BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1243
DOCKET NO. E-2, SUB 1262

In the Matter of:	)	
	)	**REBUTTAL TESTIMONY OF**
Petition of Duke Energy Carolinas, LLC	)	**CHARLES N. ATKINS II**
And Duke Energy Progress, LLC for Issuance	)	**FOR DUKE ENERGY**
of Storm Cost Recovery Financing Orders	)	**CAROLINAS, LLC AND DUKE**
	)	**ENERGY PROGRESS, LLC**

OFFICIAL COPY

Jan 11 2021

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Charles N. Atkins II. My business address is 170 East End Avenue, New York, New York 10128.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Chief Executive Officer of Atkins Capital Strategies LLC, based in New York City. Subsequent to my direct testimony in this proceeding, I have submitted written testimony to the New Mexico Public Regulation Commission on behalf of Public Service Company of New Mexico ("PNM") in connection with PNM's application for a securitization financing order to recover costs related to the early abandonment of its investment in the Four Corners coal-powered generation plant. I have also been engaged as an independent consultant by Credit Suisse in connection to certain structured finance matters. I am submitting this rebuttal testimony solely in my individual capacity, on behalf of Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP") (each a "Company" or collectively, the "Companies").

Q. DID YOU PREVIOUSLY FILE TESTIMONY IN THIS PROCEEDING?

A. Yes. I filed direct testimony and exhibits on October 26, 2020.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to rebut the validity of certain assertions made by Saber Partners, LLC consultants for the Public Staff ("Public Staff Consultants" or "Consultants").

Q. ARE YOU SPONSORING ANY EXHIBITS WITH YOUR REBUTTAL TESTIMONY?

A. Yes. I am sponsoring the following exhibit described below and attached to my testimony:

- Atkins Rebuttal Exhibit 1: Updated preliminary transaction structures and cash flows reflecting an approximate 20-year scheduled final maturity based upon indicative interest rates as of October 9, 2020.

This exhibit was prepared under my direction, and to the best of my knowledge all factual matters contained therein are true and accurate.

Q. PLEASE SUMMARIZE YOUR TESTIMONY IN THIS PROCEEDING.

A. Despite the numerous sets of testimony filed by the Public Staff Consultants in this proceeding, their assertions and recommendations boil down to a handful of actually meaningful issues that have a direct bearing on DEC and DEP's Joint Petition or the content or structure of the Companies' proposed Financing Orders. For that reason, I do not rebut every ancillary issue raised by the Public Staff Consultants in their testimony. I instead focus on those assertions and recommendations that, depending on North Carolina Utilities Commission ("Commission") decisions, could impact the Companies' proposed transactions. I also address some of the instances where I consider my direct testimony to be misunderstood or mischaracterized. Specifically, in my rebuttal testimony, I address the following:

- The "Bond Team" Concept;
- The SRB Securities Issuer Trust Structure;

- Bloomberg Barclays Index Considerations; and
- Structuring and Estimated Interest Rate "Errors."

II. DISCUSSION OF A BOND TEAM CONCEPT

Q. PUBLIC STAFF CONSULTANTS PROPOSE A "BOND TEAM" APPROACH THAT INCLUDES THE PUBLIC STAFF AND ITS CONSULTANTS; A DESIGNATED COMMISSION REPRESENTATIVE AND THEIR COUNSEL AND/OR ADVISOR; AND THE COMPANIES AND THEIR STRUCTURING ADVISOR, EXCLUDING THE SELECTED LEAD UNDERWRITERS. THE PUBLIC STAFF CONSULTANTS GO FURTHER AND PROPOSE THAT THE PUBLIC STAFF HAVE "CO-EQUAL" OR "JOINT" DECISION-MAKING AUTHORITY ALONG WITH THE COMMISSION REPRESENTATIVE AND THE COMPANIES. IS IT COMMON FROM YOUR PERSPECTIVE FOR AN INTERVENOR TO BE GIVEN EQUAL DECISION-MAKING AUTHORITY AS PART OF A BOND TEAM?

A. No. I am not aware of, and the Public Staff Consultants have not presented any evidence of, any previous utility securitization transaction sponsored by an investor-owned utility where an intervenor was a member of a post-financing order bond team, or any case where an intervenor had "co-equal" or "joint" decision-making authority with designated representatives of the Commission and the sponsoring utility. For this reason, and the reasons articulated in

Companies witness Thomas J. Heath, Jr.'s testimony, I do not recommend such an unprecedented arrangement.

