

1    **4.23    Montana Corporate License Tax**

2           This ~~proforma restating~~ adjustment, shown on Exhibit No. \_\_\_\_ (JHS-4), page 4-D,  
3           column 4.23, adjusts this tax for the current taxable income ~~computed in the~~  
4           ~~proforma income tax adjustment~~ attributable to the test period. The current  
5           taxable income is and is done in a consolidated amount determined in the manner  
6           prescribed by ~~the State of Montana~~ in their 2005 audit of the Company's tax  
7           returns. for determining this tax liability.

8           The effect of this adjustment is to decrease net operating income by \$239,361.

9    **4.24    Storm Damage**

10          This proforma adjustment, shown on Exhibit No. \_\_\_\_ (JHS-4), page 4-D,  
11          column 4.24, reflects adjustment of the test year expense level of storm damage  
12          expense, \$1,999,417, to the normal level of storm damage expense, which is  
13          based on the average of the most recent six-years. The six-year average storm  
14          damage expense, \$5,470,194, is used to determine the annual expense allowed for  
15          ratemaking purposes, consistent with prior rate cases.

16          The next part of the adjustment allocates the balance of deferred costs related to  
17          catastrophic storms over three years. This amount will be amortized each year  
18          until the account balance is zeroed out.

19          The effect of this adjustment is to decrease net operating income by \$197,617.