



**Kansas
Gas Service™**

A Division of ONE Gas

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Filed Date: 11/10/2022
State Corporation Commission
of Kansas

November 10, 2022

VIA ELECTRONIC TRANSMISSION

Ms. Lynn Retz
Executive Director
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, KS 66604

Re: Issuance Advice Letter; Docket No. 22-KGSG-466-TAR
In the Matter of The Application of Kansas Gas Service, a Division of ONE Gas, Inc. For
the Recovery of Qualified Extraordinary Costs and the Issuance of a Financing Order.

Dear Ms. Retz:

On behalf of Kansas Gas Service, a Division of ONE Gas, Inc., enclosed please find Kansas Gas Service's Issuance Advice Letter for filing in the above-referenced matter.

Pursuant to the Kansas Corporation Commission's August 18, 2022, Financing Order, Kansas Gas Service must file with the Commission an Issuance Advice Letter no later than the end of the first business day after the pricing date for the company's Securitized Utility Tariff Bonds.

The enclosed Issuance Advice Letter complies with the requirements set forth in the Commission's August 18, 2022, Financing Order.

Please feel free to contact me with any questions or concerns regarding this filing.

Sincerely,

/s/ Robert Elliott Vincent
Robert Elliott Vincent

REV/sef
Encl.

ISSUANCE ADVICE LETTER

NOVEMBER 10, 2022

**THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS
1500 SW Arrowhead Rd.
Topeka, KS 66604**

SUBJECT: ISSUANCE ADVICE LETTER FOR SECURITIZED UTILITY TARIFF BONDS

Pursuant to the Financing Order adopted on the 18th day of August 2022 in *In The Matter of The Application of Kansas Gas Service, a Division of ONE Gas, Inc. For the Recovery of Qualified Extraordinary Costs and Issuance of a Financing Order* (the “Financing Order”), KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC. (the “Utility” or the “Applicant”) submits, no later than the end of the first business day after the pricing date for that series of Securitized Utility Tariff Bonds, this Issuance Advice Letter to report certain terms and information related to the Series 2022-A Senior Secured Securitized Utility Tariff Bonds, Tranche A to be issued by Kansas Gas Service Securitization I, L.L.C. Any capitalized terms not defined in this letter shall have the meanings ascribed to them in the Financing Order or the Utility Financing and Securitization Act, K.S.A. §§ 66-1,240 - 66-1,253 (the “Act”).

PURPOSE

This filing includes the following information:

- (1) The total principal amount and calculation of Securitized Utility Tariff Bonds issued (“Authorized Amount”);
- (2) The final terms and structure of the Securitized Utility Tariff Bonds, including a description of any credit enhancement, the final estimated Securitized Utility Tariff bond issuance costs and the final estimates of ongoing financing costs for the first year following issuance;
- (3) A calculation of projected customer savings relative to conventional methods of financing resulting from the issuance of the Securitized Utility Tariff Bonds; and
- (4) The amount of initial Securitized Utility Tariff Bond Charges.

1. PRINCIPAL AMOUNT OF SECURITIZED UTILITY TARIFF BONDS ISSUED (“AUTHORIZED AMOUNT”)

The total amount of Qualified Extraordinary Costs, other costs approved by the State Corporation Commission of the State of Kansas (the “Commission”), issuance costs being financed (the “Authorized Amount”) is presented in Attachment 1.

2. DESCRIPTION OF FINAL TERMS OF BONDS

Set forth below is a summary of the final terms of the Securitized Utility Tariff Bond Issuance.

Securitized Utility Tariff Bond Title and Series: Series 2022-A Senior Secured Securitized Utility Tariff Bonds, Tranche A

Trustee: U.S. Bank Trust Company, National Association

Closing Date: November 18, 2022

Bond Ratings: Moody’s Aaa (sf); Fitch AAAsf

Amount Issued (Authorized Amount): \$336,000,000

Securitized Utility Tariff Bond Issuance Costs: See Attachment 1, Schedule B.

Securitized Utility Tariff Bond Ongoing Financing Costs: See Attachment 2, Schedule B.

