

Development of Excess Deferred Taxes

<u>Description</u>	<u>Source</u>	<u>A</u> <u>7/04-6/05</u>	<u>B</u> <u>7/05-6/06</u>	<u>C=B-A</u> <u>Delta</u>	<u>D=(A+B)*.5</u> <u>Reserve Change</u>
1 Total Company	Note 1	\$65,548	\$44,040	(\$21,508)	(\$54,794)
2 Interstate	Note 2	\$12,462	\$7,827	(\$4,635)	(\$10,144)
		51.35%	48.65%		
		<u>Common Line</u>	<u>Special Access</u>	<u>Total</u>	
3 Excess Deferred Tax	Note 3	(\$2,380)	(\$2,255)	(\$4,635)	
4 Excess Deferred Tax Reserve	Note 3	(\$5,209)	(\$4,935)	(\$10,144)	
5 Net Rate base	Line 4 *-1.0	\$5,209	\$4,935	\$10,144	
6 Return	Line 5 * 0.1125	\$586	\$555	\$1,141	
7 Federal Income Tax Change	(Ln6-Ln3)*0.35/(1.0-.35)-Ln3	\$3,977	\$3,768	\$7,746	
8 Revenue Impact	Line 6 + Line 7	\$4,563	\$4,325	\$8,888	

Note 1: Column A from Transmittal No. 791 Form EXG-EDT. Column B from corporate tax.

Note 2: ARMIS 43-01 row 1840 interstate ratios = 0.17772

Note 3: SUM1Col. A used for Basket allocations
Corporate Tax

<u>2005</u>	<u>2006</u>	<u>Total</u>	<u>Midpoint</u>
\$52,683	\$35,397	\$88,080	\$44,040

		<u>Ratio</u>
Interstate Common Line Revenues (t-1) Form Sum 1 line 120	\$ 60,244,285	0.5135
Interstate Special Access Revenues (t-1) Form Sum 1 line 340	\$ 57,079,980	0.4865
Total	\$ 117,324,265	1.00

Development of Investment Tax Credit (ITC)

<u>Description</u>	<u>Source</u>	<u>A</u> <u>7/04-6/05</u>	<u>B</u> <u>7/05-6/06</u>	<u>C=B-A</u> <u>Delta</u>
1 Total Company	Note 1	\$571,995	\$502,221	(\$69,774)
2 Interstate	Note 2	\$128,538	\$112,429	(\$16,109)
		51.35% <u>Common Line</u>	48.65% <u>Special Access</u>	<u>Total</u>
3 Investment Tax Credit	Note 3	(\$8,272)	(\$7,837)	(\$16,109)
4 Federal Income Tax	Line 3/(1-.35)*-1	\$12,726	\$12,059	\$24,785
8 Revenue Impact		\$12,726	\$12,059	\$24,785

Note 1: Column A from Transmittal No. 791 Form EXG-ITC. Column B from corporate tax.

Note 2: EXD-ITC. CBT internal worksheet used to calculate interstate amounts = 0.22386

Note 3: SUM1 Col A used Basket for allocations

Corporate Tax	<u>2005</u> \$534,672	<u>2006</u> \$469,770	<u>Total</u> \$1,004,442	<u>Midpoint</u> \$502,221
			<u>Ratio</u>	
Interstate Common Line R Form Sum 1 line 120		\$ 60,244,285	0.5135	
Interstate Special Access Form Sum 1 line 340		\$ 57,079,980	0.4865	
Total		\$ 117,324,265	1.00	

Summary of Exogenous Changes

EXG-SUM
Page 1 of 1

	<u>Description</u>	<u>Source</u>	<u>Common Line</u>	<u>Special Access</u>	<u>Total</u>
1	ITC Amortization	EXG-ITC	\$12,726	\$12,059	\$24,785
2	Excess Deferred Taxes	EXG-EDT	\$4,563	\$4,325	\$8,888
	Total Exogenous	Sum (Line 1.... Line 2)	\$17,289	\$16,383	\$33,673