\$4,563	\$10,698	\$14,345	\$15,700	\$16,700	\$21,215	\$25,460	\$29,205	\$31,186	\$32,149	\$36,072	\$41,321	\$46,138	\$70,474	\$61,904	\$44,329	\$46,186

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<i>Capacity Revenue</i>	\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742
<i>Regulation Revenue</i>	\$273	\$525	\$933	\$1,043	\$1,085	\$1,240	\$1,199	\$1,186	\$1,341	\$1,456	\$1,548	\$1,412	\$1,660	\$1,974	\$1,671	\$845	\$1,032
<i>MVAR Revenue</i>																	
<i>Syn Spinning Reserve</i>	\$25	\$42	\$37	\$68	\$88	\$79	\$74	\$73	\$81	\$62	\$68	\$48	\$83	\$94	\$31	\$35	\$52
<i>Non-Syn Spinning Reserve</i>	\$97	\$231	\$222	\$224	\$229	\$221	\$225	\$220	\$224	\$230	\$225	\$227	\$227	\$196	\$225	\$244	\$279
<i>Energy Revenue</i>	\$5,546	\$13,154	\$19,249	\$20,801	\$22,433	\$29,713	\$39,070	\$47,143	\$50,198	\$53,670	\$59,753	\$72,437	\$80,108	\$126,799	\$114,159	\$79,814	\$81,366
<i>Other Revenue</i>																	
Total Revenues	\$8,182	\$20,204	\$26,814	\$28,623	\$30,455	\$38,010	\$47,474	\$55,675	\$59,045	\$62,762	\$69,100	\$81,787	\$89,904	\$155,966	\$143,584	\$107,621	\$111,472

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<i>Number of Generator Starts</i>	75	161	175	183	201	224	219	227	230	220	239	242	260	278	243	175	211
<i>Generator Operating Hours</i>	278	632	869	948	965	1,162	1,219	1,302	1,328	1,311	1,414	1,476	1,597	1,935	1,641	1,162	1,223
<i>Net Generation (MWH)</i>	40,707	92,231	140,544	151,126	152,846	203,156	218,700	232,928	238,288	232,703	251,413	263,592	279,469	352,582	299,620	215,188	224,259

Financial Model Inputs

SSSS

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
LTSA Initial Spare Parts													
LTSA Annual Fee	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$2,572	\$88	\$16,579	\$93	\$2,839	\$97	\$16,128	\$102	\$3,134	\$108	\$10,812	\$113	\$13,322
LTSA Total	\$3,523	\$1,063	\$17,578	\$1,117	\$3,889	\$1,173	\$17,231	\$1,233	\$4,292	\$1,295	\$12,029	\$1,361	\$14,601
Other O&M Costs													
Inergy Ground & Cavern Lease	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,199,433	\$4,301,871	\$4,425,906	\$4,519,653	\$4,635,389	\$4,748,461	\$4,883,200	\$4,988,852	\$5,116,602	\$5,241,412	\$5,383,149	\$5,506,759	\$5,657,634
Capital Additions													
Cap Adds	\$317	\$325	\$333	\$342	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$427

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$14,564	\$15,106	\$12,957	\$10,068	\$11,753	\$11,841	\$10,158	\$11,681	\$12,184	\$11,273	\$12,149	\$12,319	\$12,540
Compression Costs	\$28,865	\$26,353	\$17,580	\$12,696	\$14,888	\$14,430	\$11,910	\$13,708	\$14,598	\$13,518	\$14,481	\$14,405	\$14,323
Variable O&M Costs	\$23	\$23	\$19	\$15	\$17	\$17	\$14	\$16	\$16	\$15	\$16	\$16	\$16
Emissions Costs	\$882	\$895	\$759	\$602	\$698	\$699	\$592	\$673	\$702	\$653	\$699	\$715	\$724
Total Variable Costs	\$44,333	\$42,377	\$31,316	\$23,381	\$27,355	\$26,986	\$22,674	\$26,078	\$27,500	\$25,458	\$27,344	\$27,455	\$27,603

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$29,360	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$33,508	\$10,197	\$35,137	\$35,998	\$10,961	\$37,803	\$38,751
Regulation Revenue	\$1,046	\$745	\$653	\$409	\$828	\$810	\$607	\$607	\$639	\$449	\$553	\$594	\$530
MVAR Revenue													
Syn Spinning Reserve	\$71	\$60	\$55	\$37	\$85	\$98	\$97	\$80	\$79	\$78	\$80	\$67	\$69
Non-Syn Spinning Reserve	\$293	\$312	\$353	\$376	\$370	\$379	\$404	\$406	\$409	\$426	\$427	\$434	\$449
Energy Revenue	\$77,367	\$73,832	\$46,026	\$33,630	\$38,534	\$38,176	\$32,016	\$37,167	\$39,206	\$35,791	\$39,022	\$37,676	\$37,726
Other Revenue													
Total Revenues	\$108,137	\$104,932	\$77,704	\$65,716	\$71,807	\$72,205	\$66,632	\$48,457	\$75,470	\$72,742	\$51,044	\$76,573	\$77,525

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	208	223	192	152	169	174	150	162	164	145	159	149	146
Generator Operating Hours	1,214	1,172	971	749	874	851	697	756	778	700	731	737	720
Net Generation (MWH)	223,313	221,600	183,426	142,247	158,775	154,883	128,210	143,038	145,653	132,320	138,259	138,327	136,525

Project Development Cash Flow Estimate in Nominal \$**Total Cost**

Direct Plant Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages		\$161,099,191	\$0	\$22,698,408	\$1,466,471	\$120,634,995	\$16,299,318
Contract Packages		\$183,969,191	\$0	\$0	\$15,637,487	\$146,568,563	\$21,763,142
Professional Services		\$27,585,800	\$4,317,744	\$4,505,472	\$6,093,072	\$8,215,484	\$4,454,028
Owners Costs		\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support		\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
Licensing Fees		\$7,350,000	\$5,000,000				\$2,350,000
AFUDC		<u>\$55,168,257</u>	<u>\$600,553</u>	<u>\$2,390,778</u>	<u>\$4,603,072</u>	<u>\$17,062,652</u>	<u>\$30,511,202</u>
Total		\$449,564,572	\$15,191,244	\$30,968,808	\$30,424,828	\$294,292,457	\$78,687,235

Cavern Development Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total		\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

Total Cost	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Costs		\$394,396,315	\$14,590,691	\$28,578,031	\$25,821,755	\$277,229,806	\$48,176,032
Cavern Development Costs		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$60,831,375</u>	<u>\$814,302</u>	<u>\$2,877,736</u>	<u>\$5,551,444</u>	<u>\$18,489,729</u>	<u>\$33,098,163</u>
Total		\$494,147,812	\$20,384,369	\$32,413,433	\$40,190,433	\$296,157,200	\$105,002,377

CAES 1A Financial Model Indian Point Retirement Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:	Scenario Input Assumptions				
		Scenario 1	Scenario 2	Scenario 3	
Grants					
Amount	\$30,600	\$30,600	\$30,600	\$30,600	\$30,600
Taxable	Y	Y	Y	N	N
Property Tax Exclusion	N	N	N	N	N
R&D - section 174 qualified	Y	Y	N	N	N
Production Tax Credit	N				
Inservice Date	2016				

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Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Market Revenues ¹ [\$/MWH]	\$226.18	\$239.41	\$220.83	\$219.14	\$228.45	\$222.61	\$254.73	\$274.71	\$278.04	\$295.40	\$306.99	\$348.35	\$359.81	\$455.79	\$505.91	\$527.76	\$527.53	\$531.43	\$513.77
Revenue Requirement for CAES Plant [\$/MWH]	\$1,060.46	\$567.50	\$442.41	\$423.65	\$414.35	\$356.38	\$341.57	\$334.51	\$332.99	\$340.27	\$339.13	\$351.48	\$352.80	\$377.40	\$429.13	\$520.66	\$530.46	\$529.38	\$513.20
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$834.28)	(\$328.08)	(\$221.58)	(\$204.51)	(\$185.90)	(\$133.78)	(\$86.85)	(\$59.80)	(\$54.95)	(\$44.87)	(\$32.14)	(\$3.12)	\$7.01	\$78.39	\$76.78	\$7.10	(\$2.94)	\$2.05	\$0.57
Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]																			
Annual CAES Plant Generation (MWH)	56,248	133,737	176,111	187,127	197,837	235,831	269,681	295,173	305,157	307,084	322,482	333,775	350,604	319,657	250,059	171,964	161,772	162,577	170,438
Annual Benefit (Cost) from CAES Plant [\$000]	(\$46,927)	(\$43,877)	(\$39,022)	(\$38,269)	(\$36,778)	(\$31,548)	(\$23,421)	(\$17,652)	(\$16,768)	(\$13,779)	(\$10,366)	(\$1,042)	\$2,458	\$25,058	\$19,199	\$1,221	(\$475)	\$333	\$97
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625	20,934
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2931)	(0.2700)	(0.2365)	(0.2285)	(0.2164)	(0.1829)	(0.1338)	(0.0993)	(0.0930)	(0.0753)	(0.0558)	(0.0055)	0.0128	0.1289	0.0973	0.0061	(0.0023)	0.0016	0.0005
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$21.10)	(\$19.44)	(\$17.03)	(\$16.46)	(\$15.58)	(\$13.17)	(\$9.63)	(\$7.15)	(\$6.69)	(\$5.42)	(\$4.02)	(\$0.40)	\$0.92	\$9.28	\$7.01	\$0.44	(\$0.17)	\$0.12	\$0.03
Note 2: Average Residential Customer Consumption of 600 KWH/Month																			

Net Present Value of Customer 2016-2035 Impact [\$000] (\$196,429)
Net Present Value of Customer 2016-2045 Impact [\$000] (\$209,187)

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Average Rate Base [\$000]	223,404	259,740	253,457	247,175	240,896	234,618	228,343	222,070	215,799	209,530	203,263	196,999	190,737	184,477	178,219	171,962	165,708	159,458	153,211
Average Regulatory Equity [\$000]	107,234	124,675	121,659	118,644	115,630	112,617	109,604	106,594	103,583	100,574	97,566	94,559	91,554	88,549	85,545	82,542	79,540	76,540	73,541
After Tax Return on Equity [\$000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [\$000]	10,723	12,468	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,757	9,456	9,155	8,855	8,554	8,254	7,954	7,654	7,354

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Customer Impact

	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$/MWH]	\$506.31	\$530.70	\$553.80	\$546.87	\$545.96	\$356.68	\$563.51	\$575.82	\$360.68	\$572.24	\$571.00
Revenue Requirement for CAES Plant [\$/MWH]	\$614.88	\$665.14	\$670.01	\$679.65	\$658.12	\$640.52	\$664.68	\$655.21	\$676.92	\$648.33	\$645.36
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$108.57)	(\$134.43)	(\$116.20)	(\$132.78)	(\$112.16)	(\$283.84)	(\$101.17)	(\$79.39)	(\$316.24)	(\$76.09)	(\$74.36)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	124,092	110,672	112,100	109,480	116,301	123,408	118,068	123,445	118,281	128,060	130,799
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Annual Benefit (Cost) from CAES Plant [\$000]	(\$13,472)	(\$14,878)	(\$13,027)	(\$14,536)	(\$13,044)	(\$35,029)	(\$11,945)	(\$9,800)	(\$37,405)	(\$9,744)	(\$9,726)
NYSEG Metered Load (GWH/Year)	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.0634)	(0.0690)	(0.0595)	(0.0654)	(0.0578)	(0.1530)	(0.0514)	(0.0416)	(0.1563)	(0.0401)	(0.0394)
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$4.57)	(\$4.97)	(\$4.28)	(\$4.71)	(\$4.16)	(\$11.02)	(\$3.70)	(\$2.99)	(\$11.25)	(\$2.89)	(\$2.84)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [\$000]
Net Present Value of Customer 2016-2045 Impact [\$000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

NY RPS incentive (\$/mwh)

NY RPS incentive escalation rate

Company Impact

	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [\$000]	146,966	140,724	134,486	128,250	122,018	115,789	109,564	103,341	97,123	90,907	84,696
Average Regulatory Equity [\$000]	70,544	67,548	64,553	61,560	58,569	55,579	52,591	49,604	46,619	43,635	40,654
After Tax Return on Equity [000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [000]	7,054	6,755	6,455	6,156	5,857	5,558	5,259	4,960	4,662	4,364	4,065

CAES 1A Financial Model Indian Point Retirement Case
Revenue Requirement

(in thousands)

Common Equity Return = 10.00%
Preferred Return = 0.00%
Debt Cost = 5.50%

Combined Tax Rate = 39.6150%

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Return on Rate Base																				
Net Utility Plant																				
Beginning Net Plant Balance	\$k		467,139	455,460	443,782	432,104	420,425	408,747	397,069	385,391	373,712	362,034	350,356	338,678	326,999	315,321	303,643	291,965	280,286	268,608
Capital Additions	\$k		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k		(11,678)	(11,678)	(11,678)	(11,678)	(11,678)	(11,678)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)
Net Plant Before Taxes	\$k		455,460	443,782	432,104	420,425	408,747	397,069	385,391	373,712	362,034	350,356	338,678	326,999	315,321	303,643	291,965	280,286	268,608	256,930
Plus Accumulated Deferred Tax Balance	\$k		(166,428)	(161,857)	(157,286)	(152,715)	(148,144)	(143,573)	(139,002)	(134,431)	(129,860)	(125,289)	(120,718)	(116,147)	(111,575)	(107,004)	(102,433)	(97,862)	(93,291)	(88,720)
Plant Rate Base	\$k		289,032	281,925	274,818	267,710	260,603	253,496	246,389	239,282	232,174	225,067	217,960	210,853	203,746	196,638	189,531	182,424	175,317	168,210
Deferred Credits (Non-cash Return)			(29,151)	(28,404)	(27,657)	(26,909)	(26,162)	(25,414)	(24,667)	(23,919)	(23,172)	(22,424)	(21,677)	(20,929)	(20,182)	(19,434)	(18,687)	(17,939)	(17,192)	(16,444)
Working Capital	\$k		3,001	3,077	3,155	3,234	3,315	3,398	3,484	3,571	3,661	3,753	3,847	3,944	4,043	4,144	4,245	4,349	4,457	4,569
Total Rate Base	\$k		262,882	256,598	250,316	244,035	237,756	231,480	225,206	218,934	212,664	206,396	200,130	193,868	187,607	181,348	175,090	168,834	162,582	156,334
Average Rate Base			223,404	259,740	253,457	247,175	240,896	234,618	228,343	222,070	215,799	209,530	203,263	196,999	190,737	184,477	178,219	171,962	165,708	159,458
Capitalization																				
		Effective Rate																		
Common Equity		48.0%	16.5604%	18,340	21,229	20,729	20,230	19,731	19,232	18,733	18,234	17,736	17,238	16,739	16,241	15,744	15,246	14,749	14,251	13,754
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			18,340	21,229	20,729	20,230	19,731	19,232	18,733	18,234	17,736	17,238	16,739	16,241	15,744	15,246	14,749	14,251	13,754	13,257
Total Debt		52.0%	5.50%	6,389	7,429	7,249	7,069	6,890	6,710	6,531	6,351	6,172	5,993	5,813	5,634	5,455	5,276	5,097	4,918	4,739
Return on Rate Base	\$k		24,730	28,657	27,978	27,299	26,620	25,942	25,264	24,586	23,908	23,230	22,553	21,876	21,199	20,522	19,846	19,169	18,493	17,818

Operating Revenues & Costs																				
Depreciation Expense	\$k		11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
NCR Amortization	\$k		(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k		1,853	4,808	6,675	7,015	7,695	9,478	11,441	12,833	13,408	13,842	15,169	16,300	18,227	17,537	14,624	10,505	10,389	10,818
Variable O&M Costs	\$k		175	425	573	624	675	824	964	1,080	1,144	1,179	1,268	1,344	1,447	1,353	1,083	763	735	758
NY RPS Incentive	\$k		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k		5,965	14,618	14,827	15,988	18,136	18,436	24,551	29,791	32,145	34,647	38,189	44,991	49,389	47,143	37,004	23,647	20,043	19,785
Fixed O&M	\$k		2,889	2,957	3,024	3,098	3,166	3,241	3,316	3,400	3,473	3,563	3,639	3,729	3,814	3,906	3,997	4,100	4,190	4,292
Property taxes	\$k		13,106	13,500	13,905	14,322	14,751	15,194	15,650	16,119	16,603	17,101	17,614	18,142	18,687	19,247	19,825	20,419	21,032	21,663
Total Operating Costs	\$k		\$34,919	\$47,238	\$49,935	\$51,978	\$55,354	\$58,104	\$66,853	\$74,154	\$77,705	\$81,263	\$86,810	\$95,438	\$102,494	\$100,117	\$87,463	\$70,366	\$67,321	\$68,247

\$0

Total Plant Revenue Requirement																				
Return on Rate Base	\$k		24,730	28,657	27,978	27,299	26,620	25,942	25,264	24,586	23,908	23,230	22,553	21,876	21,199	20,522	19,846	19,169	18,493	17,818
Depreciation Expense	\$k		11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Variable Operating Costs	\$k		7,993	19,851	22,075	23,627	26,505	28,737	36,956	43,704	46,698	49,668	54,626	62,635	69,063	66,033	52,710	34,916	31,168	31,362
Fixed Operating Costs	\$k		15,248	15,709	16,181	16,672	17,170	17,688	18,218	18,772	19,329	19,916	20,506	21,124	21,753	22,405	23,074	23,771	24,474	25,207
Total Revenue Requirement	\$k		\$59,649	\$75,895	\$77,913	\$79,277	\$81,974	\$84,045	\$92,116	\$98,739	\$101,613	\$104,493	\$109,363	\$117,314	\$123,693	\$120,639	\$107,309	\$89,535	\$85,814	\$86,065

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Generated (gas dispatch)	GWH		56	134	176	187	198	236	270	295	305	307	322	334	351	320	250	172	162	163
Return on Rate Base	\$/MWH		\$439.66	\$214.28	\$158.87	\$145.89	\$134.56	\$110.00	\$93.68	\$83.29	\$78.35	\$75.65	\$69.93	\$65.54	\$60.46	\$64.20	\$79.36	\$111.47	\$114.32	\$109.60
Depreciation Expense	\$/MWH		\$207.62	\$87.32	\$66.31	\$62.41	\$59.03	\$49.52	\$43.30	\$39.56	\$38.27	\$38.03	\$36.21	\$34.99	\$33.31	\$36.53	\$46.70	\$67.91	\$72.19	\$71.83
Variable Operating Costs	\$/MWH		\$142.11	\$148.43	\$125.35	\$126.26	\$133.97	\$121.86	\$137.04	\$148.06	\$153.03	\$161.74	\$169.39	\$187.66	\$196.98	\$206.58	\$210.79	\$203.04	\$192.67	\$192.90
Fixed Operating Costs	\$/MWH		\$271.08	\$117.46	\$91.88	\$89.09	\$86.79	\$75.00	\$67.55	\$63.60	\$63.34	\$64.86	\$63.59	\$63.29	\$62.04	\$70.09	\$92.27	\$138.24	\$151.29	\$155.05
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH		\$1,060.46	\$567.50	\$442.41	\$423.65	\$414.35	\$356.38	\$341.57	\$334.51	\$332.99	\$340.27	\$339.13	\$351.48	\$352.80	\$377.40	\$429.13	\$520.66	\$530.46	\$529.38
"Regulated Revenue Requirement" Cost of Electricity	\$k		\$59,649	\$75,895	\$77,913	\$79,277	\$81,974	\$84,045	\$92,116	\$98,739	\$101,613	\$104,493	\$109,363	\$117,314	\$123,693	\$120,639	\$107,309	\$89,535	\$85,814	\$86,065

Market Revenues																					
Energy Value	\$k		\$10,341	\$25,471	\$32,217	\$34,182	\$38,257	\$45,444	\$61,521	\$73,774	\$77,363	\$83,079	\$91,245	\$108,363	\$118,060	\$118,382	\$98,608	\$63,666	\$56,128	\$56,490	
Capacity Value	\$k		\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785	\$28,852	\$29,472	
Ancillary Services	\$k		\$133	\$271	\$276	\$313	\$294	\$270	\$243	\$232	\$254	\$262	\$218	\$216	\$234	\$309	\$297	\$305	\$359	\$437	
Total Market Value	\$k		\$12,722	\$32,018	\$38,891	\$41,008	\$45,196	\$52,497	\$68,696	\$81,087	\$84,845	\$90,713	\$98,997	\$116,271	\$126,151	\$145,697	\$126,507	\$90,756	\$85,339	\$86,398	
Blended Energy, Capacity, Ancillary Services Price	\$/MWH		\$226.18	\$239.41	\$220.83	\$219.14	\$228.45	\$222.61	\$254.73	\$274.71	\$278.04	\$295.40	\$306.99	\$348.35	\$359.81	\$455.79	\$505.91	\$527.76	\$527.53	\$531.43	
Annual Savings (Cost) from Generating Plant	\$k		(\$46,927)	(\$43,877)	(\$39,022)	(\$38,269)	(\$36,778)	(\$31,548)	(\$23,421)	(\$17,652)	(\$16,768)	(\$13,779)	(\$10,366)	(\$1,042)	\$2,458	\$25,058	\$19,199	\$1,221	(\$475)	\$333	
2016-2035 Customer NPV Savings	\$k																			(\$196,429)	
2016-2045 Customer NPV Savings	\$k																				(\$209,187)

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model Indian Point Retirement Case
Revenue Requirement

(in thousands)

Common Equity Return =
 Preferred Return =
 Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	256,930	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)
Net Plant Before Taxes	\$k	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469	116,791
Plus Accumulated Deferred Tax Balance	\$k	(84,149)	(79,578)	(75,007)	(70,436)	(65,865)	(61,294)	(56,723)	(52,152)	(47,581)	(43,010)	(38,439)	(33,868)
Plant Rate Base	\$k	161,102	153,995	146,888	139,781	132,673	125,566	118,459	111,352	104,244	97,137	90,030	82,923
Deferred Credits (Non-cash Return)		(15,697)	(14,949)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)
Working Capital	\$k	4,683	4,799	4,918	5,041	5,167	5,296	5,429	5,565	5,704	5,846	5,993	6,143
Total Rate Base	\$k	150,088	143,844	137,604	131,367	125,133	118,903	112,676	106,452	100,231	94,014	87,800	81,591
Average Rate Base		153,211	146,966	140,724	134,486	128,250	122,018	115,789	109,564	103,341	97,123	90,907	84,696
Capitalization													
Common Equity		48.0%	12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,797	8,302	7,808
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,797	8,302	7,808
Total Debt		52.0%	4,382	4,203	4,025	3,846	3,668	3,490	3,312	3,134	2,956	2,778	2,600
Return on Rate Base	\$k	17,143	16,468	15,793	15,119	14,445	13,771	13,098	12,425	11,752	11,080	10,408	9,737

Operating Revenues & Costs													
Depreciation Expense	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	11,851	8,942	7,961	8,290	8,377	9,275	10,180	9,934	10,658	10,468	11,549	12,184
Variable O&M Costs	\$k	814	607	551	572	573	624	677	662	709	695	770	805
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	20,025	11,861	10,098	11,095	10,138	11,116	12,450	11,893	13,252	12,329	13,804	14,145
Fixed O&M	\$k	4,393	4,511	4,606	4,719	4,831	4,956	5,067	5,191	5,315	5,450	5,576	5,723
Property taxes	\$k	22,313	22,982	23,672	24,382	25,113	25,867	26,643	27,442	28,265	29,113	29,987	30,886
Total Operating Costs	\$k	\$70,326	\$59,834	\$57,819	\$59,989	\$59,963	\$62,769	\$65,948	\$66,053	\$69,130	\$68,987	\$72,617	\$74,676

Total Plant Revenue Requirement													
Return on Rate Base	\$k	17,143	16,468	15,793	15,119	14,445	13,771	13,098	12,425	11,752	11,080	10,408	9,737
Depreciation Expense	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Variable Operating Costs	\$k	32,689	21,410	18,610	19,957	19,088	21,015	23,307	22,489	24,619	23,493	26,123	27,135
Fixed Operating Costs	\$k	25,958	26,746	27,530	28,353	29,196	30,075	30,962	31,886	32,832	33,815	34,815	35,862
Total Revenue Requirement	\$k	\$87,469	\$76,302	\$73,612	\$75,108	\$74,408	\$76,540	\$79,045	\$78,478	\$80,882	\$80,067	\$83,025	\$84,413

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	170	124	111	112	109	116	123	118	123	118	128	131
Return on Rate Base	\$/MWH	\$100.58	\$132.70	\$142.70	\$134.87	\$131.94	\$118.41	\$106.13	\$105.23	\$95.20	\$93.67	\$81.28	\$74.44
Depreciation Expense	\$/MWH	\$68.52	\$94.11	\$105.52	\$104.18	\$106.67	\$100.42	\$94.63	\$98.91	\$94.61	\$98.74	\$91.20	\$89.29
Variable Operating Costs	\$/MWH	\$191.80	\$172.53	\$168.16	\$178.03	\$174.35	\$180.69	\$188.86	\$190.48	\$199.43	\$198.62	\$203.99	\$207.46
Fixed Operating Costs	\$/MWH	\$152.30	\$215.53	\$248.76	\$252.93	\$266.68	\$258.60	\$250.89	\$270.06	\$265.97	\$285.89	\$271.86	\$274.18
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$513.20	\$614.88	\$665.14	\$670.01	\$679.65	\$658.12	\$640.52	\$664.68	\$655.21	\$676.92	\$648.33	\$645.36
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$87,469	\$76,302	\$73,612	\$75,108	\$74,408	\$76,540	\$79,045	\$78,478	\$80,882	\$80,067	\$83,025	\$84,413

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$57,051	\$31,651	\$26,928	\$29,534	\$26,545	\$29,359	\$33,285	\$30,759	\$34,431	\$31,137	\$34,820	\$35,262
Capacity Value	\$k	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$33,636	\$10,236	\$35,271	\$36,136	\$11,003	\$37,947	\$38,899
Ancillary Services	\$k	\$417	\$444	\$423	\$435	\$459	\$501	\$496	\$503	\$516	\$523	\$514	\$526
Total Market Value	\$k	\$87,566	\$62,829	\$58,734	\$62,081	\$59,871	\$63,496	\$44,017	\$66,533	\$71,082	\$42,662	\$73,281	\$74,686
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$513.77	\$506.31	\$530.70	\$553.80	\$546.87	\$545.96	\$356.68	\$563.51	\$575.82	\$360.68	\$572.24	\$571.00
Annual Savings (Cost) from Generating Plant	\$k	\$97	(\$13,472)	(\$14,878)	(\$13,027)	(\$14,536)	(\$13,044)	(\$35,029)	(\$11,945)	(\$9,800)	(\$37,405)	(\$9,744)	(\$9,726)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model Indian Point Retirement Case
Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Revenues		59,649	75,895	77,913	79,277	81,974	84,045	92,116	98,739	101,613	104,493	109,363	117,314
Fuel Costs	\$k	1,853	4,808	6,675	7,015	7,695	9,478	11,441	12,833	13,408	13,842	15,169	16,300
Variable O&M	\$k	6,140	15,043	15,400	16,612	18,811	19,260	25,515	30,871	33,290	35,826	39,457	46,335
Direct O&M	\$k	2,141	2,209	2,276	2,350	2,419	2,494	2,568	2,652	2,726	2,815	2,892	2,982
Property taxes	\$k	13,106	13,500	13,905	14,322	14,751	15,194	15,650	16,119	16,603	17,101	17,614	18,142
Total operating expenses		23,241	35,560	38,256	40,299	43,675	46,425	55,174	62,475	66,027	69,584	75,132	83,760
Operating Income		36,408	40,336	39,657	38,978	38,299	37,620	36,942	36,264	35,586	34,909	34,231	33,554
Less: Book depreciation	\$k	11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679
Less: Interest expense	\$k	6,389	7,429	7,249	7,069	6,890	6,710	6,531	6,351	6,172	5,993	5,813	5,634
Earnings before Income Taxes		18,340	21,229	20,729	20,230	19,731	19,232	18,733	18,234	17,736	17,238	16,739	16,241
Less: Federal tax expense	\$k	6,252	7,191	7,029	6,866	6,704	6,542	6,379	6,217	6,055	5,893	5,731	5,569
Less: State income tax expense	\$k	1,365	1,570	1,535	1,499	1,464	1,428	1,393	1,358	1,322	1,287	1,251	1,216
Net Income		10,723	12,468	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,757	9,456
Average Regulatory Equity		\$k	107,234	124,675	121,659	118,644	115,630	112,617	109,604	106,594	103,583	100,574	97,566
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.53%	41.27%	41.31%	41.35%	41.40%	41.44%	41.49%	41.54%	41.60%	41.65%	41.71%	41.78%

Cash Flow Report		Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Net Income	18,670	10,723	12,468	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,757	9,456	
AFUDC	(60,858)													
Depreciation	11,678	11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	
Deferred Taxes	(12,971)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	
Working capital	(3,001)	0	(76)	(77)	(79)	(81)	(83)	(86)	(88)	(90)	(92)	(94)	(97)	
Net Cash Flow From Operations	(58,160)	17,831	19,498	19,196	18,893	18,589	18,286	17,982	17,679	17,376	17,073	16,770	16,466	
Capital Investments	(406,281)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Other														
Net Cash Used in Investing Activities	(406,281)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Equity Investment	289,077													
Dividends	0	(9,381)	(11,088)	(10,786)	(10,484)	(10,182)	(9,879)	(9,577)	(9,275)	(8,973)	(8,671)	(8,369)	(8,067)	
LTD Debt Issuance/(Redemption)	333,392	(8,450)	(8,410)	(8,410)	(8,409)	(8,407)	(8,406)	(8,405)	(8,404)	(8,403)	(8,402)	(8,401)	(8,399)	
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Cash Used in Financing Activities	622,469	(17,831)	(19,498)	(19,196)	(18,893)	(18,589)	(18,286)	(17,982)	(17,679)	(17,376)	(17,073)	(16,770)	(16,466)	
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0	0	0	0	0	0	0	

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	3,001	3,077	3,155	3,234	3,315	3,398	3,484	3,571	3,661	3,753	3,847	3,944
Property Plant & Equipment	467,139	455,460	443,782	432,104	420,425	408,747	397,069	385,391	373,712	362,034	350,356	338,678	326,999
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	470,140	458,461	446,859	435,258	423,659	412,062	400,467	388,874	377,284	365,695	354,109	342,525	330,943
Common Equity	307,747	299,947	292,184	284,421	276,660	268,899	261,139	253,380	245,623	237,866	230,111	222,356	214,603
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	333,392	324,943	316,533	308,123	299,714	291,307	282,901	274,496	266,092	257,688	249,287	240,886	232,487
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(166,428)	(161,857)	(157,286)	(152,715)	(148,144)	(143,573)	(139,002)	(134,431)	(129,860)	(125,289)	(120,718)	(116,147)
Total liabilities & Equity	470,140	458,461	446,859	435,258	423,659	412,062	400,467	388,874	377,284	365,695	354,109	342,525	330,943