Tranche	Coupon Rate	Scheduled Final Maturity	Legal Final Maturity
A	5.486%	08/01/2032	08/01/2034

Annual Interest Rate of the Securitized Utility Tariff Bonds:	5.486%
Average Life of Series:	5.50 years
Call provisions (including premium, if any):	None
Expected Sinking Fund Schedule:	Attachment 2, Schedule A
Payments to Bondholders:	Semiannually Beginning August 1, 2023

3. CALCULATION OF PROJECTED SAVINGS

The interest rate of the Securitized Utility Tariff Bonds (excluding costs of issuance and ongoing financing costs) is less than 8.60%, accordingly, the proposed structuring, pricing, and financing costs of the Securitized Utility Tariff Bonds are reasonably expected to result in substantial revenue requirement savings as compared to conventional methods of financing. The net present value of the savings, which will avoid or mitigate rate impacts as compared to conventional methods of financing the qualified costs, is estimated to be \$36.3 million (see Attachment 2, Schedule C), based on an annual interest rate of 5.486% for the Securitized Utility Tariff Bonds.

4. INITIAL SECURITIZED UTILITY TARIFF BOND CHARGE

Applicant will recover the Qualified Extraordinary Costs through a fixed monthly Securitized Utility Tariff Charge per customer. The table below provides the monthly fixed charge for each customer class. The fixed monthly charge is calculated assuming securitization of the Qualified Extraordinary Costs over the life of the Securitized Utility Tariff Bonds using the carrying charges through November 18, 2022, and the customer count from the Utility's 2021 Annual Report.

First payment & ongoing cost	\$34,061,363
Less: Excess Amount from Issuance	(2,700,000)
Less: 1.05% for delinquencies	<u>332,789</u>
Total to collect in the first period	<u>\$31,694,152</u>

Securitized Utility Tariff Charge – Initial Period Charge			10 Year Recovery	
Class	2021 Annual Report Customer Count		Annual \$ Allocated to Class	Monthly Fixed Charge (1)
	Count	Allocation %		
Residential	591,117	78.953%	\$25,023,476	\$5.64
General Service - Small	37,045	8.794%	\$2,787,258	\$10.03
General Service - Large	11,649	10.486%	\$3,323,377	\$38.04
General Service - Transport Eligible	509	1.723%	\$546,120	\$143.06
Small Generator Service	726	0.033%	\$10,327	\$1.90
Irrigation Sales	180	0.011%	\$3,594	\$2.66
Kansas Gas Supply	-	0.000%	\$0	\$0.00
			<u>\$31,694,152</u>	

(1) Assumes 1.05% delinquencies

Securitized Utility Tariff Charge – Estimated Ongoing Charge			10 Year Recovery	
Class	2021 Annual Report Customer Count		Annual \$ Allocated to Class	Monthly Fixed Charge (1)
	Count	Allocation %		
Residential	591,117	78.953%	\$36,259,780	\$5.11
General Service - Small	37,045	8.794%	\$4,038,822	\$9.09
General Service - Large	11,649	10.486%	\$4,815,674	\$34.45
General Service - Transport Eligible	509	1.723%	\$791,344	\$129.56
Small Generator Service	726	0.033%	\$14,965	\$1.72
Irrigation Sales	180	0.011%	\$5,208	\$2.41
Kansas Gas Supply	-	0.000%	\$0	\$0.00
			<u>\$45,649,334</u>	

(1) Assumes 1.05% delinquencies

Based on the foregoing, the initial Securitized Utility Tariff Charges calculated for each Securitized Utility Tariff Customer Class are detailed in Attachment 3.

EFFECTIVE DATE


In accordance with the Financing Order, the first billing of the Securitized Utility Tariff Charge would begin with the first billing cycle of the month following issuance of the Securitized Utility Tariff Bonds.

AUTHORIZED OFFICER

The undersigned is an officer of Applicant and authorized to deliver this Issuance Advice Letter on behalf of Applicant.

Respectfully submitted,

KANSAS GAS SERVICE, A DIVISION OF
ONE GAS, INC.

By: 
Name: Mark W. Smith
Title: Vice President & Treasurer

ATTACHMENT 1
SCHEDULE A
CALCULATION OF AUTHORIZED AMOUNT

A.	Qualified Extraordinary Costs and other costs authorized in Docket No. 22-KGSG-466-TAR (including any adjustment to carrying costs)	\$327,359,505
B.	Estimated issuance costs for the Securitized Utility Tariff Bonds (Attachment 1, Schedule B)	\$8,640,495
TOTAL AUTHORIZED AMOUNT		\$336,000,000

ATTACHMENT 1
SCHEDULE B
ESTIMATED ISSUANCE COSTS

	Issuance Costs
Legal	\$1,395,000
Underwriting Fee	1,344,000
Trustee Payment and Legal Fees	50,000
Rating Agency Fees	550,000
Underwriter fee and expenses	200,000
Accountants/Auditors Fees	140,000
Printing/Filing/SEC Registration	71,147
Overage to keep first period rates lower	2,700,000
Commission's Financial Advisor Fee	2,100,000
Discount	68,981
Other	21,367
Total Estimated Issuance Costs	\$8,640,495
Issuance Costs as a % of Issuance Amount	2.57%

Note: Any difference between the estimated issuance costs financed for, and the actual issuance costs incurred by the Utility will be resolved, if estimates are more or less than actual, pursuant to the Financing Order issued in this proceeding.

