

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
Central Hudson Gas & Electric Corporation

Case 08-E-0887 & 08-G-0888

November 2008

Prepared Exhibits (AP-1) and
(AP-2) of:
Accounting Panel

Michael Summa
Public Utility Auditor II

Debbie Evans
Public Utility Auditor II

Dave Shahbazian
Senior Auditor

Office of Accounting & Finance
State of New York
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Central Hudson Gas & Electric Corporation
Electric Operations Income Statement and Rate of Return Calculation
For the Rate Year Ended June 30, 2010
(\$000)

	Before Proposed Rate Change	Adj. No.	Staff Adjustments	As Adjusted	Revenue Requirement	As Adjusted Rate Year Revenue Requirement
Operating Revenues						
Own Territory Delivery Revenues	\$217,820	1	(\$241)	\$217,579	\$17,606	\$235,185
ECAM Revenues	0			0		0
SBC Surcharge Revenues	0			0		0
Deferred Revenues	0			0		0
Subtotal- Delivery Rates	<u>\$217,820</u>		<u>(\$241)</u>	<u>\$217,579</u>	<u>\$17,606</u>	<u>\$235,185</u>
Resale Revenues	0					0
Other Operating Revenues	<u>6,743</u>			<u>6,743</u>	<u>266</u>	<u>7,009</u>
Total Operating Revenues	<u>\$224,563</u>		<u>(\$241)</u>	<u>\$224,322</u>	<u>\$17,872</u>	<u>\$242,194</u>
Operating Expenses						
Production Maintenance	\$516			\$516		\$516
Right of Way Maintenance-Transmission	1,592			1,592		1,592
Right of Way Maintenance-Distribution	9,792			9,792		9,792
Labor	47,250	2	(3,674)	43,576		43,576
Research and Development	1,927			1,927		1,927
Expenses Projected Based on Inflation	9,419			9,419		9,419
Miscellaneous General Expenses	2,926			2,926		2,926
Transportation Depreciation	1,736			1,736		1,736
Transportation Fuel	1,379	3	(421)	958		958
Fringe Benefits	6,195	4	(525)	5,670		5,670
Other Post Employee Benefits	3,713			3,713		3,713
Pension Plan	8,666			8,666		8,666
Contract Rents	1,885			1,885		1,885
Uncollectible Accounts	1,259	5	(1)	1,258	\$100	1,358
Regulatory Commission Expenses	1,753	6	(162)	1,591		1,591
Information Technology Expense	2,006			2,006		2,006
Other Operating Insurance	1,247	7	(513)	734		734
Telephone	1,877			1,877		1,877
Legal Services	2,401	8	(261)	2,140		2,140
Special Services	1,251			1,251		1,251
Injuries and Damages	2,000	9	(134)	1,866		1,866
Storm Restoration	4,603			4,603		4,603
Environmental	457	10	(93)	364		364
Enhanced Powerful Opportunities Program	1,127	11	403	1,530		1,530
Expenses Allocated to Affiliates	(674)			(674)		(674)
Stray Voltage Testing	2,023	12	(113)	1,910		1,910
MGP Remediation Cost Recovery	6,599	13	(4,200)	2,399		2,399
Bill Print & Mail to Customer	602	14	(61)	541		541
Informational & Institutional Advertising	502			502	\$12	514
Energy Efficiency Program	0			0		0
Transmission Enhanced Infrastructure Maintenance	700			700		700
Transmission Sag Mitigation	1,100	15	(1,100)	0		0
Economic Development	213	16	(213)	0		0
Competition Education Program	298	17	(298)	0		0
Productivity	(472)	18	(176)	(648)		(648)
Total Operating Expenses	<u>\$127,868</u>		<u>(\$11,542)</u>	<u>\$116,326</u>	<u>\$112</u>	<u>\$116,438</u>
Other Deductions						
Property Taxes	\$20,649			\$20,649		\$20,649
Revenue Taxes	3,436	19	(6)	3,430	\$438	3,868
Payroll Taxes	3,486	20	(268)	3,218		3,218
Other Taxes	1,419	21	(16)	1,403		1,403
Depreciation T&D	27,851	22	(1,408)	26,443		26,443
Total Other Deductions	<u>\$56,841</u>		<u>(\$1,698)</u>	<u>\$55,143</u>	<u>\$438</u>	<u>\$55,581</u>
State Income Taxes	\$1,053	23	\$830	\$1,882	\$1,230	\$3,112
Federal Income Taxes	8,402	24	3,849	12,250	5,632	17,883
Total Income Taxes	<u>\$9,455</u>		<u>\$4,679</u>	<u>\$14,132</u>	<u>\$6,862</u>	<u>\$20,995</u>
Total Operating Revenue Deductions	<u>\$194,164</u>		<u>(\$8,561)</u>	<u>\$185,601</u>	<u>\$7,412</u>	<u>\$193,014</u>
Net Operating Income	<u>\$30,399</u>		<u>\$8,320</u>	<u>\$38,721</u>	<u>\$10,460</u>	<u>\$49,181</u>
Rate Base	<u>\$654,813</u>		<u>\$14,994</u>	<u>\$669,807</u>		<u>\$669,807</u>
Rate of Return	4.64%			5.78%		7.34%

Central Hudson Gas & Electric Corporation
Electric Operations Federal Income Tax
For the Rate Year Ended June 30, 2010
(\$000)

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>	<u>Revenue Requirement</u>	<u>As Adjusted</u>
Income Before Federal Income Tax Excluding Interest Charges	\$39,854		\$12,999	\$52,853	\$17,322	\$70,175
Reconciling Amounts:						
Total Additional Income and Unallowable Deductions	\$50,669		(\$5,616)	\$45,053		\$45,053
Total Additional Deductions and Nontaxable Income	\$86,576		(\$6,658)	\$79,918		\$79,918
Taxable Income before State Income Tax Deduction	\$3,947		\$14,041	\$17,988	\$17,322	\$35,310
Taxable Income after State Income Tax Deduction	\$3,923		\$13,044	\$16,967	\$16,092	\$33,060
Dividend Credit on Preferred Stock	(\$95)		\$0	(\$95)	\$0	(\$95)
Adjusted Taxable Income	<u>\$3,828</u>		<u>\$13,044</u>	<u>\$16,872</u>	<u>\$16,092</u>	<u>\$32,965</u>
Federal Income Tax						
Current Period Accrual	\$1,340		\$4,566	\$5,905	\$5,632	\$11,538
Additional Accrual	1			1		1
Total	<u>\$1,341</u>		<u>\$4,566</u>	<u>\$5,906</u>	<u>\$5,632</u>	<u>\$11,539</u>
Total Provision for Deferred Income Tax Accounts 410.1 & 411.1	<u>\$7,061</u>		<u>(\$717)</u>	<u>\$6,344</u>		<u>\$6,344</u>
Total Federal Income Taxes	<u>\$8,402</u>		<u>\$3,849</u>	<u>\$12,250</u>	<u>\$5,632</u>	<u>\$17,883</u>