CAES 1A Financial Model Indian Point Retirement Cas
Financial Statements

(in thousands)

Income Statement		2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Total Revenues		123,693	120,639	107,309	89,535	85,814	86,065	87,469	76,302	73,612	75,108	74,408	76,540
Fuel Costs	\$k	18,227	17,537	14,624	10,505	10,389	10,818	11,851	8,942	7,961	8,290	8,377	9,275
Variable O&M	\$k	50,837	48,496	38,087	24,410	20,779	20,543	20,838	12,468	10,650	11,667	10,711	11,740
Direct O&M	\$k	3,066	3,158	3,249	3,352	3,442	3,544	3,645	3,763	3,859	3,971	4,083	4,209
Property taxes	\$k	18,687	19,247	19,825	20,419	21,032	21,663	22,313	22,982	23,672	24,382	25,113	25,867
Total operating expenses	\$k	90,816	88,439	75,784	58,687	55,642	56,569	58,647	48,155	46,141	48,311	48,285	51,090
Operating Income	\$k	32,877	32,201	31,524	30,848	30,172	29,496	28,821	28,146	27,471	26,797	26,123	25,450
Less: Book depreciation	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Less: Interest expense	\$k	5,455	5,276	5,097	4,918	4,739	4,560	4,382	4,203	4,025	3,846	3,668	3,490
Earnings before Income Taxes	\$k	15,744	15,246	14,749	14,251	13,754	13,257	12,761	12,264	11,768	11,272	10,777	10,281
Less: Federal tax expense	\$k	5,408	5,246	5,084	4,922	4,761	4,599	4,438	4,276	4,115	3,954	3,792	3,631
Less: State income tax expense	\$k	1,181	1,145	1,110	1,075	1,040	1,004	969	934	899	863	828	793
Net Income	\$k	9,155	8,855	8,554	8,254	7,954	7,654	7,354	7,054	6,755	6,455	6,156	5,857
Average Regulatory Equity	\$k	91,554	88,549	85,545	82,542	79,540	76,540	73,541	70,544	67,548	64,553	61,560	58,569
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.85%	41.92%	42.00%	42.08%	42.17%	42.27%	42.37%	42.48%	42.60%	42.73%	42.88%	43.03%
		(0)	-	-	-	(0)	(0)	-	-	-	(0)	-	-

Cash Flow Report	Prior Spending	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Net Income	18,670	9,155	8,855	8,554	8,254	7,954	7,654	7,354	7,054	6,755	6,455	6,156	5,857
AFUDC	(60,858)												
Depreciation		11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Deferred Taxes	(12,971)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)
Working capital	(3,001)	(99)	(100)	(102)	(104)	(108)	(111)	(114)	(116)	(120)	(123)	(126)	(129)
Net Cash Flow From Operations	(58,160)	16,164	15,862	15,560	15,258	14,953	14,650	14,347	14,046	13,743	13,440	13,138	12,835
Capital Investments	(406,281)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other													
Net Cash Used in Investing Activities	(406,281)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	289,077												
Dividends	0	(7,765)	(7,464)	(7,163)	(6,862)	(6,560)	(6,258)	(5,957)	(5,656)	(5,355)	(5,054)	(4,753)	(4,452)
LTD Debt Issuance/(Redemption)	333,392	(8,398)	(8,397)	(8,397)	(8,396)	(8,393)	(8,392)	(8,390)	(8,390)	(8,387)	(8,386)	(8,384)	(8,382)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	622,469	(16,163)	(15,862)	(15,560)	(15,258)	(14,953)	(14,650)	(14,347)	(14,046)	(13,742)	(13,439)	(13,137)	(12,835)
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	4,043	4,144	4,245	4,349	4,457	4,569	4,683	4,799	4,918	5,041	5,167	5,296
Property Plant & Equipment	467,139	315,321	303,643	291,965	280,286	268,608	256,930	245,252	233,573	221,895	210,217	198,538	186,860
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	470,140	319,364	307,786	296,210	284,635	273,065	261,498	249,934	238,372	226,813	215,258	203,705	192,157
Common Equity	307,747	206,851	199,100	191,349	183,599	175,851	168,105	160,360	152,616	144,874	137,133	129,394	121,656
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	333,392	224,089	215,691	207,295	198,899	190,505	182,114	173,724	165,334	156,947	148,561	140,177	131,794
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(111,575)	(107,004)	(102,433)	(97,862)	(93,291)	(88,720)	(84,149)	(79,578)	(75,007)	(70,436)	(65,865)	(61,294)
Total liabilities & Equity	470,140	319,364	307,786	296,210	284,635	273,065	261,498	249,934	238,372	226,813	215,258	203,705	192,157

CAES 1A Financial Model Indian Point Retirement Cas
Financial Statements

(in thousands)

Income Statement		2040	2041	2042	2043	2044	2045
Total Revenues		79,045	78,478	80,882	80,067	83,025	84,413
Fuel Costs	\$k	10,180	9,934	10,658	10,468	11,549	12,184
Variable O&M	\$k	13,127	12,555	13,961	13,024	14,574	14,951
Direct O&M	\$k	4,319	4,444	4,567	4,702	4,828	4,976
Property taxes	\$k	26,643	27,442	28,265	29,113	29,987	30,886
Total operating expenses	\$k	54,269	54,375	57,452	57,308	60,938	62,997
Operating Income	\$k	24,776	24,103	23,431	22,759	22,087	21,415
Less: Book depreciation	\$k	11,679	11,679	11,679	11,679	11,679	11,679
Less: Interest expense	\$k	3,312	3,134	2,956	2,778	2,600	2,422
Earnings before Income Taxes	\$k	9,786	9,291	8,797	8,302	7,808	7,314
Less: Federal tax expense	\$k	3,470	3,309	3,149	2,988	2,827	2,667
Less: State income tax expense	\$k	758	723	688	652	617	582
Net Income	\$k	5,558	5,259	4,960	4,662	4,364	4,065
Average Regulatory Equity	\$k	55,579	52,591	49,604	46,619	43,635	40,654
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		43.21%	43.40%	43.61%	43.85%	44.12%	44.42%

Cash Flow Report	Prior Spending	2040	2041	2042	2043	2044	2045
Net Income	18,670	5,558	5,259	4,960	4,662	4,364	4,065
AFUDC	(60,858)						
Depreciation		11,679	11,679	11,679	11,679	11,679	11,679
Deferred Taxes	(12,971)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)
Working capital	(3,001)	(133)	(136)	(139)	(142)	(146)	(150)
Net Cash Flow From Operations	(58,160)	12,533	12,231	11,929	11,627	11,325	11,023
Capital Investments	(406,281)	(0)	(0)	(0)	(0)	(0)	(0)
Other							
Net Cash Used in Investing Activities	(406,281)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	289,077						
Dividends	0	(4,152)	(3,852)	(3,551)	(3,251)	(2,951)	(2,651)
LTD Debt Issuance/(Redemption)	333,392	(8,381)	(8,379)	(8,377)	(8,376)	(8,374)	(8,372)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	622,469	(12,532)	(12,231)	(11,928)	(11,627)	(11,324)	(11,023)
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0

Balance Sheet		2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-
Other current assets	3,001	5,429	5,565	5,704	5,846	5,993	6,143
Property Plant & Equipment	467,139	175,182	163,504	151,825	140,147	128,469	116,791
Other	-	-	-	-	-	-	-
Total assets	470,140	180,611	169,068	157,529	145,993	134,462	122,933
Common Equity	307,747	113,920	106,186	98,453	90,722	82,992	75,264
Preferred Equity		-	-	-	-	-	-
Long-term Debt	333,392	123,414	115,035	106,657	98,282	89,908	81,536
Short-term Debt		-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(56,723)	(52,152)	(47,581)	(43,010)	(38,439)	(33,868)
Total liabilities & Equity	470,140	180,611	169,068	157,529	145,993	134,462	122,933

Financial Model Inputs

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Fixed O&M Costs																
LTSA																
LTSA Initial Spare Parts																
LTSA Annual Fee	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905
LTSA Hours Based Charge	\$57	\$1,266	\$59	\$3,486	\$62	\$1,398	\$66	\$6,153	\$69	\$7,562	\$72	\$4,247	\$76	\$1,703	\$80	\$7,497
LTSA Total	\$682	\$1,907	\$716	\$4,159	\$752	\$2,105	\$790	\$6,896	\$830	\$8,343	\$872	\$5,067	\$917	\$2,565	\$963	\$8,402
Other O&M Costs																
Inergy Ground & Cavern Lease	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298
Plant Staffing	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728
Total Fixed O&M	\$2,758,213	\$2,828,377	\$2,897,848	\$2,973,719	\$3,044,551	\$3,121,999	\$3,198,682	\$3,284,734	\$3,360,615	\$3,452,122	\$3,530,746	\$3,623,188	\$3,709,490	\$3,803,852	\$3,897,283	\$4,002,130
Capital Additions																
Cap Adds			\$219	\$224	\$230	\$236	\$242	\$248	\$254	\$260	\$267	\$274	\$280	\$287	\$295	\$302

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Natural Gas Cost	\$1,853	\$4,808	\$6,675	\$7,015	\$7,695	\$9,478	\$11,441	\$12,833	\$13,408	\$13,842	\$15,169	\$16,300	\$18,227	\$17,537	\$14,624	\$10,505
Compression Costs	\$5,965	\$14,618	\$14,827	\$15,988	\$18,136	\$18,436	\$24,551	\$29,791	\$32,145	\$34,647	\$38,189	\$44,991	\$49,389	\$47,143	\$37,004	\$23,647
Variable O&M Costs	\$23	\$55	\$74	\$80	\$86	\$104	\$122	\$136	\$144	\$158	\$167	\$179	\$186	\$133	\$94	
Emissions Costs	\$152	\$370	\$499	\$544	\$589	\$719	\$842	\$944	\$1,001	\$1,032	\$1,110	\$1,177	\$1,268	\$1,186	\$950	\$669
Total Variable Costs	\$7,993	\$19,851	\$22,075	\$23,627	\$26,505	\$28,737	\$36,956	\$43,704	\$46,698	\$49,668	\$54,626	\$62,635	\$69,063	\$66,033	\$52,710	\$34,916

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Capacity Revenue	\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785
Regulation Revenue	\$352	\$851	\$1,165	\$1,145	\$1,290	\$1,165	\$1,353	\$1,532	\$1,466	\$1,522	\$1,466	\$1,423	\$1,663	\$1,958	\$1,475	\$688
MVAR Revenue																
Syn Spinning Reserve	\$48	\$70	\$77	\$111	\$92	\$72	\$51	\$49	\$68	\$75	\$33	\$31	\$48	\$104	\$52	\$40
Non-Syn Spinning Reserve	\$85	\$201	\$199	\$202	\$202	\$198	\$191	\$182	\$186	\$187	\$185	\$185	\$186	\$205	\$244	\$265
Energy Revenue	\$9,989	\$24,619	\$31,052	\$33,037	\$36,968	\$44,279	\$60,167	\$72,243	\$75,897	\$81,557	\$89,779	\$106,940	\$116,397	\$116,424	\$97,133	\$62,978
Other Revenue																
Total Revenues	\$12,722	\$32,018	\$38,891	\$41,008	\$45,196	\$52,497	\$68,696	\$81,087	\$84,845	\$90,713	\$98,997	\$116,271	\$126,151	\$145,697	\$126,507	\$90,756

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Number of Generator Starts	85	212	215	227	233	240	246	258	270	268	277	270	295	265	236	158
Generator Operating Hours	415	959	1,178	1,213	1,275	1,382	1,551	1,688	1,721	1,738	1,765	1,828	1,942	1,802	1,402	927
Net Generation (MWH)	56,248	133,737	176,111	187,127	197,837	235,831	269,681	295,173	305,157	307,084	322,482	333,775	350,604	319,657	250,059	171,964

Financial Model Inputs

Fixed Costs	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs														
LTSA														
LTSA Initial Spare Parts														
LTSA Annual Fee	\$928	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$84	\$1,880	\$88	\$12,880	\$93	\$2,075	\$97	\$9,134	\$102	\$2,291	\$108	\$6,305	\$113	\$12,392
LTSA Total	\$1,012	\$2,831	\$1,063	\$13,879	\$1,117	\$3,125	\$1,173	\$10,237	\$1,233	\$3,449	\$1,295	\$7,522	\$1,361	\$13,671
Other O&M Costs														
Inergy Ground & Cavern Lease	\$1,484,506	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,609,065	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,093,571	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,094,583	\$4,198,741	\$4,301,871	\$4,422,207	\$4,519,653	\$4,634,625	\$4,748,461	\$4,876,206	\$4,988,852	\$5,115,759	\$5,241,412	\$5,378,642	\$5,506,759	\$5,656,704
Capital Additions														
Cap Adds	\$309	\$317	\$325	\$333	\$342	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$427

Variable Costs	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$10,389	\$10,818	\$11,851	\$8,942	\$7,961	\$8,290	\$8,377	\$9,275	\$10,180	\$9,934	\$10,658	\$10,468	\$11,549	\$12,184
Compression Costs	\$20,043	\$19,785	\$20,025	\$11,861	\$10,098	\$11,095	\$10,138	\$11,116	\$12,450	\$11,893	\$13,252	\$12,329	\$13,804	\$14,145
Variable O&M Costs	\$90	\$93	\$99	\$74	\$64	\$66	\$66	\$71	\$77	\$74	\$79	\$76	\$84	\$87
Emissions Costs	\$645	\$666	\$715	\$533	\$487	\$506	\$507	\$552	\$600	\$588	\$630	\$619	\$686	\$719
Total Variable Costs	\$31,168	\$31,362	\$32,689	\$21,410	\$18,610	\$19,957	\$19,088	\$21,015	\$23,307	\$22,489	\$24,619	\$23,493	\$26,123	\$27,135

Revenues	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$28,852	\$29,472	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$33,636	\$10,236	\$35,271	\$36,136	\$11,003	\$37,947	\$38,899
Regulation Revenue	\$555	\$680	\$636	\$386	\$314	\$473	\$463	\$610	\$615	\$423	\$501	\$433	\$579	\$487
MVAR Revenue														
Syn Spinning Reserve	\$42	\$112	\$78	\$57	\$31	\$41	\$52	\$90	\$80	\$77	\$86	\$81	\$73	\$73
Non-Syn Spinning Reserve	\$316	\$325	\$339	\$387	\$392	\$394	\$406	\$411	\$416	\$427	\$430	\$441	\$441	\$453
Energy Revenue	\$55,573	\$55,809	\$56,415	\$31,265	\$26,614	\$29,062	\$26,082	\$28,749	\$32,671	\$30,336	\$33,930	\$30,704	\$34,241	\$34,775
Other Revenue														
Total Revenues	\$85,339	\$86,398	\$87,566	\$62,829	\$58,734	\$62,081	\$59,871	\$63,496	\$44,017	\$66,533	\$71,082	\$42,662	\$73,281	\$74,686

Operational	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	179	170	188	132	121	118	124	141	137	126	132	132	132	135
Generator Operating Hours	881	912	920	656	585	600	588	639	662	629	652	624	675	682
Net Generation (MWH)	161,772	162,577	170,438	124,092	110,672	112,100	109,480	116,301	123,408	118,068	123,445	118,281	128,060	130,799

Project Development Cash Flow Estimate in Nominal \$**Total Cost**

Direct Plant Costs	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages	\$193,630,735		\$27,800,272	\$1,244,338	\$145,011,679	\$19,574,446
Contract Packages	\$162,956,933			\$16,077,060	\$128,010,827	\$18,869,046
Professional Services	\$26,419,800	\$4,049,564	\$4,225,632	\$5,813,232	\$7,947,304	\$4,384,068
Owners Costs	\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support	\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
AFUDC	<u>\$55,194,679</u>	<u>\$383,715</u>	<u>\$2,142,175</u>	<u>\$4,577,177</u>	<u>\$17,276,680</u>	<u>\$30,814,932</u>
Total	\$452,594,280	\$9,706,226	\$35,542,230	\$30,336,533	\$300,057,254	\$76,952,037

Cavern Development Costs	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development	\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC	<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total	\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Cost	\$397,399,601	\$9,322,511	\$33,400,055	\$25,759,356	\$282,780,574	\$46,137,105
Cavern Development	\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC	<u>\$60,857,797</u>	<u>\$597,464</u>	<u>\$2,629,134</u>	<u>\$5,525,549</u>	<u>\$18,703,757</u>	<u>\$33,401,893</u>
Total	\$497,177,520	\$14,899,351	\$36,986,855	\$40,102,138	\$301,921,997	\$103,267,179

CAES 2 Financial Model Indian Point Retirement Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:	Scenario Input Assumptions				
		Scenario 1	Scenario 2	Scenario 3	
Grants					
Amount	\$30,600	\$30,600	\$30,600	\$30,600	\$30,600
Taxable	Y	Y	Y	N	N
Property Tax Exclusion	N	N	N	N	N
R&D - section 174 qualified	Y	Y	N	N	N
Production Tax Credit	N				
Inservice Date	2016				

CAES 2 Financial Model Indian Point Retirement Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$/MWH]	\$215.57	\$228.09	\$209.50	\$207.69	\$218.86	\$212.90	\$243.87	\$262.36	\$261.98	\$276.05	\$286.46	\$322.79	\$333.44	\$442.88	\$481.79	\$496.04	\$489.78	\$486.01
Revenue Requirement for CAES Plant [\$/MWH]	\$986.17	\$526.62	\$405.28	\$388.25	\$385.42	\$330.61	\$319.18	\$311.53	\$305.85	\$310.20	\$308.85	\$318.58	\$319.95	\$358.89	\$400.89	\$479.67	\$483.80	\$476.69
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$770.59)	(\$298.53)	(\$195.79)	(\$180.56)	(\$166.56)	(\$117.71)	(\$75.31)	(\$49.17)	(\$43.87)	(\$34.14)	(\$22.39)	\$4.21	\$13.49	\$83.98	\$80.91	\$16.37	\$5.97	\$9.32

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	60,262	144,292	193,759	205,883	213,676	256,362	288,855	318,417	336,754	341,711	360,100	375,025	398,374	332,895	268,836	186,901	179,342	183,801
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Annual Benefit (Cost) from CAES Plant [S000]	(\$46,437)	(\$43,076)	(\$37,935)	(\$37,174)	(\$35,591)	(\$30,176)	(\$21,754)	(\$15,656)	(\$14,773)	(\$11,667)	(\$8,063)	\$1,580	\$5,373	\$27,958	\$21,750	\$3,060	\$1,071	\$1,713
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2900)	(0.2650)	(0.2300)	(0.2220)	(0.2094)	(0.1749)	(0.1242)	(0.0881)	(0.0819)	(0.0637)	(0.0434)	0.0084	0.0281	0.1439	0.1103	0.0153	0.0053	0.0083
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$20.88)	(\$19.08)	(\$16.56)	(\$15.98)	(\$15.08)	(\$12.59)	(\$8.95)	(\$6.34)	(\$5.90)	(\$4.59)	(\$3.12)	\$0.60	\$2.02	\$10.36	\$7.94	\$1.10	\$0.38	\$0.60

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]	(\$184,400)
Net Present Value of Customer 2016-2045 Impact [S000]	(\$196,489)

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [S000]	222,058	258,004	251,766	245,529	239,295	233,062	226,832	220,604	214,378	208,154	201,933	195,714	189,497	183,283	177,069	170,857	164,648	158,444
Average Regulatory Equity [S000]	106,588	123,842	120,848	117,854	114,861	111,870	108,879	105,890	102,902	99,914	96,928	93,943	90,959	87,976	84,993	82,011	79,031	76,053
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,798	8,499	8,201	7,903	7,605

CAES 2 Financial Model Indian Point Retirement Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$/MWH]	\$467.03	\$452.48	\$481.55	\$485.67	\$511.78	\$513.32	\$332.70	\$518.53	\$540.36	\$349.38	\$547.07	\$559.17
Revenue Requirement for CAES Plant [\$/MWH]	\$458.09	\$538.10	\$592.57	\$574.70	\$626.62	\$610.11	\$574.94	\$601.97	\$605.79	\$640.24	\$611.69	\$624.60
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	\$8.94	(\$85.62)	(\$111.02)	(\$89.02)	(\$114.84)	(\$96.79)	(\$242.24)	(\$83.44)	(\$65.43)	(\$290.86)	(\$64.62)	(\$65.43)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	195,075	145,964	126,873	135,593	119,879	126,824	140,464	132,808	134,905	125,490	136,339	134,436
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Annual Benefit (Cost) from CAES Plant [S000]	\$1,744	(\$12,497)	#####	#####	(\$13,767)	(\$12,276)	#####	(\$11,081)	(\$8,827)	(\$36,500)	(\$8,810)	(\$8,796)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0083	(0.0588)	(0.0653)	(0.0551)	(0.0620)	(0.0544)	(0.1486)	(0.0477)	(0.0374)	(0.1525)	(0.0363)	(0.0357)
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	\$0.60	(\$4.23)	(\$4.70)	(\$3.97)	(\$4.46)	(\$3.92)	(\$10.70)	(\$3.43)	(\$2.69)	(\$10.98)	(\$2.61)	(\$2.57)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]
Net Present Value of Customer 2016-2045 Impact [S000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

NY RPS incentive (\$/mwh)
 NY RPS incentive escalation rate

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [S000]	152,242	146,042	139,845	133,652	127,462	121,274	115,091	108,910	102,733	96,559	90,389	84,222
Average Regulatory Equity [S000]	73,076	70,100	67,126	64,153	61,182	58,212	55,244	52,277	49,312	46,348	43,387	40,427
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043

**CAES 2 Financial Model Indian Point Retirement Case
Revenue Requirement**

(in thousands)

Common Equity Return = 10.00%
Preferred Return = 0.00%
Debt Cost = 5.50%
Combined Tax Rate = 39.6150%

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Return on Rate Base																			
Net Utility Plant																			
Beginning Net Plant Balance	\$k	464,163	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)
Net Plant Before Taxes	\$k	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897	255,293
Plus Accumulated Deferred Tax Balance	\$k	(165,285)	(160,743)	(156,201)	(151,659)	(147,118)	(142,576)	(138,034)	(133,492)	(128,951)	(124,409)	(119,867)	(115,325)	(110,784)	(106,242)	(101,700)	(97,158)	(92,617)	(88,075)
Plant Rate Base	\$k	287,274	280,212	273,150	266,087	259,025	251,963	244,901	237,839	230,777	223,715	216,653	209,591	202,529	195,466	188,404	181,342	174,280	167,218
Deferred Credits (Non-cash Return)	\$k	(29,152)	(28,405)	(27,657)	(26,910)	(26,162)	(25,415)	(24,667)	(23,920)	(23,172)	(22,425)	(21,677)	(20,930)	(20,182)	(19,435)	(18,687)	(17,940)	(17,192)	(16,445)
Working Capital	\$k	3,001	3,077	3,155	3,234	3,315	3,398	3,484	3,571	3,661	3,753	3,847	3,944	4,044	4,144	4,245	4,349	4,457	4,569
Total Rate Base	\$k	261,123	254,884	248,647	242,411	236,178	229,946	223,718	217,491	211,266	205,043	198,823	192,605	186,390	180,175	173,962	167,752	161,545	155,342
Average Rate Base		222,058	258,004	251,766	245,529	239,295	233,062	226,832	220,604	214,378	208,154	201,933	195,714	189,497	183,283	177,069	170,857	164,648	158,444
Capitalization																			
			Effective Rate																
Common Equity		48.0%	16.5604%	18,233	21,090	20,595	20,099	19,603	19,108	18,613	18,118	17,623	17,128	16,633	16,139	15,645	15,151	14,657	14,163
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required				18,233	21,090	20,595	20,099	19,603	19,108	18,613	18,118	17,623	17,128	16,633	16,139	15,645	15,151	14,657	14,163
Total Debt		52.0%	5.50%	6,351	7,379	7,200	7,022	6,844	6,666	6,487	6,309	6,131	5,953	5,775	5,597	5,420	5,242	5,064	4,887
Return on Rate Base	\$k			24,584	28,469	27,795	27,121	26,447	25,773	25,100	24,427	23,754	23,081	22,409	21,736	21,065	20,393	19,721	19,050

Operating Revenues & Costs																			
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	1,993	5,168	7,301	7,722	8,280	10,185	12,086	13,609	14,542	15,110	16,611	17,927	20,295	18,043	15,428	11,231	11,368	12,061
Variable O&M Costs	\$k	164	399	549	601	635	777	895	1,007	1,092	1,133	1,224	1,304	1,425	1,223	1,006	717	706	743
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	5,924	14,728	15,191	16,308	18,319	18,831	24,400	29,883	32,788	35,268	38,982	45,897	51,445	45,936	37,074	23,409	20,377	20,439
Fixed O&M	\$k	2,889	2,957	3,024	3,100	3,166	3,242	3,316	3,404	3,473	3,563	3,639	3,732	3,814	3,906	3,997	4,105	4,190	4,292
Property taxes	\$k	13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890	21,517
Total Operating Costs	\$k	\$34,844	\$47,518	\$50,732	\$52,812	\$55,909	\$58,983	\$67,097	\$74,770	\$79,243	\$82,917	\$88,808	\$97,737	\$106,395	\$99,082	\$88,051	\$70,601	\$68,387	\$69,909

\$0

Total Plant Revenue Requirement																			
Return on Rate Base	\$k	24,584	28,469	27,795	27,121	26,447	25,773	25,100	24,427	23,754	23,081	22,409	21,736	21,065	20,393	19,721	19,050	18,379	17,708
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Variable Operating Costs	\$k	8,081	20,295	23,041	24,631	27,234	29,793	37,381	44,499	48,422	51,511	56,817	65,128	73,165	65,201	53,507	35,357	32,451	33,243
Fixed Operating Costs	\$k	15,159	15,618	16,087	16,578	17,070	17,586	18,112	18,667	19,217	19,801	20,387	21,005	21,627	22,276	22,940	23,639	24,332	25,062
Total Revenue Requirement	\$k	\$59,428	\$75,987	\$78,528	\$79,933	\$82,356	\$84,756	\$92,197	\$99,197	\$102,997	\$105,998	\$111,216	\$119,474	\$127,460	\$119,474	\$107,772	\$89,651	\$86,766	\$87,616

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Generated (gas dispatch)	GWH	60	144	194	206	214	256	289	318	337	342	360	375	398	333	269	187	179	184
Return on Rate Base	\$/MWH	\$407.95	\$197.30	\$143.45	\$131.73	\$123.77	\$100.54	\$86.89	\$76.71	\$70.54	\$67.55	\$62.23	\$57.96	\$52.88	\$61.26	\$73.36	\$101.92	\$102.48	\$96.34
Depreciation Expense	\$/MWH	\$192.56	\$80.42	\$59.89	\$56.36	\$54.31	\$45.26	\$40.17	\$36.44	\$34.46	\$33.96	\$32.22	\$30.94	\$29.13	\$34.86	\$43.16	\$62.09	\$64.70	\$63.13
Variable Operating Costs	\$/MWH	\$134.10	\$140.66	\$118.92	\$119.63	\$127.46	\$116.21	\$129.41	\$139.75	\$143.79	\$150.75	\$157.78	\$173.66	\$183.66	\$195.86	\$199.03	\$189.18	\$180.95	\$180.86
Fixed Operating Costs	\$/MWH	\$251.55	\$108.24	\$83.03	\$80.52	\$79.89	\$68.60	\$62.70	\$58.63	\$57.06	\$57.95	\$56.61	\$56.01	\$54.29	\$66.92	\$85.33	\$126.48	\$135.68	\$136.35
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$986.17	\$526.62	\$405.28	\$388.25	\$385.42	\$330.61	\$319.18	\$311.53	\$305.85	\$310.20	\$308.85	\$318.58	\$319.95	\$358.89	\$400.89	\$479.67	\$483.80	\$476.69
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$59,428	\$75,987	\$78,528	\$79,933	\$82,356	\$84,756	\$92,197	\$99,197	\$102,997	\$105,998	\$111,216	\$119,474	\$127,460	\$119,474	\$107,772	\$89,651	\$86,766	\$87,616

Market Revenues																				
Energy Value	\$k	\$10,622	\$26,403	\$33,954	\$35,979	\$39,863	\$47,565	\$63,316	\$76,276	\$80,786	\$86,753	\$95,431	\$113,187	\$124,770	\$120,224	\$101,735	\$65,726	\$58,723	\$59,566	
Capacity Value	\$k	\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742	\$29,360	
Ancillary Services	\$k	\$129	\$256	\$265	\$293	\$283	\$258	\$221	\$211	\$237	\$233	\$217	\$204	\$237	\$305	\$290	\$301	\$372	\$403	
Total Market Value	\$k	\$12,991	\$32,911	\$40,592	\$42,760	\$46,765	\$54,580	\$70,443	\$83,541	\$88,224	\$94,331	\$103,154	\$121,054	\$132,832	\$147,433	\$129,523	\$92,711	\$87,837	\$89,329	
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$215.57	\$228.09	\$209.50	\$207.69	\$218.86	\$212.90	\$243.87	\$262.36	\$261.98	\$276.05	\$286.46	\$322.79	\$333.44	\$442.88	\$481.79	\$496.04	\$489.78	\$486.01	
Annual Savings (Cost) from Generating Plant	\$k	(\$46,437)	(\$43,076)	(\$37,935)	(\$37,174)	(\$35,591)	(\$30,176)	(\$21,754)	(\$15,656)	(\$14,773)	(\$11,667)	(\$8,063)	\$1,580	\$5,373	\$27,958	\$21,750	\$3,060	\$1,071	\$1,713	
2016-2035 Customer NPV Savings	\$k																		(\$184,400)	
2016-2045 Customer NPV Savings	\$k																			(\$196,489)

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model Indian Point Retirement Case
Revenue Requirement

(in thousands)