ATTACHMENT 2
SCHEDULE A
BOND FUNDING REQUIREMENT INFORMATION

EXPECTED SINKING FUND SCHEDULE

SERIES: 2022-A Senior Secured Securitized Utility Tariff Bonds, TRANCHE: A				
Payment Date	Principal Balance	Interest	Principal	Total Payment
08/01/23	\$336,000,000	\$12,954,275	\$20,716,283	\$33,670,558
02/01/24	\$315,283,717	\$8,648,232	\$13,780,450	\$22,428,682
08/01/24	\$301,503,267	\$8,270,235	\$14,158,447	\$22,428,682
02/01/25	\$287,344,820	\$7,881,868	\$14,546,813	\$22,428,682
08/01/25	\$272,798,006	\$7,482,849	\$14,945,833	\$22,428,682
02/01/26	\$257,852,174	\$7,072,885	\$15,355,797	\$22,428,682
08/01/26	\$242,496,377	\$6,651,676	\$15,777,006	\$22,428,682
02/01/27	\$226,719,371	\$6,218,912	\$16,209,770	\$22,428,682
08/01/27	\$210,509,601	\$5,774,278	\$16,654,404	\$22,428,682
02/01/28	\$193,855,198	\$5,317,448	\$17,111,234	\$22,428,682
08/01/28	\$176,743,964	\$4,848,087	\$17,580,595	\$22,428,682
02/01/29	\$159,163,369	\$4,365,851	\$18,062,831	\$22,428,682
08/01/29	\$141,100,538	\$3,870,388	\$18,558,294	\$22,428,682
02/01/30	\$122,542,244	\$3,361,334	\$19,067,348	\$22,428,682
08/01/30	\$103,474,896	\$2,838,316	\$19,590,365	\$22,428,682
02/01/31	\$83,884,531	\$2,300,953	\$20,127,729	\$22,428,682
08/01/31	\$63,756,801	\$1,748,849	\$20,679,833	\$22,428,682
02/01/32	\$43,076,969	\$1,181,601	\$21,247,081	\$22,428,682
08/01/32	\$21,829,888	\$598,794	\$21,829,888	\$22,428,682

ATTACHMENT 2
SCHEDULE B
ESTIMATED ONGOING FINANCING COSTS

	Itemized Annual Ongoing Financing Costs
Servicing Fees	\$168,000
Administration Fees	100,000
Return on invested capital	144,500
Accounting Fees	65,472
Legal Fees	32,736
Rating Agency Surveillance	60,000
Trustee Fees	12,000
Independent Director Fees	3,500
Total Ongoing Financing Costs	\$586,208
Ongoing Financing Costs as % of Issuance Amount	0.17%

Note: The amounts shown for each category of ongoing Financing Costs in this attachment are the expected costs for the first year of the Securitized Utility Tariff Bonds. Securitized Utility Tariff Charges will be adjusted at least semi-annually to reflect the actual ongoing Financing Costs through the true-up process described in the Financing Order, except that the servicing fee is fixed as long as the Utility (or any affiliate) is servicer.

ATTACHMENT 2
SCHEDULE C
BENEFITS VERSUS CONVENTIONAL FINANCING

	Conventional Financing	Securitized Utility Tariff Bond Financing	Savings/(Cost) of Securitized Utility Tariff Bond Financing
Present Value	\$364.2 million	\$328.0 million	\$36.3 million

Calculated in accordance with the method used to support the Financing Order. See Attachment 2 Schedule D for support.