Central Hudson Gas & Electric Corporation
Electric Operations Additional Income and Unallowable Deductions and
Electric Operations Additional Deductions and Nontaxable Income
For the Rate Year Ended June 30, 2010
(\$000)

<u>Reconciling Items</u>	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
<u>Additional Income and Unallowable Deductions:</u>				
Depreciation - Central Hudson	\$27,894		(\$1,408)	\$26,486
Transportation Depreciation	2,952			2,952
Officers Life Insurance Policy Premium	47			47
50 Percent Meal Disallowance	180			180
Avoided Cost Interest Capitalized	856			856
Contribution in Aid of Construction	1,409			1,409
Mortgage Bond Redempt Prem.	241			241
MGP SIR Costs & Recovery	4,208	25	(4,208)	0
OPEB Expense-Not Funded	4,035			4,035
Medicare Act Subsidy over/under collection	1			1
Officers Pension Expense FAS 87	1,127			1,127
Pension Expense-Not Deductible	7,719			7,719
Total	<u>\$50,669</u>		<u>(\$5,616)</u>	<u>\$45,053</u>

<u>Reconciling Items</u>				
<u>Additional Deductions and Nontaxable Income:</u>				
Interest Expense	\$18,138		\$1,778	\$19,916
Depreciation - Central Hudson	46,811		(1,667)	45,144
Property Tax Accrued-Central Hudson	204			204
Vacation Accrual- Additional Tax Deduction	11			11
Officers Life Insurance Policy-Buildup CSV	34			34
Cost of Removal-Tax Basis	4,640			4,640
Repair Allowance	1,000			1,000
MGP SIR Costs & Recovery	6,769	26	(6,769)	0
OPEB Expense-Not Funded	2,050			2,050
OPEB Expense Medicare Act Subsidy	322			322
Deferred OPEB Over/Under Collected	1			1
Officers Pension Expense FAS 87	445			445
Pension Expense-Not Deductible	6,150			6,150
Deferred Pension Expense Over/Under Collected	1			1
Total	<u>\$86,576</u>		<u>(\$6,658)</u>	<u>\$79,918</u>

Central Hudson Gas & Electric Corporation
Electric Operations Federal Income Tax Deferred Items
For the Rate Year Ended June 30, 2010
(\$000)

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
FIT - Current Benefits Deferred:				
Depreciation-Central Hudson	\$7,627		(\$91)	\$7,536
Avoided Cost Interest Capitalized	30	27	270	300
Cost of Removal-Tax Basis	536			536
Repair Allowance	(47)			(47)
Contribution in Aid of Construction	(295)			(295)
Mortgage Bond Redemption Premium	(84)			(84)
MGP Site Removal Costs	896	28	(896)	0
OPEB Expense-Not Funded	(695)			(695)
Officers Pension Expense FAS 87	(239)			(239)
Pension Expense-Not Deductible	(549)			(549)
Amort. Deferred FIT Construction Charges	(109)			(109)
Amort. 81-82 ACRS Method Change	(10)			(10)
	<u>\$7,061</u>		<u>(\$717)</u>	<u>\$6,344</u>
FIT - Current Benefits Deferred	<u>\$7,061</u>		<u>(\$717)</u>	<u>\$6,344</u>

Central Hudson Gas & Electric Corporation
Electric Operations State Income Tax
For the Rate Year Ended June 30, 2010
(\$000)

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>	<u>Revenue Requirement</u>	<u>As Adjusted</u>
Federal Taxable Income	\$39,854		\$12,999	\$52,853	\$17,322	\$70,175
Reconciling Amounts:						
Total Additional Income and Unallowable Deductions	50,669		(5,616)	45,053	0	45,053
Total Additional Deductions and Nontaxable Income	<u>86,576</u>		<u>(6,658)</u>	<u>79,918</u>	<u>0</u>	<u>79,918</u>
Taxable Income before State Income Tax Deduction	<u>\$3,947</u>		<u>\$14,041</u>	<u>\$17,988</u>	<u>\$17,322</u>	<u>\$35,310</u>
NYS Adjustments to Federal Taxable Income:						
Additions:						
Federal Depreciation Deduction Transition Property	<u>\$10,184</u>			<u>\$10,184</u>		<u>\$10,184</u>
Total Additions	<u>\$10,184</u>		<u>\$0</u>	<u>\$10,184</u>	<u>\$0</u>	<u>\$10,184</u>
Subtractions:						
NYS Depreciation Deduction Transition Property	\$13,696			\$13,696		\$13,696
Amortization - Regulatory Asset	<u>103</u>			<u>103</u>		<u>103</u>
Total Subtractions	<u>\$13,799</u>		<u>\$0</u>	<u>\$13,799</u>	<u>\$0</u>	<u>\$13,799</u>
NYS Taxable Income	\$332		\$14,041	\$14,373	\$17,322	\$31,695
State Income Tax						
Accrual For Current Period	<u>\$24</u>		<u>\$997</u>	<u>\$1,020</u>	<u>\$1,230</u>	<u>\$2,250</u>
Total	<u>\$24</u>		<u>\$997</u>	<u>\$1,020</u>	<u>\$1,230</u>	<u>\$2,250</u>
Current Benefits Deferred	<u>\$1,029</u>		<u>(\$167)</u>	<u>\$862</u>		<u>\$862</u>
Total State Income Taxes	<u>\$1,053</u>		<u>\$830</u>	<u>\$1,882</u>	<u>\$1,230</u>	<u>\$3,112</u>

