

APPENDIX 7  
RNG INJECTION  
ECONOMIC FEASIBILITY

RNG INJECTION  
 Economic Feasibility  
 Parameters and Results

Line No.	<u>Col. 1</u> Description	<u>Col. 2</u>
<b>FEASIBILITY PARAMETERS</b>		
1.	Discount Rate	5.43%
2.	CCA Rate - Biomethane Injection Capital	6.00%
3.	Income Tax Rate	26.50%
4.	Municipal Tax Rate	0.59%
5.	Customer Revenue Horizon (Years)	20
6.	Capital Investment (Dollars)	
7.	Biomethane Injection Capital	5,439,025
8.	Working Capital (Days of Revenue)	30
<b>FEASIBILITY RESULTS</b>		
9.	Net Present Value (Dollars)	545,619
10.	Profitability Index	1.10

**RNG INJECTION**  
**Economic Feasibility - 20 year Horizon**  
**DCF Analysis**

Line No.	Description	Col. 1										
		Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12
	Discount factors to project outset	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		0.9912	0.9569	0.9076	0.8608	0.8165	0.7744	0.7345	0.6967	0.6608	0.6268	0.5945
<b>INCREMENTAL CAPITAL INVESTMENT</b>												
1.	Bio-methane Injection capital	(5,439,025)	-	-	-	-	-	-	-	-	-	-
2.	Contribution In Aid Of Construction	(5,439,025)	-	-	-	-	-	-	-	-	-	-
3.	Net Investment Capital	(63,083)	-	-	-	-	-	-	-	-	-	-
4.	Working Capital	(63,083)	-	-	-	-	-	-	-	-	-	-
5.	Total Investment	(5,439,025)	-	-	-	-	-	-	-	-	-	-
6.	PV Of Total Investment At Project Outset	(5,391,295)	(60,364)	-	-	-	-	-	-	-	-	-
7.	<b>ACCUMULATED PV OF TOTAL INVESTMENT</b>	(5,391,295)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)
<b>CCA TAX SHIELD</b>												
8.	CCA Tax Shield	-	39,750	77,115	72,488	68,139	64,050	60,207	56,595	53,199	50,007	47,007
9.	PV Of CCA Tax Shield At Project Outset	-	38,036	69,989	62,401	55,635	49,603	44,225	39,430	35,155	31,344	27,945
10.	<b>ACCUMULATED PV OF CCA TAX SHIELD</b>	-	38,036	108,025	170,426	228,062	275,685	319,890	359,320	394,476	425,819	453,765
<b>INCREMENTAL OPERATING CASH FLOWS (BEFORE TAXES)</b>												
11.	Bio-methane Injection Revenues	-	757,000	757,000	757,000	757,000	757,000	757,000	757,000	757,000	757,000	757,000
12.	CCM Expenses	-	(107,100)	(109,242)	(111,427)	(113,655)	(115,928)	(118,247)	(120,612)	(123,024)	(125,485)	(127,994)
13.	Net Operating Cash (Before Taxes)	-	649,900	647,758	645,573	643,345	641,072	638,753	636,388	633,976	631,515	629,006
14.	PV Of Net Operating Cash (Before Taxes) At Project Outset	-	621,880	587,902	555,737	525,291	496,472	469,195	443,378	418,945	395,822	373,841
15.	<b>ACCUMULATED PV OF NET OPERATING CASH (BEFORE TAXES)</b>	-	621,880	1,209,782	1,765,519	2,290,810	2,787,282	3,256,476	3,699,855	4,118,799	4,514,622	4,888,562
<b>TAXES</b>												
16.	Income Tax (Before Interest Tax Shield)	-	(163,635)	(162,981)	(162,315)	(161,637)	(160,946)	(160,242)	(159,525)	(158,795)	(158,051)	(157,293)
17.	Municipal Tax	-	(32,411)	(32,735)	(33,053)	(33,353)	(33,727)	(34,064)	(34,405)	(34,749)	(35,097)	(35,448)
18.	Total Taxes	-	(196,046)	(195,716)	(195,378)	(195,030)	(194,673)	(194,307)	(193,931)	(193,544)	(193,146)	(192,740)
19.	PV of Total Taxes At Project Outset	-	(187,593)	(177,631)	(168,190)	(159,242)	(150,763)	(142,728)	(135,113)	(127,898)	(121,061)	(114,583)
20.	<b>ACCUMULATED PV OF TOTAL TAXES</b>	-	(187,593)	(365,224)	(533,414)	(692,656)	(843,419)	(986,147)	(1,121,261)	(1,249,159)	(1,370,220)	(1,484,803)
<b>ACCUMULATED NPV AND PI</b>												
21.	Net Present Value	(5,391,295)	(4,979,335)	(4,499,075)	(4,049,427)	(3,627,443)	(3,232,131)	(2,861,439)	(2,513,744)	(2,187,542)	(1,881,437)	(1,594,134)
22.	Profitability Index	0.000	0.087	0.175	0.257	0.335	0.407	0.475	0.539	0.599	0.655	0.708