Q. IF THE COMMISSION DOES NOT ACCEPT THE COMPANIES' PROPOSED ISSUANCE ADVICE LETTER PROCEDURE, IS THERE ANOTHER APPROACH THE COMMISSION COULD ESTABLISH THAT MAY BE MORE APPROPRIATE THAN WHAT THE PUBLIC STAFF CONSULTANTS HAVE RECOMMENDED?

A. Yes. As explained in Companies witness Heath's rebuttal testimony, the Companies did not want to presume what level of post-financing order involvement the Commission might ultimately wish to undertake in these proceedings, and therefore proposed an issuance advice letter ("IAL") process that includes Company certificates attesting to key structuring, marketing, and pricing steps that ensure a thorough and transparent satisfaction of the Companies' Statutory Cost Objectives.[1] However, to the extent the Commission wishes to undertake a significant level of post-financing order involvement, the Companies do not object to an approach similar to the one followed during the 2016 Duke Energy Florida ("DEF") transaction.

It is my understanding that the execution process for that DEF transaction was governed by certain "open meeting" regulations specific to Florida, which required DEF to permit intervenors, as they may wish, to observe

[1] *See* Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Joint Petition for Financing Orders, at 2, Docket Nos. E-7, Sub 1243 and E-2, Sub 1262 (Oct. 26, 2020).

and listen into certain DEF transaction meetings and conference calls. While I am not aware of such "open meeting" requirements applicable to working group discussions for these transactions in North Carolina, it is my understanding that the Companies do not object to inviting the Public Staff, and to the extent it wishes, its outside consultant and/or counsel, to participate in Bond Team[2] meetings. Following this approach, the Public Staff will be informed continuously through the post-financing order period as the structuring, marketing, and pricing of the transactions is undertaken in an open, transparent manner. If the Commission decides to adopt this approach, the Companies will receive and evaluate suggestions from the Public Staff representative, just as they will receive and evaluate suggestions from their lead underwriters, which are proposed to also be invited to participate in Bond Team meetings.

The Companies expect that at least two lead underwriters will be selected for these transactions through a request for proposal ("RFP") process. Thus, for example, in the event that Guggenheim Securities, LLC is selected as a lead underwriter through the RFP process, there will be at least one additional lead underwriter actively providing its views to the Bond Team, independently from Guggenheim Securities, LLC. The active participation of, and input from, more than one lead underwriter fully addresses the concern expressed by some of the Public Staff Consultants that the potential continued involvement of the Companies' structuring advisors in a lead underwriter role could in some way

[2] *See* Rebuttal Testimony of Thomas J. Heath, Jr., at 15, Docket Nos. E-7, Sub 1243 and E-2, Sub 1262 (Jan. 11, 2021) (defining "Bond Team").

present a "conflict" that may be in some way detrimental to the transactions. The Companies disagree with that assertion.

However, if the Commission does adopt the "Bond Team" approach, the Companies propose that only a designated representative of the Companies and a designated Commissioner or a member of Commission staff (the "Commission's designated representative"), have joint decision-making authority. This approach is consistent with the 2016 DEF transaction, as well as transaction precedents highlighted by the Public Staff Consultants in their testimony and discovery responses.[3] As mentioned previously, the Public Staff Consultants presented no prior transactions where intervenors were members of a Bond Team, nor any prior transactions where intervenors were co-equal or joint decision-makers with a commission and the sponsoring utility. I am equally not aware of any precedent for such co-equal or joint decision-making role for a Public Staff representative in these transactions.

Q. PUBLIC STAFF CONSULTANTS MAKE THE ASSERTION THAT BECAUSE UNDERWRITERS' INCENTIVES IN THEIR VIEW DO NOT PERFECTLY ALIGN WITH THOSE OF CUSTOMERS, A BOND TEAM SHOULD NECESSARILY INCLUDE THE PUBLIC STAFF. DO YOU AGREE?