Central Hudson Gas & Electric Corporation
Electric Operations State Income Tax Deferred Items
For the Rate Year Ended June 30, 2010
(\$000)

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
SIT - Current Benefits Deferred:				
Depreciation-Central Hudson	\$1,072		(\$12)	\$1,060
Avoided Cost Interest Capitalized	(3)	29	(37)	(40)
Cost of Removal-Tax Basis	69			69
Repair Allowance	25			25
Contribution in Aid of Construction	(49)			(49)
Mortgage Bond Redemption Premium	(8)			(8)
MGP Site Removal Costs	118	30	(118)	0
OPEB Expense-Not Funded	(92)			(92)
Officers Pension Expense FAS 87	(31)			(31)
Pension Expense-Not Deductible	(72)			(72)
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SIT - Current Benefits Deferred	<u>\$1,029</u>		<u>(\$167)</u>	<u>\$862</u>

Central Hudson Gas & Electric Corporation
 Electric Operations Rate Base Summary
 For the Rate Year Ended June 30, 2010
 (\$000)

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
Book Cost of Utility Plant	\$1,030,205	31	(\$3,631)	\$1,026,574
Less: Accumulated Provision for Depreciation & Amortization	<u>(\$345,531)</u>	32	<u>\$19,879</u>	<u>(\$325,652)</u>
Net Plant	<u>\$684,674</u>		<u>\$16,248</u>	<u>\$700,922</u>
Noninterest-Bearing Construction Work in Progress	\$34,336			\$34,336
Customer Advances for Undergrounding	(\$1,434)			(\$1,434)
Deferred Charges	\$10,268		\$0	\$10,268
Accumulated Deferred Federal Taxes	(\$108,888)		(\$90)	(\$108,978)
Accumulated Deferred State Taxes	(\$5,760)		\$24	(\$5,736)
Working Capital	<u>\$34,858</u>		<u>(\$1,188)</u>	<u>\$33,670</u>
Unadjusted Rate Base	\$648,054		\$14,994	\$663,048
Capitalization Adjustment to Rate Base	\$6,759			\$6,759
Rate Base	<u><u>\$654,813</u></u>		<u><u>\$14,994</u></u>	<u><u>\$669,807</u></u>

Central Hudson Gas & Electric Corporation
Electric Operations Deferred Items - Rate Base
For the Rate Year Ended June 30, 2010
(\$000)

Deferred Charges:

	Before Proposed <u>Rate Change</u>	Adj. <u>No.</u>	Staff <u>Adjustments</u>	<u>As Adjusted</u>
MTA Tax	\$787			\$787
Unamortized Debt Expense	2,867			2,867
Unamortized Discount Long Term Debt	40			40
Deferred Revenues-Attachments Rents	(450)			(450)
Executive Deferred Compensation Plan	2,096			2,096
Unamortized Loss on Reacquired Debt	3,706			3,706
Preferred Stock Costs & Redemption Premium	1,222			1,222
Total Deferred Charges	<u>\$10,268</u>		<u>\$0</u>	<u>\$10,268</u>

Accumulated Deferred Federal Taxes

	Before Proposed <u>Rate Change</u>	Adj. <u>No.</u>	Staff <u>Adjustments</u>	<u>As Adjusted</u>
Investment Tax Credit	(\$1,046)			(\$1,046)
Contributions in Aid of Construction	3,989			3,989
Unbilled Revenue	9,144			9,144
Construction Overheads	(566)			(566)
MTA Tax	(276)			(276)
Deferred Avoided Cost Interest Capitalized	1,067	33	(135)	932
Deferred Revenues- Attachment Rents	157			157
Bonds Redeemed	(785)			(785)
Cost of Removal	(2,285)			(2,285)
Repair allowance	(10,294)			(10,294)
Normalized Depreciation	(110,569)		45	(110,524)
ACRS Method Change	(18)			(18)
Use of Customer Benefit Acct-Capital Reliability Program	1,593			1,593
MACRS - Capital Reliability Program	1,001			1,001
Total Deferred Taxes	<u>(\$108,888)</u>		<u>(\$90)</u>	<u>(\$108,978)</u>

Accumulated Deferred State Income Taxes

	Before Proposed <u>Rate Change</u>	Adj. <u>No.</u>	Staff <u>Adjustments</u>	<u>As Adjusted</u>
Normalized Depreciation	(\$6,098)		\$6	(\$6,092)
MTA Tax	(6)			(6)
Deferred Avoided Cost Interest Capitalized	71	34	19	90
Deferred Revenues- Attachment Rents	21			21
Bonds Redeemed	(84)			(84)
Cost of Removal	(302)			(302)
Repair Allowance	(855)			(855)
Contributions in Aid of Construction	422			422
Unbilled Revenue	648			648
Use of Customer Benefit Acct-Capital Reliability Program	222			222
MACRS - Capital Reliability Program	201			201
Rate Base Credit	0			0
MGP Site Costs	0			0
Total Deferred Taxes	<u>(\$5,760)</u>		<u>\$24</u>	<u>(\$5,736)</u>

Central Hudson Gas & Electric Corporation
Electric Operations Working Capital - Rate Base
For the Rate Year Ended June 30, 2010
(\$000)

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
<u>Materials and Supplies</u>				
Other Material and Supplies	\$6,146		\$0	\$6,146
<u>Prepayments</u>				
Prepaid Property Taxes	\$6,256			\$6,256
Prepaid Insurance	1,076	35	(170)	906
Other Prepayments	1,815			1,815
Prepayments Working Capital	<u>\$9,147</u>		<u>(\$170)</u>	<u>\$8,977</u>
<u>Operation and Maintenance</u>				
Cash Working Capital	<u>\$19,565</u>		<u>(\$1,018)</u>	<u>\$18,547</u>
Total Working Capital	<u><u>\$34,858</u></u>		<u><u>(\$1,188)</u></u>	<u><u>\$33,670</u></u>

Central Hudson Gas & Electric Corporation
Electric Operations Capital Structure
For the Rate Year Ended June 30, 2010
(\$000)