ATTACHMENT 3
SCHEDULE A
INITIAL ALLOCATION OF COSTS TO CUSTOMER CLASSES

Customer Class	Estimate of February Usage (Mcf)	Allocation %
Residential	7,812,228	78.953%
General Service - Small	870,171	8.794%
General Service - Large	1,037,545	10.486%
General Service - Transport Eligible	170,496	1.723%
Small Generator Service	3,224	0.033%
Irrigation Sales	1,122	0.011%
Kansas Gas Supply	-	0.000%
Total	9,894,787	100.000%

ATTACHMENT 3
SCHEDULE B
DESCRIPTION OF COST RECOVERY MECHANISM

The Qualified Extraordinary Costs will be recovered through a fixed monthly (per customer) Securitized Utility Tariff Charge on gas sales service customer bills. The Winter Event Securitized Cost Recovery Rider (“WESCR”) shall govern the calculation of the Securitized Utility Tariff Charge. The Securitized Utility Tariff Charge will appear as a separate line item on gas sales service customers’ bill as “Winter Event Securitized Cost.” The Qualified Extraordinary Costs will be allocated to customer classes as shown in Attachment 3, Schedule A. The fixed, per-customer charge will then be calculated using the customer count reported in the most recent KGS Annual Report which is provided to the Commission annually. This customer count will be updated semi-annually for use in the mandatory Adjustment Mechanism. The Securitized Utility Tariff Charge will be adjusted semi-annually through the Adjustment Mechanism. If the customer count for a particular class declines by more than ten percent (10%) from that identified in the 2020 Annual Report, then the allocation factors will be recalculated using the most recent 12-month weather normalized volume for each customer class.

Kansas Gas Service
Attachment 2; Schedule D
Page 1 of 3
Calculation of Carrying Costs

Line No.	Month (a)	KGS regulatory asset beginning of Month balance (b)	Change in KGS regulatory asset balance (c)	KGS portion of OGS regulatory asset (d)	Carrying costs (e) (e) = (h)	Total KGS regulatory asset balance at the end of the month (f) b + c + d + e	Weighted Average Cost of Capital (see MWS-6) (g)	Carrying Costs (h) (b + c + d) * (g / 12)	Cumulative carrying cost (i)
1	Mar-21	\$ 379,453,905		\$ 6,820,641	433,651	\$ 386,708,197	2.000%	433,651	\$ 433,651 (1)
2	Apr-21	386,708,197	(6,186,202)	183,032	634,508	381,339,536	2.000%	634,508	1,068,159
3	May-21	381,339,536	90,392	(26,084)	635,673	382,039,517	2.000%	635,673	1,703,832
4	Jun-21	382,039,517	(44,377)	(1,918)	636,655	382,629,877	2.000%	636,655	2,340,488
5	Jul-21	382,629,877	785,270	144,641	639,266	384,199,054	2.000%	639,266	2,979,754
6	Aug-21	384,199,054	53,375	(10,295)	640,404	384,882,538	2.000%	640,404	3,620,158
7	Sep-21	384,882,538	227,850	2,827	641,855	385,755,070	2.000%	641,855	4,262,013
8	Oct-21	385,755,070	17,298	764	642,955	386,416,087	2.000%	642,955	4,904,968
9	Nov-21	386,416,087	188,333	4,024	644,347	387,252,792	2.000%	644,347	5,549,316
10	Dec-21	387,252,792	(14,647,184)	431	621,010	373,227,049	2.000%	621,010	6,170,326
11	Jan-22	373,227,049	162,001	94	622,315	374,011,460	2.000%	622,315	6,792,641
12	Feb-22	374,011,460	57,751	-	623,449	374,692,660	2.000%	623,449	7,416,090
13	Mar-22	374,692,660	(20,277,496)	95	590,692	355,005,951	2.000%	590,692	8,006,782
14	Apr-22	355,005,951	(28,960,684)	-	543,409	326,588,676	2.000%	543,409	8,550,191
15	May-22	326,588,676	(390,588)	-	543,663	326,741,751	2.000%	543,663	9,093,854
16	Jun-22	326,741,751	(260,046)	-	544,136	327,025,842	2.000%	544,136	9,637,990
17	Jul-22	327,025,842	(390,513)	-	544,392	327,179,721	2.000%	544,392	10,182,382
18	Aug-22	327,179,721	(390,513)	-	544,649	327,333,856	2.000%	544,649	10,727,031
19	Sep-22	327,333,856	(390,513)	-	544,906	327,488,249	2.000%	544,906	11,271,937
20	Oct-22	327,488,249	(390,513)	-	545,163	327,642,899	2.000%	545,163	11,817,100
21	Nov-22 ⁽²⁾	327,642,899	(390,513)	-	327,252	327,579,638	2.000%	327,252	12,144,352
22									
23					\$ 12,144,352				
24									
25		Less Sales for Resale				\$ (220,133)			
26		Final Regulatory Asset				\$ 327,359,505			

