

**Imputed Tax Adjustment**

	<b>A</b> System Total	<b>B</b> Utah DNG Jurisdiction	
<b>ALGEBRAIC METHOD - SOLVING FOR TWO UNKNOWNNS</b>			
Federal Income Tax Rate	21%	21%	$t_F$
State Income Tax Rate	4.37%	4.37%	$t_S$
Weight of Debt in Capital Structure	47.00%	47.00%	$w_D$
Cost of Debt	4.25%	4.25%	$r_D$
Net Lead Lag Days	7.513	7.513	NLD
Revenues	1,435,323,220	554,479,240	R
Gas Expenses	866,810,804	0	GAS
O&M Expenses	177,758,398	170,686,982	O&M
Depreciation	152,477,337	148,145,225	DEPR
Amortization	9,066,225	8,817,989	AMORT
Non-Income Taxes	38,203,899	36,797,615	NIT
Rate Base excluding CWC	3,283,815,308	3,202,561,521	RB*
Transfer of Cash Working Capital		17,301,366	
Deferred Income Taxes	(71,785,624)	-69,820,110	DIT
Deferred Income Taxes - Credit	(15,873,018)	-15,438,409	DITCr
CWC = CWC* + (NLD/365)·IT	CWC is a function of IT, and		
IT = IT* - ( $t_S + t_F \cdot (1 - t_S)$ )· $r_D \cdot w_D \cdot$ CWC	IT is a function of CWC		
where IT = SIT + FIT + DIT + DITCr, and			
CWC* =	24,091,654	6,025,696	
IT* =	30,677,410	30,835,479	
<b>Solution:</b>			
CWC =	24,720,621	23,961,097	
SIT =	5,457,919	5,486,815	
FIT =	112,757,505	110,490,263	
IT =	30,556,783	30,718,558	
		30,718,558	
Historically Adjusted Income Taxes	88,943,714		
Tax Adjustment	(58,386,932)		
<b>RATE BASE METHOD</b>			
System Average Rate Base	3,308,535,929	3,226,522,619	
Adj System Return On Rate Base	4.85%	4.94%	
Allowed Return	160,449,774	159,312,871	
System Average Rate Base	3,308,535,929	3,226,522,619	
System Weighted Cost Of Debt	2.00%	2.00%	
Imputed Interest Cost	66,030,242	64,393,458	
Taxable Return	94,419,533	94,919,414	
Tax Factor (Tax Rate/(1-Tax Rate))	0.3236278	0.3236278	
Income Tax on Return	30,556,783	30,718,558	
<b>OPERATING INCOME METHOD</b>			
Total Utility Operating Revenue	1,435,323,220	554,479,240	
Gas Purchase Expenses	866,810,804		
O&M Expenses	177,758,398	170,686,982	
Depreciation	152,477,337	148,145,225	
Amortization	9,066,225	8,817,989	
<u>Taxes Other Than Income</u>	38,203,899	36,797,615	
Net Utility Income Before Tax	191,006,557	190,031,429	
Rate Base	3,308,535,929	3,226,522,619	
<u>Proposed Weighted Cost of Debt</u>	2.00%	2.00%	
Imputed Interest	66,030,242	64,393,458	
State Taxable Income	124,976,315	125,637,972	
<u>State Income Tax Rate</u>	4.37%	4.37%	
State Income Tax	5,457,919	5,486,815	
Federal Taxable Income	536,940,501	526,144,108	
<u>Federal Income Tax Rate</u>	21.00%	21.00%	
Federal Income Tax	112,757,505	110,490,263	
Deferred Income Taxes	(71,785,624)	(69,820,110)	
<u>Deferred Income Taxes - Credit</u>	(15,873,018)	(15,438,409)	
Total Income Tax	30,556,783	30,718,558	