A. No. The Public Staff Consultants' assertions regarding underwriter incentives treat the situation as if the underwriters were acting alone and were the sole

[3] Direct Testimony of Rebecca Klein, Principal of Klein Energy LLC, at 22-23, Docket No. E-2, Sub 1262 and E-7, Sub 1243 (Dec. 21, 2020).

decision-makers in these transactions. As witness Heath explains in detail in his rebuttal testimony, the Companies are sophisticated issuers of many billions of securities, and the marketing and pricing process for these transactions will be transparent. The Companies' designated representative and a designated Commissioner or member of Commission staff, if it so chooses, as joint decision-makers, will be involved in the close monitoring and review of the investor order book for the bonds and will sign off on any decision to increase or decrease proposed bond pricing credit spreads, as well as the final bond pricing. This process, combined with the fact that the lead underwriters will be chosen through an RFP, will minimize the perceived risks asserted by the Public Staff Consultants.

III. DISCUSSION OF THE SRB SECURITIES ISSUER TRUST STRUCTURE

Q. PUBLIC STAFF CONSULTANTS HAVE TESTIFIED THAT IT IS TOO EARLY TO DETERMINE HOW THE STORM RECOVERY BOND ISSUES SHOULD BE STRUCTURED. DO YOU AGREE?

A. Absolutely. The Companies will consider the potential costs and benefits associated with several different transaction structures and issuance strategies to determine the options that best enable the Companies to achieve their Statutory Cost Objectives.

Q. WHAT ISSUANCE STRATEGIES ARE THE COMPANIES CURRENTLY CONSIDERING UTILIZING AND WHAT ARE THE ADVANTAGES OR DISADVANTAGES OF THESE VARIOUS STRATEGIES?

A. While the Companies have presented the SRB Securities structure as one issuance strategy to consider, there are two other issuance strategies that include marketing and pricing the separate DEC and DEP storm recovery bond transactions at the same time, or marketing and pricing them at separate times, spaced apart by several weeks or months. Spacing the marketing and issuance of the two transactions may result in different pricing and market environments and different costs of funds for the two bond issues and would cause additional carrying costs that would increase the size and cost of the second subsequent transaction.

As I discussed in my direct testimony, while the SRB Securities issuance strategy does involve incremental costs, which will be evaluated closely, this strategy does present the advantage of avoiding the possible timing delay of one issue. In addition, this strategy avoids marketing a separate DEC transaction at the same time as the DEP transaction, where the DEC transaction would not be eligible for inclusion in the Bloomberg Barclays Corporate Index, and the DEP transaction would be eligible for inclusion in that Index. While the DEC transaction is too small to meet the minimum $300 million size requirement for the Corporate Index, the DEP transaction would meet the minimum size requirement for Corporate Index inclusion on a standalone basis.

In the case of a simultaneous marketing of the DEC and DEP issues, investors would have a choice to invest in one transaction or the other, or both. In my experience, when presented with two bond issues simultaneously, some investors may look for differences to justify a higher interest rate on one of the issues. Such differences may be perceived due to a lesser degree of liquidity due to smaller size, the lack of Index eligibility, or both. While market supply conditions may result in the two issues pricing at the same market-clearing interest rates, it is not possible to ensure this, given difficult-to-predict market supply dynamics and differences in Corporate Index eligibility and size. The SRB Securities approach creates a larger single issuance size that can provide investors with greater liquidity and, at the same time, ensures the same cost of funds for both the DEC and DEP customers. These may not be viewed as important considerations by the Public Staff Consultants, but I believe that these factors should be evaluated closely as the Companies pursue their Statutory Cost Objectives.

Q. PUBLIC STAFF CONSULTANTS POINT TO INSTANCES OF TWO ISSUANCES BEING PRICED SIMULTANEOUSLY AT THE SAME RATES, ARE THERE FACTUAL DIFFERENCES BETWEEN THOSE TWO TRANSACTIONS AND DEC AND DEP'S?

A. Yes. The Public Staff Consultants have presented a few cases of two issuances priced simultaneously that were issued at the same rates, seemingly to argue against utilization of the possible SRB Securities structure despite agreeing that evaluation of, or limitation to, a specific issuance structure at this time is premature.[4] It is important to note that in cases of securitizations sponsored by investor-owned utilities noted by the Public Staff Consultants, none presented the situation where one smaller transaction that was not Index-eligible had to compete with a larger Index-eligible transaction that was marketed and priced at the same time. While there are always various factors affecting the pricing of debt securities, no one, including the Public Staff Consultants, can ensure that the added factor of one transaction being Corporate Index eligible, and the other transaction not being Corporate Index eligible, would make no difference. A simultaneous separate issuance strategy would face that uncertainty.