	<u>Amount</u>	<u>Adj. No.</u>	<u>%</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pretax</u>
Long Term Debt	\$468,990		51.78%	5.65%	2.93%	2.93%
Customer Deposits	\$8,114		0.90%	4.85%	0.04%	0.04%
Preferred Stock	\$21,027		2.32%	5.05%	0.12%	0.20%
Common Equity	\$407,560		45.00%	9.45%	4.25%	7.04%
Total	<u>\$905,691</u>	36	<u>100.0%</u>		<u>7.34%</u>	<u>10.21%</u>

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
Interest deduction				
Rate Base	\$654,813		\$14,994	\$669,807
IB CWIP	\$0	37	\$774	\$774
Subtotal	<u>\$654,813</u>		<u>\$15,768</u>	<u>\$670,581</u>
Weighted cost of long term debt	2.77%			2.97%
Total interest - tax deduction	<u>\$18,138</u>		<u>\$1,778</u>	<u>\$19,916</u>

Central Hudson Gas & Electric Corporation
Electric Operations Revenue Requirement Calculation
For the Rate Year Ended June 30, 2010
(\$000)

	Adj. No.			
Net Income after Rate Increase		\$49,181	\$669,807	7.34%
Net Income before Rate Increase		<u>\$38,721</u>		
Net Income Increase		10,460		
Retention Factor		<u>0.5941</u>		
Revenue Increase Required		<u>\$17,606</u>		
Revenue Increase Required(to I/S)		<u>\$17,606</u>		
Revenue Increase Required		<u>\$17,606</u>		
Uncollectibles		<u>\$100</u>		
Revenue Taxes		<u>\$438</u>		
Informational Advertising		<u>\$12</u>		
Finance Charge	39	<u>\$266</u>		
<u>Retention Factor</u>				
Additional Revenue Requirement		1.0000		
Less: Revenue Tax		0.02485		
Uncollectibles		0.0057		
Informational Advertising		0.0007		
Finance Charge		-0.0151		
Operating Income subject to FIT		<u>0.9838</u>		
Less: FIT		0.3443		
Less: SIT		0.0454		
Net Operating Income		<u>0.5941</u>		

Adj. No.	Explanation		Staff Witness
Revenues (Sch 1)			
1	Own Territory Delivery Revenues To reflect Staff's adjustment to the forecasted revenues	(\$241)	Vijay Puran
Operation & Maintenance Expenses (Sch 1)			
2	Labor To reflect Staff's change to company's employee count & to eliminate incentive pay	(\$3,674)	Michael Summa
3	Transportation Fuel To reflect Staff's changes to the company's normalization adjustment & use of GDP inflation rates instead of growth rate	(\$421)	Dave Shahbazian
4	Fringe Benefits To reflect Staff's use of GDP inflation rates instead of a growth rate and changes to employee count	(\$525)	Debbie Evans
5	Uncollectible Accounts To track Staff's changes to operating revenues	(\$1)	Michael Summa
6	Regulatory Commission Expense To reflect Staff's use of GDP inflation rates instead of a growth rate	(\$162)	Dave Shahbazian
7	Other Operating Insurance To reflect Staff's elimination of excess directors and officers insurance policies	(513)	Debbie Evans
8	Legal Services To reflect Staff's use of a three-year average of actual legal services expenditures	(261)	Michael Summa
9	Injuries & Damages To reflect Staff's use of a three-year average of insurance claims	(134)	Debbie Evans
10	Environmental To reflect Staff's use of a three-year average of environmental expenses	(\$93)	Michael Summa
11	Enhanced Powerful Opportunities Program To reflect Staff's additional low income bill discount program	\$403	Len Silverstein
12	Stray Voltage Testing To reflect Staff's use of an average of actual costs and use of GDP inflation rates instead of escalation factors	(\$113)	Michael Summa
13	MGP Remediation Cost Recovery To reflect Staff's use of a three-year average of actual MGP expenditures	(\$4,200)	Michael Summa
14	Bill Print & Mail to Customer To reflect Staff's use of a three-year average and use of GDP inflation rates instead of a growth rate	(\$61)	Dave Shahbazian
15	Transmission Sag Mitigation To reflect Staff's elimination from rates	(1,100)	Michael Summa
16	Economic Development Fund To reflect Staff's elimination from rates	(\$213)	Michael Summa
17	Competition Education Program To reflect Staff's elimination from rates	(298)	Fran Hart
18	Productivity To reflect Staff's inclusion of employee benefits and payroll taxes	(176)	Michael Summa
Other Deductions (Sch 1)			
19	Revenue Taxes To track Staff's changes to operating revenues	(\$6)	Michael Summa
20	Payroll Taxes To reflect the impact of Staff's change to company's employee count	(\$268)	Michael Summa
21	Other Taxes To reflect Staff's use of GDP inflation rates instead of a growth rate	(\$16)	Dave Shahbazian
22	Depreciation T&D To reflect Staff's depreciation rates and the removal of the Spakenkill substation from utility plant	(1,408)	Colonel Dickens/Ken Schultz
Taxes (Sch 1)			
23	State Income Taxes To track the impact of Staff's adjustments on State Income Taxes	830	Michael Summa
24	Federal Income Taxes To track the impact of Staff's adjustments on Federal Income Taxes	3,849	Michael Summa
Federal Income Tax Reconciling Items (Sch 3)			
25	To reflect Staff's removal of MGP SIR costs and recovery from Additional Income and Unallowable Deductions	(\$4,208)	Debbie Evans
26	To reflect Staff's removal of MGP SIR costs and recovery from Additional Deductions and Nontaxable Income	(\$6,769)	Debbie Evans