Common Equity Return =
 Preferred Return =
 Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	255,293	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)
Net Plant Before Taxes	\$k	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650	116,047
Plus Accumulated Deferred Tax Balance	\$k	(83,533)	(78,992)	(74,450)	(69,908)	(65,366)	(60,825)	(56,283)	(51,741)	(47,200)	(42,658)	(38,116)	(33,574)
Plant Rate Base	\$k	160,156	153,094	146,031	138,969	131,907	124,845	117,783	110,721	103,659	96,597	89,534	82,472
Deferred Credits (Non-cash Return)		(15,697)	(14,950)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)
Working Capital	\$k	4,683	4,799	4,918	5,042	5,167	5,297	5,429	5,565	5,704	5,846	5,993	6,143
Total Rate Base	\$k	149,142	142,943	136,747	130,556	124,367	118,182	112,000	105,821	99,645	93,473	87,305	81,140
Average Rate Base		152,242	146,042	139,845	133,652	127,462	121,274	115,091	108,910	102,733	96,559	90,389	84,222
Capitalization													
Common Equity		48.0%	12,683	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			12,683	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767
Total Debt		52.0%	4,354	4,177	4,000	3,822	3,645	3,468	3,292	3,115	2,938	2,762	2,409
Return on Rate Base	\$k	17,038	16,367	15,698	15,028	14,359	13,690	13,022	12,354	11,686	11,019	10,352	9,685

Operating Revenues & Costs													
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	13,364	10,342	9,007	10,050	9,105	10,081	11,504	11,118	11,574	10,986	12,147	12,339
Variable O&M Costs	\$k	807	618	548	607	549	599	675	654	680	646	718	726
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	20,741	13,018	10,955	12,445	10,475	11,495	13,171	12,515	13,537	12,465	13,964	13,959
Fixed O&M	\$k	4,393	4,515	4,606	4,720	4,831	4,963	5,067	5,192	5,315	5,454	5,576	5,724
Property taxes	\$k	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678
Total Operating Costs	\$k	\$72,325	\$62,176	\$59,484	\$62,896	\$60,760	\$63,687	\$67,736	\$67,592	\$70,038	\$69,325	\$73,046	\$74,283

Total Plant Revenue Requirement													
Return on Rate Base	\$k	17,038	16,367	15,698	15,028	14,359	13,690	13,022	12,354	11,686	11,019	10,352	9,685
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Variable Operating Costs	\$k	34,913	23,978	20,510	23,103	20,129	22,175	25,350	24,287	25,792	24,097	26,829	27,024
Fixed Operating Costs	\$k	25,807	26,594	27,370	28,189	29,027	29,908	30,782	31,701	32,642	33,623	34,612	35,654
Total Revenue Requirement	\$k	\$89,362	\$78,543	\$75,182	\$77,925	\$75,119	\$77,377	\$80,758	\$79,946	\$81,724	\$80,343	\$83,398	\$83,968

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	195	146	127	136	120	127	140	133	135	125	136	134
Return on Rate Base	\$/MWH	\$87.34	\$112.13	\$123.73	\$110.83	\$119.78	\$107.95	\$92.71	\$93.02	\$86.62	\$87.81	\$75.93	\$72.04
Depreciation Expense	\$/MWH	\$59.49	\$79.50	\$91.46	\$85.58	\$96.80	\$91.50	\$82.61	\$87.38	\$86.02	\$92.47	\$85.11	\$86.32
Variable Operating Costs	\$/MWH	\$178.97	\$164.27	\$161.65	\$170.38	\$167.91	\$174.85	\$180.47	\$182.87	\$191.19	\$192.02	\$196.78	\$201.02
Fixed Operating Costs	\$/MWH	\$132.29	\$182.20	\$215.73	\$207.90	\$242.13	\$235.82	\$219.14	\$238.70	\$241.96	\$267.94	\$253.87	\$265.22
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$458.09	\$538.10	\$592.57	\$574.70	\$626.62	\$610.11	\$574.94	\$601.97	\$605.79	\$640.24	\$611.69	\$624.60
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$89,362	\$78,543	\$75,182	\$77,925	\$75,119	\$77,377	\$80,758	\$79,946	\$81,724	\$80,343	\$83,398	\$83,968

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$60,723	\$35,002	\$29,421	\$33,416	\$28,158	\$31,089	\$36,051	\$33,227	\$36,384	\$32,372	\$36,285	\$35,904
Capacity Value	\$k	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$33,508	\$10,197	\$35,137	\$35,998	\$10,961	\$37,803	\$38,751
Ancillary Services	\$k	\$400	\$427	\$411	\$449	\$451	\$505	\$484	\$501	\$515	\$510	\$499	\$517
Total Market Value	\$k	\$91,106	\$66,046	\$61,096	\$65,854	\$61,352	\$65,102	\$46,732	\$68,865	\$72,897	\$43,843	\$74,587	\$75,172
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$467.03	\$452.48	\$481.55	\$485.67	\$511.78	\$513.32	\$332.70	\$518.53	\$540.36	\$349.38	\$547.07	\$559.17
Annual Savings (Cost) from Generating Plant	\$k	\$1,744	(\$12,497)	(\$14,086)	(\$12,071)	(\$13,767)	(\$12,276)	(\$34,026)	(\$11,081)	(\$8,827)	(\$36,500)	(\$8,810)	(\$8,796)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model Indian Point Retirement Case

Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		59,428	75,987	78,528	79,933	82,356	84,756	92,197	99,197	102,997	105,998	111,216	119,474	127,460	119,474	107,772	89,651	86,766
Fuel Costs	\$k	1,993	5,168	7,301	7,722	8,280	10,185	12,086	13,609	14,542	15,110	16,611	17,927	20,295	18,043	15,428	11,231	11,368
Variable O&M	\$k	6,088	15,127	15,740	16,909	18,954	19,608	25,295	30,890	33,880	36,402	40,206	47,201	52,870	47,159	38,079	24,126	21,083
Direct O&M	\$k	2,141	2,210	2,276	2,353	2,419	2,494	2,568	2,657	2,726	2,816	2,892	2,985	3,066	3,159	3,249	3,358	3,442
Property taxes	\$k	13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890
Total operating expenses	\$k	23,240	35,914	39,128	41,208	44,305	47,379	55,493	63,166	67,639	71,313	77,203	86,133	94,791	87,478	76,447	58,997	56,783
Operating Income	\$k	36,188	40,073	39,399	38,725	38,051	37,378	36,704	36,031	35,358	34,685	34,013	33,341	32,669	31,997	31,325	30,654	29,983
Less: Book depreciation	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Less: Interest expense	\$k	6,351	7,379	7,200	7,022	6,844	6,666	6,487	6,309	6,131	5,953	5,775	5,597	5,420	5,242	5,064	4,887	4,709
Earnings before Income Taxes	\$k	18,233	21,090	20,595	20,099	19,603	19,108	18,613	18,118	17,623	17,128	16,633	16,139	15,645	15,151	14,657	14,163	13,670
Less: Federal tax expense	\$k	6,217	7,146	6,985	6,823	6,662	6,501	6,340	6,179	6,018	5,857	5,697	5,536	5,375	5,215	5,054	4,893	4,733
Less: State income tax expense	\$k	1,358	1,560	1,525	1,490	1,455	1,420	1,384	1,349	1,314	1,279	1,244	1,209	1,174	1,139	1,104	1,069	1,034
Net Income	\$k	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,798	8,499	8,201	7,903
Average Regulatory Equity	\$k	106,588	123,842	120,848	117,854	114,861	111,870	108,879	105,890	102,902	99,914	96,928	93,943	90,959	87,976	84,993	82,011	79,031
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.54%	41.28%	41.32%	41.36%	41.41%	41.45%	41.50%	41.55%	41.61%	41.67%	41.73%	41.79%	41.86%	41.93%	42.01%	42.10%	42.18%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,630	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,798	8,499	8,201	7,903
AFUDC	(60,831)																	
Depreciation	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Deferred Taxes	(12,986)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)
Working capital	(3,001)	0	(76)	(77)	(79)	(81)	(83)	(86)	(88)	(90)	(92)	(94)	(97)	(99)	(100)	(102)	(104)	(108)
Net Cash Flow From Operations	(58,188)	17,721	19,370	19,070	18,769	18,467	18,166	17,864	17,563	17,263	16,962	16,661	16,360	16,059	15,760	15,460	15,160	14,857
Capital Investments	(403,331)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other																		
Net Cash Used in Investing Activities	(403,331)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	287,125																	
Dividends	0	(9,325)	(11,014)	(10,714)	(10,414)	(10,114)	(9,813)	(9,513)	(9,213)	(8,914)	(8,614)	(8,314)	(8,014)	(7,715)	(7,416)	(7,117)	(6,818)	(6,518)
LTD Debt Issuance/(Redemption)	331,235	(8,396)	(8,356)	(8,356)	(8,355)	(8,354)	(8,353)	(8,351)	(8,350)	(8,349)	(8,348)	(8,347)	(8,345)	(8,344)	(8,344)	(8,343)	(8,342)	(8,339)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	618,360	(17,721)	(19,370)	(19,070)	(18,768)	(18,467)	(18,166)	(17,864)	(17,563)	(17,263)	(16,962)	(16,661)	(16,359)	(16,059)	(15,760)	(15,459)	(15,160)	(14,857)
Net Increase / (Decrease) in Cash	156,841	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	3,001	3,077	3,155	3,234	3,315	3,398	3,484	3,571	3,661	3,753	3,847	3,944	4,044	4,144	4,245	4,349	4,457
Property Plant & Equipment	464,163	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,164	455,560	444,032	432,505	420,981	409,458	397,937	386,419	374,903	363,389	351,877	340,367	328,860	317,356	305,852	294,350	282,850	271,354
Common Equity	305,755	298,005	290,292	282,579	274,867	267,156	259,446	251,738	244,030	236,323	228,617	220,912	213,209	205,507	197,805	190,104	182,404	174,706
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	322,839	314,483	306,127	297,773	289,419	281,067	272,716	264,366	256,017	247,669	239,322	230,977	222,633	214,289	205,946	197,604	189,265
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(165,285)	(160,743)	(156,201)	(151,659)	(147,118)	(142,576)	(138,034)	(133,492)	(128,951)	(124,409)	(119,867)	(115,325)	(110,784)	(106,242)	(101,700)	(97,158)	(92,617)
Total liabilities & Equity	467,164	455,560	444,032	432,505	420,981	409,458	397,937	386,419	374,903	363,389	351,877	340,367	328,860	317,356	305,852	294,350	282,850	271,354

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Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	
Total Revenues		87,616	89,362	78,543	75,182	77,925	75,119	77,377	80,758	79,946	81,724	80,343	83,398	83,968	
Fuel Costs	\$k	12,061	13,364	10,342	9,007	10,050	9,105	10,081	11,504	11,118	11,574	10,986	12,147	12,339	
Variable O&M	\$k	21,182	21,549	13,636	11,503	13,052	11,023	12,094	13,846	13,168	14,218	13,111	14,682	14,685	
Direct O&M	\$k	3,545	3,645	3,767	3,859	3,972	4,083	4,216	4,319	4,445	4,567	4,707	4,828	4,977	
Property taxes	\$k	21,517	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678	
Total operating expenses		58,304	60,720	50,572	47,880	51,292	49,156	52,083	56,132	55,988	58,434	57,720	61,441	62,679	
Operating Income		29,312	28,642	27,972	27,302	26,632	25,963	25,295	24,626	23,958	23,290	22,623	21,956	21,290	
Less: Book depreciation	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	
Less: Interest expense	\$k	4,531	4,354	4,177	4,000	3,822	3,645	3,468	3,292	3,115	2,938	2,762	2,585	2,409	
Earnings before Income Taxes		13,176	12,683	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767	7,277	
Less: Federal tax expense	\$k	4,573	4,412	4,252	4,092	3,932	3,772	3,612	3,452	3,292	3,133	2,973	2,814	2,654	
Less: State income tax expense	\$k	998	963	928	894	859	824	789	754	719	684	649	614	580	
Net Income		7,605	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043	
Average Regulatory Equity		\$k	76,053	73,076	70,100	67,126	64,153	61,182	58,212	55,244	52,277	49,312	46,348	43,387	40,427
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
		42.28%	42.38%	42.50%	42.62%	42.75%	42.89%	43.05%	43.23%	43.42%	43.63%	43.87%	44.14%	44.44%	

Cash Flow Report		Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	18,630	7,605	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043	
AFUDC	(60,831)	-	-	-	-	-	-	-	-	-	(0)	0	-	-	
Depreciation	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	
Deferred Taxes	(12,986)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	
Working capital	(3,001)	(111)	(114)	(116)	(119)	(123)	(126)	(129)	(133)	(136)	(139)	(142)	(146)	(150)	
Net Cash Flow From Operations	(58,188)	14,556	14,256	13,957	13,656	13,355	13,055	12,754	12,454	12,155	11,854	11,555	11,255	10,955	
Capital Investments	(403,331)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Used in Investing Activities	(403,331)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Equity Investment	287,125	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends	0	(6,218)	(5,919)	(5,621)	(5,322)	(5,023)	(4,724)	(4,426)	(4,127)	(3,829)	(3,531)	(3,233)	(2,935)	(2,637)	
LTD Debt Issuance/(Redemption)	331,235	(8,338)	(8,336)	(8,336)	(8,334)	(8,332)	(8,330)	(8,328)	(8,327)	(8,325)	(8,323)	(8,322)	(8,320)	(8,318)	
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Cash Used in Financing Activities	618,360	(14,556)	(14,255)	(13,957)	(13,655)	(13,354)	(13,055)	(12,754)	(12,454)	(12,154)	(11,854)	(11,555)	(11,254)	(10,955)	
Net Increase / (Decrease) in Cash	156,841	0	0	0	0	0	0	0	0	0	0	0	0	0	

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	4,569	4,683	4,799	4,918	5,042	5,167	5,297	5,429	5,565	5,704	5,846	5,993	6,143
Property Plant & Equipment	464,163	255,293	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650	116,047
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,164	259,862	248,372	236,884	225,400	213,919	202,441	190,966	179,495	168,027	156,562	145,101	133,643	122,189
Common Equity	305,755	167,010	159,315	151,620	143,928	136,237	128,547	120,860	113,174	105,489	97,806	90,124	82,444	74,766
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	180,927	172,591	164,255	155,922	147,590	139,260	130,931	122,605	114,279	105,956	97,634	89,315	80,997
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(88,075)	(83,533)	(78,992)	(74,450)	(69,908)	(65,366)	(60,825)	(56,283)	(51,741)	(47,200)	(42,658)	(38,116)	(33,574)
Total liabilities & Equity	467,164	259,862	248,372	236,884	225,400	213,919	202,441	190,966	179,495	168,027	156,562	145,101	133,643	122,189

Financial Model Inputs

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
LTSA																	
LTSA Initial Spare Parts																	
LTSA Annual Fee	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
LTSA Hours Based Charge	\$57	\$1,733	\$59	\$5,977	\$62	\$1,912	\$66	\$10,864	\$69	\$8,130	\$72	\$7,283	\$76	\$2,330	\$80	\$13,237	\$84
LTSA Total	\$682	\$2,373	\$716	\$6,651	\$752	\$2,620	\$790	\$11,607	\$830	\$8,911	\$872	\$8,103	\$917	\$3,192	\$963	\$14,142	\$1,012
Other O&M Costs																	
Inergy Ground & Cavern Lease	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
Plant Staffing	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,843	\$2,897,848	\$2,976,210	\$3,044,551	\$3,122,513	\$3,198,682	\$3,289,445	\$3,360,615	\$3,452,690	\$3,530,746	\$3,626,223	\$3,709,490	\$3,804,479	\$3,897,283	\$4,007,870	\$4,094,583
Capital Additions																	
Cap Adds			\$219	\$224	\$230	\$236	\$242	\$248	\$254	\$260	\$267	\$274	\$280	\$287	\$295	\$302	\$309

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Natural Gas Cost	\$1,993	\$5,168	\$7,301	\$7,722	\$8,280	\$10,185	\$12,086	\$13,609	\$14,542	\$15,110	\$16,611	\$17,927	\$20,295	\$18,043	\$15,428	\$11,231	\$11,368
Compression Costs	\$5,924	\$14,728	\$15,191	\$16,308	\$18,319	\$18,831	\$24,400	\$29,883	\$32,788	\$35,268	\$38,982	\$45,897	\$51,445	\$45,936	\$37,074	\$23,409	\$20,377
Variable O&M Costs	\$4	\$11	\$15	\$16	\$17	\$20	\$23	\$26	\$28	\$29	\$32	\$34	\$37	\$31	\$26	\$18	\$18
Emissions Costs	\$159	\$388	\$534	\$585	\$618	\$756	\$871	\$981	\$1,064	\$1,104	\$1,192	\$1,270	\$1,388	\$1,192	\$980	\$699	\$688
Total Variable Costs	\$8,081	\$20,295	\$23,041	\$24,631	\$27,234	\$29,793	\$37,381	\$44,499	\$48,422	\$51,511	\$56,817	\$65,128	\$73,165	\$65,201	\$53,507	\$35,357	\$32,451

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capacity Revenue	\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742
Regulation Revenue	\$326	\$790	\$1,192	\$1,175	\$1,304	\$1,190	\$1,440	\$1,530	\$1,466	\$1,598	\$1,538	\$1,435	\$1,714	\$1,924	\$1,484	\$684	\$669
MVAR Revenue																	
Syn Spinning Reserve	\$44	\$55	\$72	\$97	\$87	\$62	\$32	\$31	\$58	\$54	\$40	\$27	\$62	\$100	\$49	\$37	\$62
Non-Syn Spinning Reserve	\$85	\$201	\$193	\$196	\$196	\$195	\$189	\$180	\$179	\$179	\$177	\$177	\$174	\$205	\$242	\$264	\$310
Energy Revenue	\$10,296	\$25,613	\$32,762	\$34,804	\$38,558	\$46,376	\$61,876	\$74,746	\$79,320	\$85,155	\$93,893	\$111,752	\$123,056	\$118,300	\$100,250	\$65,042	\$58,054
Other Revenue																	
Total Revenues	\$12,991	\$32,911	\$40,592	\$42,760	\$46,765	\$54,580	\$70,443	\$83,541	\$88,224	\$94,331	\$103,154	\$121,054	\$132,832	\$147,433	\$129,523	\$92,711	\$87,837

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Generator Starts	90	218	233	242	250	255	264	278	300	296	311	314	331	269	246	170	199
Generator Operating Hours	418	940	1,225	1,262	1,311	1,457	1,627	1,764	1,846	1,894	1,955	2,015	2,182	1,837	1,479	999	996
Net Generation (MWH)	60,262	144,292	193,759	205,883	213,676	256,362	288,855	318,417	336,754	341,711	360,100	375,025	398,374	332,895	268,836	186,901	179,342

Financial Model Inputs

SSSS

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
LTSA Initial Spare Parts													
LTSA Annual Fee	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$2,572	\$88	\$16,579	\$93	\$2,839	\$97	\$16,128	\$102	\$3,134	\$108	\$10,812	\$113	\$13,322
LTSA Total	\$3,523	\$1,063	\$17,578	\$1,117	\$3,889	\$1,173	\$17,231	\$1,233	\$4,292	\$1,295	\$12,029	\$1,361	\$14,601
Other O&M Costs													
Inergy Ground & Cavern Lease	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,199,433	\$4,301,871	\$4,425,906	\$4,519,653	\$4,635,389	\$4,748,461	\$4,883,200	\$4,988,852	\$5,116,602	\$5,241,412	\$5,383,149	\$5,506,759	\$5,657,634
Capital Additions													
Cap Adds	\$317	\$325	\$333	\$342	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$427

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$12,061	\$13,364	\$10,342	\$9,007	\$10,050	\$9,105	\$10,081	\$11,504	\$11,118	\$11,574	\$10,986	\$12,147	\$12,339
Compression Costs	\$20,439	\$20,741	\$13,018	\$10,955	\$12,445	\$10,475	\$11,495	\$13,171	\$12,515	\$13,537	\$12,465	\$13,964	\$13,959
Variable O&M Costs	\$19	\$20	\$16	\$13	\$15	\$13	\$14	\$16	\$15	\$15	\$15	\$16	\$16
Emissions Costs	\$724	\$787	\$602	\$535	\$593	\$536	\$585	\$659	\$639	\$665	\$632	\$702	\$710
Total Variable Costs	\$33,243	\$34,913	\$23,978	\$20,510	\$23,103	\$20,129	\$22,175	\$25,350	\$24,287	\$25,792	\$24,097	\$26,829	\$27,024

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$29,360	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$33,508	\$10,197	\$35,137	\$35,998	\$10,961	\$37,803	\$38,751
Regulation Revenue	\$712	\$666	\$401	\$334	\$638	\$471	\$645	\$621	\$488	\$570	\$433	\$579	\$497
MVAR Revenue													
Syn Spinning Reserve	\$83	\$69	\$49	\$27	\$65	\$51	\$99	\$77	\$82	\$91	\$73	\$63	\$66
Non-Syn Spinning Reserve	\$320	\$331	\$378	\$384	\$384	\$400	\$406	\$407	\$419	\$424	\$437	\$436	\$451
Energy Revenue	\$58,854	\$60,057	\$34,600	\$29,087	\$32,778	\$27,687	\$30,444	\$35,430	\$32,740	\$35,814	\$31,939	\$35,706	\$35,407
Other Revenue													
Total Revenues	\$89,329	\$91,106	\$66,046	\$61,096	\$65,854	\$61,352	\$65,102	\$46,732	\$68,865	\$72,897	\$43,843	\$74,587	\$75,172

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	193	207	155	135	152	136	151	160	148	150	142	146	140
Generator Operating Hours	1,010	1,043	766	670	741	642	698	750	713	722	669	725	707
Net Generation (MWH)	183,801	195,075	145,964	126,873	135,593	119,879	126,824	140,464	132,808	134,905	125,490	136,339	134,436

Project Development Cash Flow Estimate in Nominal \$

Total Cost

Direct Plant Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages		\$161,099,191	\$0	\$22,698,408	\$1,466,471	\$120,634,995	\$16,299,318
Contract Packages		\$183,969,191	\$0	\$0	\$15,637,487	\$146,568,563	\$21,763,142
Professional Services		\$27,585,800	\$4,317,744	\$4,505,472	\$6,093,072	\$8,215,484	\$4,454,028
Owners Costs		\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support		\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
Licensing Fees		\$7,350,000	\$5,000,000				\$2,350,000
AFUDC		<u>\$55,168,257</u>	<u>\$600,553</u>	<u>\$2,390,778</u>	<u>\$4,603,072</u>	<u>\$17,062,652</u>	<u>\$30,511,202</u>
Total		\$449,564,572	\$15,191,244	\$30,968,808	\$30,424,828	\$294,292,457	\$78,687,235

Cavern Development Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total		\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

Total Cost	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Costs		\$394,396,315	\$14,590,691	\$28,578,031	\$25,821,755	\$277,229,806	\$48,176,032
Cavern Development Costs		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$60,831,375</u>	<u>\$814,302</u>	<u>\$2,877,736</u>	<u>\$5,551,444</u>	<u>\$18,489,729</u>	<u>\$33,098,163</u>
Total		\$494,147,812	\$20,384,369	\$32,413,433	\$40,190,433	\$296,157,200	\$105,002,377

CAES 1A Financial Model Low Gas Price Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:	Scenario Input Assumptions				
		Scenario 1	Scenario 2	Scenario 3	
Grants					
Amount	\$30,600	\$30,600	\$30,600	\$30,600	\$30,600
Taxable	Y	Y	Y	N	N
Property Tax Exclusion	N	N	N	N	N
R&D - section 174 qualified	Y	Y	N	N	N
Production Tax Credit	N				
Inservice Date	2016				

CAES 1A Financial Model Low Gas Price Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$/MWH]	\$225.37	\$246.67	\$204.85	\$209.35	\$228.01	\$209.58	\$247.05	\$274.64	\$284.43	\$300.40	\$305.12	\$344.73	\$357.81	\$485.20	\$551.99	\$575.38	\$606.52	\$623.03
Revenue Requirement for CAES Plant [\$/MWH]	\$1,781.74	\$904.46	\$616.51	\$601.14	\$622.25	\$488.70	\$454.40	\$442.30	\$439.38	\$438.06	\$422.01	\$421.03	\$419.50	\$384.08	\$435.72	\$531.13	\$548.80	\$562.23
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$1,556.37)	(\$657.80)	(\$411.65)	(\$391.78)	(\$394.24)	(\$279.12)	(\$207.35)	(\$167.66)	(\$154.95)	(\$137.66)	(\$116.89)	(\$76.30)	(\$61.68)	\$101.12	\$116.27	\$44.25	\$57.72	\$60.81

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	30,800	70,374	105,014	108,905	105,784	137,999	157,676	168,445	172,557	177,125	190,343	199,852	207,666	284,617	242,580	165,931	160,795	155,051
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Annual Benefit (Cost) from CAES Plant [S000]	(\$47,936)	(\$46,291)	(\$43,229)	(\$42,667)	(\$41,705)	(\$38,518)	(\$32,694)	(\$28,242)	(\$26,738)	(\$24,382)	(\$22,249)	(\$15,249)	(\$12,809)	\$28,779	\$28,205	\$7,342	\$9,282	\$9,428
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2994)	(0.2848)	(0.2620)	(0.2548)	(0.2454)	(0.2233)	(0.1867)	(0.1589)	(0.1482)	(0.1332)	(0.1197)	(0.0808)	(0.0669)	0.1481	0.1430	0.0367	0.0457	0.0457
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$21.55)	(\$20.51)	(\$18.87)	(\$18.35)	(\$17.67)	(\$16.08)	(\$13.44)	(\$11.44)	(\$10.67)	(\$9.59)	(\$8.62)	(\$5.82)	(\$4.82)	\$10.66	\$10.30	\$2.64	\$3.29	\$3.29

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]	(\$232,226)
Net Present Value of Customer 2016-2045 Impact [S000]	(\$243,187)

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [S000]	223,404	259,739	253,455	247,174	240,894	234,616	228,340	222,067	215,796	209,526	203,259	196,995	190,733	184,474	178,218	171,962	165,708	159,458
Average Regulatory Equity [S000]	107,234	124,675	121,659	118,643	115,629	112,616	109,603	106,592	103,582	100,573	97,565	94,558	91,552	88,548	85,545	82,542	79,540	76,540
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	10,723	12,467	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,756	9,456	9,155	8,855	8,554	8,254	7,954	7,654

CAES 1A Financial Model Low Gas Price Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$/MWH]	\$709.82	\$750.47	\$883.41	\$823.79	\$977.10	\$539.31	\$541.74	\$1,102.88	\$1,122.79	\$1,007.25	\$1,026.76	\$1,084.71
Revenue Requirement for CAES Plant [\$/MWH]	\$648.95	\$867.48	\$1,080.00	\$982.73	\$1,194.54	\$1,094.14	\$1,051.03	\$1,260.43	\$1,260.08	\$1,099.51	\$1,121.85	\$1,202.43
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	\$60.87	(\$117.01)	(\$196.59)	(\$158.94)	(\$217.44)	(\$554.83)	(\$509.29)	(\$157.54)	(\$137.29)	(\$92.26)	(\$95.09)	(\$117.72)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	124,838	78,975	60,273	67,926	54,072	60,644	64,337	52,402	53,154	63,181	61,830	56,982
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Annual Benefit (Cost) from CAES Plant [\$000]	\$7,599	(\$9,241)	(\$11,849)	(\$10,796)	(\$11,757)	(\$33,647)	(\$32,766)	(\$8,256)	(\$7,297)	(\$5,829)	(\$5,879)	(\$6,708)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0363	(0.0435)	(0.0549)	(0.0493)	(0.0529)	(0.1492)	(0.1431)	(0.0355)	(0.0309)	(0.0244)	(0.0242)	(0.0272)
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	\$2.61	(\$3.13)	(\$3.96)	(\$3.55)	(\$3.81)	(\$10.74)	(\$10.31)	(\$2.56)	(\$2.23)	(\$1.75)	(\$1.74)	(\$1.96)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [\$000]
Net Present Value of Customer 2016-2045 Impact [\$000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

NY RPS incentive (\$/mwh)
 NY RPS incentive escalation rate

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [\$000]	153,211	146,965	140,723	134,485	128,249	122,017	115,788	109,562	103,340	97,121	90,906	84,694
Average Regulatory Equity [\$000]	73,541	70,543	67,547	64,553	61,560	58,568	55,578	52,590	49,603	46,618	43,635	40,653
After Tax Return on Equity [%]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [\$000]	7,354	7,054	6,755	6,455	6,156	5,857	5,558	5,259	4,960	4,662	4,363	4,065

CAES 1A Financial Model Low Gas Price Case
Revenue Requirement

(in thousands)

Common Equity Return = 10.00%
 Preferred Return = 0.00%
 Debt Cost = 5.50%
 Combined Tax Rate = 39.6150%

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Return on Rate Base																					
Net Utility Plant																					
Beginning Net Plant Balance	\$k		467,139	455,460	443,782	432,104	420,425	408,747	397,069	385,391	373,712	362,034	350,356	338,678	326,999	315,321	303,643	291,965	280,286	268,608	
Capital Additions	\$k		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Less Book Depreciation	\$k		(11,678)	(11,678)	(11,678)	(11,678)	(11,678)	(11,678)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	
Net Plant Before Taxes	\$k		455,460	443,782	432,104	420,425	408,747	397,069	385,391	373,712	362,034	350,356	338,678	326,999	315,321	303,643	291,965	280,286	268,608	256,930	
Plus Accumulated Deferred Tax Balance	\$k		(166,428)	(161,857)	(157,286)	(152,715)	(148,144)	(143,573)	(139,002)	(134,431)	(129,860)	(125,289)	(120,718)	(116,147)	(111,575)	(107,004)	(102,433)	(97,862)	(93,291)	(88,720)	
Plant Rate Base	\$k		289,032	281,925	274,818	267,710	260,603	253,496	246,389	239,282	232,174	225,067	217,960	210,853	203,746	196,638	189,531	182,424	175,317	168,210	
Deferred Credits (Non-cash Return)			(29,151)	(28,404)	(27,657)	(26,909)	(26,162)	(25,414)	(24,667)	(23,919)	(23,172)	(22,424)	(21,677)	(20,929)	(20,182)	(19,434)	(18,687)	(17,939)	(17,192)	(16,444)	
Working Capital	\$k		3,000	3,076	3,153	3,232	3,313	3,396	3,481	3,568	3,658	3,749	3,843	3,940	4,039	4,142	4,245	4,349	4,458	4,569	
Total Rate Base	\$k		262,881	256,597	250,314	244,033	237,754	231,478	225,203	218,931	212,660	206,392	200,127	193,863	187,602	181,346	175,089	168,834	162,582	156,334	
Average Rate Base			223,404	259,739	253,455	247,174	240,894	234,616	228,340	222,067	215,796	209,526	203,259	196,995	190,733	184,474	178,218	171,962	165,708	159,458	
Capitalization																					
		Effective Rate																			
Common Equity		48.0%	16.5604%	18,340	21,229	20,729	20,230	19,731	19,232	18,733	18,234	17,736	17,237	16,739	16,241	15,743	15,246	14,749	14,251	13,754	
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Equity Return Required			18,340	21,229	20,729	20,230	19,731	19,232	18,733	18,234	17,736	17,237	16,739	16,241	15,743	15,246	14,749	14,251	13,754	13,257	
Total Debt		52.0%	5.50%	6,389	7,429	7,249	7,069	6,890	6,710	6,531	6,351	6,172	5,992	5,813	5,634	5,455	5,276	5,097	4,918	4,739	4,561
Return on Rate Base	\$k		24,730	28,657	27,978	27,299	26,620	25,942	25,263	24,585	23,907	23,230	22,552	21,875	21,198	20,522	19,846	19,169	18,493	17,818	

