

**Public Service Company of Colorado
SCADA/Gas Control Monitoring Improvement Program Cost Benefit Analysis**

PROJECT SCORE: **15.6**

| | | | | | |
|-------------------------|--------|--------------------------|-------|---------------------|-------|
| After tax discount rate | 6.59% | Before tax discount rate | 7.33% | Asset Life (Years) | 24 |
| Income tax rate | 38.01% | Property tax rate | 1.15% | Depreciation rate | 4.17% |
| Tax life, years | 7 | Book life, years | 24 | Amortization period | 24 |

| Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------------------------|-----|-------------|-------------|-------------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|
| Non-recurring capital costs (Land) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Capital expenditures | \$0 | \$1,679,012 | \$2,428,886 | \$1,025,867 | \$0 | \$0 | \$2,100,000 | \$0 | \$0 | \$0 | \$0 |
| O&M Expenses | \$0 | \$0 | \$37,500 | \$450,000 | \$463,500 | \$477,405 | \$491,727 | \$506,479 | \$521,673 | \$537,324 | \$553,443 |
| Realized salvage value | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other avoided costs | \$0 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 |
| Incremental revenue | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| O&M Avoided Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Capital Avoided Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| | |
|--------------------------|-----------|
| Financial benefit | |
| Benefit | \$527,413 |

| | |
|------------|--------------|
| DCF | |
| PV | -\$2,396,880 |
| Annuity | -\$201,517 |

| | |
|---------------------|-------------|
| Project cost | |
| Project | \$8,670,010 |
| Annuity | \$728,930 |

| | |
|-----------------------|-------------|
| Amortized cost | |
| Project | \$8,670,010 |
| Annuity | \$728,930 |

| | | | | | | | | | | | |
|------------------------------|-----|--------------|--------------|--------------|------------|------------|--------------|------------|------------|------------|-------------|
| Incremental revenue | \$0 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 | \$907,200 |
| Realized salvage value | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| O&M Expense | \$0 | \$0 | -\$37,500 | -\$450,000 | -\$463,500 | -\$477,405 | -\$491,727 | -\$506,479 | -\$521,673 | -\$537,324 | -\$553,443 |
| Book depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$150,703 | -\$301,407 | -\$301,407 | -\$301,407 | ##### |
| Property tax | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$83,188 | -\$84,885 | -\$86,617 | ##### |
| Earnings before taxes | \$0 | \$907,200 | \$869,700 | \$457,200 | \$443,700 | \$429,795 | \$264,769 | \$16,126 | -\$766 | -\$18,147 | ##### |
| Income tax | \$0 | \$344,827 | \$330,573 | \$173,782 | \$168,650 | \$163,365 | \$100,639 | \$6,129 | -\$291 | -\$6,898 | ##### |
| Net income | \$0 | \$562,373 | \$539,127 | \$283,418 | \$275,050 | \$266,430 | \$164,131 | \$9,996 | -\$475 | -\$11,250 | ##### |
| Deferred tax change | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$335,629 | \$558,801 | \$366,332 | \$229,130 | -\$559,190 |
| Book depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$150,703 | \$301,407 | \$301,407 | \$301,407 | \$3,556,797 |
| Property tax cash difference | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$83,188 | \$1,697 | \$1,732 | -\$9,819 |
| Capital expenditures | \$0 | -\$1,679,012 | -\$2,428,886 | -\$1,025,867 | \$0 | \$0 | -\$2,100,000 | \$0 | \$0 | \$0 | \$0 |
| Gross cash flow | \$0 | -\$1,116,639 | -\$1,889,759 | -\$742,449 | \$275,050 | \$266,430 | -\$1,449,537 | \$953,393 | \$668,962 | \$521,018 | \$386,258 |
| Discounted Cash Flow | \$0 | -\$1,047,602 | -\$1,663,311 | -\$613,080 | \$213,081 | \$193,643 | -\$988,395 | \$609,897 | \$401,485 | \$293,363 | \$204,039 |
| Project Costs: | \$0 | -\$1,679,012 | -\$2,466,386 | -\$1,475,867 | -\$463,500 | -\$477,405 | -\$2,591,727 | -\$506,479 | -\$521,673 | -\$537,324 | -\$553,443 |
| Discounted Project Costs: | \$0 | -\$1,575,206 | -\$2,170,842 | -\$1,218,703 | -\$359,074 | -\$346,980 | -\$1,767,220 | -\$324,001 | -\$313,088 | -\$302,543 | -\$292,354 |