Adj. No.	Explanation		Staff Witness
Federal Income Tax Deferred Items (Sch 4)			
27	To reflect Staff's deferred tax effect on interest bearing construction work in progress	\$270	Debbie Evans
28	To reflect Staff's removal of MGP Site removal costs from deferred taxes	(\$896)	Debbie Evans
State Income Tax Deferred Items (Sch 6)			
29	To reflect Staff's deferred tax effect on interest bearing construction work in progress	(37)	Debbie Evans
30	To reflect Staff's removal of MGP Site removal costs from deferred taxes	(118)	Debbie Evans
Rate Base (Sch 7)			
31	Utility Plant To reflect Staff's removal of the Spakenkill substation from utility plant	(\$3,631)	Ken Schultz
32	Depreciation Reserve To reflect Staff's depreciation rates on plant balances	\$19,879	Colonel Dickens/Ken Schultz
Rate Base Deferred Items (Sch 8)			
33	Accumulated Deferred Federal Taxes To reflect Staff's deferred tax effect on interest bearing construction work in progress	(\$135)	Debbie Evans
34	Accumulated Deferred State Income Taxes To reflect Staff's deferred tax effect on interest bearing construction work in progress	\$19	Debbie Evans
Working Capital (Sch 9)			
35	Prepaid Insurance To reflect the impact of Staff's adjustment to Other Operating Insurance	(170)	Debbie Evans
Capital Structure (Sch 10)			
36	Overall Pre-Tax Rate of Return To reflect Staff's adjustments to the capital structure	10.21%	Audrey Capers
Interest Deduction (Sch 10)			
37	To reflect Staff's inclusion of interest bearing construction work in progress	\$774	Debbie Evans
Revenue Requirement Calculation (Sch 11)			
38	Finance Charge To reflect Staff's adjustment to track the relationship between finance charges and other operating revenues	\$266	Michael Summa

Central Hudson Gas & Electric Corporation
 Gas Operations Income Statement and Rate of Return Calculation
 For the Rate Year Ended June 30, 2010
 (\$000)

	Before Proposed <u>Rate Change</u>	Adj. <u>No.</u>	Staff <u>Adjustments</u>	<u>As Adjusted</u>	Revenue <u>Requirement</u>	As Adjusted Rate Year <u>Revenue Requirement</u>
<u>Operating Revenues</u>						
Own Territory Delivery Revenues	\$52,263	1	\$1,688	\$53,951	\$6,145	\$60,096
ECAM Revenues	0			0		0
SBC Surcharge Revenues	0			0		0
Deferred Revenues	0			0		0
Subtotal- Delivery Rates	\$52,263		\$1,688	\$53,951	\$6,145	\$60,096
Resale Revenues	0			0		0
Interruptible Services	1,000	2	2,010	3,010		3,010
Other Operating Revenues	1,063			1,063	124	1,187
Total Operating Revenues	\$54,326		\$3,698	\$58,024	\$6,269	\$64,293
<u>Operating Expenses</u>						
Labor	\$11,263	3	(\$876)	\$10,387		\$10,387
Research and Development	359			359		359
Expenses Projected Based on Inflation	3,170			3,170		3,170
Miscellaneous General Expenses	577			577		577
Transportation Depreciation	347			347		347
Transportation Fuel	284	4	(87)	197		197
Fringe Benefits	1,368	5	(118)	1,250		1,250
Other Post Employee Benefits	835			835		835
Pension Plan	1,903			1,903		1,903
Environmental	80	6	(34)	46		46
Contract Rents	131			131		131
Uncollectible Accounts	614	7	42	656	\$69	725
Regulatory Commission Expenses	466	8	(50)	416		416
Information Technology Expense	358			358		358
Other Operating Insurance	189	9	(91)	98		98
Telephone	289			289		289
Legal Services	990	10	(384)	606		606
Special Services	356			356		356
Injuries and Damages	417	11	(35)	382		382
Enhanced Powerful Opportunities Program	198	12	72	270		270
Expenses Allocated to Affiliates	(119)			(119)		(119)
MGP Remediation Cost Recovery	1,165	13	(749)	416		416
Informational & Institutional Advertising	128	14	(55)	73	\$2	75
Bill Print & Mail to Customer	106	15	(11)	95		95
Excess Cost of Removal	251	16	26	277		277
Gas Leak Repairs - Distribution Main	1,635	17	(133)	1,502		1,502
Energy Efficiency Program	0			0		0
Economic Development	38	18	(38)	0		0
Competition Education Program	53	19	(53)	0		0
Recovery of Net Regulatory Assets	4,205			4,205		4,205
Productivity	(113)	20	(38)	(151)		(151)
Total Operating Expenses	\$31,543		(\$2,612)	\$28,931	\$71	\$29,002
<u>Other Deductions</u>						
Property Taxes	\$5,596			\$5,596		\$5,596
Revenue Taxes	956	21	110	1,066	\$183	1,249
Payroll Taxes	784	22	(60)	724		724
Other Taxes	282	23	(45)	237		237
Depreciation T&D	7,289	24	(105)	7,184		7,184
Total Other Deductions	\$14,907		(\$100)	\$14,807	\$183	\$14,990
State Income Taxes	\$269	25	\$438	\$706	\$427	\$1,133
Federal Income Taxes	1,867	26	1,937	3,804	1,956	5,760
Total Income Taxes	\$2,136		\$2,375	\$4,510	\$2,383	\$6,893
Total Operating Revenue Deductions	\$48,586		(\$337)	\$48,248	\$2,637	\$50,885
Net Operating Income	\$5,740		\$4,035	\$9,776	\$3,632	\$13,408
Rate Base	\$182,836		(\$231)	\$182,605		\$182,605
Rate of Return	3.14%			5.35%		7.34%

Central Hudson Gas & Electric Corporation
Gas Operations Federal Income Tax
For the Rate Year Ended June 30, 2010
(\$000)

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>	<u>Revenue Requirement</u>	<u>As Adjusted</u>
Income Before Federal Income Tax Excluding Interest Charges	\$7,876		\$6,410	\$14,286	\$6,015	\$20,301
Reconciling Amounts:						
Total Additional Income and Unallowable Deductions	\$15,897		(\$847)	\$15,050		\$15,050
Total Additional Deductions and Nontaxable Income	21,344		(939)	20,405		20,405
Taxable Income before State Income Tax Deduction	<u>\$2,429</u>		<u>\$6,502</u>	<u>\$8,931</u>	<u>\$6,015</u>	<u>\$14,946</u>
Taxable Income after State Income Tax Deduction	\$2,270		\$6,040	\$8,310	\$5,588	\$13,899
Dividend Credit on Preferred Stock	<u>(\$32)</u>		<u>\$0</u>	<u>(\$32)</u>	<u>\$0</u>	<u>(\$32)</u>
Adjusted Taxable Income	<u>\$2,238</u>		<u>\$6,040</u>	<u>\$8,278</u>	<u>\$5,588</u>	<u>\$13,867</u>
Federal Income Tax						
Current Period Accrual	<u>\$783</u>		<u>\$2,114</u>	<u>\$2,897</u>	<u>\$1,956</u>	<u>\$4,853</u>
Total	<u>\$783</u>		<u>\$2,114</u>	<u>\$2,897</u>	<u>\$1,956</u>	<u>\$4,853</u>
Total Provision for Deferred Income Tax Accounts 410.1 & 411.1	<u>\$1,084</u>		<u>(\$177)</u>	<u>\$907</u>		<u>\$907</u>
Total Federal Income Taxes	<u>\$1,867</u>		<u>\$1,937</u>	<u>\$3,804</u>	<u>\$1,956</u>	<u>\$5,760</u>