There is a clear example of a frequent utility securitization sponsor, Entergy, which decided to avoid such uncertainty through separating transactions. Included among Public Staff Consultant Paul Sutherland's Exhibit 1 list of utility securitizations are two transactions issued by the Louisiana Public Facilities Authority during 2008.[5] One transaction was related to Entergy Louisiana, which was eligible for the Aggregate Bond Index, and the second transaction was related to Entergy Gulf States Louisiana, which was too small to be eligible for that Index. Rather than market and price these two transactions at the same time, Entergy spaced out the pricing of the transactions by approximately a month, with the larger Index-eligible transaction priced first. Entergy followed a different approach in cases where two transactions

[4] Direct Testimony of Joseph S. Fichera, Chief Executive Officer of Saber Partners, LLC, at 47-48, Docket Nos. E-2, Sub 1262 and E-7, Sub 1243 (Dec. 21, 2020).
[5] Direct Testimony of Paul Sutherland, Senior Advisor, Saber Partners, LLC, at Exhibit 1, at 2, Docket Nos. E-2, Sub 1262 and E-7, Sub 1243 (Dec. 21, 2020).

were both too small to be Index-eligible. The two sets of transactions related to those same affiliated Entergy companies in July 2010 and July 2014 were marketed and priced at the same time. I served as Entergy's advisor for each of these six transactions, as well as all the other Entergy-related transactions

As mentioned earlier, in addition to the difference in potential Corporate Index eligibility, there is also a significant size difference between the DEC and DEP transactions. Thus, there is a second uncertainty where the smaller DEC transaction may be disadvantaged competing with the larger, Corporate Index-eligible DEP transaction. The SRB Securities approach would therefore avoid uncertainty concerning both of these factors.

In any case, the Companies completely agree with the Public Staff Consultants that the SRB Securities structure should be and will be closely evaluated, along with the two alternative separate issuance approaches at the appropriate time. Again, this is why the Companies request in their Joint Petition that the Commission grant DEC and DEP the flexibility to determine which of these structures are best tailored to then-existing rating agency considerations, market conditions, and investor preferences.[6]

[6] Joint Petition, at 22-23.

IV. DISCUSSION OF INDEX CONSIDERATIONS

Q. PUBLIC STAFF CONSULTANT FICHERA ASSERTS THAT STRUCTURING THE ISSUANCE OF BONDS TO QUALIFY FOR INCLUSION IN THE BLOOMBERG BARCLAYS AGGREGATE BOND INDEX WOULD REQUIRE STRUCTURING THE BONDS AS "ASSET-BACKED SECURITIES". DO THE COMPANIES INTEND TO STRUCTURE THE BONDS AS "ASSET-BACKED SECURITIES"?

A. No. Regardless of whether the Companies structure the transaction as an issuance of SRB Securities or standalone DEC and DEP storm recovery bonds, the Companies intend to structure the transactions so that any bonds that are issued do not meet the definition of "asset-backed securities" pursuant to Regulation AB. While the SEC is an independent U.S. government agency, the Companies expect that the SEC will accept this characterization, as they did in connection with the 2016 DEF transaction. Treatment of the transaction as securities other than "asset-backed securities" is key to the Companies marketing these transactions as structured corporate securities. Thus, the Companies do not plan to market the transaction as an issuance of "asset-backed securities."

Q. DO THE COMPANIES INTEND TO STRUCTURE THE BONDS SO THEY ARE ELIGIBLE FOR INCLUSION IN THE BLOOMBERG BARCLAYS AGGREGATE BOND INDEX?

A. Yes. There are several components of the Bloomberg Barclays Aggregate Bond Index[7] and the Companies have stated their intention to seek inclusion of securities meeting minimum size requirements in the Corporate Index component. The Companies believe that communicating to investors that a transaction is structured to be eligible for inclusion in the Corporate Index component can be potentially beneficial for the marketing of the transaction.

The SRB Securities approach would meet the minimum size requirements for the Corporate Index. On a standalone basis, the DEP storm recovery bonds would also meet the minimum size requirement for the Corporate Index; however, as discussed previously, the DEC storm recovery bonds would fail to meet the minimum size requirement for the Corporate Index. As also stated, the Companies will closely evaluate the several issuance alternatives at the appropriate time and choose the issuance structure that best achieves the Statutory Cost Objectives.

