Date Filed: October 18, 2026

Witness: FALLON, MATTHEW P
Request from: Public Utilities Regulatory Authority

Question:
(Interest Rate) Identify the highest interest rate at which securitization still produces positive net present value (NPV) savings. Explain the methodology used and provide workpapers.

Response:

For the 12-year securitization term as proposed in the Petition, the "break-even" interest rate producing zero net present value (NPV) savings is approximately 10.45 percent, as compared to the interest rate of 5.482 percent estimate used in the Petition. Please refer to RRU-001 Attachment 1 for the methodology.