Central Hudson Gas & Electric Corporation
Gas Operations Additional Income and Unallowable Deductions
Gas Operations Additional Deductions and Nontaxable Income
For the Rate Year Ended June 30, 2010
(\$000)

<u>Reconciling Items</u>	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
<u>Additional Income and Unallowable Deductions:</u>				
Depreciation - Central Hudson	\$7,289		(\$105)	\$7,184
Transportation Depreciation	521			521
Residual Gas Deferred Balance	4,205			4,205
Officers Life Ins Policy Premium	8			8
50 Percent Meal Disallowance	32			32
Avoided Cost Interest Capitalized	89			89
Contribution in Aid of Construction	88			88
Mortgage Bond Redempt Prem.	81			81
MGP SIR Costs & Recovery	742	27	(742)	0
OPEB Expense-Not Funded	907			907
Officers Pension Expense FAS87	199			199
Pension Expense-Not Deductible	1,736			1,736
Total	<u>\$15,897</u>		<u>(\$847)</u>	<u>\$15,050</u>

<u>Reconciling Items</u>	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
<u>Additional Deductions and Nontaxable Income:</u>				
Interest Expense	\$5,065		\$360	\$5,425
Depreciation - Central Hudson	12,498		(105)	12,393
Property Tax Accrued-Central Hudson	33			33
Vacation Accrual- Additional Tax Deduction	2			2
Officers Life Ins Policy - Buildup CSV	6			6
Cost of Removal-Tax Basis	594			594
MGP SIR Costs & Recovery	1,194	28	(1,194)	0
OPEB Expense-Not Funded	450			450
OPEB Expense-Medicare Act Subsidy	72			72
Deferred OPEB Over/Under collected	1			1
Officers Pension Expense FAS87	79			79
Pension Expense-Not Deductible	1,350			1,350
Total	<u>\$21,344</u>		<u>(\$939)</u>	<u>\$20,405</u>

Central Hudson Gas & Electric Corporation
Gas Operations Federal Income Tax Deferred Items
For the Rate Year Ended June 30, 2010
(\$000)

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
FIT - Current Benefits Deferred:				
Depreciation-Central Hudson	\$2,713			\$2,713
Residual Gas Deferred Balance	(\$1,472)			(\$1,472)
Avoided Cost Interest Capitalized	4	29	(19)	(15)
Cost of Removal-Tax Basis	13			13
Contribution in Aid of Construction	35			35
Mortgage Bond Redemption Premium	(28)			(28)
MGP SIR Costs & Recovery	158	30	(158)	0
OPEB Expense-Not Funded	(160)			(160)
Officers Pension Expense FAS87	(42)			(42)
Pension Expense-Not Deductible	(135)			(135)
Amort 81-82 ACRS Method Change	(2)			(2)
	<hr/>			<hr/>
FIT - Current Benefits Deferred	<u>\$1,084</u>		<u>(\$177)</u>	<u>\$907</u>

Central Hudson Gas & Electric Corporation
Gas Operations State Income Tax
For the Rate Year Ended June 30, 2010
(\$000)

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>	<u>Revenue Requirement</u>	<u>As Adjusted</u>
Federal Taxable Income	\$7,876		\$6,410	\$14,286	\$6,015	\$20,301
Reconciling Amounts:						
Total Additional Income and Unallowable Deductions	\$15,897		(\$847)	\$15,050		\$15,050
Total Additional Deductions and Nontaxable Income	<u>21,344</u>		<u>(939)</u>	<u>20,405</u>		<u>20,405</u>
Taxable Income before State Income Tax Deduction	\$2,429		\$6,502	\$8,931	\$6,015	\$14,946
NYS Adjustments to Federal Taxable Income:						
Additions:						
Federal Depreciation Deduction Transition Property	<u>\$3,379</u>			<u>\$3,379</u>		<u>\$3,379</u>
Total Additions	\$3,379		\$0	\$3,379	\$0	\$3,379
Subtractions:						
NYS Depreciation Deduction Transition Property	\$3,541			\$3,541		\$3,541
Amortization - Regulatory Asset	<u>34</u>			<u>34</u>		<u>34</u>
Total Subtractions	\$3,575		\$0	\$3,575	\$0	\$3,575
NYS Taxable Income	\$2,233		\$6,502	\$8,735	\$6,015	\$14,750
State Income Tax						
Accrual For Current Period	<u>\$159</u>		<u>\$462</u>	<u>\$620</u>	<u>\$427</u>	<u>\$1,047</u>
Total	\$159		\$462	\$620	\$427	\$1,047
Current Benefits Deferred	<u>\$110</u>		<u>(\$24)</u>	<u>\$86</u>		<u>\$86</u>
Total State Income Taxes	<u>\$269</u>		<u>\$438</u>	<u>\$706</u>	<u>\$427</u>	<u>\$1,133</u>

Central Hudson Gas & Electric Corporation
Gas Operations State Income Tax Deferred Items
For the Rate Year Ended June 30,2010
(\$000)

	<u>Before Proposed Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
SIT - Current Benefits Deferred:				
Depreciation-Central Hudson	\$326			\$326
Residual Gas Deferred Balance	(\$194)			(\$194)
Avoided Cost Interest Capitalized	(1)	31	(3)	(4)
Cost of Removal-Tax Basis	2			2
Contribution in Aid of Construction	3			3
Mortgage Bond Redemption Premium	(2)			(2)
MGP SIR Costs & Recovery	21	32	(21)	0
OPEB Expense-Not Funded	(21)			(21)
Officers Pension Expense FAS87	(6)			(6)
Pension Expense-Not Deductible	(18)			(18)
SIT - Current Benefits Deferred	<u>\$110</u>		<u>(\$24)</u>	<u>\$86</u>