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[7]Any reference to the Aggregate Bond Index in my direct testimony was intended to include the Corporate component.

V. DISCUSSION OF INTEREST RATE "ERRORS"

Q. PUBLIC STAFF CONSULTANT SUTHERLAND ASSERTS THAT YOU MADE AN ERROR IN THE WEIGHTED AVERAGE INTEREST COUPON IN YOUR DIRECT TESTIMONY AND IN YOUR RESPONSES TO PUBLIC STAFF DATA REQUEST NOS. 5-1 AND 9-2. WAS THERE AN ERROR IN YOUR TESTIMONY OR DISCOVERY RESPONSES?

A. No. The indicative weighted average interest coupon displayed as part of Atkins Exhibit 4 to my direct testimony and data request responses was not an error. The number presented the "at issuance" average coupon, weighted by the tranche principal amounts. This number is useful for comparisons with other new issues and was not intended to represent an average cost of funds over the life of the transaction.

Q. PUBLIC STAFF CONSULTANT SUTHERLAND ASSERTED THAT THE COUPONS USED IN THE A-4 TRANCHE AND THE A-5 TRANCHE OF THE PRELIMINARY 20-YEAR SCHEDULED FINAL MATURITY STRUCTURE WERE OVERSTATED. DO YOU AGREE?

A. I disagree with Public Staff Consultant Sutherland's assertion that the A-4 tranche and the A-5 tranche indicative coupons in my testimony and responses are overstated. Witness Sutherland explains his conclusion based upon a regression analysis of the indicative tranche coupons.[8] However, there are many factors that impact actual bond pricings, including: duration risk

[8] Sutherland, at 27- 28 and Exhibit 8.

premium, issuance size, tranche size, rating, underlying asset class, number of investors participating in the asset class/transaction, number of dealers making markets in the bonds, perceived liquidity of the bonds, available leverage for investors, and perceived relative value versus other similar securities. Relying upon a simple regression analysis ignores many of these factors and is not how bond coupons are actually estimated or priced in the market.

VI. DISCUSSION OF CLASS A-1 TRANCHE WEIGHTED AVERAGE LIFE

Q. PUBLIC STAFF CONSULTANT STEVEN HELLER CONTENDS THAT THERE WOULD NOT BE SUFFICIENT CASH RECEIPTS FOR 6-9 MONTHS AFTER THE ISSUANCE OF THE BONDS TO COVER PRINCIPAL IN AN AMOUNT NECESSARY TO ACHIEVE A SIGNIFICANT CLASS SIZE FOR THE CLASS A-1 TRANCHE WITH A WEIGHTED AVERAGE LIFE ("WAL") OF LESS THAN 2 YEARS. DO YOU AGREE?

A. I agree with Public Staff Consultant Heller's discussion concerning lags in the receipt of customer payments at the outset of the transactions.[9] Indeed, I have a similar discussion in my direct testimony and I recommend that the Companies structure the transactions with a first debt service payment approximately 9 months from the closing date.[10] The preliminary transaction structure presented in my direct testimony includes such a delay in the first debt

[9] Direct Testimony of Steven Heller, President and Analytical Aid, Saber Partners, LLC, at 7-8, Docket Nos. E-2, Sub 1262 and E-7, Sub 1243 (Dec. 21, 2020).
[10] Direct Testimony of Charles N. Atkins II, at 27, Docket Nos. E-2, Sub 1262 and E-7, Sub 1243 (Oct. 26, 2020).

service payment. In my opinion, the Class A-1 tranche with a 1.4-year WAL is of a sufficient size. The principal payment window begins soon enough for the reference benchmark to be the 1-year Treasury (either on a standalone DEC and DEP basis or combined under the SRB Securities approach). As discussed in my direct testimony, this preliminary structure provides the Issuers with relatively level annual debt service.

VII. CONCLUSION

Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.

A. I believe the Financing Orders, as proposed, will enable each Company to structure a transaction consistent with the terms of the respective Financing Order that can achieve the highest possible ratings, and consistent with investor preferences, will enable the Companies to price the offered securities at the lowest market-clearing interest costs consistent with investor demand and market conditions at the time of pricing.