(1) reflects actual day's outstanding

(2) reflects interest through November 18, 2022

**Kansas Gas Service
Attachment 2; Schedue D
Page 2 of 3**

Estimate of Debt Issuance Costs & Ongoing Costs

Line No.			
1	Issuance Amount		\$ 327,359,505
2			
3	Issuance Costs		
4	Underwriting Fee	0.40%	\$ 1,344,000
5	Issuer/Underwriter Legal Fees		\$ 1,395,000
6	Trustee Payment and Legal Fees		\$ 50,000
7	Rating Agency Fees		\$ 550,000
8	Underwriter fee and expenses		\$ 200,000
9	Accountants/Auditors Fees		\$ 140,000
10	Printing/Filing/SEC Registration		\$ 71,147
11	Overage to keep first period rates lower		\$ 2,700,000
12	Commission's Financial Advisor Fee		\$ 2,100,000
13	Discount		\$ 68,981
14	Other		\$ 21,367
15	Total Issuance Costs		\$ 8,640,495
16			
17	Ongoing Costs		
18	Servicing Fees	0.05%	\$ 168,000
19	Admin Fees		\$ 100,000
20	Return on invested capital	8.60%	\$ 144,500
21	Accounting Fees	0.02%	\$ 65,472
22	Legal Fees	0.01%	\$ 32,736
23	Rating Agency Surveillance		\$ 60,000
24	Trustee Fees		\$ 12,000
25	Independent Director Fees		\$ 3,500
26	Total Ongoing Costs		\$ 586,208
27			
28	Total Costs		\$ 9,226,703
29	Issuance Costs (% of Issuance Amount)		2.57%
30	Ongoing Costs (% of Issuance Amount)		0.17%

**Kansas Gas Service
Attachment 2; Schedule D**

Page 3 of 3

Comparison of Traditional Rate Making to Securitization
\$s in millions

Option 1 - Recover through COGR													
Year	Rate Base	WACC	Return	Weighted Cost of Equity	Return on equity	Income Tax Factor	Federal Income Taxes	Annual Amortization	Ongoing Financing Cost	Franchise and Sales Tax %	Franchise and Gross Utility Tax (k)	Revenue Requirements	Present Value
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
			(a) * (b)		(a) * (d)		(g) * [(f) * (1-f)]	(a) / 1 years			[(c) * (j) * (1-f)] * [(1+i)^(-t)]	(c) * (j) * (1-f) * (k)	Present Value of (l) at 8.60%
Year 1	\$ 327.4	0.0%	\$ -	0.00%	\$ -	21.00%	\$ -	\$ 327.4	\$ -	6.33%	\$ 22.1	\$ 371.6	\$ 356.6
			\$ -		\$ -		\$ -	\$ 327.4	\$ -		\$ 22.1	\$ 371.6	\$ 356.6

Option 2 - Traditional Ratemaking financing over 3 years													
Year	Rate Base	WACC	Return	Weighted Cost of Equity	Return on equity	Income Tax Factor	Federal Income Taxes	Annual Amortization	Ongoing Financing Cost	Franchise and Sales Tax %	Franchise and Gross Utility Tax (k)	Revenue Requirements	Present Value
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
			(a) * (b)		(a) * (d)		(g) * [(f) * (1-f)]	(a) / 3 years			[(c) * (j) * (1-f)] * [(1+i)^(-t)]	(c) * (j) * (1-f) * (k)	Present Value of (l) at 8.60%
Year 1	\$ 327.4	7.2%	\$ 23.6	5.22%	\$ 17.1	21.00%	\$ 4.5	\$ 100.2	\$ -	6.33%	\$ 8.7	\$ 137.1	\$ 131.5
Year 2	227.1	7.2%	16.4	5.22%	11.9	21.00%	3.2	108.9	-	6.33%	8.7	137.1	121.1
Year 3	118.2	7.2%	8.5	5.22%	6.2	21.00%	1.6	118.2	-	6.33%	8.7	137.1	111.5
			\$ 48.5		\$ 35.1		\$ 9.3	\$ 327.4	\$ -		\$ 26.0	\$ 411.3	\$ 364.2