Central Hudson Gas & Electric Corporation
 Gas Operations Rate Base Summary
 For the Rate Year Ended June 30,2010
 (\$000)

	Before Proposed Rate Change	Adj. No.	Staff Adjustments	As Adjusted
Book Cost of Utility Plant	\$297,906			\$297,906
Less: Accumulated Provision for Depreciation & Amortization	(\$102,483)	33	\$52	(\$102,431)
Net Plant	<u>\$195,423</u>		<u>\$52</u>	<u>\$195,475</u>
Noninterest-Bearing Construction Work in Progress	\$9,114			\$9,114
Customer Advances for Undergrounding	(\$1)			(\$1)
Deferred Charges	\$2,956		\$0	\$2,956
Accumulated Deferred Federal Taxes	(\$33,401)		\$10	(\$33,392)
Accumulated Deferred State Taxes	(\$1,357)		\$2	(\$1,356)
Working Capital	\$7,967		(\$294)	\$7,673
Unadjusted Rate Base	<u>\$180,701</u>		<u>(\$231)</u>	<u>\$180,470</u>
Capitalization Adjustment to Rate Base	\$2,135			\$2,135
Rate Base	<u>\$182,836</u>		<u>(\$231)</u>	<u>\$182,605</u>

Central Hudson Gas & Electric Corporation
Gas Operations Deferred Items - Rate Base
For the Rate Year Ended June 30, 2010
(\$000)

Deferred Charges:

	Before Proposed Rate Change	Adj. No.	Staff Adjustments	As Adjusted
MTA Tax	\$112			\$112
Unamortized Debt Expense	905			905
Unamortized Discount Long Term Debt	13			13
Executive Deferred Compensation Plan	370			370
Unamortized Loss on Reacquired Debt	1,170			1,170
Preferred Stock Costs & Redemption Premium	386			386
MGP Site Costs				0
Total Deferred Charges	<u>\$2,956</u>		<u>\$0</u>	<u>\$2,956</u>

Accumulated Deferred Federal Taxes

	Before Proposed Rate Change	Adj. No.	Staff Adjustments	As Adjusted
Investment Tax Credit	(\$219)			(\$219)
Contributions in Aid of Construction	1,450			1,450
Unbilled Revenue	4,956			4,956
MTA Tax	(39)			(39)
Deferred Avoided Cost Interest Capitalized	286	34	10	296
Bonds Redeemed	(248)			(248)
Cost of Removal	(424)			(424)
Normalized Depreciation	(39,156)			(39,156)
ACRS Method Change	(7)			(7)
Total Deferred Taxes	<u>(\$33,401)</u>		<u>\$10</u>	<u>(\$33,392)</u>

Accumulated Deferred State Income Taxes

	Before Proposed Rate Change	Adj. No.	Staff Adjustments	As Adjusted
Normalized Depreciation	(\$1,877)			(\$1,877)
Deferred Avoided Cost Interest Capitalized	17	35	2	19
Bonds Redeemed	(27)			(27)
Cost of Removal	(56)			(56)
Contributions in Aid of Construction	171			171
Unbilled Revenue	415			415
Total Deferred Taxes	<u>(\$1,357)</u>		<u>\$2</u>	<u>(\$1,356)</u>

Central Hudson Gas & Electric Corporation
 Gas Operations Working Capital-Rate Base
 For the Rate Year Ended June 30,2010
 (\$000)

	<u>Before Proposed</u> <u>Rate Change</u>	<u>Adj.</u> <u>No.</u>	<u>Staff</u> <u>Adjustments</u>	<u>As Adjusted</u>
<u>Materials and Supplies</u>				
Other Material and Supplies	\$1,234			\$1,234
<u>Prepayments</u>				
Prepaid Property Taxes	\$1,663			\$1,663
Prepaid Insurance	190	36	(28)	162
Other Prepayments	320			320
Prepayments Working Capital	<u>2,173</u>		<u>(\$28)</u>	<u>\$2,145</u>
<u>Operation and Maintenance</u>				
Cash Working Capital	<u>\$4,560</u>		<u>(\$266)</u>	<u>\$4,294</u>
Total Working Capital	<u>\$7,967</u>		<u>(\$294)</u>	<u>\$7,673</u>

Central Hudson Gas & Electric Corporation
Gas Operations Capital Structure
For the Rate Year Ended June 30, 2010
(\$000)

	<u>Amount</u>	<u>Adj. No.</u>	<u>%</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pretax</u>
Long Term Debt	\$468,990		51.78%	5.65%	2.93%	2.93%
Customer Deposits	\$8,114		0.90%	4.85%	0.04%	0.04%
Preferred Stock	\$21,027		2.32%	5.05%	0.12%	0.20%
Common Equity	<u>\$407,560</u>		<u>45.00%</u>	<u>9.45%</u>	<u>4.25%</u>	<u>7.04%</u>
Total	<u><u>\$905,691</u></u>	37	<u><u>100.0%</u></u>		<u><u>7.34%</u></u>	<u><u>10.21%</u></u>

	<u>Before Proposec Rate Change</u>	<u>Adj. No.</u>	<u>Staff Adjustments</u>	<u>As Adjusted</u>
Interest deduction				
Rate Base	\$182,836		(\$231)	\$182,605
IB CWIP	<u>\$0</u>	38	<u>\$53</u>	<u>\$53</u>
Subtotal Base	<u>\$182,836</u>		<u>(\$178)</u>	<u>\$182,658</u>
Weighted cost of long term debt	<u>2.77%</u>			<u>2.97%</u>
Total interest - tax deduction	<u>\$5,065</u>		<u>\$360</u>	<u>\$5,425</u>

Central Hudson Gas & Electric Corporation
Gas Operations Revenue Requirement Calculation
For the Rate Year Ended June 30, 2010
(\$000)