Operating Revenues & Costs																				
Depreciation Expense	\$k		11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
NCR Amortization	\$k		(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k		683	1,673	2,565	2,756	2,796	3,811	4,666	5,126	5,303	5,622	6,383	7,036	7,877	11,472	10,428	7,606	7,737	7,746
Variable O&M Costs	\$k		103	246	383	413	418	568	677	755	808	864	969	1,062	1,154	1,653	1,472	1,051	1,065	1,074
NY RPS Incentive	\$k		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k		2,436	5,687	5,956	6,649	7,141	7,752	11,145	13,587	14,793	16,280	18,238	21,367	23,455	41,587	39,199	24,855	24,795	23,650
Fixed O&M	\$k		2,889	2,957	3,024	3,098	3,166	3,241	3,316	3,400	3,473	3,563	3,639	3,729	3,814	3,906	3,997	4,100	4,190	4,292
Property taxes	\$k		13,106	13,500	13,905	14,322	14,751	15,194	15,650	16,119	16,603	17,101	17,614	18,142	18,687	19,247	19,825	20,419	21,032	21,663
Total Operating Costs	\$k		\$30,148	\$34,993	\$36,764	\$38,168	\$39,204	\$41,498	\$46,385	\$49,918	\$51,911	\$54,361	\$57,774	\$62,269	\$65,917	\$88,795	\$85,851	\$68,962	\$69,750	\$69,356

\$0

Total Plant Revenue Requirement																				
Return on Rate Base	\$k		24,730	28,657	27,978	27,299	26,620	25,942	25,263	24,585	23,907	23,230	22,552	21,875	21,198	20,522	19,846	19,169	18,493	17,818
Depreciation Expense	\$k		11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Variable Operating Costs	\$k		3,222	7,606	8,904	9,818	10,355	12,132	16,488	19,468	20,904	22,766	25,590	29,466	32,485	54,711	51,098	33,512	33,597	32,470
Fixed Operating Costs	\$k		15,248	15,709	16,181	16,672	17,170	17,688	18,218	18,772	19,329	19,916	20,506	21,124	21,753	22,405	23,074	23,771	24,474	25,207
Total Revenue Requirement	\$k		\$54,878	\$63,650	\$64,742	\$65,467	\$65,824	\$67,440	\$71,648	\$74,503	\$75,818	\$77,591	\$80,326	\$84,144	\$87,115	\$109,317	\$105,697	\$88,131	\$88,243	\$87,174

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Generated (gas dispatch)	GWH		31	70	105	109	106	138	158	168	173	177	190	200	208	285	243	166	161	155
Return on Rate Base	\$/MWH		\$802.91	\$407.21	\$266.42	\$250.67	\$251.65	\$187.98	\$160.22	\$145.95	\$138.55	\$131.15	\$118.48	\$109.46	\$102.08	\$72.10	\$81.81	\$115.53	\$115.01	\$114.92
Depreciation Expense	\$/MWH		\$379.17	\$165.95	\$111.21	\$107.24	\$110.40	\$84.63	\$74.07	\$69.33	\$67.68	\$65.93	\$61.36	\$58.44	\$56.24	\$41.03	\$48.14	\$70.38	\$72.63	\$75.32
Variable Operating Costs	\$/MWH		\$104.61	\$108.08	\$84.79	\$90.15	\$97.89	\$87.91	\$104.57	\$115.58	\$121.14	\$128.53	\$134.44	\$147.44	\$156.43	\$192.23	\$210.65	\$201.96	\$208.94	\$209.42
Fixed Operating Costs	\$/MWH		\$495.05	\$223.22	\$154.08	\$153.08	\$162.31	\$128.17	\$115.54	\$111.44	\$112.01	\$112.44	\$107.73	\$105.70	\$104.75	\$78.72	\$95.12	\$143.26	\$152.21	\$162.57
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH		\$1,781.74	\$904.46	\$616.51	\$601.14	\$622.25	\$488.70	\$454.40	\$442.30	\$439.38	\$438.06	\$422.01	\$421.03	\$419.50	\$384.08	\$435.72	\$531.13	\$548.80	\$562.23
"Regulated Revenue Requirement" Cost of Electricity	\$k		\$54,878	\$63,650	\$64,742	\$65,467	\$65,824	\$67,440	\$71,648	\$74,503	\$75,818	\$77,591	\$80,326	\$84,144	\$87,115	\$109,317	\$105,697	\$88,131	\$88,243	\$87,174

Market Revenues																					
Energy Value	\$k		\$4,584	\$10,822	\$14,846	\$16,006	\$17,189	\$21,869	\$31,757	\$38,916	\$41,578	\$45,572	\$50,276	\$60,929	\$66,145	\$110,829	\$106,010	\$68,414	\$68,355	\$66,790	
Capacity Value	\$k		\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785	\$28,852	\$29,472	
Ancillary Services	\$k		\$109	\$260	\$268	\$281	\$286	\$270	\$266	\$264	\$274	\$264	\$266	\$273	\$305	\$261	\$289	\$274	\$318	\$340	
Total Market Value	\$k		\$6,941	\$17,359	\$21,512	\$22,800	\$24,119	\$28,922	\$38,954	\$46,262	\$49,080	\$53,208	\$58,077	\$68,895	\$74,306	\$138,096	\$133,901	\$95,474	\$97,525	\$96,602	
Blended Energy, Capacity, Ancillary Services Price	\$/MWH		\$225.37	\$246.67	\$204.85	\$209.35	\$228.01	\$209.58	\$247.05	\$274.64	\$284.43	\$300.40	\$305.12	\$344.73	\$357.81	\$485.20	\$551.99	\$575.38	\$606.52	\$623.03	
Annual Savings (Cost) from Generating Plant	\$k		(\$47,936)	(\$46,291)	(\$43,229)	(\$42,667)	(\$41,705)	(\$38,518)	(\$32,694)	(\$28,242)	(\$26,738)	(\$24,382)	(\$22,249)	(\$15,249)	(\$12,809)	\$28,779	\$28,205	\$7,342	\$9,282	\$9,428	
2016-2035 Customer NPV Savings	\$k																			(\$232,226)	
2016-2045 Customer NPV Savings	\$k																				(\$243,187)

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model Low Gas Price Case
Revenue Requirement

(in thousands)

Common Equity Return =
Preferred Return =
Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	256,930	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)	(11,679)
Net Plant Before Taxes	\$k	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469	116,791
Plus Accumulated Deferred Tax Balance	\$k	(84,149)	(79,578)	(75,007)	(70,436)	(65,865)	(61,294)	(56,723)	(52,152)	(47,581)	(43,010)	(38,439)	(33,868)
Plant Rate Base	\$k	161,102	153,995	146,888	139,781	132,673	125,566	118,459	111,352	104,244	97,137	90,030	82,923
Deferred Credits (Non-cash Return)		(15,697)	(14,949)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)
Working Capital	\$k	4,682	4,798	4,917	5,040	5,166	5,295	5,428	5,563	5,702	5,845	5,991	6,141
Total Rate Base	\$k	150,087	143,843	137,603	131,366	125,132	118,902	112,674	106,450	100,229	94,013	87,799	81,589
Average Rate Base		153,211	146,965	140,723	134,485	128,249	122,017	115,788	109,562	103,340	97,121	90,906	84,694
Capitalization													
Common Equity		48.0%	12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,796	8,302	7,808
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,796	8,302	7,808
Total Debt		52.0%	4,382	4,203	4,025	3,846	3,668	3,490	3,312	3,133	2,956	2,778	2,600
Return on Rate Base	\$k	17,143	16,467	15,793	15,118	14,444	13,771	13,098	12,425	11,752	11,080	10,408	9,737

Operating Revenues & Costs													
Depreciation Expense	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	6,546	4,289	3,281	3,916	3,230	3,796	4,180	3,435	3,608	4,479	4,557	4,364
Variable O&M Costs	\$k	903	597	459	537	444	516	569	480	505	623	633	606
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	18,787	8,732	6,353	7,150	5,598	6,516	7,133	6,145	6,602	7,791	7,273	6,269
Fixed O&M	\$k	4,393	4,511	4,606	4,719	4,831	4,956	5,067	5,191	5,315	5,450	5,576	5,723
Property taxes	\$k	22,313	22,982	23,672	24,382	25,113	25,867	26,643	27,442	28,265	29,113	29,987	30,886
Total Operating Costs	\$k	\$63,872	\$52,042	\$49,302	\$51,635	\$50,147	\$52,582	\$54,522	\$53,624	\$55,227	\$58,388	\$58,956	\$58,780

Total Plant Revenue Requirement													
Return on Rate Base	\$k	17,143	16,467	15,793	15,118	14,444	13,771	13,098	12,425	11,752	11,080	10,408	9,737
Depreciation Expense	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Variable Operating Costs	\$k	26,235	13,618	10,093	11,603	9,272	10,828	11,882	10,060	10,716	12,894	12,462	11,239
Fixed Operating Costs	\$k	25,958	26,746	27,530	28,353	29,196	30,075	30,962	31,886	32,832	33,815	34,815	35,862
Total Revenue Requirement	\$k	\$81,014	\$68,509	\$65,095	\$66,753	\$64,591	\$66,353	\$67,620	\$66,049	\$66,979	\$69,468	\$69,364	\$68,516

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	125	79	60	68	54	61	64	52	53	63	62	57
Return on Rate Base	\$/MWH	\$137.32	\$208.51	\$262.02	\$222.57	\$267.13	\$227.08	\$203.58	\$237.10	\$221.09	\$175.37	\$168.33	\$170.87
Depreciation Expense	\$/MWH	\$93.55	\$147.88	\$193.76	\$171.93	\$215.98	\$192.58	\$181.52	\$222.87	\$219.71	\$184.85	\$188.88	\$204.95
Variable Operating Costs	\$/MWH	\$210.15	\$172.43	\$167.46	\$170.82	\$171.47	\$178.55	\$184.68	\$191.98	\$201.60	\$204.08	\$201.56	\$197.24
Fixed Operating Costs	\$/MWH	\$207.93	\$338.66	\$456.76	\$417.41	\$539.95	\$495.94	\$481.24	\$608.48	\$617.68	\$535.22	\$563.07	\$629.36
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$648.95	\$867.48	\$1,080.00	\$982.73	\$1,194.54	\$1,094.14	\$1,051.03	\$1,260.43	\$1,260.08	\$1,099.51	\$1,121.85	\$1,202.43
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$81,014	\$68,509	\$65,095	\$66,753	\$64,591	\$66,353	\$67,620	\$66,049	\$66,979	\$69,468	\$69,364	\$68,516

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$58,141	\$28,121	\$21,437	\$23,416	\$19,529	\$22,259	\$24,169	\$22,057	\$23,075	\$26,124	\$25,038	\$22,387
Capacity Value	\$k	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$9,998	\$10,236	\$35,271	\$36,136	\$37,023	\$37,947	\$38,899
Ancillary Services	\$k	\$374	\$414	\$425	\$429	\$437	\$449	\$449	\$465	\$471	\$491	\$499	\$523
Total Market Value	\$k	\$88,613	\$59,269	\$53,246	\$55,957	\$52,834	\$32,706	\$34,854	\$57,793	\$59,681	\$63,639	\$63,484	\$61,809
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$709.82	\$750.47	\$883.41	\$823.79	\$977.10	\$539.31	\$541.74	\$1,102.88	\$1,122.79	\$1,007.25	\$1,026.76	\$1,084.71
Annual Savings (Cost) from Generating Plant	\$k	\$7,599	(\$9,241)	(\$11,849)	(\$10,796)	(\$11,757)	(\$33,647)	(\$32,766)	(\$8,256)	(\$7,297)	(\$5,829)	(\$5,879)	(\$6,708)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model Low Gas Price Case

Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		54,878	63,650	64,742	65,467	65,824	67,440	71,648	74,503	75,818	77,591	80,326	84,144	87,115	109,317	105,697	88,131	88,243
Fuel Costs	\$k	683	1,673	2,565	2,756	2,796	3,811	4,666	5,126	5,303	5,622	6,383	7,036	7,877	11,472	10,428	7,606	7,737
Variable O&M	\$k	2,539	5,933	6,339	7,062	7,559	8,321	11,822	14,343	15,600	17,144	19,207	22,430	24,609	43,239	40,670	25,906	25,860
Direct O&M	\$k	2,141	2,209	2,276	2,350	2,419	2,494	2,568	2,652	2,726	2,815	2,892	2,982	3,066	3,158	3,249	3,352	3,442
Property taxes	\$k	13,106	13,500	13,905	14,322	14,751	15,194	15,650	16,119	16,603	17,101	17,614	18,142	18,687	19,247	19,825	20,419	21,032
Total operating expenses	\$k	18,469	23,315	25,085	26,490	27,525	29,820	34,707	38,240	40,232	42,683	46,095	50,590	54,238	77,117	74,173	57,283	58,072
Operating Income	\$k	36,408	40,336	39,656	38,977	38,299	37,620	36,942	36,264	35,586	34,908	34,231	33,554	32,877	32,200	31,524	30,848	30,172
Less: Book depreciation	\$k	11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Less: Interest expense	\$k	6,389	7,429	7,249	7,069	6,890	6,710	6,531	6,351	6,172	5,992	5,813	5,634	5,455	5,276	5,097	4,918	4,739
Earnings before Income Taxes	\$k	18,340	21,229	20,729	20,230	19,731	19,232	18,733	18,234	17,736	17,237	16,739	16,241	15,743	15,246	14,749	14,251	13,754
Less: Federal tax expense	\$k	6,252	7,191	7,029	6,866	6,704	6,542	6,379	6,217	6,055	5,893	5,731	5,569	5,407	5,246	5,084	4,922	4,761
Less: State income tax expense	\$k	1,365	1,570	1,535	1,499	1,464	1,428	1,393	1,358	1,322	1,287	1,251	1,216	1,181	1,145	1,110	1,075	1,040
Net Income	\$k	10,723	12,467	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,756	9,456	9,155	8,855	8,554	8,254	7,954
Average Regulatory Equity	\$k	107,234	124,675	121,659	118,643	115,629	112,616	109,603	106,592	103,582	100,573	97,565	94,558	91,552	88,548	85,545	82,542	79,540
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.53%	41.27%	41.31%	41.35%	41.40%	41.44%	41.49%	41.54%	41.60%	41.65%	41.71%	41.78%	41.85%	41.92%	42.00%	42.08%	42.17%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,670	10,723	12,467	12,166	11,864	11,563	11,262	10,960	10,659	10,358	10,057	9,756	9,456	9,155	8,855	8,554	8,254	7,954
AFUDC	(60,858)																	
Depreciation	11,678	11,678	11,678	11,678	11,678	11,678	11,678	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Deferred Taxes	(12,971)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)
Working capital	(3,000)	0	(76)	(77)	(79)	(81)	(83)	(85)	(87)	(89)	(92)	(94)	(96)	(99)	(104)	(103)	(104)	(109)
Net Cash Flow From Operations	(58,159)	17,831	19,499	19,196	18,893	18,589	18,286	17,982	17,679	17,376	17,073	16,770	16,467	16,164	15,859	15,559	15,258	14,953
Capital Investments	(406,281)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other																		
Net Cash Used in Investing Activities	(406,281)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	289,077																	
Dividends	0	(9,381)	(11,089)	(10,786)	(10,484)	(10,182)	(9,879)	(9,577)	(9,275)	(8,973)	(8,671)	(8,369)	(8,067)	(7,765)	(7,463)	(7,163)	(6,862)	(6,559)
LTD Debt Issuance/(Redemption)	333,392	(8,450)	(8,410)	(8,410)	(8,409)	(8,408)	(8,405)	(8,405)	(8,404)	(8,403)	(8,402)	(8,401)	(8,399)	(8,398)	(8,396)	(8,396)	(8,396)	(8,393)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	622,469	(17,831)	(19,499)	(19,196)	(18,893)	(18,589)	(18,286)	(17,982)	(17,679)	(17,376)	(17,073)	(16,770)	(16,466)	(16,164)	(15,858)	(15,559)	(15,258)	(14,953)
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	3,000	3,076	3,153	3,232	3,313	3,396	3,481	3,568	3,658	3,749	3,843	3,940	4,039	4,142	4,245	4,349	4,458
Property Plant & Equipment	467,139	455,460	443,782	432,104	420,425	408,747	397,069	385,391	373,712	362,034	350,356	338,678	326,999	315,321	303,643	291,965	280,286	268,608
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	470,139	458,461	446,858	435,257	423,657	412,060	400,465	388,872	377,281	365,692	354,105	342,521	330,939	319,360	307,785	296,210	284,635	273,066
Common Equity	307,747	299,947	292,183	284,421	276,659	268,898	261,138	253,379	245,622	237,865	230,109	222,354	214,601	206,849	199,099	191,349	183,599	175,851
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	333,392	324,942	316,532	308,122	299,714	291,306	282,899	274,494	266,090	257,687	249,285	240,884	232,485	224,086	215,690	207,294	198,899	190,506
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(166,428)	(161,857)	(157,286)	(152,715)	(148,144)	(143,573)	(139,002)	(134,431)	(129,860)	(125,289)	(120,718)	(116,147)	(111,575)	(107,004)	(102,433)	(97,862)	(93,291)
Total liabilities & Equity	470,139	458,461	446,858	435,257	423,657	412,060	400,465	388,872	377,281	365,692	354,105	342,521	330,939	319,360	307,785	296,210	284,635	273,066

CAES 1A Financial Model Low Gas Price Case

Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Total Revenues		87,174	81,014	68,509	65,095	66,753	64,591	66,353	67,620	66,049	66,979	69,468	69,364	68,516
Fuel Costs	\$k	7,746	6,546	4,289	3,281	3,916	3,230	3,796	4,180	3,435	3,608	4,479	4,557	4,364
Variable O&M	\$k	24,724	19,690	9,329	6,812	7,687	6,042	7,032	7,702	6,625	7,107	8,414	7,905	6,875
Direct O&M	\$k	3,544	3,645	3,763	3,859	3,971	4,083	4,209	4,319	4,444	4,567	4,702	4,828	4,976
Property taxes	\$k	21,663	22,313	22,982	23,672	24,382	25,113	25,867	26,643	27,442	28,265	29,113	29,987	30,886
Total operating expenses		57,677	52,193	40,363	37,623	39,956	38,468	40,903	42,844	41,946	43,548	46,709	47,277	47,101
Operating Income		29,496	28,821	28,146	27,471	26,797	26,123	25,449	24,776	24,103	23,431	22,758	22,087	21,415
Less: Book depreciation	\$k	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679
Less: Interest expense	\$k	4,561	4,382	4,203	4,025	3,846	3,668	3,490	3,312	3,133	2,956	2,778	2,600	2,422
Earnings before Income Taxes		13,257	12,761	12,264	11,768	11,272	10,777	10,281	9,786	9,291	8,796	8,302	7,808	7,314
Less: Federal tax expense	\$k	4,599	4,438	4,276	4,115	3,954	3,792	3,631	3,470	3,309	3,149	2,988	2,827	2,667
Less: State income tax expense	\$k	1,004	969	934	899	863	828	793	758	723	688	652	617	582
Net Income		7,654	7,354	7,054	6,755	6,455	6,156	5,857	5,558	5,259	4,960	4,662	4,363	4,065
Average Regulatory Equity		76,540	73,541	70,543	67,547	64,553	61,560	58,568	55,578	52,590	49,603	46,618	43,635	40,653
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		42.27%	42.37%	42.48%	42.60%	42.73%	42.88%	43.03%	43.21%	43.40%	43.61%	43.85%	44.12%	44.42%

Cash Flow Report		Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	18,670	7,654	7,354	7,054	6,755	6,455	6,156	5,857	5,558	5,259	4,960	4,662	4,363	4,065	
AFUDC	(60,858)	-	-	(0)	-	-	-	-	-	(0)	-	-	-	-	
Depreciation	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	11,679	
Deferred Taxes	(12,971)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	(4,571)	
Working capital	(3,000)	(111)	(113)	(115)	(119)	(123)	(126)	(129)	(132)	(135)	(139)	(143)	(146)	(150)	
Net Cash Flow From Operations	(58,159)	14,650	14,348	14,046	13,743	13,440	13,138	12,835	12,533	12,231	11,929	11,627	11,325	11,023	
Capital Investments	(406,281)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Used in Investing Activities	(406,281)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Equity Investment	289,077	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends	0	(6,258)	(5,957)	(5,657)	(5,355)	(5,054)	(4,753)	(4,452)	(4,152)	(3,852)	(3,551)	(3,251)	(2,951)	(2,651)	
LTD Debt Issuance/(Redemption)	333,392	(8,392)	(8,391)	(8,390)	(8,388)	(8,386)	(8,384)	(8,382)	(8,381)	(8,379)	(8,377)	(8,375)	(8,374)	(8,372)	
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Cash Used in Financing Activities	622,469	(14,650)	(14,348)	(14,046)	(13,742)	(13,439)	(13,137)	(12,835)	(12,533)	(12,231)	(11,928)	(11,626)	(11,325)	(11,023)	
Net Increase / (Decrease) in Cash	158,029	0	0	0	0	0	0	0	0	0	0	0	0	0	

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	4,569	4,682	4,798	4,917	5,040	5,166	5,295	5,428	5,563	5,702	5,845	5,991	6,141
Property Plant & Equipment	467,139	256,930	245,252	233,573	221,895	210,217	198,538	186,860	175,182	163,504	151,825	140,147	128,469	116,791
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	470,139	261,499	249,934	238,371	226,812	215,257	203,704	192,155	180,610	169,067	157,528	145,992	134,460	122,931
Common Equity	307,747	168,105	160,360	152,616	144,873	137,133	129,393	121,656	113,920	106,185	98,452	90,721	82,991	75,264
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	333,392	182,114	173,723	165,333	156,946	148,560	140,176	131,794	123,413	115,034	106,656	98,281	89,907	81,535
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,999)	(88,720)	(84,149)	(79,578)	(75,007)	(70,436)	(65,865)	(61,294)	(56,723)	(52,152)	(47,581)	(43,010)	(38,439)	(33,868)
Total liabilities & Equity	470,139	261,499	249,934	238,371	226,812	215,257	203,704	192,155	180,610	169,067	157,528	145,992	134,460	122,931

Financial Model Inputs

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
LTSA																	
LTSA Initial Spare Parts																	
LTSA Annual Fee	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
LTSA Hours Based Charge	\$57	\$1,266	\$59	\$3,486	\$62	\$1,398	\$66	\$6,153	\$69	\$7,562	\$72	\$4,247	\$76	\$1,703	\$80	\$7,497	\$84
LTSA Total	\$682	\$1,907	\$716	\$4,159	\$752	\$2,105	\$790	\$6,896	\$830	\$8,343	\$872	\$5,067	\$917	\$2,565	\$963	\$8,402	\$1,012
Other O&M Costs																	
Inergy Ground & Cavern Lease	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
Plant Staffing	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,377	\$2,897,848	\$2,973,719	\$3,044,551	\$3,121,999	\$3,198,682	\$3,284,734	\$3,360,615	\$3,452,122	\$3,530,746	\$3,623,188	\$3,709,490	\$3,803,852	\$3,897,283	\$4,002,130	\$4,094,583
Capital Additions																	
Cap Adds			\$219	\$224	\$230	\$236	\$242	\$248	\$254	\$260	\$267	\$274	\$280	\$287	\$295	\$302	\$309

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Natural Gas Cost	\$683	\$1,673	\$2,565	\$2,756	\$2,796	\$3,811	\$4,666	\$5,126	\$5,303	\$5,622	\$6,383	\$7,036	\$7,877	\$11,472	\$10,428	\$7,606	\$7,737
Compression Costs	\$2,436	\$5,687	\$5,956	\$6,649	\$7,141	\$7,752	\$11,145	\$13,587	\$14,793	\$16,280	\$18,238	\$21,367	\$23,455	\$41,587	\$39,199	\$24,855	\$24,795
Variable O&M Costs	\$12	\$29	\$44	\$46	\$46	\$61	\$71	\$77	\$81	\$85	\$93	\$100	\$106	\$148	\$129	\$90	\$89
Emissions Costs	\$91	\$217	\$339	\$366	\$372	\$507	\$606	\$678	\$727	\$779	\$876	\$963	\$1,048	\$1,504	\$1,343	\$961	\$976
Total Variable Costs	\$3,222	\$7,606	\$8,904	\$9,818	\$10,355	\$12,132	\$16,488	\$19,468	\$20,904	\$22,766	\$25,590	\$29,466	\$32,485	\$54,711	\$51,098	\$33,512	\$33,597

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capacity Revenue	\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785	\$28,852
Regulation Revenue	\$244	\$480	\$673	\$738	\$735	\$829	\$708	\$507	\$731	\$770	\$699	\$586	\$748	\$1,160	\$885	\$465	\$445
MVAR Revenue																	
Syn Spinning Reserve	\$10	\$24	\$31	\$39	\$36	\$22	\$17	\$18	\$21	\$8	\$12	\$15	\$42	\$30	\$35	\$8	\$7
Non-Syn Spinning Reserve	\$99	\$237	\$238	\$242	\$250	\$248	\$248	\$247	\$253	\$256	\$255	\$259	\$263	\$231	\$255	\$266	\$311
Energy Revenue	\$4,340	\$10,342	\$14,173	\$15,268	\$16,454	\$21,040	\$31,049	\$38,410	\$40,847	\$44,802	\$49,577	\$60,344	\$65,397	\$109,669	\$105,124	\$67,950	\$67,910
Other Revenue																	
Total Revenues	\$6,941	\$17,359	\$21,512	\$22,800	\$24,119	\$28,922	\$38,954	\$46,262	\$49,080	\$53,208	\$58,077	\$68,895	\$74,306	\$138,096	\$133,901	\$95,474	\$97,525

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Generator Starts	55	112	116	119	111	113	112	114	114	122	130	154	160	194	154	102	108
Generator Operating Hours	250	563	686	735	708	795	862	893	939	943	1,002	1,051	1,126	1,489	1,273	875	832
Net Generation (MWH)	30,800	70,374	105,014	108,905	105,784	137,999	157,676	168,445	172,557	177,125	190,343	199,852	207,666	284,617	242,580	165,931	160,795

Financial Model Inputs

SSSS

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
<i>LTSA Initial Spare Parts</i>													
<i>LTSA Annual Fee</i>	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
<i>LTSA Hours Based Charge</i>	\$1,880	\$88	\$12,880	\$93	\$2,075	\$97	\$9,134	\$102	\$2,291	\$108	\$6,305	\$113	\$12,392
LTSA Total	\$2,831	\$1,063	\$13,879	\$1,117	\$3,125	\$1,173	\$10,237	\$1,233	\$3,449	\$1,295	\$7,522	\$1,361	\$13,671
Other O&M Costs													
<i>Inergy Ground & Cavern Lease</i>	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
<i>Plant Staffing</i>	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,198,741	\$4,301,871	\$4,422,207	\$4,519,653	\$4,634,625	\$4,748,461	\$4,876,206	\$4,988,852	\$5,115,759	\$5,241,412	\$5,378,642	\$5,506,759	\$5,656,704
Capital Additions													
<i>Cap Adds</i>	\$317	\$325	\$333	\$342	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$427

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<i>Natural Gas Cost</i>	\$7,746	\$6,546	\$4,289	\$3,281	\$3,916	\$3,230	\$3,796	\$4,180	\$3,435	\$3,608	\$4,479	\$4,557	\$4,364
<i>Compression Costs</i>	\$23,650	\$18,787	\$8,732	\$6,353	\$7,150	\$5,598	\$6,516	\$7,133	\$6,145	\$6,602	\$7,791	\$7,273	\$6,269
<i>Variable O&M Costs</i>	\$88	\$72	\$47	\$35	\$40	\$32	\$37	\$40	\$33	\$34	\$41	\$40	\$38
<i>Emissions Costs</i>	\$986	\$830	\$550	\$424	\$497	\$411	\$479	\$529	\$447	\$471	\$583	\$593	\$568
Total Variable Costs	\$32,470	\$26,235	\$13,618	\$10,093	\$11,603	\$9,272	\$10,828	\$11,882	\$10,060	\$10,716	\$12,894	\$12,462	\$11,239

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<i>Capacity Revenue</i>	\$29,472	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$9,998	\$10,236	\$35,271	\$36,136	\$37,023	\$37,947	\$38,899
<i>Regulation Revenue</i>	\$398	\$151	\$182	\$189	\$200	\$134	\$71	\$128	\$84	\$54	\$99	\$48	\$76
<i>MVAR Revenue</i>													
<i>Syn Spinning Reserve</i>	\$13	\$15	\$9	\$9	\$14	\$4	\$8	\$2	\$2	\$0	\$21	\$21	\$26
<i>Non-Syn Spinning Reserve</i>	\$327	\$359	\$405	\$415	\$415	\$433	\$441	\$447	\$463	\$471	\$470	\$479	\$497
<i>Energy Revenue</i>	\$66,392	\$57,991	\$27,939	\$21,248	\$23,217	\$19,396	\$22,188	\$24,041	\$21,974	\$23,021	\$26,025	\$24,990	\$22,310
<i>Other Revenue</i>													
Total Revenues	\$96,602	\$88,613	\$59,269	\$53,246	\$55,957	\$52,834	\$32,706	\$34,854	\$57,793	\$59,681	\$63,639	\$63,484	\$61,809

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<i>Number of Generator Starts</i>	107	89	69	50	64	52	59	59	45	52	67	67	64
<i>Generator Operating Hours</i>	800	617	403	312	344	271	301	318	263	261	314	301	280
<i>Net Generation (MWH)</i>	155,051	124,838	78,975	60,273	67,926	54,072	60,644	64,337	52,402	53,154	63,181	61,830	56,982

