

**NSP  
Comparison of Accrual Accounting Versus NSP Treatment of Inflation**

Line	Assumptions:	
	Year 1 (2000) Data	Year 1
1	Number of Structures	2000
2	Service Life	1 structure
3	Average age of structure	10 years
4	Remaining life	0 years
5	Present Value of Disposal Cost Per Structure	10 years
6	Present Value of Future Disposal Costs L.1 * L5	\$61.39
7	Future inflation rate	\$61.39
8	Inflated Value of Future Disposal Costs	5.00% Assumed
9	Original Cost of Structure	\$ 100.00
10	NSP Approach -(L8/L9)	\$ 100,000
		-0.10%

Year	<u>Straight Line Recovery of Original PV of Future Removal</u>			<u>Inflation to Original Cost of Future Removal</u>				<u>Annual Expense</u>		NSP Inflation Matching
	Original Cost of Future Removal BOY	Depreciation Expense	Accumulated Depreciation EOY	PV of Future Cost BOY	Inflation Expense	PV of Cost EOY	Cumulative Inflation	Accrual Basis Annual Expense	NSP Annual Expense	
2000	\$61.39	\$6.14	\$6.14	\$ 61.39	\$3.07	\$64.46	\$3.07	\$9.21	\$10.00	\$3.86
2001	\$61.39	\$6.14	12.28	64.46	3.22	67.68	6.29	9.36	\$10.00	3.86
2002	\$61.39	\$6.14	18.42	67.68	3.38	71.07	9.68	9.52	\$10.00	3.86
2003	\$61.39	\$6.14	24.56	71.07	3.55	74.62	13.23	9.69	\$10.00	3.86
2004	\$61.39	\$6.14	30.70	74.62	3.73	78.35	16.96	9.87	\$10.00	3.86
2005	\$61.39	\$6.14	36.83	78.35	3.92	82.27	20.88	10.06	\$10.00	3.86
2006	\$61.39	\$6.14	42.97	82.27	4.11	86.38	24.99	10.25	\$10.00	3.86
2007	\$61.39	\$6.14	49.11	86.38	4.32	90.70	29.31	10.46	\$10.00	3.86
2008	\$61.39	\$6.14	55.25	90.70	4.54	95.24	33.85	10.67	\$10.00	3.86
2009	\$61.39	\$6.14	61.39	95.24	4.76	100.00	38.61	10.90	\$10.00	3.86
		\$61.39			\$38.61			\$100.00	\$100.00	

