

Utah City District Energy Utility
2026 - 2027 Revenue Requirements and Rates Application
Schedule 11 - Cost of Capital and Return on Rate Base

Allred Proposal Analysis #1
Cost of Debt @7.49%

	GRA Application	Allred	Allred		
	Forecast	Adj. Forecast	Actual Financing	Difference	Difference
	2027	2027	2027	2027	2027
1 <u>Deemed Capital Structure</u>	(a)	(b)	(c)	(d) = (b) - (a)	(e) = (c) - (a)
2 Debt Ratio (Debt %)	50.0%	54.9%	50.0%	4.9%	0.0%
3 Equity Ratio (Equity %)	50.0%	45.1%	50.0%	-4.9%	0.0%
4 Total	100%	100%	100%	0%	0%
5					
6 <u>Cost of Capital - Rates</u>					
7 Debt Interest Rate	7.49%	7.49%	7.49%	0.00%	0.00%
8 Return on Equity (Allowed)	10.50%	10.50%	10.21%	0.00%	-0.29%
9					
10 Mid-Year Rate Base (\$)²	31,577,557	31,577,557	31,577,557	-	-
11					
12 <u>Utah City District Energy Utility Cost of Capital</u>					
13 <u>Capital Financing</u>					
14 Debt (\$)	15,788,778	17,323,535	15,788,778	1,534,756	-
15 Equity (\$)	15,788,778	14,254,022	15,788,778	(1,534,756)	-
16 Total Capital Financing	31,577,557	31,577,557	31,577,557	-	-
17					
18 <u>Cost of Capital (\$)</u>					
19 Interest on Debt (\$)	1,182,579	1,297,533	1,182,579	114,953	-
20 Return on Equity (\$)	1,657,822	1,496,672	1,611,626	(161,149)	(46,196)
21 Total Cost of Capital on Rate Base	2,840,401	2,794,205	2,794,205	(46,196)	(46,196)
22					
23 <u>RDDA (see Schedule 9 for Forecast 2027)</u>					
24 <u>Capital Financing</u>					
25 Debt (\$)	1,534,756	3,069,513	1,534,756	1,534,756	-
26 Equity (\$)	1,534,756	-	1,534,756	(1,534,756)	-
27 Total Capital Financing	3,069,513	3,069,513	3,069,513	-	-

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Allred Proposal Analysis #2
 Cost of Debt @5.17%/5.60%

	GRA Application	Allred	Allred		
	Forecast	Adj. Forecast	Actual Financing	Difference	Difference
	2027	2027	2027	2027	2027
1 <u>Deemed Capital Structure</u>	(a)	(b)	(c)	(d) = (b) - (a)	(e) = (c) - (a)
2 Debt Ratio (Debt %)	50.0%	54.9%	50.0%	4.9%	0.0%
3 Equity Ratio (Equity %)	50.0%	45.1%	50.0%	-4.9%	0.0%
4 Total	100%	100%	100%	0%	0%
5					
6 <u>Cost of Capital - Rates</u>					
7 Debt Interest Rate (Coleman at 5.6%)	7.49%	5.60%	7.49%	-1.89%	0.00%
Debt Interest Rate (RDDA Cost of Debt at 5.17%)		5.17%			
8 Return on Equity (Allowed)	10.50%	10.50%	8.05%	0.00%	-2.45%
9					
10 Mid-Year Rate Base (\$)²	31,577,557	31,577,557	31,577,557	-	-
11					
12 <u>Utah City District Energy Utility Cost of Capital</u>					
13 <u>Capital Financing</u>					
14 Debt (\$)	15,788,778	17,323,535	15,788,778	1,534,756	-
15 Equity (\$)	15,788,778	14,254,022	15,788,778	(1,534,756)	-
16 Total Capital Financing	31,577,557	31,577,557	31,577,557	-	-
17					
18 <u>Cost of Capital (\$)</u>					
19 Interest on Debt (\$)	1,182,579	956,919	1,182,579	(225,660)	-
20 Return on Equity (\$)	1,657,822	1,496,672	1,271,012	(161,149)	(386,810)
21 Total Cost of Capital on Rate Base	2,840,401	2,453,591	2,453,591	(386,810)	(386,810)
22					
23 <u>RDDA (see Schedule 9 for Forecast 2027)</u>					
24 <u>Capital Financing</u>					
25 Debt (\$)	1,534,756	3,069,513	1,534,756	1,534,756	-
26 Equity (\$)	1,534,756	-	1,534,756	(1,534,756)	-
27 Total Capital Financing	3,069,513	3,069,513	3,069,513	-	-