Project Development Cash Flow Estimate in Nominal \$**Total Cost**

Direct Plant Costs	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages	\$193,630,735		\$27,800,272	\$1,244,338	\$145,011,679	\$19,574,446
Contract Packages	\$162,956,933			\$16,077,060	\$128,010,827	\$18,869,046
Professional Services	\$26,419,800	\$4,049,564	\$4,225,632	\$5,813,232	\$7,947,304	\$4,384,068
Owners Costs	\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support	\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
AFUDC	<u>\$55,194,679</u>	<u>\$383,715</u>	<u>\$2,142,175</u>	<u>\$4,577,177</u>	<u>\$17,276,680</u>	<u>\$30,814,932</u>
Total	\$452,594,280	\$9,706,226	\$35,542,230	\$30,336,533	\$300,057,254	\$76,952,037

Cavern Development Costs	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development	\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC	<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total	\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

	Year → Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Costs	\$397,399,601	\$9,322,511	\$33,400,055	\$25,759,356	\$282,780,574	\$46,137,105
Cavern Costs	\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC	<u>\$60,857,797</u>	<u>\$597,464</u>	<u>\$2,629,134</u>	<u>\$5,525,549</u>	<u>\$18,703,757</u>	<u>\$33,401,893</u>
Total	\$497,177,520	\$14,899,351	\$36,986,855	\$40,102,138	\$301,921,997	\$103,267,179

CAES 2 Financial Model Low Gas Price Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:

	Scenario Input Assumptions		
	Scenario 1	Scenario 2	Scenario 3
Grants			
Amount	\$30,600	\$ Thousands	\$30,600
Taxable	Y	Yes (Y) / No (N)	Y
Property Tax Exclusion	N	Yes (Y) / No (N)	N
R&D - section 174 qualified	Y	Yes (Y) / No (N)	N
Production Tax Credit	N	Yes (Y) / No (N)	N
Inservice Date	2016		

CAES 2 Financial Model Low Gas Price Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$/MWH]	\$188.93	\$206.58	\$177.28	\$180.26	\$188.11	\$180.90	\$213.81	\$234.04	\$245.01	\$257.71	\$264.21	\$298.27	\$307.03	\$465.44	\$518.52	\$540.55	\$545.99	\$549.14
Revenue Requirement for CAES Plant [\$/MWH]	\$1,407.33	\$724.68	\$503.84	\$487.90	\$477.34	\$396.11	\$376.06	\$361.38	\$364.64	\$362.47	\$353.46	\$354.39	\$350.59	\$360.41	\$401.23	\$489.95	\$486.08	\$488.04
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$1,218.40)	(\$518.09)	(\$326.56)	(\$307.64)	(\$289.23)	(\$215.21)	(\$162.26)	(\$127.35)	(\$119.63)	(\$104.76)	(\$89.25)	(\$56.13)	(\$43.56)	\$105.03	\$117.30	\$50.60	\$59.91	\$61.10

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	39,142	88,840	130,853	137,060	142,370	175,642	195,713	213,095	214,055	220,556	233,920	244,276	257,331	298,777	261,084	178,978	182,881	181,181
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Annual Benefit (Cost) from CAES Plant [S000]	(\$47,691)	(\$46,027)	(\$42,731)	(\$42,165)	(\$41,177)	(\$37,800)	(\$31,756)	(\$27,137)	(\$25,607)	(\$23,105)	(\$20,878)	(\$13,711)	(\$11,210)	\$31,382	\$30,624	\$9,056	\$10,956	\$11,070
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2978)	(0.2832)	(0.2590)	(0.2518)	(0.2423)	(0.2191)	(0.1814)	(0.1527)	(0.1420)	(0.1262)	(0.1123)	(0.0727)	(0.0586)	0.1615	0.1553	0.0452	0.0539	0.0537
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$21.44)	(\$20.39)	(\$18.65)	(\$18.13)	(\$17.44)	(\$15.78)	(\$13.06)	(\$10.99)	(\$10.22)	(\$9.09)	(\$8.09)	(\$5.23)	(\$4.22)	\$11.63	\$11.18	\$3.26	\$3.88	\$3.86

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000] **(\$224,858)**

Net Present Value of Customer 2016-2045 Impact [S000] **(\$235,257)**

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [S000]	222,057	258,003	251,764	245,528	239,293	233,060	226,830	220,602	214,375	208,151	201,929	195,710	189,493	183,279	177,068	170,857	164,648	158,444
Average Regulatory Equity [S000]	106,588	123,841	120,847	117,853	114,861	111,869	108,878	105,889	102,900	99,913	96,926	93,941	90,957	87,974	84,993	82,011	79,031	76,053
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,797	8,499	8,201	7,903	7,605

CAES 2 Financial Model Low Gas Price Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$/MWH]	\$578.95	\$557.14	\$573.88	\$556.11	\$635.39	\$380.33	\$365.64	\$640.22	\$638.08	\$634.29	\$607.96	\$621.85
Revenue Requirement for CAES Plant [\$/MWH]	\$521.46	\$630.21	\$683.42	\$646.89	\$758.23	\$706.92	\$642.07	\$715.00	\$699.96	\$678.90	\$650.16	\$674.05
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	\$57.50	(\$73.07)	(\$109.55)	(\$90.78)	(\$122.84)	(\$326.59)	(\$276.43)	(\$74.78)	(\$61.88)	(\$44.62)	(\$42.19)	(\$52.20)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	160,426	114,392	101,877	110,486	90,707	100,675	115,472	101,396	106,014	112,347	119,866	114,977
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Annual Benefit (Cost) from CAES Plant [S000]	\$9,224	(\$8,359)	(\$11,160)	#####	(\$11,142)	(\$32,879)	(\$31,920)	(\$7,582)	(\$6,560)	(\$3,013)	(\$5,058)	(\$6,002)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0441	(0.0393)	(0.0517)	(0.0458)	(0.0501)	(0.1458)	(0.1394)	(0.0326)	(0.0278)	(0.0209)	(0.0208)	(0.0243)
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	\$3.17	(\$2.83)	(\$3.73)	(\$3.30)	(\$3.61)	(\$10.50)	(\$10.04)	(\$2.35)	(\$2.00)	(\$1.51)	(\$1.50)	(\$1.75)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]

Net Present Value of Customer 2016-2045 Impact [S000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

- NY RPS incentive (\$/mwh)
- NY RPS incentive escalation rate

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [S000]	152,241	146,041	139,844	133,651	127,461	121,274	115,090	108,909	102,732	96,558	90,388	84,221
Average Regulatory Equity [S000]	73,076	70,100	67,125	64,152	61,181	58,211	55,243	52,276	49,311	46,348	43,386	40,426
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043

CAES 2 Financial Model Low Gas Price Case
Revenue Requirement

(in thousands)

Common Equity Return = 10.00%
Preferred Return = 0.00%
Debt Cost = 5.50%

Combined Tax Rate = 39.6150%

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Return on Rate Base																			
Net Utility Plant																			
Beginning Net Plant Balance	\$k	464,163	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)
Net Plant Before Taxes	\$k	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897	255,293
Plus Accumulated Deferred Tax Balance	\$k	(165,285)	(160,743)	(156,201)	(151,659)	(147,118)	(142,576)	(138,034)	(133,492)	(128,951)	(124,409)	(119,867)	(115,325)	(110,784)	(106,242)	(101,700)	(97,158)	(92,617)	(88,075)
Plant Rate Base	\$k	287,274	280,212	273,150	266,087	259,025	251,963	244,901	237,839	230,777	223,715	216,653	209,591	202,529	195,466	188,404	181,342	174,280	167,218
Deferred Credits (Non-cash Return)	\$k	(29,152)	(28,405)	(27,657)	(26,910)	(26,162)	(25,415)	(24,667)	(23,920)	(23,172)	(22,425)	(21,677)	(20,930)	(20,182)	(19,435)	(18,687)	(17,940)	(17,192)	(16,445)
Working Capital	\$k	3,000	3,076	3,153	3,232	3,313	3,396	3,481	3,569	3,658	3,750	3,844	3,940	4,039	4,142	4,245	4,349	4,458	4,569
Total Rate Base	\$k	261,122	254,883	248,645	242,410	236,176	229,945	223,715	217,488	211,263	205,040	198,819	192,601	186,385	180,174	173,962	167,751	161,545	155,342
Average Rate Base	\$k	222,057	258,003	251,764	245,528	239,293	233,060	226,830	220,602	214,375	208,151	201,929	195,710	189,493	183,279	177,068	170,857	164,648	158,444
Capitalization																			
			Effective Rate																
Common Equity		48.0%	16.5604%	18,233	21,090	20,594	20,099	19,603	19,108	18,612	18,117	17,622	17,128	16,633	16,139	15,645	15,151	14,657	14,163
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required				18,233	21,090	20,594	20,099	19,603	19,108	18,612	18,117	17,622	17,128	16,633	16,139	15,645	15,151	14,657	14,163
Total Debt		52.0%	5.50%	6,351	7,379	7,200	7,022	6,844	6,666	6,487	6,309	6,131	5,953	5,775	5,597	5,420	5,242	5,064	4,887
Return on Rate Base	\$k			24,584	28,469	27,795	27,121	26,447	25,773	25,100	24,427	23,754	23,081	22,408	21,736	21,064	20,392	19,721	19,050

Operating Revenues & Costs																			
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	860	2,100	3,187	3,451	3,742	4,798	5,716	6,405	6,500	6,900	7,717	8,472	9,648	11,851	11,078	8,066	8,686	8,958
Variable O&M Costs	\$k	115	272	419	457	494	634	739	840	885	949	1,052	1,150	1,274	1,543	1,412	1,010	1,081	1,121
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	2,764	6,316	6,838	7,661	8,602	9,178	12,329	15,066	16,093	17,610	19,513	22,603	25,001	40,014	37,999	24,320	24,812	23,971
Fixed O&M	\$k	2,889	2,957	3,024	3,100	3,166	3,242	3,316	3,404	3,473	3,563	3,639	3,732	3,814	3,906	3,997	4,105	4,190	4,292
Property taxes	\$k	13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890	21,517
Total Operating Costs	\$k	\$30,502	\$35,911	\$38,135	\$39,751	\$41,512	\$43,800	\$48,501	\$52,583	\$54,299	\$56,863	\$60,272	\$64,834	\$69,154	\$87,289	\$85,034	\$68,640	\$70,516	\$70,716

\$0

Total Plant Revenue Requirement																			
Return on Rate Base	\$k	24,584	28,469	27,795	27,121	26,447	25,773	25,100	24,427	23,754	23,081	22,408	21,736	21,064	20,392	19,721	19,050	18,379	17,708
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Variable Operating Costs	\$k	3,739	8,689	10,444	11,569	12,837	14,610	18,784	22,311	23,478	25,458	28,282	32,225	35,923	53,409	50,489	33,397	34,580	34,050
Fixed Operating Costs	\$k	15,159	15,618	16,087	16,578	17,070	17,586	18,112	18,667	19,217	19,801	20,387	21,005	21,627	22,276	22,940	23,639	24,332	25,062
Total Revenue Requirement	\$k	\$55,086	\$64,380	\$65,930	\$66,871	\$67,959	\$69,573	\$73,600	\$77,009	\$78,052	\$79,944	\$82,681	\$86,570	\$90,218	\$107,681	\$104,755	\$87,690	\$88,895	\$88,424

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Energy Generated (gas dispatch) GWH		39	89	131	137	142	176	196	213	214	221	234	244	257	261	179	183	181	
Return on Rate Base \$/MWH		\$628.07	\$320.46	\$212.41	\$197.88	\$185.76	\$146.74	\$128.25	\$114.63	\$110.97	\$104.65	\$95.79	\$88.98	\$81.86	\$68.25	\$75.53	\$106.44	\$100.49	\$97.74
Depreciation Expense \$/MWH		\$296.46	\$130.62	\$88.68	\$84.66	\$81.51	\$66.07	\$59.29	\$54.46	\$54.21	\$52.61	\$49.61	\$47.50	\$45.09	\$38.84	\$44.45	\$64.84	\$63.45	\$64.05
Variable Operating Costs \$/MWH		\$95.52	\$97.80	\$79.81	\$84.41	\$90.17	\$83.18	\$95.98	\$104.70	\$109.68	\$115.43	\$120.90	\$131.92	\$139.60	\$178.76	\$193.38	\$186.60	\$189.08	\$187.93
Fixed Operating Costs \$/MWH		\$387.28	\$175.80	\$122.94	\$120.95	\$119.90	\$100.12	\$92.55	\$87.60	\$89.77	\$89.78	\$87.15	\$85.99	\$84.04	\$74.56	\$87.87	\$132.08	\$133.05	\$138.32
"Regulated Revenue Requirement" Cost of Electricity \$/MWH		\$1,407.33	\$724.68	\$503.84	\$487.90	\$477.34	\$396.11	\$376.06	\$361.38	\$364.64	\$362.47	\$353.46	\$354.39	\$350.59	\$360.41	\$401.23	\$489.95	\$486.08	\$488.04
"Regulated Revenue Requirement" Cost of Electricity \$k		\$55,086	\$64,380	\$65,930	\$66,871	\$67,959	\$69,573	\$73,600	\$77,009	\$78,052	\$79,944	\$82,681	\$86,570	\$90,218	\$107,681	\$104,755	\$87,690	\$88,895	\$88,424

Market Revenues																				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Energy Value \$k	\$5,048	\$11,846	\$16,567	\$17,947	\$19,889	\$24,756	\$34,683	\$42,568	\$44,979	\$49,242	\$54,042	\$64,927	\$70,892	\$111,900	\$107,594	\$69,788	\$70,789	\$69,802		
Capacity Value \$k	\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742	\$29,360		
Ancillary Services \$k	\$107	\$254	\$258	\$272	\$273	\$260	\$255	\$251	\$265	\$253	\$255	\$270	\$289	\$259	\$287	\$275	\$319	\$332		
Total Market Value \$k	\$7,395	\$18,353	\$23,198	\$24,707	\$26,781	\$31,773	\$41,844	\$49,873	\$52,445	\$56,839	\$61,803	\$72,859	\$79,008	\$139,063	\$135,379	\$96,746	\$99,851	\$99,494		
Blended Energy, Capacity, Ancillary Services Price \$/MWH	\$188.93	\$206.58	\$177.28	\$180.26	\$188.11	\$180.90	\$213.81	\$234.04	\$245.01	\$257.71	\$264.21	\$298.27	\$307.03	\$465.44	\$518.52	\$540.55	\$545.99	\$549.14		
Annual Savings (Cost) from Generating Plant \$k	(\$47,691)	(\$46,027)	(\$42,731)	(\$42,165)	(\$41,177)	(\$37,800)	(\$31,756)	(\$27,137)	(\$25,607)	(\$23,105)	(\$20,878)	(\$13,711)	(\$11,210)	\$31,382	\$30,624	\$9,056	\$10,956	\$11,070		
2016-2035 Customer NPV Savings \$k																			(\$224,858)	
2016-2045 Customer NPV Savings \$k																				(\$235,257)

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model Low Gas Price Case
Revenue Requirement

(in thousands)

Common Equity Return =
 Preferred Return =
 Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	255,293	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)
Net Plant Before Taxes	\$k	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650	116,047
Plus Accumulated Deferred Tax Balance	\$k	(83,533)	(78,992)	(74,450)	(69,908)	(65,366)	(60,825)	(56,283)	(51,741)	(47,200)	(42,658)	(38,116)	(33,574)
Plant Rate Base	\$k	160,156	153,094	146,031	138,969	131,907	124,845	117,783	110,721	103,659	96,597	89,534	82,472
Deferred Credits (Non-cash Return)		(15,697)	(14,950)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)
Working Capital	\$k	4,682	4,798	4,918	5,041	5,166	5,296	5,428	5,564	5,703	5,846	5,992	6,142
Total Rate Base	\$k	149,141	142,942	136,747	130,555	124,366	118,181	111,999	105,820	99,644	93,472	87,304	81,139
Average Rate Base		152,241	146,041	139,844	133,651	127,461	121,274	115,090	108,909	102,732	96,558	90,388	84,221
Capitalization													
Common Equity		48.0%	12,683	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			12,683	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767
Total Debt		52.0%	4,354	4,177	4,000	3,822	3,645	3,468	3,292	3,115	2,938	2,762	2,409
Return on Rate Base	\$k	17,038	16,367	15,698	15,028	14,359	13,690	13,022	12,354	11,686	11,019	10,352	9,685

Operating Revenues & Costs													
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	8,405	6,221	5,558	6,258	5,278	6,152	7,343	6,547	7,073	7,764	8,568	8,497
Variable O&M Costs	\$k	1,038	774	696	785	669	770	919	838	910	1,003	1,114	1,109
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	19,763	10,531	8,698	9,608	7,840	9,045	10,471	9,454	10,290	11,259	11,682	10,950
Fixed O&M	\$k	4,393	4,515	4,606	4,720	4,831	4,963	5,071	5,192	5,315	5,454	5,576	5,724
Property taxes	\$k	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678
Total Operating Costs	\$k	\$66,618	\$55,724	\$53,927	\$56,444	\$54,417	\$57,479	\$61,119	\$60,144	\$62,519	\$65,254	\$67,580	\$67,816

Total Plant Revenue Requirement													
Return on Rate Base	\$k	17,038	16,367	15,698	15,028	14,359	13,690	13,022	12,354	11,686	11,019	10,352	9,685
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Variable Operating Costs	\$k	29,207	17,526	14,953	16,650	13,786	15,967	18,733	16,839	18,273	20,026	21,364	20,557
Fixed Operating Costs	\$k	25,807	26,594	27,370	28,189	29,027	29,908	30,782	31,701	32,642	33,623	34,612	35,654
Total Revenue Requirement	\$k	\$83,656	\$72,091	\$69,625	\$71,472	\$68,776	\$71,169	\$74,141	\$72,498	\$74,205	\$76,273	\$77,932	\$77,501

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	160	114	102	110	91	101	115	101	106	112	120	115
Return on Rate Base	\$/MWH	\$106.20	\$143.08	\$154.08	\$136.02	\$158.30	\$135.98	\$112.77	\$121.84	\$110.23	\$98.08	\$86.36	\$84.24
Depreciation Expense	\$/MWH	\$72.33	\$101.44	\$113.90	\$105.03	\$127.93	\$115.26	\$100.49	\$114.44	\$109.46	\$103.29	\$96.81	\$100.93
Variable Operating Costs	\$/MWH	\$182.06	\$153.21	\$146.77	\$150.70	\$151.99	\$158.60	\$162.23	\$166.07	\$172.37	\$178.25	\$178.23	\$178.79
Fixed Operating Costs	\$/MWH	\$160.87	\$232.48	\$268.66	\$255.14	\$320.01	\$297.07	\$266.57	\$312.65	\$307.90	\$299.28	\$288.76	\$310.10
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$521.46	\$630.21	\$683.42	\$646.89	\$758.23	\$706.92	\$642.07	\$715.00	\$699.96	\$678.90	\$650.16	\$674.05
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$83,656	\$72,091	\$69,625	\$71,472	\$68,776	\$71,169	\$74,141	\$72,498	\$74,205	\$76,273	\$77,932	\$77,501

Market Revenues													
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Value	\$k	\$62,533	\$32,713	\$26,792	\$29,040	\$24,469	\$27,898	\$31,597	\$29,337	\$31,190	\$33,910	\$34,593	\$32,255
Capacity Value	\$k	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$9,960	\$10,197	\$35,137	\$35,998	\$36,882	\$37,803	\$38,751
Ancillary Services	\$k	\$364	\$402	\$408	\$413	\$422	\$433	\$426	\$442	\$457	\$468	\$479	\$492
Total Market Value	\$k	\$92,879	\$63,733	\$58,465	\$61,442	\$57,634	\$38,290	\$42,221	\$64,916	\$67,645	\$71,260	\$72,874	\$71,498
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$578.95	\$557.14	\$573.88	\$556.11	\$635.39	\$380.33	\$365.64	\$640.22	\$638.08	\$634.29	\$607.96	\$621.85
Annual Savings (Cost) from Generating Plant	\$k	\$9,224	(\$8,359)	(\$11,160)	(\$10,030)	(\$11,142)	(\$32,879)	(\$31,920)	(\$7,582)	(\$6,560)	(\$5,013)	(\$5,058)	(\$6,002)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model Low Gas Price Case

Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		55,086	64,380	65,930	66,871	67,959	69,573	73,600	77,009	78,052	79,944	82,681	86,570	90,218	107,681	104,755	87,690	88,895
Fuel Costs	\$k	860	2,100	3,187	3,451	3,742	4,798	5,716	6,405	6,500	6,900	7,717	8,472	9,648	11,851	11,078	8,066	8,686
Variable O&M	\$k	2,879	6,589	7,257	8,118	9,095	9,812	13,068	15,906	16,978	18,558	20,564	23,753	26,275	41,558	39,411	25,330	25,893
Direct O&M	\$k	2,141	2,210	2,276	2,353	2,419	2,494	2,568	2,657	2,726	2,816	2,892	2,985	3,066	3,159	3,249	3,358	3,442
Property taxes	\$k	13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890
Total operating expenses	\$k	18,898	24,307	26,531	28,147	29,908	32,196	36,896	40,979	42,695	45,259	48,668	53,230	57,550	75,685	73,430	57,036	58,912
Operating Income	\$k	36,188	40,073	39,399	38,725	38,051	37,377	36,704	36,031	35,358	34,685	34,012	33,340	32,668	31,997	31,325	30,654	29,983
Less: Book depreciation	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Less: Interest expense	\$k	6,351	7,379	7,200	7,022	6,844	6,666	6,487	6,309	6,131	5,953	5,775	5,597	5,420	5,242	5,064	4,887	4,709
Earnings before Income Taxes	\$k	18,233	21,090	20,594	20,099	19,603	19,108	18,612	18,117	17,622	17,128	16,633	16,139	15,645	15,151	14,657	14,163	13,670
Less: Federal tax expense	\$k	6,217	7,146	6,985	6,823	6,662	6,501	6,340	6,179	6,018	5,857	5,697	5,536	5,375	5,215	5,054	4,893	4,733
Less: State income tax expense	\$k	1,358	1,560	1,525	1,490	1,455	1,420	1,384	1,349	1,314	1,279	1,244	1,209	1,174	1,139	1,104	1,069	1,034
Net Income	\$k	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,797	8,499	8,201	7,903
Average Regulatory Equity	\$k	106,588	123,841	120,847	117,853	114,861	111,869	108,878	105,889	102,900	99,913	96,926	93,941	90,957	87,974	84,993	82,011	79,031
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.54%	41.28%	41.32%	41.36%	41.41%	41.45%	41.50%	41.55%	41.61%	41.67%	41.73%	41.79%	41.86%	41.93%	42.01%	42.10%	42.18%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,630	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,797	8,499	8,201	7,903
AFUDC	(60,831)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Deferred Taxes	(12,986)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)
Working capital	(3,000)	0	(76)	(77)	(79)	(81)	(83)	(85)	(87)	(89)	(92)	(94)	(96)	(99)	(103)	(103)	(104)	(109)
Net Cash Flow From Operations	(58,187)	17,721	19,371	19,070	18,769	18,467	18,166	17,865	17,564	17,263	16,962	16,661	16,360	16,059	15,757	15,459	15,160	14,857
Capital Investments	(403,331)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Used in Investing Activities	(403,331)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	287,125	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	0	(9,325)	(11,014)	(10,714)	(10,414)	(10,114)	(9,813)	(9,513)	(9,213)	(8,914)	(8,614)	(8,314)	(8,014)	(7,715)	(7,414)	(7,116)	(6,818)	(6,517)
LTD Debt Issuance/(Redemption)	331,235	(8,396)	(8,357)	(8,356)	(8,355)	(8,354)	(8,353)	(8,351)	(8,350)	(8,349)	(8,348)	(8,347)	(8,346)	(8,344)	(8,342)	(8,342)	(8,342)	(8,339)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	618,359	(17,721)	(19,371)	(19,070)	(18,768)	(18,467)	(18,166)	(17,865)	(17,564)	(17,263)	(16,962)	(16,661)	(16,360)	(16,059)	(15,757)	(15,458)	(15,159)	(14,856)
Net Increase / (Decrease) in Cash	156,841	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	3,000	3,076	3,153	3,232	3,313	3,396	3,481	3,569	3,658	3,750	3,844	3,940	4,039	4,142	4,245	4,349	4,458
Property Plant & Equipment	464,163	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,163	455,559	444,031	432,504	420,979	409,456	397,935	386,417	374,900	363,386	351,873	340,364	328,856	317,351	305,850	294,350	282,850	271,355
Common Equity	305,755	298,005	290,291	282,578	274,866	267,155	259,445	251,736	244,028	236,321	228,616	220,911	213,207	205,505	197,804	190,104	182,404	174,706
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	322,839	314,482	306,127	297,772	289,418	281,066	272,714	264,364	256,015	247,667	239,320	230,974	222,630	214,288	205,946	197,604	189,265
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(165,285)	(160,743)	(156,201)	(151,659)	(147,118)	(142,576)	(138,034)	(133,492)	(128,951)	(124,409)	(119,867)	(115,325)	(110,784)	(106,242)	(101,700)	(97,158)	(92,617)
Total liabilities & Equity	467,163	455,559	444,031	432,504	420,979	409,456	397,935	386,417	374,900	363,386	351,873	340,364	328,856	317,351	305,850	294,350	282,850	271,355

CAES 2 Financial Model Low Gas Price Case

Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Total Revenues		88,424	83,656	72,091	69,625	71,472	68,776	71,169	74,141	72,498	74,205	76,273	77,932	77,501
Fuel Costs	\$k	8,958	8,405	6,221	5,558	6,258	5,278	6,152	7,343	6,547	7,073	7,764	8,568	8,497
Variable O&M	\$k	25,092	20,801	11,305	9,394	10,393	8,508	9,815	11,390	10,292	11,200	12,262	12,796	12,060
Direct O&M	\$k	3,545	3,645	3,767	3,859	3,972	4,083	4,216	4,319	4,445	4,567	4,707	4,828	4,977
Property taxes	\$k	21,517	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678
Total operating expenses		59,112	55,014	44,120	42,323	44,840	42,813	45,875	49,515	48,540	50,915	53,650	55,976	56,211
Operating Income		29,312	28,642	27,972	27,302	26,632	25,963	25,294	24,626	23,958	23,290	22,623	21,956	21,290
Less: Book depreciation	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Less: Interest expense	\$k	4,531	4,354	4,177	4,000	3,822	3,645	3,468	3,292	3,115	2,938	2,762	2,585	2,409
Earnings before Income Taxes		13,176	12,683	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767	7,277
Less: Federal tax expense	\$k	4,573	4,412	4,252	4,092	3,932	3,772	3,612	3,452	3,292	3,133	2,973	2,814	2,654
Less: State income tax expense	\$k	998	963	928	894	859	824	789	754	719	684	649	614	580
Net Income		7,605	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043
Average Regulatory Equity		76,053	73,076	70,100	67,125	64,152	61,181	58,211	55,243	52,276	49,311	46,348	43,386	40,426
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		42.28%	42.38%	42.50%	42.62%	42.75%	42.89%	43.05%	43.23%	43.42%	43.63%	43.87%	44.14%	44.44%

Cash Flow Report		Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income		18,630	7,605	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043
AFUDC		(60,831)	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation		11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Deferred Taxes		(12,986)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)
Working capital		(3,000)	(111)	(114)	(116)	(120)	(123)	(126)	(129)	(133)	(135)	(139)	(143)	(146)	(150)
Net Cash Flow From Operations		(58,187)	14,556	14,257	13,957	13,655	13,355	13,055	12,754	12,454	12,155	11,854	11,555	11,255	10,956
Capital Investments		(403,331)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Used in Investing Activities		(403,331)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment		287,125	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends		0	(6,218)	(5,920)	(5,621)	(5,322)	(5,023)	(4,724)	(4,425)	(4,127)	(3,829)	(3,531)	(3,233)	(2,935)	(2,637)
LTD Debt Issuance/(Redemption)		331,235	(8,338)	(8,337)	(8,336)	(8,334)	(8,332)	(8,330)	(8,328)	(8,327)	(8,325)	(8,323)	(8,321)	(8,320)	(8,318)
Short-term cash requirements - source / (use)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities		618,359	(14,556)	(14,256)	(13,957)	(13,655)	(13,354)	(13,055)	(12,754)	(12,454)	(12,154)	(11,854)	(11,554)	(11,255)	(10,955)
Net Increase / (Decrease) in Cash		156,841	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash		-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets		3,000	4,569	4,682	4,798	4,918	5,041	5,166	5,296	5,428	5,564	5,703	5,846	5,992
Property Plant & Equipment		464,163	255,293	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650
Other		-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets		467,163	259,862	248,372	236,883	225,399	213,918	202,440	190,966	179,494	168,026	156,561	145,100	133,642
Common Equity		305,755	167,010	159,314	151,620	143,927	136,237	128,547	120,859	113,173	105,488	97,805	90,124	82,444
Preferred Equity		-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt		331,235	180,927	172,591	164,255	155,921	147,590	139,259	130,931	122,604	114,279	105,956	97,634	89,314
Short-term Debt		-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)		(169,827)	(88,075)	(83,533)	(78,992)	(74,450)	(69,908)	(65,366)	(60,825)	(56,283)	(51,741)	(47,200)	(42,658)	(38,116)
Total liabilities & Equity		467,163	259,862	248,372	236,883	225,399	213,918	202,440	190,966	179,494	168,026	156,561	145,100	133,642

Financial Model Inputs

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
LTSA																	
LTSA Initial Spare Parts																	
LTSA Annual Fee	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
LTSA Hours Based Charge	\$57	\$1,733	\$59	\$5,977	\$62	\$1,912	\$66	\$10,864	\$69	\$8,130	\$72	\$7,283	\$76	\$2,330	\$80	\$13,237	\$84
LTSA Total	\$682	\$2,373	\$716	\$6,651	\$752	\$2,620	\$790	\$11,607	\$830	\$8,911	\$872	\$8,103	\$917	\$3,192	\$963	\$14,142	\$1,012
Other O&M Costs																	
Inergy Ground & Cavern Lease	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
Plant Staffing	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,843	\$2,897,848	\$2,976,210	\$3,044,551	\$3,122,513	\$3,198,682	\$3,289,445	\$3,360,615	\$3,452,690	\$3,530,746	\$3,626,223	\$3,709,490	\$3,804,479	\$3,897,283	\$4,007,870	\$4,094,583
Capital Additions																	
Cap Adds			\$219	\$224	\$230	\$236	\$242	\$248	\$254	\$260	\$267	\$274	\$280	\$287	\$295	\$302	\$309