Q. DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?

A. Yes it does. Thank you.

Preliminary Transaction Structures - 20 year bond

Duke Energy Securitization Model
Model Output Summary / Spread & Benchmarks as of 10.09.2020

DEC Assumptions	
Total Debt	$230,800,000
Scheduled Maturity (year)	19.7
Legal Final (year)	21.7
Annual Servicing Fee	$115,400
Ongoing Expenses	$277,342
Allocated Trust Expenses	$52,937
Payment Frequency	Semi-Annual

DEC Capital Structure

Class	Balance ($)	Benchmark	Benchmark Rate	Spread	Coupon	WAL (yrs)	Prin Wind. (yrs)	Sch Mat (yrs)	Legal Final (yrs)
A-1	$24,200,000	2yr UST	0.16%	+25	0.41%	1.7	0.7 - 2.7	2.7	4.7
A-2	30,700,000	5yr UST	0.34%	+45	0.79%	4.2	2.7 - 5.7	5.7	7.7
A-3	71,800,000	10yr UST	0.78%	+65	1.43%	8.9	5.7 - 11.7	11.7	13.7
A-4	52,400,000	10yr UST	0.78%	+110	1.88%	14.1	11.7 - 16.2	16.2	18.2
A-5	51,700,000	20yr UST	1.34%	+120	2.54%	18.1	16.2 - 19.7	19.7	21.7
Total / WA	**$230,800,000**		**0.95%**	**+97**	**1.93%**	**10.8**	**0.7 - 19.7**	**19.7**	**21.7**

DEC Revenues ($mm)	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20
Revenue Requirement (Debt Svc & Expenses)	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*14.7*	*7.4*
Actual Collections	14.8	14.8	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	10.7
Less: Servicing Fee Paid	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Less: Ongoing Expenses Paid	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.1
Less: Trust Notes Expenses Paid	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.03
Less: Excess Funds Subaccount Deposit / (Withdrawal)	0.1	0.1	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)
Cash Flow Available for Debt Service	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**10.7**

DEC Cash Flow ($mm)	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20
Class A-1 Beginning Balance	24.2	14.2	3.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-1 Interest	0.1	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-1 Principal	10.0	10.7	3.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-1 Ending Balance	14.2	3.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Beginning Balance	30.7	30.7	30.7	23.5	12.7	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Interest	0.3	0.2	0.2	0.2	0.1	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Principal	-	-	7.2	10.8	10.9	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Ending Balance	30.7	30.7	23.5	12.7	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-3 Beginning Balance	71.8	71.8	71.8	71.8	71.8	71.8	62.7	51.5	40.2	28.8	17.2	5.4	-	-	-	-	-	-	-	-
Class A-3 Interest	1.2	1.0	1.0	1.0	1.0	1.0	0.9	0.7	0.5	0.4	0.2	0.0	-	-	-	-	-	-	-	-
Class A-3 Principal	-	-	-	-	-	9.1	11.1	11.3	11.4	11.6	11.8	5.4	-	-	-	-	-	-	-	-
Class A-3 Ending Balance	71.8	71.8	71.8	71.8	71.8	62.7	51.5	40.2	28.8	17.2	5.4	-	-	-	-	-	-	-	-	-
Class A-4 Beginning Balance	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	45.9	33.7	21.3	8.7	-	-	-	-
Class A-4 Interest	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.8	0.6	0.3	0.1	-	-	-	-
Class A-4 Principal	-	-	-	-	-	-	-	-	-	-	-	6.5	12.2	12.4	12.6	8.7	-	-	-	-
Class A-4 Ending Balance	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	45.9	33.7	21.3	8.7	-	-	-	-	-
Class A-5 Beginning Balance	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	47.5	34.4	20.9	7.0
Class A-5 Interest	1.5	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.1	0.8	0.4	0.1
Class A-5 Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.2	13.2	13.5	13.8	7.0
Class A-5 Ending Balance	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	47.5	34.4	20.9	7.0	-
Total DS	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**14.3**	**7.1**

Note: Collections less expenses and excess funds subaccount deposits / (withdrawals) may not equal Cash Flow Available for Debt Service due to rounding.

