

Wanship Water Company, LLC
 General Rate Case Increase
Projected Federal & State Income Taxes

Exhibit 2.10
 Docket No. 23-067-01
 9/27/2023

	Description	Amount	Reference
	Tax Calculation		
1	Federal Income Tax Rate Used in Calculation	21.00%	
2	State Income Tax Rate Used in Calculation	4.85%	
3	Total Tax Rate Used (Line 1 + Line 2)	25.85%	
4			
5	Tax gross-up factor (1/(1 - Line 3)*Line 3)	34.86%	
6			
7	Projected Total Revenue Before Taxes	\$ 64,992.00	[From Exhibit 2.4]
8	Less: Projected Operation & Maintenance Expenses	(59,005.05)	[From Exhibit 2.4]
9	Less: Depreciation Expense	(3,738.00)	[From Exhibit 2.6]
10	Less: Additional Required Reserve Amount	(1,262.00)	
11	Less: Property Taxes	(300.00)	[From Exhibit 2.3]
12	Projected Net Taxable Income	\$ 686.95	
13			
14	Estimated Federal and State Income Tax Obligation (Line 5 * line 12)	\$ 239.00	[To Exhibit 2.3]

Comments:

Estimated income taxes are determined by applying a tax gross-up factor to the Projected Net Taxable Income. NARUC's "Rate Case and Audit Manual" recommends using a tax gross-up factor because it recognizes that a utility would need to collect from the customers more than one dollar in gross revenue for each dollar of net operating income it keeps for itself, due to the imposition of taxes on those earnings.