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Natural Gas Cost	\$860	\$2,100	\$3,187	\$3,451	\$3,742	\$4,798	\$5,716	\$6,405	\$6,500	\$6,900	\$7,717	\$8,472	\$9,648	\$11,851	\$11,078	\$8,066	\$8,686
Compression Costs	\$2,764	\$6,316	\$6,838	\$7,661	\$8,602	\$9,178	\$12,329	\$15,066	\$16,093	\$17,610	\$19,513	\$22,603	\$25,001	\$40,014	\$37,999	\$24,320	\$24,812
Variable O&M Costs	\$3	\$7	\$10	\$11	\$11	\$14	\$16	\$18	\$18	\$19	\$20	\$22	\$24	\$28	\$25	\$17	\$18
Emissions Costs	\$112	\$266	\$409	\$447	\$483	\$620	\$723	\$823	\$867	\$930	\$1,031	\$1,128	\$1,250	\$1,515	\$1,387	\$993	\$1,063
Total Variable Costs	\$3,739	\$8,689	\$10,444	\$11,569	\$12,837	\$14,610	\$18,784	\$22,311	\$23,478	\$25,458	\$28,282	\$32,225	\$35,923	\$53,409	\$50,489	\$33,397	\$34,580

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capacity Revenue	\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742
Regulation Revenue	\$193	\$301	\$665	\$728	\$769	\$860	\$700	\$581	\$759	\$768	\$712	\$599	\$752	\$1,168	\$913	\$454	\$461
MVAR Revenue																	
Syn Spinning Reserve	\$9	\$20	\$28	\$39	\$35	\$23	\$17	\$17	\$24	\$8	\$11	\$22	\$38	\$28	\$36	\$10	\$15
Non-Syn Spinning Reserve	\$98	\$235	\$229	\$233	\$238	\$237	\$239	\$234	\$242	\$245	\$244	\$248	\$251	\$231	\$251	\$265	\$305
Energy Revenue	\$4,855	\$11,545	\$15,902	\$17,220	\$19,120	\$23,897	\$33,983	\$41,987	\$44,220	\$48,473	\$53,331	\$64,328	\$70,140	\$110,733	\$106,681	\$69,334	\$70,328
Other Revenue																	
Total Revenues	\$7,395	\$18,353	\$23,198	\$24,707	\$26,781	\$31,773	\$41,844	\$49,873	\$52,445	\$56,839	\$61,803	\$72,859	\$79,008	\$139,063	\$135,379	\$96,746	\$99,851

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Generator Starts	71	140	140	148	147	149	162	164	166	171	172	192	207	207	171	118	136
Generator Operating Hours	279	586	791	851	867	971	1,044	1,119	1,137	1,147	1,209	1,264	1,355	1,561	1,361	932	942
Net Generation (MWH)	39,142	88,840	130,853	137,060	142,370	175,642	195,713	213,095	214,055	220,556	233,920	244,276	257,331	298,777	261,084	178,978	182,881

Financial Model Inputs

SSSS

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
LTSA Initial Spare Parts													
LTSA Annual Fee	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$2,572	\$88	\$16,579	\$93	\$2,839	\$97	\$16,128	\$102	\$3,134	\$108	\$10,812	\$113	\$13,322
LTSA Total	\$3,523	\$1,063	\$17,578	\$1,117	\$3,889	\$1,173	\$17,231	\$1,233	\$4,292	\$1,295	\$12,029	\$1,361	\$14,601
Other O&M Costs													
Inergy Ground & Cavern Lease	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,199,433	\$4,301,871	\$4,425,906	\$4,519,653	\$4,635,389	\$4,748,461	\$4,883,200	\$4,988,852	\$5,116,602	\$5,241,412	\$5,383,149	\$5,506,759	\$5,657,634
Capital Additions													
Cap Adds	\$317	\$325	\$333	\$342	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$427

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$8,958	\$8,405	\$6,221	\$5,558	\$6,258	\$5,278	\$6,152	\$7,343	\$6,547	\$7,073	\$7,764	\$8,568	\$8,497
Compression Costs	\$23,971	\$19,763	\$10,531	\$8,698	\$9,608	\$7,840	\$9,045	\$10,471	\$9,454	\$10,290	\$11,259	\$11,682	\$10,950
Variable O&M Costs	\$18	\$17	\$12	\$11	\$12	\$10	\$11	\$13	\$11	\$12	\$13	\$14	\$14
Emissions Costs	\$1,102	\$1,021	\$762	\$685	\$773	\$659	\$759	\$906	\$827	\$898	\$990	\$1,100	\$1,096
Total Variable Costs	\$34,050	\$29,207	\$17,526	\$14,953	\$16,650	\$13,786	\$15,967	\$18,733	\$16,839	\$18,273	\$20,026	\$21,364	\$20,557

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$29,360	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$9,960	\$10,197	\$35,137	\$35,998	\$36,882	\$37,803	\$38,751
Regulation Revenue	\$398	\$161	\$182	\$194	\$202	\$129	\$67	\$129	\$84	\$78	\$99	\$86	\$77
MVAR Revenue													
Syn Spinning Reserve	\$13	\$16	\$10	\$10	\$13	\$3	\$8	\$2	\$2	\$11	\$21	\$29	\$26
Non-Syn Spinning Reserve	\$320	\$347	\$393	\$398	\$400	\$419	\$425	\$425	\$440	\$446	\$446	\$449	\$466
Energy Revenue	\$69,404	\$62,372	\$32,532	\$26,597	\$28,838	\$24,340	\$27,830	\$31,468	\$29,253	\$31,113	\$33,811	\$34,507	\$32,178
Other Revenue													
Total Revenues	\$99,494	\$92,879	\$63,733	\$58,465	\$61,442	\$57,634	\$38,290	\$42,221	\$64,916	\$67,645	\$71,260	\$72,874	\$71,498

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	143	131	108	93	102	84	99	111	94	105	114	120	116
Generator Operating Hours	929	796	578	519	557	452	498	573	508	525	556	599	576
Net Generation (MWH)	181,181	160,426	114,392	101,877	110,486	90,707	100,675	115,472	101,396	106,014	112,347	119,866	114,977

Project Development Cash Flow Estimate in Nominal \$**Total Cost**

Direct Plant Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages		\$161,099,191	\$0	\$22,698,408	\$1,466,471	\$120,634,995	\$16,299,318
Contract Packages		\$183,969,191	\$0	\$0	\$15,637,487	\$146,568,563	\$21,763,142
Professional Services		\$27,585,800	\$4,317,744	\$4,505,472	\$6,093,072	\$8,215,484	\$4,454,028
Owners Costs		\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support		\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
Licensing Fees		\$7,350,000	\$5,000,000				\$2,350,000
AFUDC		<u>\$55,168,257</u>	<u>\$600,553</u>	<u>\$2,390,778</u>	<u>\$4,603,072</u>	<u>\$17,062,652</u>	<u>\$30,511,202</u>
Total		\$449,564,572	\$15,191,244	\$30,968,808	\$30,424,828	\$294,292,457	\$78,687,235

Cavern Development Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total		\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

Total Cost	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Costs		\$394,396,315	\$14,590,691	\$28,578,031	\$25,821,755	\$277,229,806	\$48,176,032
Cavern Development Costs		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$60,831,375</u>	<u>\$814,302</u>	<u>\$2,877,736</u>	<u>\$5,551,444</u>	<u>\$18,489,729</u>	<u>\$33,098,163</u>
Total		\$494,147,812	\$20,384,369	\$32,413,433	\$40,190,433	\$296,157,200	\$105,002,377

CAES 1A Financial Model State Policy Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:	Scenario Input Assumptions					
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Grants						
Amount	\$30,600	\$ Thousands	\$30,600	\$30,600	\$30,600	
Taxable	Y	Yes (Y) / No (N)	Y	Y	N	
Property Tax Exclusion	N	Yes (Y) / No (N)	N	N	N	
R&D - section 174 qualified	Y	Yes (Y) / No (N)	Y	N	N	
Production Tax Credit	N	Yes (Y) / No (N)				
Inservice Date	2016					

CAES 1A Financial Model State Policy Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$/MWH]	\$224.50	\$239.04	\$206.71	\$204.85	\$216.41	\$204.50	\$231.47	\$253.85	\$266.69	\$277.79	\$283.18	\$322.01	\$338.29	\$453.07	\$489.63	\$518.45	\$528.90	\$525.10
Revenue Requirement for CAES Plant [\$/MWH]	\$1,722.23	\$831.10	\$563.44	\$534.10	\$532.76	\$429.22	\$413.01	\$409.00	\$421.10	\$422.71	\$413.86	\$423.98	\$431.30	\$368.01	\$397.79	\$475.80	\$477.02	\$474.08
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$1,497.73)	(\$592.06)	(\$356.73)	(\$329.25)	(\$316.35)	(\$224.73)	(\$181.54)	(\$155.15)	(\$154.41)	(\$144.92)	(\$130.67)	(\$101.97)	(\$93.00)	\$85.06	\$91.85	\$42.65	\$51.88	\$51.03

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	32,147	78,783	122,235	130,603	132,803	172,728	189,477	197,903	192,798	195,746	206,364	205,282	207,219	352,193	314,297	219,170	218,866	219,442
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Annual Benefit (Cost) from CAES Plant [S000]	(\$48,148)	(\$46,644)	(\$43,605)	(\$43,002)	(\$42,012)	(\$38,816)	(\$34,398)	(\$30,705)	(\$29,769)	(\$28,367)	(\$26,966)	(\$20,932)	(\$19,272)	\$29,958	\$28,868	\$9,348	\$11,355	\$11,197
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.3007)	(0.2870)	(0.2643)	(0.2568)	(0.2472)	(0.2250)	(0.1965)	(0.1728)	(0.1650)	(0.1549)	(0.1451)	(0.1110)	(0.1007)	0.1542	0.1464	0.0467	0.0559	0.0543
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$21.65)	(\$20.66)	(\$19.03)	(\$18.49)	(\$17.80)	(\$16.20)	(\$14.14)	(\$12.44)	(\$11.88)	(\$11.16)	(\$10.45)	(\$7.99)	(\$7.25)	\$11.10	\$10.54	\$3.36	\$4.02	\$3.91

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000] **(\$240,371)**

Net Present Value of Customer 2016-2045 Impact [S000] **(\$247,203)**

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [S000]	222,975	259,280	253,008	246,737	240,468	234,202	227,937	221,675	215,414	209,156	202,900	196,646	190,395	184,148	177,903	171,658	165,415	159,176
Average Regulatory Equity [S000]	107,028	124,454	121,444	118,434	115,425	112,417	109,410	106,404	103,399	100,395	97,392	94,390	91,389	88,391	85,394	82,396	79,399	76,405
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	10,703	12,445	12,144	11,843	11,542	11,242	10,941	10,640	10,340	10,039	9,739	9,439	9,139	8,839	8,539	8,240	7,940	7,640

CAES 1A Financial Model State Policy Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$ /MWH]	\$522.03	\$467.66	\$472.59	\$488.95	\$490.49	\$511.44	\$363.59	\$524.81	\$535.64	\$400.91	\$537.20	\$556.96
Revenue Requirement for CAES Plant [\$ /MWH]	\$465.94	\$501.38	\$529.34	\$534.80	\$523.31	\$543.57	\$531.47	\$542.38	\$546.68	\$566.57	\$536.88	\$563.13
Customer Benefit (Cost) [\$ /MWH Produced by CAES Plant]	\$56.10	(\$33.72)	(\$56.75)	(\$45.85)	(\$32.82)	(\$32.13)	(\$167.88)	(\$17.57)	(\$11.04)	(\$165.66)	\$0.32	(\$6.17)

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$ /MWH]

Annual CAES Plant Generation (MWH)	226,883	175,678	157,342	159,179	167,905	160,716	168,665	167,671	170,097	163,754	180,241	167,920
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Annual Benefit (Cost) from CAES Plant [\$000]	\$12,727	(\$5,924)	(\$8,929)	(\$7,298)	(\$5,511)	(\$5,164)	(\$28,316)	(\$2,945)	(\$1,878)	(\$27,128)	\$58	(\$1,036)
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0608	(0.0279)	(0.0414)	(0.0333)	(0.0248)	(0.0229)	(0.1237)	(0.0127)	(0.0080)	(0.1133)	0.0002	(0.0042)
Average Residential Customer² Annual Impact from CAES Plant [\$ /Year]	\$4.38	(\$2.01)	(\$2.98)	(\$2.40)	(\$1.79)	(\$1.65)	(\$8.91)	(\$0.91)	(\$0.57)	(\$8.16)	\$0.02	(\$0.30)

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [\$000]
Net Present Value of Customer 2016-2045 Impact [\$000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

NY RPS incentive (\$ /mwh)
 NY RPS incentive escalation rate

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [\$000]	152,940	146,706	140,474	134,246	128,022	121,801	115,583	109,368	103,157	96,949	90,745	84,544
Average Regulatory Equity [\$000]	73,411	70,419	67,427	64,438	61,451	58,464	55,480	52,497	49,515	46,536	43,557	40,581
After Tax Return on Equity [%]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [\$000]	7,341	7,042	6,743	6,444	6,145	5,846	5,548	5,250	4,952	4,654	4,356	4,058

CAES 1A Financial Model State Policy Case
Revenue Requirement

(in thousands)

Common Equity Return = 10.00%
Preferred Return = 0.00%
Debt Cost = 5.50%
Combined Tax Rate = 39.6150%

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Return on Rate Base																					
Net Utility Plant																					
Beginning Net Plant Balance	\$k	466,190	454,536	442,881	431,226	419,572	407,917	396,263	384,608	372,954	361,299	349,644	337,990	326,335	314,681	303,026	291,372	279,717	268,063		
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Less Book Depreciation	\$k	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)		
Net Plant Before Taxes	\$k	454,536	442,881	431,226	419,572	407,917	396,263	384,608	372,954	361,299	349,644	337,990	326,335	314,681	303,026	291,372	279,717	268,063	256,408		
Plus Accumulated Deferred Tax Balance	\$k	(166,063)	(161,502)	(156,941)	(152,381)	(147,820)	(143,259)	(138,699)	(134,138)	(129,577)	(125,016)	(120,456)	(115,895)	(111,334)	(106,774)	(102,213)	(97,652)	(93,092)	(88,531)		
Plant Rate Base	\$k	288,473	281,379	274,285	267,191	260,097	253,003	245,910	238,816	231,722	224,628	217,534	210,440	203,346	196,253	189,159	182,065	174,971	167,877		
Deferred Credits (Non-cash Return)	\$k	(29,056)	(28,311)	(27,566)	(26,821)	(26,076)	(25,331)	(24,586)	(23,841)	(23,096)	(22,351)	(21,606)	(20,861)	(20,116)	(19,371)	(18,626)	(17,881)	(17,136)	(16,391)		
Working Capital	\$k	3,000	3,076	3,153	3,232	3,313	3,397	3,482	3,569	3,658	3,750	3,844	3,940	4,039	4,145	4,248	4,351	4,460	4,571		
Total Rate Base	\$k	262,417	256,144	249,872	243,602	237,334	231,069	224,805	218,544	212,284	206,027	199,772	193,520	187,269	181,026	174,780	168,535	162,295	156,057		
Average Rate Base		222,975	259,280	253,008	246,737	240,468	234,202	227,937	221,675	215,414	209,156	202,900	196,646	190,395	184,148	177,903	171,658	165,415	159,176		
Capitalization																					
			Effective Rate																		
Common Equity		48.0%	16.5604%	18,306	21,192	20,694	20,195	19,697	19,199	18,701	18,203	17,705	17,208	16,710	16,213	15,716	15,220	14,724	14,227	13,731	
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Equity Return Required				18,306	21,192	20,694	20,195	19,697	19,199	18,701	18,203	17,705	17,208	16,710	16,213	15,716	15,220	14,724	14,227	13,731	
Total Debt		52.0%	5.50%	6,377	7,415	7,236	7,057	6,877	6,698	6,519	6,340	6,161	5,982	5,803	5,624	5,445	5,267	5,088	4,909	4,731	
Return on Rate Base	\$k			24,683	28,608	27,930	27,252	26,574	25,897	25,220	24,543	23,866	23,190	22,513	21,837	21,162	20,487	19,812	19,136	18,462	17,787

Operating Revenues & Costs																			
Depreciation Expense	\$k	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655
NCR Amortization	\$k	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)
Fuel Costs	\$k	1,057	2,856	4,657	4,923	5,190	6,984	8,086	8,664	8,535	8,878	9,792	10,124	10,862	19,263	18,253	13,351	13,960	14,480
Variable O&M Costs	\$k	100	252	399	437	455	605	680	726	726	754	814	830	859	1,495	1,365	975	998	1,026
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	2,648	6,425	8,078	8,846	9,739	11,341	14,430	16,616	17,110	18,385	20,161	21,501	23,121	54,346	50,905	35,434	34,897	33,921
Fixed O&M	\$k	2,889	2,957	3,024	3,098	3,166	3,241	3,316	3,400	3,473	3,563	3,639	3,729	3,814	3,906	3,997	4,100	4,190	4,292
Property taxes	\$k	13,078	13,470	13,874	14,291	14,719	15,161	15,616	16,084	16,567	17,064	17,576	18,103	18,646	19,205	19,782	20,375	20,986	21,616
Total Operating Costs	\$k	\$30,681	\$36,868	\$40,943	\$42,504	\$44,178	\$48,242	\$53,036	\$56,400	\$57,320	\$59,554	\$62,892	\$65,198	\$68,211	\$109,125	\$105,211	\$85,144	\$85,941	\$86,245

\$0

Total Plant Revenue Requirement																			
Return on Rate Base	\$k	24,683	28,608	27,930	27,252	26,574	25,897	25,220	24,543	23,866	23,190	22,513	21,837	21,162	20,487	19,812	19,136	18,462	17,787
Depreciation Expense	\$k	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655
Variable Operating Costs	\$k	3,805	9,532	13,135	14,206	15,383	18,930	23,195	26,006	26,370	28,017	30,767	32,456	34,841	75,104	70,523	49,759	49,855	49,427
Fixed Operating Costs	\$k	15,222	15,682	16,153	16,643	17,140	17,657	18,187	18,739	19,295	19,882	20,470	21,087	21,715	22,366	23,034	23,730	24,431	25,163
Total Revenue Requirement	\$k	\$55,365	\$65,476	\$68,872	\$69,755	\$70,753	\$74,139	\$78,256	\$80,943	\$81,186	\$82,743	\$85,405	\$87,035	\$89,373	\$129,611	\$125,023	\$104,280	\$104,403	\$104,032

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Generated (gas dispatch)	GWH	32	79	122	131	133	173	189	198	193	196	206	205	207	352	314	219	219	219
Return on Rate Base	\$/MWH	\$767.83	\$363.12	\$228.49	\$208.66	\$200.10	\$149.93	\$133.10	\$124.01	\$123.79	\$118.47	\$109.10	\$106.38	\$102.12	\$58.17	\$63.03	\$87.31	\$84.35	\$81.06
Depreciation Expense	\$/MWH	\$362.55	\$147.94	\$95.35	\$89.24	\$87.76	\$67.47	\$61.51	\$58.89	\$60.45	\$59.54	\$56.48	\$56.77	\$56.24	\$33.09	\$37.08	\$53.18	\$53.25	\$53.11
Variable Operating Costs	\$/MWH	\$118.36	\$120.99	\$107.45	\$108.77	\$115.83	\$109.59	\$122.41	\$131.41	\$136.78	\$143.13	\$149.09	\$158.10	\$168.14	\$213.25	\$224.38	\$227.04	\$227.79	\$225.24
Fixed Operating Costs	\$/MWH	\$473.50	\$199.05	\$132.15	\$127.43	\$129.07	\$102.23	\$95.98	\$94.69	\$100.08	\$101.57	\$99.19	\$102.72	\$104.79	\$63.51	\$73.29	\$108.27	\$111.63	\$114.67
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$1,722.23	\$831.10	\$563.44	\$534.10	\$532.76	\$429.22	\$413.01	\$409.00	\$421.10	\$422.71	\$413.86	\$423.98	\$431.30	\$368.01	\$397.79	\$475.80	\$477.02	\$474.08
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$55,365	\$65,476	\$68,872	\$69,755	\$70,753	\$74,139	\$78,256	\$80,943	\$81,186	\$82,743	\$85,405	\$87,035	\$89,373	\$129,611	\$125,023	\$104,280	\$104,403	\$104,032

Market Revenues																			
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Value	\$k	\$4,851	\$12,273	\$18,595	\$19,941	\$21,777	\$28,237	\$36,620	\$42,860	\$43,864	\$46,683	\$50,599	\$58,103	\$61,908	\$132,297	\$126,030	\$86,574	\$86,586	\$85,371
Capacity Value	\$k	\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785	\$28,852	\$29,472
Ancillary Services	\$k	\$118	\$283	\$274	\$301	\$319	\$302	\$306	\$297	\$325	\$321	\$306	\$308	\$337	\$266	\$258	\$269	\$319	\$387
Total Market Value	\$k	\$7,217	\$18,832	\$25,267	\$26,754	\$28,740	\$35,322	\$43,858	\$50,238	\$51,417	\$54,376	\$58,439	\$66,103	\$70,101	\$159,569	\$153,890	\$113,628	\$115,758	\$115,229
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$224.50	\$239.04	\$206.71	\$204.85	\$216.41	\$204.50	\$231.47	\$253.85	\$266.69	\$277.79	\$283.18	\$322.01	\$338.29	\$453.07	\$489.63	\$518.45	\$528.90	\$525.10
Annual Savings (Cost) from Generating Plant	\$k	(\$48,148)	(\$46,644)	(\$43,605)	(\$43,002)	(\$42,012)	(\$38,816)	(\$34,398)	(\$30,705)	(\$29,769)	(\$28,367)	(\$26,966)	(\$20,932)	(\$19,272)	\$29,958	\$28,868	\$9,348	\$11,355	\$11,197
2016-2035 Customer NPV Savings	\$k																		
2016-2045 Customer NPV Savings	\$k																		

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model State Policy Case
Revenue Requirement

(in thousands)

Common Equity Return =
 Preferred Return =
 Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	256,408	244,754	233,099	221,444	209,790	198,135	186,481	174,826	163,172	151,517	139,863	128,208
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)	(11,655)
Net Plant Before Taxes	\$k	244,754	233,099	221,444	209,790	198,135	186,481	174,826	163,172	151,517	139,863	128,208	116,554
Plus Accumulated Deferred Tax Balance	\$k	(83,970)	(79,410)	(74,849)	(70,288)	(65,728)	(61,167)	(56,606)	(52,046)	(47,485)	(42,924)	(38,364)	(33,803)
Plant Rate Base	\$k	160,783	153,689	146,595	139,502	132,408	125,314	118,220	111,126	104,032	96,938	89,845	82,751
Deferred Credits (Non-cash Return)		(15,646)	(14,901)	(14,156)	(13,411)	(12,666)	(11,921)	(11,175)	(10,430)	(9,685)	(8,940)	(8,195)	(7,450)
Working Capital	\$k	4,685	4,800	4,919	5,042	5,169	5,298	5,430	5,566	5,705	5,848	5,994	6,144
Total Rate Base	\$k	149,823	143,589	137,359	131,133	124,911	118,691	112,475	106,262	100,052	93,846	87,643	81,444
Average Rate Base		152,940	146,706	140,474	134,246	128,022	121,801	115,583	109,368	103,157	96,949	90,745	84,544
Capitalization													
Common Equity		48.0%	12,739	12,244	11,748	11,253	10,758	10,264	9,770	9,276	8,782	8,288	7,795
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			12,739	12,244	11,748	11,253	10,758	10,264	9,770	9,276	8,782	8,288	7,795
Total Debt		52.0%	4,374	4,196	4,018	3,839	3,661	3,484	3,306	3,128	2,950	2,773	2,595
Return on Rate Base	\$k	17,113	16,439	15,766	15,093	14,420	13,747	13,075	12,404	11,732	11,061	10,391	9,720

Operating Revenues & Costs													
Depreciation Expense	\$k	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655
NCR Amortization	\$k	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)	(745)
Fuel Costs	\$k	15,617	12,584	11,275	11,709	12,766	12,679	13,782	13,984	14,608	14,483	16,303	15,641
Variable O&M Costs	\$k	1,086	861	787	815	882	863	929	944	980	966	1,087	1,039
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	34,330	19,843	16,323	17,554	18,999	18,394	19,293	20,126	21,239	20,858	22,579	20,709
Fixed O&M	\$k	4,393	4,511	4,606	4,719	4,831	4,956	5,067	5,191	5,315	5,450	5,576	5,723
Property taxes	\$k	22,264	22,932	23,620	24,329	25,059	25,811	26,585	27,382	28,204	29,050	29,921	30,819
Total Operating Costs	\$k	\$88,600	\$71,641	\$67,521	\$70,036	\$73,446	\$73,613	\$76,565	\$78,537	\$81,256	\$81,716	\$86,377	\$84,841

Total Plant Revenue Requirement													
Return on Rate Base	\$k	17,113	16,439	15,766	15,093	14,420	13,747	13,075	12,404	11,732	11,061	10,391	9,720
Depreciation Expense	\$k	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655
Variable Operating Costs	\$k	51,033	33,288	28,385	30,078	32,647	31,936	34,003	35,054	36,827	36,307	39,970	37,388
Fixed Operating Costs	\$k	25,912	26,698	27,481	28,303	29,144	30,022	30,906	31,829	32,774	33,755	34,752	35,798
Total Revenue Requirement	\$k	\$105,713	\$88,081	\$83,287	\$85,129	\$87,866	\$87,360	\$89,640	\$90,941	\$92,988	\$92,778	\$96,767	\$94,561

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	227	176	157	159	168	161	169	168	170	164	180	168
Return on Rate Base	\$/MWH	\$75.43	\$93.58	\$100.20	\$94.82	\$85.88	\$85.54	\$77.52	\$73.98	\$68.97	\$67.55	\$57.65	\$57.89
Depreciation Expense	\$/MWH	\$51.37	\$66.34	\$74.07	\$73.22	\$69.41	\$72.52	\$69.10	\$69.51	\$68.52	\$71.17	\$64.66	\$69.41
Variable Operating Costs	\$/MWH	\$224.93	\$189.48	\$180.40	\$188.96	\$194.44	\$198.71	\$201.60	\$209.06	\$216.51	\$221.72	\$221.76	\$222.66
Fixed Operating Costs	\$/MWH	\$114.21	\$151.97	\$174.66	\$177.80	\$173.58	\$186.80	\$183.24	\$189.83	\$192.68	\$206.13	\$192.81	\$213.18
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$465.94	\$501.38	\$529.34	\$534.80	\$523.31	\$543.57	\$531.47	\$542.38	\$546.68	\$566.57	\$536.88	\$563.13
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$105,713	\$88,081	\$83,287	\$85,129	\$87,866	\$87,360	\$89,640	\$90,941	\$92,988	\$92,778	\$96,767	\$94,561

Market Revenues													
Energy Value	\$k	\$87,970	\$51,017	\$42,553	\$45,301	\$49,008	\$48,120	\$50,593	\$52,239	\$54,479	\$54,139	\$58,407	\$54,104
Capacity Value	\$k	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$33,636	\$10,236	\$35,271	\$36,136	\$11,003	\$37,947	\$38,899
Ancillary Services	\$k	\$372	\$406	\$422	\$418	\$480	\$440	\$495	\$486	\$496	\$508	\$471	\$522
Total Market Value	\$k	\$118,441	\$82,157	\$74,358	\$77,830	\$82,356	\$82,196	\$61,324	\$87,996	\$91,110	\$65,650	\$96,825	\$93,525
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$522.03	\$467.66	\$472.59	\$488.95	\$490.49	\$511.44	\$363.59	\$524.81	\$535.64	\$400.91	\$537.20	\$556.96
Annual Savings (Cost) from Generating Plant	\$k	\$12,727	(\$5,924)	(\$8,929)	(\$7,298)	(\$5,511)	(\$5,164)	(\$28,316)	(\$2,945)	(\$1,878)	(\$27,128)	\$58	(\$1,036)
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 1A Financial Model State Policy Case
Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		55,365	65,476	68,872	69,755	70,753	74,139	78,256	80,943	81,186	82,743	85,405	87,035	89,373	129,611	125,023	104,280	104,403
Fuel Costs	\$k	1,057	2,856	4,657	4,923	5,190	6,984	8,086	8,664	8,535	8,878	9,792	10,124	10,862	19,263	18,253	13,351	13,960
Variable O&M	\$k	2,748	6,676	8,477	9,283	10,193	11,946	15,109	17,343	17,836	19,140	20,975	22,331	23,980	55,841	52,270	36,409	35,895
Direct O&M	\$k	2,144	2,212	2,279	2,352	2,421	2,496	2,571	2,655	2,728	2,818	2,894	2,984	3,068	3,161	3,252	3,355	3,445
Property taxes	\$k	13,078	13,470	13,874	14,291	14,719	15,161	15,616	16,084	16,567	17,064	17,576	18,103	18,646	19,205	19,782	20,375	20,986
Total operating expenses	\$k	19,027	25,214	29,288	30,849	32,524	36,587	41,381	44,745	45,665	47,899	51,237	53,543	56,556	97,470	93,556	73,489	74,286
Operating Income	\$k	36,338	40,262	39,584	38,907	38,229	37,552	36,874	36,198	35,521	34,844	34,168	33,492	32,817	32,141	31,466	30,791	30,117
Less: Book depreciation	\$k	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655
Less: Interest expense	\$k	6,377	7,415	7,236	7,057	6,877	6,698	6,519	6,340	6,161	5,982	5,803	5,624	5,445	5,267	5,088	4,909	4,731
Earnings before Income Taxes	\$k	18,306	21,192	20,694	20,195	19,697	19,199	18,701	18,203	17,705	17,208	16,710	16,213	15,716	15,220	14,724	14,227	13,731
Less: Federal tax expense	\$k	6,241	7,179	7,017	6,855	6,693	6,531	6,369	6,207	6,045	5,884	5,722	5,560	5,399	5,237	5,076	4,914	4,753
Less: State income tax expense	\$k	1,363	1,568	1,532	1,497	1,461	1,426	1,391	1,355	1,320	1,285	1,249	1,214	1,179	1,144	1,108	1,073	1,038
Net Income	\$k	10,703	12,445	12,144	11,843	11,542	11,242	10,941	10,640	10,340	10,039	9,739	9,439	9,139	8,839	8,539	8,240	7,940
Average Regulatory Equity	\$k	107,028	124,454	121,444	118,434	115,425	112,417	109,410	106,404	103,399	100,395	97,392	94,390	91,389	88,391	85,394	82,396	79,399
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.53%	41.27%	41.31%	41.36%	41.40%	41.45%	41.49%	41.55%	41.60%	41.66%	41.72%	41.78%	41.85%	41.92%	42.00%	42.09%	42.17%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,775	10,703	12,445	12,144	11,843	11,542	11,242	10,941	10,640	10,340	10,039	9,739	9,439	9,139	8,839	8,539	8,240	7,940
AFUDC	(60,858)																	
Depreciation		11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655
Deferred Taxes	(12,902)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)
Working capital	(3,000)	0	(76)	(77)	(79)	(81)	(83)	(85)	(87)	(89)	(92)	(94)	(96)	(99)	(106)	(103)	(103)	(109)
Net Cash Flow From Operations	(57,985)	17,797	19,464	19,161	18,858	18,556	18,253	17,950	17,647	17,345	17,042	16,739	16,437	16,134	15,827	15,531	15,230	14,925
Capital Investments	(405,333)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other																		
Net Cash Used in Investing Activities	(405,333)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	288,336																	
Dividends	0	(9,365)	(11,071)	(10,769)	(10,467)	(10,166)	(9,864)	(9,562)	(9,260)	(8,959)	(8,657)	(8,356)	(8,055)	(7,753)	(7,450)	(7,152)	(6,852)	(6,550)
LTD Debt Issuance/(Redemption)	332,704	(8,432)	(8,393)	(8,392)	(8,391)	(8,390)	(8,389)	(8,388)	(8,387)	(8,386)	(8,384)	(8,383)	(8,382)	(8,381)	(8,377)	(8,378)	(8,378)	(8,375)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	621,039	(17,797)	(19,464)	(19,161)	(18,858)	(18,555)	(18,252)	(17,949)	(17,647)	(17,345)	(17,042)	(16,739)	(16,437)	(16,134)	(15,827)	(15,530)	(15,230)	(14,925)
Net Increase / (Decrease) in Cash	157,722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	3,000	3,076	3,153	3,232	3,313	3,397	3,482	3,569	3,658	3,750	3,844	3,940	4,039	4,145	4,248	4,351	4,460
Property Plant & Equipment	466,190	454,536	442,881	431,226	419,572	407,917	396,263	384,608	372,954	361,299	349,644	337,990	326,335	314,681	303,026	291,372	279,717	268,063
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	469,191	457,536	445,957	434,380	422,804	411,231	399,659	388,090	376,523	364,957	353,395	341,834	330,276	318,720	307,171	295,619	284,068	272,522
Common Equity	307,111	299,328	291,580	283,834	276,089	268,344	260,601	252,859	245,117	237,377	229,637	221,899	214,162	206,426	198,693	190,960	183,226	175,495
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	332,704	324,272	315,879	307,487	299,096	290,706	282,318	273,930	265,544	257,158	248,774	240,391	232,009	223,628	215,251	206,873	198,495	190,119
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,624)	(166,063)	(161,502)	(156,941)	(152,381)	(147,820)	(143,259)	(138,699)	(134,138)	(129,577)	(125,016)	(120,456)	(115,895)	(111,334)	(106,774)	(102,213)	(97,652)	(93,092)
Total liabilities & Equity	469,191	457,536	445,957	434,380	422,804	411,231	399,659	388,090	376,523	364,957	353,395	341,834	330,276	318,720	307,171	295,619	284,068	272,522