DEP Assumptions	
Total Debt	$748,000,000
Scheduled Maturity (year)	19.7
Legal Final (year)	19.7
Annual Servicing Fee	$374,000
Ongoing Expenses	$395,026
Allocated Trust Expenses	$171,563
Payment Frequency	Semi-Annual

DEP Capital Structure

Class	Balance ($)	Benchmark	Benchmark Rate	Spread	Coupon	WAL (yrs)	Prin Wind. (yrs)	Sch Mat (yrs)	Legal Final (yrs)
A-1	$78,500,000	2yr UST	0.16%	+25	0.41%	1.7	0.7 - 2.7	2.7	4.7
A-2	99,500,000	5yr UST	0.34%	+45	0.79%	4.2	2.7 - 5.7	5.7	7.7
A-3	232,600,000	10yr UST	0.78%	+65	1.43%	8.9	5.7 - 11.7	11.7	13.7
A-4	169,800,000	10yr UST	0.78%	+110	1.88%	14.1	11.7 - 16.2	16.2	18.2
A-5	167,600,000	20yr UST	1.34%	+120	2.54%	18.1	16.2 - 19.7	19.7	21.7
Total / WA	**$748,000,000**		**0.95%**	**+97**	**1.93%**	**10.8**	**0.7 - 19.7**	**19.7**	**21.7**

DEP Revenues ($mm)	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20
Revenue Requirement (Debt Svc & Expenses)	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*47.2*	*23.6*
Actual Collections	47.7	47.5	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	34.3
Less: Servicing Fee Paid	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.2
Less: Ongoing Expenses Paid	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.2
Less: Trust Notes Expenses Paid	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Less: Excess Funds Subaccount Deposit / (Withdrawal)	0.5	0.3	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.7)
Cash Flow Available for Debt Service	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**34.5**

DEP Bond Cash Flow ($mm)	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20
Class A-1 Beginning Balance	78.5	46.0	11.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-1 Interest	0.3	0.2	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-1 Principal	32.5	34.6	11.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-1 Ending Balance	46.0	11.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Beginning Balance	99.5	99.5	99.5	76.2	41.3	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Interest	0.9	0.8	0.8	0.5	0.3	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Principal	-	-	23.3	35.0	35.3	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Ending Balance	99.5	99.5	76.2	41.3	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-3 Beginning Balance	232.6	232.6	232.6	232.6	232.6	232.6	203.0	167.0	130.4	93.3	55.7	17.5	-	-	-	-	-	-	-	-
Class A-3 Interest	3.9	3.3	3.3	3.3	3.3	3.2	2.8	2.3	1.7	1.2	0.7	0.1	-	-	-	-	-	-	-	-
Class A-3 Principal	-	-	-	-	-	29.6	36.1	36.6	37.1	37.6	38.2	17.5	-	-	-	-	-	-	-	-
Class A-3 Ending Balance	232.6	232.6	232.6	232.6	232.6	203.0	167.0	130.4	93.3	55.7	17.5	-	-	-	-	-	-	-	-	-
Class A-4 Beginning Balance	169.8	169.8	169.8	169.8	169.8	169.8	169.8	169.8	169.8	169.8	169.8	169.8	148.6	109.2	69.0	28.1	-	-	-	-
Class A-4 Interest	3.7	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	2.6	1.9	1.1	0.3	-	-	-	-
Class A-4 Principal	-	-	-	-	-	-	-	-	-	-	-	21.2	39.4	40.2	40.9	28.1	-	-	-	-
Class A-4 Ending Balance	169.8	169.8	169.8	169.8	169.8	169.8	169.8	169.8	169.8	169.8	169.8	148.6	109.2	69.0	28.1	-	-	-	-	-
Class A-5 Beginning Balance	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	154.0	111.4	67.7	22.8
Class A-5 Interest	5.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	3.6	2.5	1.4	0.3
Class A-5 Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.6	42.6	43.7	44.8	22.8
Class A-5 Ending Balance	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	167.6	154.0	111.4	67.7	22.8	-
Total DS	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**46.3**	**23.1**

Note: Collections less expenses and excess funds subaccount deposits / (withdrawals) may not equal Cash Flow Available for Debt Service due to rounding.