	Adj. No.			
Net Income after Rate Increase		\$13,408	\$182,605	7.34%
Net Income before Rate Increase		<u>\$9,776</u>		
Net Income Increase		3,632		
Retention Factor		<u>0.5910</u>		
Revenue Increase Required		<u>\$6,145</u>		
Revenue Increase Required(to I/S)		<u>\$6,145</u>		
Revenue Increase Required		<u>\$6,145</u>		
Uncollectibles		<u>\$69</u>		
Revenue Taxes		<u>\$183</u>		
Informational Advertising		<u>\$2</u>		
Finance Charge	39	<u>\$124</u>		
<u>Retention Factor</u>				
Additional Revenue Requirement		1.0000		
Less: Revenue Tax		0.0298		
Uncollectibles		0.0113		
Informational Advertising		0.0004		
Finance Charge		<u>-0.0202</u>		
Operating Income subject to FIT		0.9787		
Less: FIT		0.3426		
Less: SIT		0.0452		
Net Operating Income		<u>0.5910</u>		

Central Hudson Gas & Electric Corporation
Gas Operations Staff Adjustments
For the Rate Year Ended June 30, 2010
(\$000)

Adj. No.	Explanation		Staff Witness
Revenues (Sch 1)			
1	Own Territory Delivery Revenues To reflect Staff's adjustment to the forecasted revenues	\$1,688	Mary Ann Sorrentino
2	Interruptible Services To reflect Staff's adjustment to the forecasted interruptible services	\$2,010	Mary Ann Sorrentino
Operation & Maintenance Expenses (Sch 1)			
3	Labor To reflect Staff's change to company's employee count & to eliminate incentive pay	(\$876)	Michael Summa
4	Transportation Fuel To reflect Staff's changes to the company's normalization adjustment & use of GDP inflation rates instead of growth rate	(\$87)	Dave Shahbazian
5	Fringe Benefits To reflect Staff's use of GDP inflation rates instead of a growth rate and changes to employee count	(\$118)	Debbie Evans
6	Environmental To reflect Staff's use of a three-year average of environmental expenses	(\$34)	Michael Summa
7	Uncollectible Accounts To track Staff's changes to operating revenues	\$42	Michael Summa
8	Regulatory Commission Expense To reflect Staff's use of GDP inflation rates instead of a growth rate	(\$50)	Dave Shahbazian
9	Other Operating Insurance To reflect Staff's elimination of excess directors and officers insurance policies	(\$91)	Debbie Evans
10	Legal Services To reflect Staff's use of a three-year average of actual legal services expenditures	(\$384)	Michael Summa
11	Injuries & Damages To reflect Staff's use of a three-year average of insurance claims	(\$35)	Debbie Evans
12	Enhanced Powerful Opportunities Program To reflect Staff's additional low income bill discount program	\$72	Len Silverstein
13	MGP Remediation Cost Recovery To reflect Staff's use of a three-year average of actual MGP expenditures	(\$749)	Michael Summa
14	Informational & Institutional Advertising To reflect Staff' advertising expense factor	(\$55)	Dave Shahbazian
15	Bill Print & Mail to Customer To reflect Staff's use of a three-year average and use of GDP inflation rates instead of a growth rate	(\$11)	Dave Shahbazian
16	Excess Cost of Removal To reflect Staff's continuation of expensing the excess negative net salvage	\$26	Al Mostek
17	Gas Leak Repairs To reflect Staff's use of GDP inflation rates instead of a growth rate	(\$133)	Debbie Evans
18	Economic Development Fund To reflect Staff's elimination from rates	(\$38)	Michael Summa
19	Competition Education Program To reflect Staff's elimination from rates	(\$53)	Fran Hart
20	Productivity To reflect Staff's inclusion of employee benefits and payroll taxes	(\$38)	Michael Summa
Other Deductions (Sch 1)			
21	Revenue Taxes To track Staff's changes to operating revenues	\$110	Michael Summa
22	Payroll Taxes To reflect the impact of Staff's change to company's employee count	(\$60)	Michael Summa
23	Other Taxes To reflect Staff's use of GDP inflation rates instead of a growth rate	(\$45)	Dave Shahbazian
24	Depreciation T&D To reflect Staff's depreciation rates	(\$105)	Al Mostek

Central Hudson Gas & Electric Corporation
Gas Operations Staff Adjustments
For the Rate Year Ended June 30, 2010
(\$000)

Adj. No.	Explanation		Staff Witness
Taxes (Sch 1)			
25	State Income Taxes To track the impact of Staff's adjustments on State Income Taxes	\$438	Michael Summa
26	Federal Income Taxes To track the impact of Staff's adjustments on Federal Income Taxes	\$1,937	Michael Summa
Federal Income Tax Reconciling Items (Sch 3)			
27	To reflect Staff's removal of MGP SIR costs and recovery from Additional Income and Unallowable Deductions	(\$742)	Debbie Evans
28	To reflect Staff's removal of MGP SIR costs and recovery from Additional Deductions and Nontaxable Income	(\$1,194)	Debbie Evans
Federal Income Tax Deferred Items (Sch 4)			
29	To reflect Staff's deferred tax effect on interest bearing construction work in progress	(\$19)	Debbie Evans
30	To reflect Staff's removal of MGP Site removal costs from deferred taxes	(\$158)	Debbie Evans
State Income Tax Deferred Items (Sch 6)			
31	To reflect Staff's deferred tax effect on interest bearing construction work in progress	(\$3)	Debbie Evans
32	To reflect Staff's removal of MGP Site removal costs from deferred taxes	(\$21)	Debbie Evans
Rate Base (Sch 7)			
33	Depreciation Reserve To reflect Staff's depreciation rates on plant balances	\$52	Al Mostek
Rate Base Deferred Items (Sch 8)			
34	Accumulated Deferred Federal Taxes To reflect Staff's deferred tax effect on interest bearing construction work in progress	\$10	Debbie Evans
35	Accumulated Deferred State Income Taxes To reflect Staff's deferred tax effect on interest bearing construction work in progress	\$2	Debbie Evans
Working Capital (Sch 9)			
36	Prepaid Insurance To reflect the impact of Staff's adjustment to Other Operating Insurance	(\$28)	Debbie Evans
Capital Structure (Sch 10)			
37	Overall Pre-Tax Rate of Return To reflect Staff's adjustments to the capital structure	10.21%	Audrey Capers
Interest Deduction (Sch 10)			
38	To reflect Staff's inclusion of interest bearing construction work in progress	\$53	Debbie Evans
Revenue Requirement Calculation (Sch 11)			
39	Finance Charge To reflect Staff's adjustment to track the relationship between finance charges and other operating revenues	\$124	Michael Summa