**RNG INJECTION**  
**Economic Feasibility - 20 year Horizon**  
**DCF Analysis**

Line No.	Description	Col. 1 Year 11	Col. 14 Year 12	Col. 15 Year 13	Col. 16 Year 14	Col. 17 Year 15	Col. 18 Year 16	Col. 19 Year 17	Col. 20 Year 18	Col. 21 Year 19	Col. 22 Year 20
	Discount factors to project outset	0.5639	0.5348	0.5073	0.4811	0.4564	0.4329	0.4106	0.3894	0.3693	0.3503
	<b>INCREMENTAL CAPITAL INVESTMENT</b>										
1.	Bio-methane Injection capital	-	-	-	-	-	-	-	-	-	-
2.	Contribution In Aid Of Construction	-	-	-	-	-	-	-	-	-	-
3.	Net Investment Capital	-	-	-	-	-	-	-	-	-	-
4.	Working Capital	-	-	-	-	-	-	-	-	-	-
5.	Total Investment	-	-	-	-	-	-	-	-	-	-
6.	PV Of Total Investment At Project Outset	-	-	-	-	-	-	-	-	-	-
7.	<b>ACCUMULATED PV OF TOTAL INVESTMENT</b>	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)	(5,451,658)
	<b>CCA TAX SHIELD</b>										
8.	CCA Tax Shield	44,186	41,535	39,043	36,701	34,499	32,429	30,483	28,654	26,935	233,522
9.	PV Of CCA Tax Shield At Project Outset	24,916	22,214	19,806	17,658	15,744	14,037	12,515	11,158	9,948	81,808
10.	<b>ACCUMULATED PV OF CCA TAX SHIELD</b>	478,680	500,894	520,700	538,358	554,102	568,139	580,684	591,812	601,760	683,568
	<b>INCREMENTAL OPERATING CASH FLOWS (BEFORE TAXES)</b>										
11.	Bio-methane Injection Revenues	757,000	757,000	757,000	757,000	757,000	757,000	757,000	757,000	757,000	757,000
12.	CCM Expenses	(130,554)	(133,165)	(135,829)	(138,545)	(141,316)	(144,142)	(147,025)	(149,966)	(152,965)	(156,024)
13.	Net Operating Cash (Before Taxes)	626,446	623,835	621,171	618,455	615,684	612,858	609,975	607,034	604,035	600,976
14.	PV of Net Operating Cash (Before Taxes) At Project Outset	353,235	353,643	345,105	337,567	330,974	325,277	320,429	316,384	313,099	270,536
15.	<b>ACCUMULATED PV OF NET OPERATING CASH (BEFORE TAXES)</b>	5,241,797	5,575,440	5,890,546	6,198,112	6,489,086	6,734,364	6,984,782	7,221,176	7,444,276	7,664,811
	<b>TAXES</b>										
16.	Income Tax (Before Interest Tax Shield)	(156,521)	(155,734)	(154,932)	(154,115)	(153,283)	(152,436)	(151,572)	(150,692)	(149,796)	(148,882)
17.	Municipal Tax	(35,802)	(36,160)	(36,522)	(36,887)	(37,256)	(37,628)	(38,005)	(38,385)	(38,769)	(39,156)
18.	Total Taxes	(192,323)	(191,894)	(191,454)	(191,002)	(190,539)	(190,064)	(189,577)	(189,077)	(188,564)	(188,036)
19.	PV of Total Taxes At Project Outset	(108,445)	(102,630)	(97,120)	(91,900)	(86,955)	(82,270)	(77,832)	(73,628)	(69,646)	(65,874)
20.	<b>ACCUMULATED PV OF TOTAL TAXES</b>	(1,593,249)	(1,695,878)	(1,792,998)	(1,884,898)	(1,971,853)	(2,054,123)	(2,131,955)	(2,205,583)	(2,275,229)	(2,341,103)
	<b>ACCUMULATED NPV AND PI</b>										
21.	Net Present Value	(1,324,429)	(1,071,202)	(833,411)	(610,086)	(400,323)	(203,278)	(18,166)	155,748	319,149	545,619
22.	Profitability Index	0.757	0.804	0.847	0.888	0.927	0.963	0.997	1.029	1.059	1.100