SRB Securities Assumptions	
Total Debt	$978,800,000
Scheduled Maturity (year)	19.7
Legal Final (year)	21.7
Annual Servicing Fee	$0
Ongoing Expenses	$224,500
Payment Frequency	Semi-Annual

SRB Securities Capital Structure

Class	Balance ($)	Benchmark	Benchmark Rate	Spread	Coupon	WAL (yrs)	Prin Wind. (yrs)	Sch Mat (yrs)	Legal Final (yrs)
A-1	$102,700,000	2yr UST	0.16%	+25	0.41%	1.7	0.7 - 2.7	2.7	4.7
A-2	130,200,000	5yr UST	0.34%	+45	0.79%	4.2	2.7 - 5.7	5.7	7.7
A-3	304,400,000	10yr UST	0.78%	+65	1.43%	8.9	5.7 - 11.7	11.7	13.7
A-4	222,200,000	10yr UST	0.78%	+110	1.88%	14.1	11.7 - 16.2	16.2	18.2
A-5	219,300,000	20yr UST	1.34%	+120	2.54%	18.1	16.2 - 19.7	19.7	21.7
Total / WA	**$978,800,000**		**0.95%**	**+97**	**1.93%**	**10.8**	**0.7 - 19.7**	**19.7**	**21.7**

SRB Securities Revenues ($mm)	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20
DEC Collections (Debt Svc & Expenses)	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	7.2
DEP Collections (Debt Svc & Expenses)	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	23.2
Less: Ongoing Expenses Paid	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Cash Flow Available for Debt Service	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**30.3**

SRB Securities Cash Flow ($mm)	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20
Class A-1 Beginning Balance	102.7	60.2	15.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-1 Interest	0.4	0.2	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-1 Principal	42.5	45.2	15.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-1 Ending Balance	60.2	15.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Beginning Balance	130.2	130.2	130.2	99.7	54.0	7.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Interest	1.2	1.0	1.0	0.7	0.3	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Principal	-	-	30.5	45.8	46.1	7.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-2 Ending Balance	130.2	130.2	99.7	54.0	7.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A-3 Beginning Balance	304.4	304.4	304.4	304.4	304.4	304.4	265.7	218.5	170.6	122.1	72.8	22.9	-	-	-	-	-	-	-	-
Class A-3 Interest	5.1	4.3	4.3	4.3	4.3	4.2	3.6	2.9	2.3	1.6	0.9	0.2	-	-	-	-	-	-	-	-
Class A-3 Principal	-	-	-	-	-	38.7	47.2	47.9	48.5	49.2	49.9	22.9	-	-	-	-	-	-	-	-
Class A-3 Ending Balance	304.4	304.4	304.4	304.4	304.4	265.7	218.5	170.6	122.1	72.8	22.9	-	-	-	-	-	-	-	-	-
Class A-4 Beginning Balance	222.2	222.2	222.2	222.2	222.2	222.2	222.2	222.2	222.2	222.2	222.2	222.2	194.4	142.9	90.3	36.8	-	-	-	-
Class A-4 Interest	4.9	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.1	3.4	2.4	1.4	0.4	-	-	-	-
Class A-4 Principal	-	-	-	-	-	-	-	-	-	-	-	27.8	51.6	52.5	53.5	36.8	-	-	-	-
Class A-4 Ending Balance	222.2	222.2	222.2	222.2	222.2	222.2	222.2	222.2	222.2	222.2	222.2	194.4	142.9	90.3	36.8	-	-	-	-	-
Class A-5 Beginning Balance	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	201.5	145.8	88.6	29.9
Class A-5 Interest	6.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	4.8	3.3	1.9	0.4
Class A-5 Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17.8	55.8	57.2	58.7	29.9
Class A-5 Ending Balance	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	219.3	201.5	145.8	88.6	29.9	-
Total DS	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**60.5**	**30.3**

Note: Collections less expenses may not equal Cash Flow Available for Debt Service due to rounding.

Notes:

1. Structure is preliminary and subject to change based on market conditions and rating agency requirements at the time of pricing.
2. Structure is based in part upon information supplied by the Company which is believed to be reliable but has not been verified. Potential application of franchise fees and gross receipts taxes is not reflected in the ongoing cost amounts. No representation or warranty is being made relating to this structure. Estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes only to simplify the presentation and/or calculation of any projections or estimates. No assurance can be given that any such assumptions will reflect actual future events.
3. Assumes “AAAsf” ratings.
4. Benchmark rates as of October 9, 2020.
5. Weighted average benchmark rate, spread, and coupon weighted based on tranche balances and WALs.
6. Assumes the forecast for power consumption, customer numbers and average collection curve provided by the Companies.
7. Assumes no collections for the first two months of the transaction.