CAES 1A Financial Model State Policy Case
Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Total Revenues		104,032	105,713	88,081	83,287	85,129	87,866	87,360	89,640	90,941	92,988	92,778	96,767	94,561
Fuel Costs	\$k	14,480	15,617	12,584	11,275	11,709	12,766	12,679	13,782	13,984	14,608	14,483	16,303	15,641
Variable O&M	\$k	34,948	35,416	20,704	17,109	18,369	19,881	19,257	20,221	21,070	22,219	21,824	23,667	21,747
Direct O&M	\$k	3,547	3,648	3,766	3,861	3,974	4,086	4,211	4,322	4,446	4,570	4,705	4,831	4,978
Property taxes	\$k	21,616	22,264	22,932	23,620	24,329	25,059	25,811	26,585	27,382	28,204	29,050	29,921	30,819
Total operating expenses	\$k	74,590	76,945	59,986	55,866	58,381	61,792	61,958	64,910	66,882	69,601	70,062	74,722	73,186
Operating Income	\$k	29,442	28,768	28,094	27,421	26,748	26,075	25,402	24,730	24,059	23,387	22,716	22,046	21,375
Less: Book depreciation	\$k	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655
Less: Interest expense	\$k	4,552	4,374	4,196	4,018	3,839	3,661	3,484	3,306	3,128	2,950	2,773	2,595	2,418
Earnings before Income Taxes	\$k	13,235	12,739	12,244	11,748	11,253	10,758	10,264	9,770	9,276	8,782	8,288	7,795	7,302
Less: Federal tax expense	\$k	4,592	4,431	4,269	4,108	3,947	3,787	3,626	3,465	3,304	3,144	2,983	2,823	2,663
Less: State income tax expense	\$k	1,003	967	932	897	862	827	792	757	722	687	651	616	581
Net Income	\$k	7,640	7,341	7,042	6,743	6,444	6,145	5,846	5,548	5,250	4,952	4,654	4,356	4,058
Average Regulatory Equity	\$k	76,405	73,411	70,419	67,427	64,438	61,451	58,464	55,480	52,497	49,515	46,536	43,557	40,581
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		42.27%	42.37%	42.49%	42.61%	42.74%	42.88%	43.04%	43.21%	43.40%	43.62%	43.86%	44.12%	44.43%
		(0)	-	-	-	-	-	-	(0)	-	-	(0)	-	-

Cash Flow Report	Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	18,775	7,640	7,341	7,042	6,743	6,444	6,145	5,846	5,548	5,250	4,952	4,654	4,356	4,058
AFUDC	(60,858)													
Depreciation	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655	11,655
Deferred Taxes	(12,902)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)	(4,561)
Working capital	(3,000)	(111)	(114)	(115)	(119)	(123)	(126)	(129)	(133)	(136)	(139)	(142)	(147)	(149)
Net Cash Flow From Operations	(57,985)	14,623	14,321	14,021	13,718	13,415	13,113	12,812	12,510	12,208	11,907	11,605	11,304	11,003
Capital Investments	(405,333)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other														
Net Cash Used in Investing Activities	(405,333)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	288,336													
Dividends	0	(6,249)	(5,948)	(5,649)	(5,347)	(5,047)	(4,746)	(4,446)	(4,146)	(3,846)	(3,547)	(3,247)	(2,947)	(2,648)
LTD Debt Issuance/(Redemption)	332,704	(8,374)	(8,372)	(8,372)	(8,370)	(8,368)	(8,366)	(8,365)	(8,363)	(8,361)	(8,360)	(8,358)	(8,356)	(8,354)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	621,039	(14,623)	(14,321)	(14,021)	(13,717)	(13,415)	(13,113)	(12,811)	(12,509)	(12,208)	(11,906)	(11,605)	(11,303)	(11,003)
Net Increase / (Decrease) in Cash	157,722	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,000	4,571	4,685	4,800	4,919	5,042	5,169	5,298	5,430	5,566	5,705	5,848	5,994	6,144
Property Plant & Equipment	466,190	256,408	244,754	233,099	221,444	209,790	198,135	186,481	174,826	163,172	151,517	139,863	128,208	116,554
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	469,191	260,979	249,439	237,899	226,364	214,832	203,304	191,779	180,257	168,738	157,223	145,710	134,202	122,697
Common Equity	307,111	167,765	160,036	152,308	144,582	136,858	129,135	121,414	113,694	105,976	98,260	90,545	82,832	75,120
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	332,704	181,745	173,373	165,001	156,631	148,263	139,896	131,532	123,169	114,807	106,448	98,090	89,734	81,380
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(170,624)	(88,531)	(83,970)	(79,410)	(74,849)	(70,288)	(65,728)	(61,167)	(56,606)	(52,046)	(47,485)	(42,924)	(38,364)	(33,803)
Total liabilities & Equity	469,191	260,979	249,439	237,899	226,364	214,832	203,304	191,779	180,257	168,738	157,223	145,710	134,202	122,697

Financial Model Inputs

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
LTSA																	
LTSA Initial Spare Parts																	
LTSA Annual Fee	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
LTSA Hours Based Charge	\$57	\$1,266	\$59	\$3,486	\$62	\$1,398	\$66	\$6,153	\$69	\$7,562	\$72	\$4,247	\$76	\$1,703	\$80	\$7,497	\$84
LTSA Total	\$682	\$1,907	\$716	\$4,159	\$752	\$2,105	\$790	\$6,896	\$830	\$8,343	\$872	\$5,067	\$917	\$2,565	\$963	\$8,402	\$1,012
Other O&M Costs																	
Inergy Ground & Cavern Lease	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
Plant Staffing	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,377	\$2,897,848	\$2,973,719	\$3,044,551	\$3,121,999	\$3,198,682	\$3,284,734	\$3,360,615	\$3,452,122	\$3,530,746	\$3,623,188	\$3,709,490	\$3,803,852	\$3,897,283	\$4,002,130	\$4,094,583
Capital Additions																	
Cap Adds			\$219	\$224	\$230	\$236	\$242	\$248	\$254	\$260	\$267	\$274	\$280	\$287	\$295	\$302	\$309

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Natural Gas Cost	\$1,057	\$2,856	\$4,657	\$4,923	\$5,190	\$6,984	\$8,086	\$8,664	\$8,535	\$8,878	\$9,792	\$10,124	\$10,862	\$19,263	\$18,253	\$13,351	\$13,960
Compression Costs	\$2,648	\$6,425	\$8,078	\$8,846	\$9,739	\$11,341	\$14,430	\$16,616	\$17,110	\$18,385	\$20,161	\$21,501	\$23,121	\$54,346	\$50,905	\$35,434	\$34,897
Variable O&M Costs	\$13	\$33	\$51	\$56	\$58	\$77	\$86	\$91	\$91	\$94	\$101	\$103	\$106	\$184	\$168	\$119	\$122
Emissions Costs	\$87	\$219	\$348	\$381	\$397	\$528	\$594	\$635	\$635	\$660	\$713	\$727	\$753	\$1,310	\$1,197	\$856	\$876
Total Variable Costs	\$3,805	\$9,532	\$13,135	\$14,206	\$15,383	\$18,930	\$23,195	\$26,006	\$26,370	\$28,017	\$30,767	\$32,456	\$34,841	\$75,104	\$70,523	\$49,759	\$49,855

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capacity Revenue	\$2,248	\$6,276	\$6,398	\$6,513	\$6,645	\$6,783	\$6,932	\$7,081	\$7,228	\$7,373	\$7,535	\$7,692	\$7,856	\$27,006	\$27,602	\$26,785	\$28,852
Regulation Revenue	\$317	\$740	\$964	\$977	\$1,006	\$1,198	\$1,108	\$966	\$1,196	\$1,373	\$1,401	\$1,226	\$1,378	\$1,983	\$1,742	\$864	\$892
MVAR Revenue																	
Syn Spinning Reserve	\$20	\$52	\$45	\$69	\$82	\$72	\$73	\$65	\$84	\$79	\$64	\$56	\$78	\$76	\$47	\$35	\$46
Non-Syn Spinning Reserve	\$98	\$231	\$229	\$232	\$237	\$231	\$233	\$232	\$241	\$242	\$241	\$252	\$259	\$190	\$211	\$234	\$273
Energy Revenue	\$4,534	\$11,533	\$17,631	\$18,963	\$20,770	\$27,039	\$35,512	\$41,894	\$42,668	\$45,309	\$49,198	\$56,878	\$60,530	\$130,314	\$124,288	\$85,710	\$85,694
Other Revenue																	
Total Revenues	\$7,217	\$18,832	\$25,267	\$26,754	\$28,740	\$35,322	\$43,858	\$50,238	\$51,417	\$54,376	\$58,439	\$66,103	\$70,101	\$159,569	\$153,890	\$113,628	\$115,758

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Generator Starts	63	142	159	170	177	185	182	181	178	190	201	204	211	275	263	166	187
Generator Operating Hours	267	651	805	864	873	1,011	1,070	1,093	1,102	1,141	1,185	1,145	1,187	1,951	1,730	1,194	1,192
Net Generation (MWH)	32,147	78,783	122,235	130,603	132,803	172,728	189,477	197,903	192,798	195,746	206,364	205,282	207,219	352,193	314,297	219,170	218,866

Financial Model Inputs

SSSS

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
LTSA Initial Spare Parts													
LTSA Annual Fee	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$1,880	\$88	\$12,880	\$93	\$2,075	\$97	\$9,134	\$102	\$2,291	\$108	\$6,305	\$113	\$12,392
LTSA Total	\$2,831	\$1,063	\$13,879	\$1,117	\$3,125	\$1,173	\$10,237	\$1,233	\$3,449	\$1,295	\$7,522	\$1,361	\$13,671
Other O&M Costs													
Inergy Ground & Cavern Lease	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,198,741	\$4,301,871	\$4,422,207	\$4,519,653	\$4,634,625	\$4,748,461	\$4,876,206	\$4,988,852	\$5,115,759	\$5,241,412	\$5,378,642	\$5,506,759	\$5,656,704
Capital Additions													
Cap Adds	\$317	\$325	\$333	\$342	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$427

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$14,480	\$15,617	\$12,584	\$11,275	\$11,709	\$12,766	\$12,679	\$13,782	\$13,984	\$14,608	\$14,483	\$16,303	\$15,641
Compression Costs	\$33,921	\$34,330	\$19,843	\$16,323	\$17,554	\$18,999	\$18,394	\$19,293	\$20,126	\$21,239	\$20,858	\$22,579	\$20,709
Variable O&M Costs	\$125	\$132	\$104	\$92	\$94	\$101	\$98	\$105	\$106	\$108	\$106	\$118	\$112
Emissions Costs	\$901	\$954	\$757	\$695	\$721	\$781	\$765	\$824	\$838	\$871	\$860	\$969	\$927
Total Variable Costs	\$49,427	\$51,033	\$33,288	\$28,385	\$30,078	\$32,647	\$31,936	\$34,003	\$35,054	\$36,827	\$36,307	\$39,970	\$37,388

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$29,472	\$30,098	\$30,734	\$31,384	\$32,112	\$32,868	\$33,636	\$10,236	\$35,271	\$36,136	\$11,003	\$37,947	\$38,899
Regulation Revenue	\$1,002	\$811	\$668	\$603	\$767	\$960	\$987	\$1,040	\$811	\$814	\$933	\$1,125	\$1,062
MVAR Revenue													
Syn Spinning Reserve	\$104	\$78	\$59	\$64	\$58	\$122	\$65	\$115	\$98	\$99	\$106	\$74	\$100
Non-Syn Spinning Reserve	\$283	\$295	\$347	\$358	\$359	\$358	\$375	\$380	\$388	\$396	\$403	\$397	\$421
Energy Revenue	\$84,369	\$87,159	\$50,349	\$41,949	\$44,534	\$48,048	\$47,133	\$49,553	\$51,428	\$53,666	\$53,206	\$57,282	\$53,043
Other Revenue													
Total Revenues	\$115,229	\$118,441	\$82,157	\$74,358	\$77,830	\$82,356	\$82,196	\$61,324	\$87,996	\$91,110	\$65,650	\$96,825	\$93,525

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	197	223	179	175	175	189	179	182	169	180	180	196	183
Generator Operating Hours	1,233	1,213	925	842	863	961	892	944	901	904	890	995	923
Net Generation (MWH)	219,442	226,883	175,678	157,342	159,179	167,905	160,716	168,665	167,671	170,097	163,754	180,241	167,920

Project Development Cash Flow Estimate in Nominal \$**Total Cost**

Direct Plant Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages		\$193,630,735		\$27,800,272	\$1,244,338	\$145,011,679	\$19,574,446
Contract Packages		\$162,956,933			\$16,077,060	\$128,010,827	\$18,869,046
Professional Services		\$26,419,800	\$4,049,564	\$4,225,632	\$5,813,232	\$7,947,304	\$4,384,068
Owners Costs		\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support		\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
AFUDC		<u>\$55,194,679</u>	<u>\$383,715</u>	<u>\$2,142,175</u>	<u>\$4,577,177</u>	<u>\$17,276,680</u>	<u>\$30,814,932</u>
Total		\$452,594,280	\$9,706,226	\$35,542,230	\$30,336,533	\$300,057,254	\$76,952,037

Cavern Development Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total		\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Cost		\$397,399,601	\$9,322,511	\$33,400,055	\$25,759,356	\$282,780,574	\$46,137,105
Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$60,857,797</u>	<u>\$597,464</u>	<u>\$2,629,134</u>	<u>\$5,525,549</u>	<u>\$18,703,757</u>	<u>\$33,401,893</u>
Total		\$497,177,520	\$14,899,351	\$36,986,855	\$40,102,138	\$301,921,997	\$103,267,179

CAES 2 Financial Model State Policy Case

Scenario Analysis Summary

(\$ 000's)

Scenario Assumptions:

- Scenario 1:
- The DOE grant and other funding totaling \$33 million is taxable.
 - The project qualifies as a R&D and qualifies for immediate expense under section 174 allowing for immediate deduction of pr
 - Property tax assumption is 3%.
- Scenario 2:
- The DOE grant and other funding totaling \$33 million is taxable.
 - Total project costs including amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.
- Scenario 3:
- The DOE grant and other funding totaling \$33 million is not taxable.
 - Total project costs less amount supported from grants is capitalized for Income Tax Purpose.
 - Property tax assumption is 3%.

Scenario Input Variables:	Scenario Input Assumptions				
			Scenario 1	Scenario 2	Scenario 3
Grants					
Amount	\$30,600	\$ Thousands	\$30,600	\$30,600	\$30,600
Taxable	Y	Yes (Y) / No (N)	Y	Y	N
Property Tax Exclusion	N	Yes (Y) / No (N)	N	N	N
R&D - section 174 qualified	Y	Yes (Y) / No (N)	Y	N	N
Production Tax Credit	N	Yes (Y) / No (N)			
Inservice Date	2016				

CAES 2 Financial Model State Policy Case

Customer Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Market Revenues ¹ [\$/MWH]	\$204.20	\$221.80	\$192.27	\$189.47	\$203.08	\$190.11	\$216.92	\$236.81	\$244.53	\$257.75	\$260.96	\$294.69	\$307.32	\$440.06	\$471.29	\$501.17	\$504.33	\$503.09
Revenue Requirement for CAES Plant [\$/MWH]	\$1,503.31	\$747.71	\$500.98	\$470.53	\$481.07	\$380.01	\$372.87	\$368.78	\$371.38	\$379.46	\$368.04	\$375.10	\$379.26	\$350.25	\$375.51	\$450.55	\$446.37	\$445.81
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	(\$1,299.10)	(\$525.91)	(\$308.72)	(\$281.06)	(\$277.99)	(\$189.90)	(\$155.95)	(\$131.98)	(\$126.85)	(\$121.72)	(\$107.08)	(\$80.41)	(\$71.94)	\$89.81	\$95.78	\$50.62	\$57.96	\$57.28

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	36,894	87,978	139,216	150,758	148,577	199,883	213,369	223,065	224,797	222,151	238,109	240,798	244,540	367,085	331,252	229,032	233,428	232,453
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Annual Benefit (Cost) from CAES Plant [S000]	(\$47,929)	(\$46,269)	(\$42,978)	(\$42,372)	(\$41,303)	(\$37,957)	(\$33,275)	(\$29,439)	(\$28,515)	(\$27,040)	(\$25,496)	(\$19,362)	(\$17,593)	\$32,968	\$31,728	\$11,594	\$13,529	\$13,316
NYSEG Metered Load (GWH/Year)	16,013	16,253	16,497	16,744	16,996	17,251	17,509	17,772	18,039	18,309	18,584	18,862	19,145	19,433	19,724	20,020	20,320	20,625
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	(0.2993)	(0.2847)	(0.2605)	(0.2530)	(0.2430)	(0.2200)	(0.1900)	(0.1657)	(0.1581)	(0.1477)	(0.1372)	(0.1026)	(0.0919)	0.1697	0.1609	0.0579	0.0666	0.0646
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	(\$21.55)	(\$20.50)	(\$18.76)	(\$18.22)	(\$17.50)	(\$15.84)	(\$13.68)	(\$11.93)	(\$11.38)	(\$10.63)	(\$9.88)	(\$7.39)	(\$6.62)	\$12.21	\$11.58	\$4.17	\$4.79	\$4.65

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]	(\$231,637)
Net Present Value of Customer 2016-2045 Impact [S000]	(\$237,443)

Weighted Cost of Capital = 10.81%

Risk and Sensitivity Factors - Net NPV Impact	Percent Change	Customer Impact	Company Impact
NY RPS incentive (\$/mwh)	\$2.00		
NY RPS incentive escalation rate	3.00%		

Company Impact

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Rate Base [S000]	222,057	258,003	251,765	245,528	239,293	233,061	226,831	220,602	214,376	208,152	201,930	195,711	189,494	183,281	177,070	170,859	164,650	158,446
Average Regulatory Equity [S000]	106,588	123,841	120,847	117,853	114,861	111,869	108,879	105,889	102,901	99,913	96,926	93,941	90,957	87,975	84,994	82,012	79,032	76,054
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,797	8,499	8,201	7,903	7,605

CAES 2 Financial Model State Policy Case

Customer Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Market Revenues ¹ [\$/MWH]	\$481.42	\$430.45	\$427.52	\$446.48	\$455.71	\$467.30	\$341.38	\$490.78	\$504.74	\$378.46	\$506.02	\$536.91
Revenue Requirement for CAES Plant [\$/MWH]	\$421.74	\$452.97	\$469.70	\$479.12	\$478.34	\$487.96	\$483.02	\$499.26	\$507.31	\$519.64	\$498.24	\$535.09
Customer Benefit (Cost) [\$/MWH Produced by CAES Plant]	\$59.68	(\$22.52)	(\$42.17)	(\$32.64)	(\$22.63)	(\$20.67)	(\$141.64)	(\$8.48)	(\$2.57)	(\$141.18)	\$7.77	\$1.82

Note 1: Blended Energy, Capacity, Ancillary Services Price [\$/MWH]

Annual CAES Plant Generation (MWH)	254,291	198,842	183,059	183,344	187,273	184,669	189,969	184,826	185,643	181,523	197,059	176,933
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Annual Benefit (Cost) from CAES Plant [S000]	\$15,176	(\$4,479)	(\$7,720)	(\$5,984)	(\$4,238)	(\$3,817)	(\$26,907)	(\$1,568)	(\$477)	(\$25,627)	\$1,532	\$322
NYSEG Metered Load (GWH/Year)	20,934	21,248	21,567	21,891	22,219	22,552	22,891	23,234	23,582	23,936	24,295	24,660
Annual Benefit (Cost) from CAES Plant [Cents/KWH]	0.0725	(0.0211)	(0.0358)	(0.0273)	(0.0191)	(0.0169)	(0.1175)	(0.0067)	(0.0020)	(0.1071)	0.0063	0.0013
Average Residential Customer² Annual Impact from CAES Plant [\$/Year]	\$5.22	(\$1.52)	(\$2.58)	(\$1.97)	(\$1.37)	(\$1.22)	(\$8.46)	(\$0.49)	(\$0.15)	(\$7.71)	\$0.45	\$0.09

Note 2: Average Residential Customer Consumption of 600 KWH/Month

Net Present Value of Customer 2016-2035 Impact [S000]

Net Present Value of Customer 2016-2045 Impact [S000]

Weighted Cost of Capital =

Risk and Sensitivity Factors - Net NPV Impact

- NY RPS incentive (\$/mwh)
- NY RPS incentive escalation rate

Company Impact

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average Rate Base [S000]	152,244	146,044	139,846	133,653	127,463	121,276	115,092	108,912	102,734	96,561	90,391	84,224
Average Regulatory Equity [S000]	73,077	70,101	67,126	64,153	61,182	58,212	55,244	52,278	49,313	46,349	43,387	40,427
After Tax Return on Equity [S000]	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income [S000]	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043

CAES 2 Financial Model State Policy Case
Revenue Requirement

(in thousands)

Common Equity Return = 10.00%
Preferred Return = 0.00%
Debt Cost = 5.50%

Combined Tax Rate = 39.6150%

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Return on Rate Base																				
Net Utility Plant																				
Beginning Net Plant Balance	\$k		464,163	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897
Capital Additions	\$k		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k		(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)
Net Plant Before Taxes	\$k		452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897	255,293
Plus Accumulated Deferred Tax Balance	\$k		(165,285)	(160,743)	(156,201)	(151,659)	(147,118)	(142,576)	(138,034)	(133,492)	(128,951)	(124,409)	(119,867)	(115,325)	(110,784)	(106,242)	(101,700)	(97,158)	(92,617)	(88,075)
Plant Rate Base	\$k		287,274	280,212	273,150	266,087	259,025	251,963	244,901	237,839	230,777	223,715	216,653	209,591	202,529	195,466	188,404	181,342	174,280	167,218
Deferred Credits (Non-cash Return)	\$k		(29,152)	(28,405)	(27,657)	(26,910)	(26,162)	(25,415)	(24,667)	(23,920)	(23,172)	(22,425)	(21,677)	(20,930)	(20,182)	(19,435)	(18,687)	(17,940)	(17,192)	(16,445)
Working Capital	\$k		3,001	3,076	3,154	3,233	3,313	3,397	3,482	3,569	3,659	3,750	3,844	3,941	4,039	4,145	4,248	4,351	4,460	4,571
Total Rate Base	\$k		261,122	254,883	248,646	242,410	236,177	229,945	223,716	217,489	211,263	205,040	198,820	192,602	186,386	180,176	173,965	167,753	161,547	155,344
Average Rate Base	\$k		222,057	258,003	251,765	245,528	239,293	233,061	226,831	220,602	214,376	208,152	201,930	195,711	189,494	183,281	177,070	170,859	164,650	158,446
Capitalization																				
		Effective Rate																		
Common Equity		48.0%	16.5604%	18,233	21,090	20,594	20,099	19,603	19,108	18,613	18,117	17,622	17,128	16,633	16,139	15,645	15,151	14,657	14,163	13,670
Preferred		0.0%	0.0000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required				18,233	21,090	20,594	20,099	19,603	19,108	18,613	18,117	17,622	17,128	16,633	16,139	15,645	15,151	14,657	14,163	13,670
Total Debt		52.0%	5.50%	6,351	7,379	7,200	7,022	6,844	6,666	6,487	6,309	6,131	5,953	5,775	5,597	5,420	5,242	5,064	4,887	4,709
Return on Rate Base	\$k		24,584	28,469	27,795	27,121	26,447	25,773	25,100	24,427	23,754	23,081	22,408	21,736	21,064	20,393	19,721	19,050	18,379	17,708

Operating Revenues & Costs																				
Depreciation Expense	\$k		11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
NCR Amortization	\$k		(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k		1,209	3,189	5,274	5,659	5,798	7,969	9,003	9,645	9,833	9,908	11,164	11,701	12,693	19,788	18,913	13,733	14,672	15,169
Variable O&M Costs	\$k		101	245	395	441	445	607	664	709	734	741	816	845	883	1,349	1,244	882	921	944
NY RPS Incentive	\$k		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k		2,806	6,657	8,589	9,534	10,111	12,418	15,076	17,210	18,344	19,164	21,255	23,432	24,874	53,163	49,964	34,282	34,287	33,143
Fixed O&M	\$k		2,889	2,957	3,024	3,100	3,166	3,242	3,316	3,404	3,473	3,563	3,639	3,732	3,814	3,906	3,997	4,105	4,190	4,292
Property taxes	\$k		13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890	21,517
Total Operating Costs	\$k		\$30,879	\$37,313	\$41,950	\$43,816	\$45,029	\$50,184	\$54,459	\$57,836	\$59,732	\$61,217	\$65,226	\$68,587	\$71,681	\$108,180	\$104,666	\$84,141	\$85,816	\$85,921

\$0

Total Plant Revenue Requirement																				
Return on Rate Base	\$k		24,584	28,469	27,795	27,121	26,447	25,773	25,100	24,427	23,754	23,081	22,408	21,736	21,064	20,393	19,721	19,050	18,379	17,708
Depreciation Expense	\$k		11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Variable Operating Costs	\$k		4,116	10,091	14,259	15,634	16,354	20,994	24,743	27,565	28,911	29,812	33,235	35,978	38,450	74,300	70,121	48,898	49,879	49,256
Fixed Operating Costs	\$k		15,159	15,618	16,087	16,578	17,070	17,586	18,112	18,667	19,217	19,801	20,387	21,005	21,627	22,276	22,940	23,639	24,332	25,062
Total Revenue Requirement	\$k		\$55,463	\$65,782	\$69,745	\$70,936	\$71,476	\$75,957	\$79,559	\$82,263	\$83,486	\$84,298	\$87,634	\$90,323	\$92,745	\$128,573	\$124,387	\$103,191	\$104,195	\$103,630

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Energy Generated (gas dispatch)	GWH		37	88	139	151	149	200	213	223	225	222	238	241	245	367	331	229	233	232
Return on Rate Base	\$/MWH		\$666.34	\$323.59	\$199.65	\$179.90	\$178.00	\$128.94	\$117.64	\$109.50	\$105.67	\$103.90	\$94.11	\$90.27	\$86.14	\$55.55	\$59.54	\$83.18	\$78.73	\$76.18
Depreciation Expense	\$/MWH		\$314.52	\$131.90	\$83.35	\$76.97	\$78.10	\$58.05	\$54.39	\$52.02	\$51.62	\$52.24	\$48.73	\$48.19	\$47.45	\$31.61	\$35.03	\$50.67	\$49.71	\$49.92
Variable Operating Costs	\$/MWH		\$111.56	\$114.70	\$102.42	\$103.70	\$110.07	\$105.03	\$115.96	\$123.57	\$128.61	\$134.20	\$139.58	\$149.41	\$157.24	\$202.40	\$211.69	\$213.50	\$213.68	\$211.90
Fixed Operating Costs	\$/MWH		\$410.88	\$177.52	\$115.55	\$109.96	\$114.89	\$87.98	\$84.89	\$83.69	\$85.48	\$89.13	\$85.62	\$87.23	\$88.44	\$60.68	\$69.25	\$103.21	\$104.24	\$107.81
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH		\$1,503.31	\$747.71	\$500.98	\$470.53	\$481.07	\$380.01	\$372.87	\$368.78	\$371.38	\$379.46	\$368.04	\$375.10	\$379.26	\$350.25	\$375.51	\$450.55	\$446.37	\$445.81
"Regulated Revenue Requirement" Cost of Electricity	\$k		\$55,463	\$65,782	\$69,745	\$70,936	\$71,476	\$75,957	\$79,559	\$82,263	\$83,486	\$84,298	\$87,634	\$90,323	\$92,745	\$128,573	\$124,387	\$103,191	\$104,195	\$103,630

