**Section 285.4030 Schedule D-3: Embedded Cost of Long-term Debt, including Notes**

a) Provide the embedded cost of any long-term debt, including any notes, on Schedule D-3. The embedded cost of long-term debt shall be provided for each year from and including the last completed calendar or fiscal year through the capital structure measurement period. The utility may choose either the net proceeds or internal rate of return method to calculate the embedded cost of long-term debt.

b) Utilities selecting the net proceeds method shall provide the following data by issue. Items may not be combined:

1) Debt issue type, coupon rate;

2) Date issued (month, day, year);

3) Maturity date (month, day, year);

4) Principal amount;

5) Face amount outstanding;

6) Unamortized discount or premium;

7) Unamortized debt expense (including gains and losses on reacquired debt);

8) Carrying value (subsection (b)(5) minus subsection (b)(6) minus subsection (b)(7));

9) Annualized coupon interest;

10) Annualized amortization of discount or premium;

11) Annualized amortization of debt expense (including gains and losses on reacquired debt);

12) Annualized interest expense (subsection (b)(9) plus subsection (b)(10) plus subsection (b)(11)); and

13) Embedded cost of long-term debt (subsection (b)(12) divided by subsection (b)(8)).

c) Utilities selecting the internal rate of return method shall include the following data by issue. Items may not be combined:

1) Debt issue type, coupon rate;

2) Date issued (month, day, year);

3) Maturity date (month, day, year);

4) Principal amount;

5) Face amount outstanding;

6) Current proceeds (including gains and losses on reacquired debt);

7) Discount rate;

8) Annual cost (subsection (c)(6) multiplied by subsection (c)(7)); and

9) Embedded cost of long-term debt (subsection (c)(8) divided by subsection (c)(6)).

d) Additional instructions:

1) Provide totals wherever applicable. Provide the embedded cost of long-term debt (subsections (b)(13) and (c)(9)) for totals only.

2) Capital lease obligations shall be included only if the recovery of lease payments is not being requested through operating expense.

A) Footnote capital leases excluded from this Schedule.

B) For capital leases included in this Schedule, briefly describe the leased property and the financing terms of the lease, including its life, principal payments, and interest rate.

3) Include any compensating balance requirements in unamortized debt discount. Utilities selecting the net proceeds method shall credit annualized amortization of debt discount with any interest or dividends earned on the compensating balance.

4) Gains and losses on reacquired debt.

A) Net proceeds method. Utilities selecting the net proceeds method shall amortize gains and losses over the remainder of the reacquired or refunding issue's original term to maturity. Gains and losses on reacquired debt shall be listed, by issue, separately from outstanding debt issues, replacing maturity date (subsection (b)(3)) with the conclusion of the amortization period.

B) Internal rate of return method. Utilities selecting the internal rate of return method shall include gains and losses on reacquired debt in either the computation of the discount rate of any refunding issue, if applicable, or by amortizing gains and losses over the remainder of the reacquired or refunding debt issue's original term to maturity. Gains and losses on such reacquired debt shall be listed by issue, replacing the annual cost (subsection (c)(8)) with the annualized amortization of gains and losses and maturity date (subsection (c)(3)) with the conclusion of the amortization period, if applicable.

5) Include long-term debt due within one year.

6) Interest rates on variable or adjustable rate debt shall equal the annualized rates that the utility paid no more than 60 days prior to the rate filing date or the prevailing or forecasted interest rates on short-term debt of similar risk and terms.

e) Provide the following work papers or documents supporting Schedule D-3:

1) For each variable and adjustable rate debt issue provide the following:

A) The formulas used to set the interest rate;

B) The portions of documents describing the manner by which the interest rate is set (e.g., indentures, loan agreements);

C) The documents supporting the interest rate forecast; and

D) The dates of interest rate adjustment.

2) The sinking fund schedule for each issue having such a requirement. This schedule shall include the following data:

A) Debt issue;

B) Payment date;

C) Sinking fund requirement; and

D) Optional sinking fund amount (if applicable).

3) Installment payment schedule for each issue having such a requirement. This schedule shall include the following data:

A) Debt issue;

B) Payment date;

C) Installment payment requirement; and

D) Optional payment amount (if applicable).

4) For each reacquired issue as of the date of its reacquisition, provide the following:

A) Reacquisition date;

B) Face amount retired;

C) Call premium;

D) Call price;

E) Unamortized discount or premium;

F) Unamortized debt expense (excluding the call premium);

G) Annualized amortization of discount or premium;

H) Annualized amortization of debt expense (excluding the call premium); and

I) Refunding issue (if applicable).

5) For each issue requiring a compensating balance, provide the following:

A) The amount of the compensating balance;

B) The interest earned on the compensating balance; and

C) The rate of interest or dividends earned on the compensating balance.

6) List the obligations of all persons or entities, non-utility affiliates or otherwise, the repayment of which the utility guarantees in any manner or form. In addition, identify the obligor, the amount of the obligation, including principal and interest, its due date, any consideration received by the utility as guarantor, and the ICC docket number of any order authorizing the contract. Exclude agreements with nuclear fuel lease subsidiaries and financing subsidiaries established solely for the purpose of servicing the financial obligations of the utility.

7) The calculation of the discount rate for each issue (internal rate of return methodology only, including gains and losses on reacquired debt).