

# **Exhibit C**

1 **Impact if defer and implement rate change in 06 GRC:**

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Total Payments to IRS:

11/1/05	6,237,916
12/15/05	33,163,369
3/15/06	8,290,842
6/15/06	8,290,842
9/15/06	8,290,842
12/15/06	8,290,842
Cummulative at 12/15/06	72,564,653

13 For Illustration Purposes  
14 An example of how the deferral would work

	Amount Paid to IRS	Days	Interest Rate	Capital Deferral	Tax Rate	Monthly Deferral	Carrying Cost on Capital Deferral	Monthly Deferral
18	11/30/2005	6,237,916	30	7.01%	35,941	35%	55,293	
19	12/31/2005	6,237,916	31	7.01%	37,139	35%	57,136	214
20		33,163,369	16	7.01%	101,907	35%	156,780	329
21	1/31/2006	39,401,285	31	7.01%	234,583	35%	360,898	1,042
22	2/28/2006	39,401,285	28	7.01%	211,882	35%	325,972	2,202
23	3/31/2006	39,401,285	31	7.01%	234,583	35%	360,898	3,700
24		8,290,842	16	7.01%	25,477	35%	39,195	
25	4/30/2006	47,692,127	30	7.01%	274,785	35%	422,746	5,079
26	5/31/2006	47,692,127	31	7.01%	283,945	35%	436,838	7,814
27	6/30/2006	47,692,127	30	7.01%	274,785	35%	422,746	6,884
28		8,290,842	15	7.01%	23,884	35%	36,745	8,298
29	7/31/2006	55,982,969	31	7.01%	333,306	35%	512,778	10,353
30	8/31/2006	55,982,969	31	7.01%	333,306	35%	512,778	15,928
31	9/30/2006	55,982,969	30	7.01%	322,554	35%	496,237	12,337
32		8,290,842	15	7.01%	23,884	35%	36,745	13,860
33	10/31/2006	64,273,811	31	7.01%	382,667	35%	588,718	21,323
34	11/30/2006	64,273,811	30	7.01%	370,323	35%	569,727	16,384
35	12/31/2006	64,273,811	31	7.01%	382,667	35%	588,718	18,061
36		8,290,842	16	7.01%	25,477	35%	39,195	20,867
37							6,020,144	32,104
38								183,511

39 **November Accounting Entries**

40 Deferral of Capital Costs Associated with Payments made to the IRS

41 Balance Sheet		41 Income Statement	
42 Reg. Asset	55,293	42 Income	55,293
43 Current Tax Payable	19,353	43 Taxes	19,353
	35,941	44 Net	35,941

46 **December Accounting Entries**

47 Deferral of Capital Costs Associated with Payments made to the IRS

48 Balance Sheet		48 Income Statement	
49 Reg. Asset	213,916	49 Income	213,916
50 Current Tax Payable	74,871	50 Taxes	74,871
	139,046	51 Net	139,046

52 Deferral of Capital Costs on Deferral

53 Balance Sheet		53 Income Statement	
54 Reg. Asset	329	54 Income	329
55 Current Tax Payable	115	55 Taxes	115
	214	56 Net	214