Option 3 - Traditional Ratemaking financing over 5 years													
Year	Rate Base	WACC	Return	Weighted Cost of Equity	Return on equity	Income Tax Factor	Federal Income Taxes	Annual Amortization	Ongoing Financing Cost	Franchise and Sales Tax %	Franchise and Gross Utility Tax (k)	Revenue Requirements	Present Value
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
			(a) * (b)		(a) * (d)		(g) * [(f) * (1-f)]	(a) / 5 years			[(c) * (j) * (1-f)] * [(1+i)^(-t)]	(c) * (j) * (1-f) * (k)	Present Value of (l) at 8.60%
Year 1	\$ 327.4	7.2%	\$ 23.6	5.22%	\$ 17.1	21.00%	\$ 4.5	\$ 55.1	\$ -	6.33%	\$ 5.6	\$ 88.9	\$ 85.3
Year 2	272.2	7.2%	19.6	5.22%	14.2	21.00%	3.8	59.9	-	6.33%	5.6	88.9	78.6
Year 3	212.3	7.2%	15.3	5.22%	11.1	21.00%	2.9	65.0	-	6.33%	5.6	88.9	72.3
Year 4	147.3	7.2%	10.6	5.22%	7.7	21.00%	2.0	70.6	-	6.33%	5.6	88.9	66.6
Year 5	76.7	7.2%	5.5	5.22%	4.0	21.00%	1.1	76.7	-	6.33%	5.6	88.9	61.3
			\$ 74.8		\$ 0.3		\$ 14.4	\$ 327.4	\$ -		\$ 0.3	\$ 28.1	\$ 444.6

Option 4 - Securitization using a levelized payment over 10 years													
Year	Rate Base	WACC	Return	Weighted Cost of Equity	Return on equity	Income Tax Factor	Federal Income Taxes	Annual Amortization	Ongoing Financing Cost	Franchise and Sales Tax %	Franchise and Gross Utility Tax (k)	Revenue Requirements	Present Value
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
			(a) * (b)		(a) * (d)		(g) * [(f) * (1-f)]	(a) / 10 years			[(c) * (j) * (1-f)] * [(1+i)^(-t)]	(c) * (j) * (1-f) * (k)	Present Value of (l) at 8.60%
Year 1	\$ 336.0	5.49%	\$ 18.4	0.00%	\$ -	0.00%	\$ -	\$ 26.1	\$ 0.6	6.33%	\$ 3.0	\$ 48.2	\$ 46.2
Year 2	309.9	5.49%	17.0	0.00%	-	0.00%	-	27.5	0.6	6.33%	3.0	48.2	42.6
Year 3	282.3	5.49%	15.5	0.00%	-	0.00%	-	29.1	0.6	6.33%	3.0	48.2	39.2
Year 4	253.3	5.49%	13.9	0.00%	-	0.00%	-	30.7	0.6	6.33%	3.0	48.2	36.1
Year 5	222.6	5.49%	12.2	0.00%	-	0.00%	-	32.3	0.6	6.33%	3.0	48.2	33.2
Year 6	190.3	5.49%	10.4	0.00%	-	0.00%	-	34.1	0.6	6.33%	3.0	48.2	30.6
Year 7	156.2	5.49%	8.6	0.00%	-	0.00%	-	36.0	0.6	6.33%	3.0	48.2	28.2
Year 8	120.2	5.49%	6.6	0.00%	-	0.00%	-	38.0	0.6	6.33%	3.0	48.2	25.9
Year 9	82.3	5.49%	4.5	0.00%	-	0.00%	-	40.0	0.6	6.33%	3.0	48.2	23.9
Year 10	42.2	5.49%	2.3	0.00%	-	0.00%	-	42.2	0.6	6.33%	3.0	48.2	22.0
			\$ 109.5		\$ -		\$ -	\$ 336.0	\$ 5.9		\$ 30.5	\$ 481.8	\$ 328.0

Savings \$ 36.3

Cost of Capital			
Source of Capital	Capital Structure	Cost	WACC
Common equity	56.12%	9.30%	5.22%
Long term debt	43.88%	4.55%	2.00%
Total Capitalization	100.00%		7.22%
Taxes			1.39%
Total Cost of Capital			8.60%

Based on Justin Grady's testimony in Docket No. 18-KGSC-560-RTS

Cost of Securitized Debt for a 10-Year Deal	
One-tranche Structure	
Target Rating	AAA
Issue Amount (\$mm)	\$330.0
Weighted Average Life (years)	5.50
Expected Final Maturity (years)	9.70
Note Rate	5.480%
Treasury Benchmark	CTS Govt
Benchmark (UST)	4.280%
Spread to Benchmark	1.200%
Offer yield	5.480%