Market Revenues																					
Energy Value	\$k		\$5,184	\$12,988	\$20,130	\$21,781	\$23,239	\$30,948	\$39,085	\$45,488	\$47,461	\$49,610	\$54,328	\$62,996	\$66,983	\$134,374	\$128,372	\$87,829	\$88,640	\$87,216	
Capacity Value	\$k		\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742	\$29,360	
Ancillary Services	\$k		\$110	\$273	\$263	\$296	\$314	\$295	\$294	\$282	\$309	\$304	\$304	\$302	\$343	\$263	\$246	\$273	\$341	\$370	
Total Market Value	\$k		\$7,534	\$19,513	\$26,767	\$28,565	\$30,172	\$38,000	\$46,284	\$52,823	\$54,971	\$57,258	\$62,138	\$70,961	\$75,152	\$161,540	\$156,115	\$114,785	\$117,724	\$116,945	
Blended Energy, Capacity, Ancillary Services Price	\$/MWH		\$204.20	\$221.80	\$192.27	\$189.47	\$203.08	\$190.11	\$216.92	\$236.81	\$244.53	\$257.75	\$260.96	\$294.69	\$307.32	\$440.06	\$471.29	\$501.17	\$504.33	\$503.09	
Annual Savings (Cost) from Generating Plant	\$k		(\$47,929)	(\$46,269)	(\$42,978)	(\$42,372)	(\$41,303)	(\$37,957)	(\$33,275)	(\$29,439)	(\$28,515)	(\$27,040)	(\$25,496)	(\$19,362)	(\$17,593)	\$32,968	\$31,728	\$11,594	\$13,529	\$13,316	
2016-2035 Customer NPV Savings	\$k																			(\$231,637)	
2016-2045 Customer NPV Savings	\$k																				(\$237,443)

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model State Policy Case
Revenue Requirement

(in thousands)

Common Equity Return =
 Preferred Return =
 Debt Cost =

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Return on Rate Base													
Net Utility Plant													
Beginning Net Plant Balance	\$k	255,293	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650
Capital Additions	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation	\$k	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)	(11,604)
Net Plant Before Taxes	\$k	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650	116,047
Plus Accumulated Deferred Tax Balance	\$k	(83,533)	(78,992)	(74,450)	(69,908)	(65,366)	(60,825)	(56,283)	(51,741)	(47,200)	(42,658)	(38,116)	(33,574)
Plant Rate Base	\$k	160,156	153,094	146,031	138,969	131,907	124,845	117,783	110,721	103,659	96,597	89,534	82,472
Deferred Credits (Non-cash Return)		(15,697)	(14,950)	(14,202)	(13,455)	(12,707)	(11,960)	(11,212)	(10,465)	(9,717)	(8,970)	(8,222)	(7,475)
Working Capital	\$k	4,685	4,800	4,920	5,043	5,169	5,298	5,431	5,566	5,706	5,848	5,995	6,144
Total Rate Base	\$k	149,144	142,944	136,749	130,557	124,369	118,183	112,001	105,822	99,647	93,475	87,307	81,141
Average Rate Base		152,244	146,044	139,846	133,653	127,463	121,276	115,092	108,912	102,734	96,561	90,391	84,224
Capitalization													
Common Equity		48.0%	12,684	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767
Preferred		0.0%	0	0	0	0	0	0	0	0	0	0	0
Total Equity Return Required			12,684	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767
Total Debt		52.0%	4,354	4,177	4,000	3,822	3,645	3,468	3,292	3,115	2,938	2,762	2,409
Return on Rate Base	\$k	17,038	16,368	15,698	15,028	14,359	13,690	13,022	12,354	11,686	11,019	10,352	9,685

Operating Revenues & Costs													
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
NCR Amortization	\$k	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)	(747)
Fuel Costs	\$k	17,282	14,008	12,926	13,533	14,170	14,505	15,392	15,286	15,826	15,930	17,600	16,322
Variable O&M Costs	\$k	1,054	844	796	826	863	873	916	910	940	941	1,041	962
NY RPS Incentive	\$k	0	0	0	0	0	0	0	0	0	0	0	0
Compression Costs	\$k	34,460	20,651	17,587	18,662	19,558	19,532	20,044	20,420	21,481	21,209	22,973	20,446
Fixed O&M	\$k	4,393	4,515	4,606	4,720	4,831	4,963	5,067	5,192	5,315	5,454	5,576	5,724
Property taxes	\$k	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678
Total Operating Costs	\$k	\$90,207	\$73,702	\$70,284	\$72,815	\$75,222	\$76,421	\$78,738	\$79,923	\$82,493	\$83,307	\$87,831	\$84,990

Total Plant Revenue Requirement													
Return on Rate Base	\$k	17,038	16,368	15,698	15,028	14,359	13,690	13,022	12,354	11,686	11,019	10,352	9,685
Depreciation Expense	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Variable Operating Costs	\$k	52,796	35,504	31,309	33,021	34,591	34,910	36,352	36,617	38,247	38,079	41,614	37,731
Fixed Operating Costs	\$k	25,807	26,594	27,370	28,189	29,027	29,908	30,782	31,701	32,642	33,623	34,612	35,654
Total Revenue Requirement	\$k	\$107,245	\$90,070	\$85,982	\$87,843	\$89,581	\$90,112	\$91,760	\$92,277	\$94,179	\$94,326	\$98,183	\$94,675

		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Energy Generated (gas dispatch)	GWH	254	199	183	183	187	185	190	185	186	182	197	177
Return on Rate Base	\$/MWH	\$67.00	\$82.31	\$85.75	\$81.97	\$76.68	\$74.14	\$68.55	\$66.84	\$62.95	\$60.70	\$52.53	\$54.74
Depreciation Expense	\$/MWH	\$45.63	\$58.36	\$63.39	\$63.29	\$61.96	\$62.84	\$61.08	\$62.78	\$62.51	\$63.93	\$58.89	\$65.59
Variable Operating Costs	\$/MWH	\$207.62	\$178.55	\$171.03	\$180.10	\$184.71	\$189.04	\$191.36	\$198.12	\$206.02	\$209.78	\$211.18	\$213.25
Fixed Operating Costs	\$/MWH	\$101.49	\$133.75	\$149.52	\$153.75	\$155.00	\$161.95	\$162.04	\$171.52	\$175.83	\$185.23	\$175.64	\$201.51
"Regulated Revenue Requirement" Cost of Electricity	\$/MWH	\$421.74	\$452.97	\$469.70	\$479.12	\$478.34	\$487.96	\$483.02	\$499.26	\$507.31	\$519.64	\$498.24	\$535.09
"Regulated Revenue Requirement" Cost of Electricity	\$k	\$107,245	\$90,070	\$85,982	\$87,843	\$89,581	\$90,112	\$91,760	\$92,277	\$94,179	\$94,326	\$98,183	\$94,675

Market Revenues													
Energy Value	\$k	\$92,082	\$54,575	\$46,586	\$49,416	\$52,152	\$52,300	\$54,184	\$55,102	\$57,204	\$57,244	\$61,463	\$55,733
Capacity Value	\$k	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$33,508	\$10,197	\$35,137	\$35,998	\$10,961	\$37,803	\$38,751
Ancillary Services	\$k	\$355	\$398	\$412	\$453	\$448	\$487	\$471	\$470	\$500	\$495	\$450	\$512
Total Market Value	\$k	\$122,420	\$85,591	\$78,262	\$81,859	\$85,343	\$86,295	\$64,853	\$90,709	\$93,702	\$68,700	\$99,715	\$94,997
Blended Energy, Capacity, Ancillary Services Price	\$/MWH	\$481.42	\$430.45	\$427.52	\$446.48	\$455.71	\$467.30	\$341.38	\$490.78	\$504.74	\$378.46	\$506.02	\$536.91
Annual Savings (Cost) from Generating Plant	\$k	\$15,176	(\$4,479)	(\$7,720)	(\$5,984)	(\$4,238)	(\$3,817)	(\$26,907)	(\$1,568)	(\$477)	(\$25,627)	\$1,532	\$322
2016-2035 Customer NPV Savings	\$k												
2016-2045 Customer NPV Savings	\$k												

Regulated Weighted Cost of Capital = 10.81%

CAES 2 Financial Model State Policy Case

Financial Statements

(in thousands)

Income Statement		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenues		55,463	65,782	69,745	70,936	71,476	75,957	79,559	82,263	83,486	84,298	87,634	90,323	92,745	128,573	124,387	103,191	104,195
Fuel Costs	\$k	1,209	3,189	5,274	5,659	5,798	7,969	9,003	9,645	9,833	9,908	11,164	11,701	12,693	19,788	18,913	13,733	14,672
Variable O&M	\$k	2,907	6,902	8,984	9,975	10,556	13,025	15,740	17,919	19,079	19,904	22,071	24,277	25,757	54,512	51,208	35,164	35,208
Direct O&M	\$k	2,141	2,210	2,276	2,353	2,419	2,494	2,568	2,657	2,726	2,816	2,892	2,985	3,066	3,159	3,249	3,358	3,442
Property taxes	\$k	13,018	13,408	13,811	14,225	14,652	15,091	15,544	16,010	16,491	16,985	17,495	18,020	18,560	19,117	19,691	20,282	20,890
Total operating expenses	\$k	19,275	25,709	30,346	32,211	33,425	38,580	42,855	46,232	48,128	49,613	53,621	56,982	60,077	96,576	93,061	72,537	74,212
Operating Income	\$k	36,188	40,073	39,399	38,725	38,051	37,377	36,704	36,031	35,358	34,685	34,012	33,340	32,668	31,997	31,325	30,654	29,983
Less: Book depreciation	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Less: Interest expense	\$k	6,351	7,379	7,200	7,022	6,844	6,666	6,487	6,309	6,131	5,953	5,775	5,597	5,420	5,242	5,064	4,887	4,709
Earnings before Income Taxes	\$k	18,233	21,090	20,594	20,099	19,603	19,108	18,613	18,117	17,622	17,128	16,633	16,139	15,645	15,151	14,657	14,163	13,670
Less: Federal tax expense	\$k	6,217	7,146	6,985	6,823	6,662	6,501	6,340	6,179	6,018	5,857	5,697	5,536	5,375	5,215	5,054	4,894	4,733
Less: State income tax expense	\$k	1,358	1,560	1,525	1,490	1,455	1,420	1,384	1,349	1,314	1,279	1,244	1,209	1,174	1,139	1,104	1,069	1,034
Net Income	\$k	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,797	8,499	8,201	7,903
Average Regulatory Equity	\$k	106,588	123,841	120,847	117,853	114,861	111,869	108,879	105,889	102,901	99,913	96,926	93,941	90,957	87,975	84,994	82,012	79,032
After Tax Return on Equity %		10.00%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		41.54%	41.28%	41.32%	41.36%	41.41%	41.45%	41.50%	41.55%	41.61%	41.67%	41.73%	41.79%	41.86%	41.93%	42.01%	42.10%	42.18%

Cash Flow Report	Prior Spending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Net Income	18,630	10,659	12,384	12,085	11,785	11,486	11,187	10,888	10,589	10,290	9,991	9,693	9,394	9,096	8,797	8,499	8,201	7,903
AFUDC	(60,831)																	
Depreciation	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604
Deferred Taxes	(12,986)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)
Working capital	(3,001)	0	(76)	(77)	(79)	(81)	(83)	(85)	(87)	(89)	(91)	(94)	(96)	(99)	(105)	(103)	(103)	(109)
Net Cash Flow From Operations	(58,187)	17,721	19,371	19,070	18,769	18,468	18,166	17,865	17,564	17,263	16,962	16,661	16,360	16,059	15,755	15,459	15,160	14,857
Capital Investments	(403,331)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other																		
Net Cash Used in Investing Activities	(403,331)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equity Investment	287,125																	
Dividends	0	(9,325)	(11,014)	(10,714)	(10,414)	(10,114)	(9,813)	(9,513)	(9,213)	(8,914)	(8,614)	(8,314)	(8,014)	(7,715)	(7,413)	(7,116)	(6,818)	(6,517)
LTD Debt Issuance/(Redemption)	331,235	(8,396)	(8,356)	(8,355)	(8,355)	(8,354)	(8,352)	(8,351)	(8,350)	(8,349)	(8,348)	(8,347)	(8,346)	(8,344)	(8,341)	(8,342)	(8,342)	(8,339)
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	618,359	(17,721)	(19,371)	(19,069)	(18,768)	(18,467)	(18,166)	(17,865)	(17,564)	(17,263)	(16,962)	(16,661)	(16,360)	(16,059)	(15,754)	(15,459)	(15,160)	(14,857)
Net Increase / (Decrease) in Cash	156,841	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	3,001	3,076	3,154	3,233	3,313	3,397	3,482	3,569	3,659	3,750	3,844	3,941	4,039	4,145	4,248	4,351	4,460
Property Plant & Equipment	464,163	452,559	440,955	429,351	417,747	406,143	394,539	382,935	371,332	359,728	348,124	336,520	324,916	313,312	301,708	290,105	278,501	266,897
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,163	455,559	444,031	432,504	420,980	409,457	397,936	386,417	374,901	363,386	351,874	340,364	328,857	317,352	305,853	294,352	282,852	271,356
Common Equity	305,755	298,005	290,291	282,579	274,867	267,156	259,446	251,737	244,029	236,322	228,616	220,911	213,207	205,505	197,806	190,105	182,405	174,707
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	322,839	314,482	306,127	297,772	289,419	281,066	272,715	264,365	256,015	247,667	239,320	230,975	222,630	214,289	205,947	197,605	189,266
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(165,285)	(160,743)	(156,201)	(151,659)	(147,118)	(142,576)	(138,034)	(133,492)	(128,951)	(124,409)	(119,867)	(115,325)	(110,784)	(106,242)	(101,700)	(97,158)	(92,617)
Total liabilities & Equity	467,163	455,559	444,031	432,504	420,980	409,457	397,936	386,417	374,901	363,386	351,874	340,364	328,857	317,352	305,853	294,352	282,852	271,356

CAES 2 Financial Model State Policy Case

Financial Statements

(in thousands)

Income Statement		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	
Total Revenues		103,630	107,245	90,070	85,982	87,843	89,581	90,112	91,760	92,277	94,179	94,326	98,183	94,675	
Fuel Costs	\$k	15,169	17,282	14,008	12,926	13,533	14,170	14,505	15,392	15,286	15,826	15,930	17,600	16,322	
Variable O&M	\$k	34,086	35,514	21,496	18,383	19,488	20,420	20,404	20,960	21,331	22,421	22,150	24,014	21,409	
Direct O&M	\$k	3,545	3,645	3,767	3,859	3,972	4,083	4,216	4,319	4,445	4,567	4,707	4,828	4,977	
Property taxes	\$k	21,517	22,162	22,827	23,512	24,217	24,944	25,692	26,463	27,257	28,074	28,917	29,784	30,678	
Total operating expenses		74,317	78,603	62,098	58,680	61,211	63,617	64,817	67,133	68,318	70,888	71,703	76,227	73,385	
Operating Income		29,312	28,642	27,972	27,302	26,633	25,963	25,295	24,626	23,958	23,291	22,623	21,956	21,290	
Less: Book depreciation	\$k	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	
Less: Interest expense	\$k	4,532	4,354	4,177	4,000	3,822	3,645	3,468	3,292	3,115	2,938	2,762	2,585	2,409	
Earnings before Income Taxes		13,177	12,684	12,191	11,698	11,206	10,714	10,222	9,730	9,239	8,748	8,257	7,767	7,277	
Less: Federal tax expense	\$k	4,573	4,412	4,252	4,092	3,932	3,772	3,612	3,452	3,292	3,133	2,973	2,814	2,654	
Less: State income tax expense	\$k	998	963	929	894	859	824	789	754	719	684	649	614	580	
Net Income		7,605	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043	
Average Regulatory Equity		\$k	76,054	73,077	70,101	67,126	64,153	61,182	58,212	55,244	52,278	49,313	46,349	43,387	40,427
After Tax Return on Equity %		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	

Cash Flow Report		Prior Spending	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Income	18,630	7,605	7,308	7,010	6,713	6,415	6,118	5,821	5,524	5,228	4,931	4,635	4,339	4,043	
AFUDC	(60,831)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	11,604	
Deferred Taxes	(12,986)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	(4,542)	
Working capital	(3,001)	(111)	(115)	(115)	(119)	(123)	(126)	(129)	(133)	(136)	(139)	(143)	(147)	(149)	
Net Cash Flow From Operations	(58,187)	14,557	14,256	13,958	13,656	13,355	13,055	12,755	12,454	12,155	11,855	11,555	11,255	10,956	
Capital Investments	(403,331)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Used in Investing Activities	(403,331)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Equity Investment	287,125	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends	0	(6,218)	(5,919)	(5,621)	(5,322)	(5,023)	(4,724)	(4,426)	(4,127)	(3,829)	(3,531)	(3,233)	(2,935)	(2,638)	
LTD Debt Issuance/(Redemption)	331,235	(8,338)	(8,336)	(8,336)	(8,334)	(8,332)	(8,330)	(8,329)	(8,327)	(8,325)	(8,323)	(8,322)	(8,320)	(8,318)	
Short-term cash requirements - source / (use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Cash Used in Financing Activities	618,359	(14,556)	(14,255)	(13,957)	(13,655)	(13,354)	(13,054)	(12,754)	(12,454)	(12,154)	(11,854)	(11,555)	(11,254)	(10,956)	
Net Increase / (Decrease) in Cash	156,841	0	0	0	0	0	0	0	0	0	0	0	0	0	

Balance Sheet		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3,001	4,571	4,685	4,800	4,920	5,043	5,169	5,298	5,431	5,566	5,706	5,848	5,995	6,144
Property Plant & Equipment	464,163	255,293	243,689	232,085	220,481	208,878	197,274	185,670	174,066	162,462	150,858	139,254	127,650	116,047
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	467,163	259,864	248,375	236,886	225,401	213,920	202,443	190,968	179,497	168,028	156,564	145,102	133,645	122,190
Common Equity	305,755	167,011	159,316	151,621	143,928	136,238	128,548	120,860	113,174	105,489	97,806	90,125	82,445	74,767
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	331,235	180,928	172,592	164,256	155,922	147,591	139,261	130,932	122,605	114,280	105,957	97,635	89,316	80,998
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Deferred Income Taxes)	(169,827)	(88,075)	(83,533)	(78,992)	(74,450)	(69,908)	(65,366)	(60,825)	(56,283)	(51,741)	(47,200)	(42,658)	(38,116)	(33,574)
Total liabilities & Equity	467,163	259,864	248,375	236,886	225,401	213,920	202,443	190,968	179,497	168,028	156,564	145,102	133,645	122,190

Financial Model Inputs

Fixed Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed O&M Costs																	
LTSA																	
LTSA Initial Spare Parts																	
LTSA Annual Fee	\$625	\$641	\$657	\$673	\$690	\$707	\$725	\$743	\$762	\$781	\$800	\$820	\$841	\$862	\$883	\$905	\$928
LTSA Hours Based Charge	\$57	\$1,733	\$59	\$5,977	\$62	\$1,912	\$66	\$10,864	\$69	\$8,130	\$72	\$7,283	\$76	\$2,330	\$80	\$13,237	\$84
LTSA Total	\$682	\$2,373	\$716	\$6,651	\$752	\$2,620	\$790	\$11,607	\$830	\$8,911	\$872	\$8,103	\$917	\$3,192	\$963	\$14,142	\$1,012
Other O&M Costs																	
Inergy Ground & Cavern Lease	\$1,000,000	\$1,025,000	\$1,050,625	\$1,076,891	\$1,103,813	\$1,131,408	\$1,159,693	\$1,188,686	\$1,218,403	\$1,248,863	\$1,280,085	\$1,312,087	\$1,344,889	\$1,378,511	\$1,412,974	\$1,448,298	\$1,484,506
Plant Staffing	\$1,757,532	\$1,801,470	\$1,846,507	\$1,892,669	\$1,939,986	\$1,988,486	\$2,038,198	\$2,089,153	\$2,141,382	\$2,194,916	\$2,249,789	\$2,306,034	\$2,363,685	\$2,422,777	\$2,483,346	\$2,545,430	\$2,609,065
Total	\$2,757,532	\$2,826,470	\$2,897,132	\$2,969,560	\$3,043,799	\$3,119,894	\$3,197,891	\$3,277,838	\$3,359,784	\$3,443,779	\$3,529,873	\$3,618,120	\$3,708,573	\$3,801,288	\$3,896,320	\$3,993,728	\$4,093,571
Total Fixed O&M	\$2,758,213	\$2,828,843	\$2,897,848	\$2,976,210	\$3,044,551	\$3,122,513	\$3,198,682	\$3,289,445	\$3,360,615	\$3,452,690	\$3,530,746	\$3,626,223	\$3,709,490	\$3,804,479	\$3,897,283	\$4,007,870	\$4,094,583
Capital Additions																	
Cap Adds			\$219	\$224	\$230	\$236	\$242	\$248	\$254	\$260	\$267	\$274	\$280	\$287	\$295	\$302	\$309

Variable Costs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Natural Gas Cost	\$1,209	\$3,189	\$5,274	\$5,659	\$5,798	\$7,969	\$9,003	\$9,645	\$9,833	\$9,908	\$11,164	\$11,701	\$12,693	\$19,788	\$18,913	\$13,733	\$14,672
Compression Costs	\$2,806	\$6,657	\$8,589	\$9,534	\$10,111	\$12,418	\$15,076	\$17,210	\$18,344	\$19,164	\$21,255	\$23,432	\$24,874	\$53,163	\$49,964	\$34,282	\$34,287
Variable O&M Costs	\$3	\$7	\$11	\$12	\$12	\$16	\$17	\$19	\$19	\$19	\$21	\$22	\$23	\$34	\$32	\$22	\$23
Emissions Costs	\$98	\$239	\$385	\$429	\$433	\$591	\$646	\$691	\$715	\$722	\$795	\$823	\$860	\$1,315	\$1,212	\$860	\$897
Total Variable Costs	\$4,116	\$10,091	\$14,259	\$15,634	\$16,354	\$20,994	\$24,743	\$27,565	\$28,911	\$29,812	\$33,235	\$35,978	\$38,450	\$74,300	\$70,121	\$48,898	\$49,879

Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capacity Revenue	\$2,240	\$6,252	\$6,373	\$6,488	\$6,619	\$6,757	\$6,906	\$7,054	\$7,200	\$7,345	\$7,506	\$7,663	\$7,826	\$26,904	\$27,497	\$26,683	\$28,742
Regulation Revenue	\$220	\$555	\$938	\$1,064	\$1,054	\$1,206	\$1,173	\$1,071	\$1,220	\$1,403	\$1,498	\$1,237	\$1,394	\$2,079	\$1,760	\$863	\$989
MVAR Revenue																	
Syn Spinning Reserve	\$11	\$40	\$40	\$72	\$84	\$73	\$67	\$55	\$76	\$68	\$71	\$63	\$95	\$74	\$36	\$37	\$71
Non-Syn Spinning Reserve	\$99	\$233	\$223	\$224	\$231	\$222	\$227	\$226	\$233	\$236	\$232	\$240	\$248	\$189	\$210	\$236	\$270
Energy Revenue	\$4,964	\$12,432	\$19,192	\$20,717	\$22,185	\$29,742	\$37,912	\$44,416	\$46,241	\$48,206	\$52,830	\$61,758	\$65,589	\$132,295	\$126,612	\$86,966	\$87,651
Other Revenue																	
Total Revenues	\$7,534	\$19,513	\$26,767	\$28,565	\$30,172	\$38,000	\$46,284	\$52,823	\$54,971	\$57,258	\$62,138	\$70,961	\$75,152	\$161,540	\$156,115	\$114,785	\$117,724

Operational	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Generator Starts	65	156	174	185	187	217	208	210	206	215	236	227	232	287	269	178	200
Generator Operating Hours	247	628	863	952	939	1,147	1,187	1,224	1,244	1,256	1,341	1,323	1,362	2,014	1,795	1,229	1,280
Net Generation (MWH)	36,894	87,978	139,216	150,758	148,577	199,883	213,369	223,065	224,797	222,151	238,109	240,798	244,540	367,085	331,252	229,032	233,428

Financial Model Inputs

SSSS

Fixed Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Fixed O&M Costs													
LTSA													
LTSA Initial Spare Parts													
LTSA Annual Fee	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076	\$1,103	\$1,130	\$1,159	\$1,188	\$1,217	\$1,248	\$1,279
LTSA Hours Based Charge	\$2,572	\$88	\$16,579	\$93	\$2,839	\$97	\$16,128	\$102	\$3,134	\$108	\$10,812	\$113	\$13,322
LTSA Total	\$3,523	\$1,063	\$17,578	\$1,117	\$3,889	\$1,173	\$17,231	\$1,233	\$4,292	\$1,295	\$12,029	\$1,361	\$14,601
Other O&M Costs													
Inergy Ground & Cavern Lease	\$1,521,618	\$1,559,659	\$1,598,650	\$1,638,616	\$1,679,582	\$1,721,571	\$1,764,611	\$1,808,726	\$1,853,944	\$1,900,293	\$1,947,800	\$1,996,495	\$2,046,407
Plant Staffing	\$2,674,292	\$2,741,149	\$2,809,678	\$2,879,920	\$2,951,918	\$3,025,716	\$3,101,359	\$3,178,893	\$3,258,365	\$3,339,824	\$3,423,320	\$3,508,903	\$3,596,626
Total	\$4,195,910	\$4,300,808	\$4,408,328	\$4,518,536	\$4,631,500	\$4,747,287	\$4,865,970	\$4,987,619	\$5,112,309	\$5,240,117	\$5,371,120	\$5,505,398	\$5,643,033
Total Fixed O&M	\$4,199,433	\$4,301,871	\$4,425,906	\$4,519,653	\$4,635,389	\$4,748,461	\$4,883,200	\$4,988,852	\$5,116,602	\$5,241,412	\$5,383,149	\$5,506,759	\$5,657,634
Capital Additions													
Cap Adds	\$317	\$325	\$333	\$342	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$427

Variable Costs	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Natural Gas Cost	\$15,169	\$17,282	\$14,008	\$12,926	\$13,533	\$14,170	\$14,505	\$15,392	\$15,286	\$15,826	\$15,930	\$17,600	\$16,322
Compression Costs	\$33,143	\$34,460	\$20,651	\$17,587	\$18,662	\$19,558	\$19,532	\$20,044	\$20,420	\$21,481	\$21,209	\$22,973	\$20,446
Variable O&M Costs	\$24	\$26	\$21	\$19	\$20	\$20	\$20	\$21	\$21	\$21	\$21	\$23	\$21
Emissions Costs	\$920	\$1,027	\$823	\$776	\$807	\$842	\$852	\$895	\$890	\$919	\$920	\$1,018	\$941
Total Variable Costs	\$49,256	\$52,796	\$35,504	\$31,309	\$33,021	\$34,591	\$34,910	\$36,352	\$36,617	\$38,247	\$38,079	\$41,614	\$37,731

Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Capacity Revenue	\$29,360	\$29,983	\$30,617	\$31,264	\$31,990	\$32,742	\$33,508	\$10,197	\$35,137	\$35,998	\$10,961	\$37,803	\$38,751
Regulation Revenue	\$1,016	\$827	\$716	\$642	\$1,004	\$949	\$1,078	\$1,027	\$829	\$934	\$960	\$1,112	\$1,091
MVAR Revenue													
Syn Spinning Reserve	\$86	\$66	\$60	\$64	\$103	\$96	\$120	\$98	\$89	\$111	\$98	\$59	\$95
Non-Syn Spinning Reserve	\$284	\$290	\$338	\$348	\$350	\$352	\$366	\$373	\$381	\$389	\$396	\$391	\$418
Energy Revenue	\$86,200	\$91,255	\$53,859	\$45,944	\$48,412	\$51,204	\$51,222	\$53,157	\$54,272	\$56,269	\$56,284	\$60,351	\$54,642
Other Revenue													
Total Revenues	\$116,945	\$122,420	\$85,591	\$78,262	\$81,859	\$85,343	\$86,295	\$64,853	\$90,709	\$93,702	\$68,700	\$99,715	\$94,997

Operational	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Number of Generator Starts	213	248	197	198	199	204	197	200	189	202	200	215	197
Generator Operating Hours	1,269	1,338	1,054	974	1,014	1,038	1,018	1,032	985	1,005	976	1,075	968
Net Generation (MWH)	232,453	254,291	198,842	183,059	183,344	187,273	184,669	189,969	184,826	185,643	181,523	197,059	176,933

Project Development Cash Flow Estimate in Nominal \$**Total Cost**

Direct Plant Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Procurement Packages		\$161,099,191	\$0	\$22,698,408	\$1,466,471	\$120,634,995	\$16,299,318
Contract Packages		\$183,969,191	\$0	\$0	\$15,637,487	\$146,568,563	\$21,763,142
Professional Services		\$27,585,800	\$4,317,744	\$4,505,472	\$6,093,072	\$8,215,484	\$4,454,028
Owners Costs		\$13,682,133	\$5,177,947	\$1,374,151	\$2,134,726	\$1,785,764	\$3,209,545
Permit Support		\$710,000	\$95,000		\$490,000	\$25,000	\$100,000
Licensing Fees		\$7,350,000	\$5,000,000				\$2,350,000
AFUDC		<u>\$55,168,257</u>	<u>\$600,553</u>	<u>\$2,390,778</u>	<u>\$4,603,072</u>	<u>\$17,062,652</u>	<u>\$30,511,202</u>
Total		\$449,564,572	\$15,191,244	\$30,968,808	\$30,424,828	\$294,292,457	\$78,687,235

Cavern Development Costs	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Final Engineering, Cavern Development		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$5,663,118</u>	<u>\$213,749</u>	<u>\$486,959</u>	<u>\$948,372</u>	<u>\$1,427,077</u>	<u>\$2,586,961</u>
Total		\$44,583,240	\$5,193,125	\$1,444,625	\$9,765,605	\$1,864,743	\$26,315,142

Total Cost	Year →	Total↓	2012 Total↓	2013 Total↓	2014 Total↓	2015 Total↓	2016 Total↓
Direct Plant Costs		\$394,396,315	\$14,590,691	\$28,578,031	\$25,821,755	\$277,229,806	\$48,176,032
Cavern Development Costs		\$38,920,122	\$4,979,376	\$957,666	\$8,817,233	\$437,666	\$23,728,181
AFUDC		<u>\$60,831,375</u>	<u>\$814,302</u>	<u>\$2,877,736</u>	<u>\$5,551,444</u>	<u>\$18,489,729</u>	<u>\$33,098,163</u>
Total		\$494,147,812	\$20,384,369	\$32,413,433	\$40,190,433	\$296,157,200	\$105,002,377