Calculation of Revenue Requirement Washington Twelve Months Ended December 31, 1998

1Proforma Rate Base\$609,0152Proposed Rate of Return9.098%3Net Operating Income Requirement\$55,4084Proforma Net Operating Income\$39,4405Net Operating Income Deficiency\$15,9676Tax Gross Up Factor1.61827Revenue Requirement Increase\$25,8388Total General Business Revenue\$180,6819Percentage Revenue Increase14.3%	Line No.	Description	(\$ 000's)
3Net Operating Income Requirement\$55,4084Proforma Net Operating Income\$39,4405Net Operating Income Deficiency\$15,9676Tax Gross Up Factor1.61827Revenue Requirement Increase\$25,8388Total General Business Revenue\$180,681	1	Proforma Rate Base	\$609,015
4Proforma Net Operating Income\$39,4405Net Operating Income Deficiency\$15,9676Tax Gross Up Factor1.61827Revenue Requirement Increase\$25,8388Total General Business Revenue\$180,681	2	Proposed Rate of Return	<u>9.098%</u>
4Proforma Net Operating Income\$39,4405Net Operating Income Deficiency\$15,9676Tax Gross Up Factor1.61827Revenue Requirement Increase\$25,8388Total General Business Revenue\$180,681	3	Net Operating Income Requirement	\$55,408
6Tax Gross Up Factor1.61827Revenue Requirement Increase\$25,8388Total General Business Revenue\$180,681	4	Proforma Net Operating Income	<u>\$39,440</u>
6Tax Gross Up Factor1.61827Revenue Requirement Increase\$25,8388Total General Business Revenue\$180,681	5	Net Operating Income Deficiency	\$15,967
7Revenue Requirement Increase\$25,8388Total General Business Revenue\$180,681	Ū		\$ 10,001
7Revenue Requirement Increase\$25,8388Total General Business Revenue\$180,681	6	Tax Gross Up Factor	1 6182
8 Total General Business Revenue \$180,681	Ū		1.0102
8 Total General Business Revenue \$180,681	7	Revenue Requirement Increase	\$25,838
		Revenue Requirement increace	φ20,000
	8	Total General Business Revenue	\$180 681
9 Percentage Revenue Increase 14.3%	Ŭ		φ100,001
	9	Percentage Revenue Increase	14.3%

Tax Gross Up Factor Washington Twelve Months Ended December 31, 1998

Line No.	Description	Factor
1	Revenue	100.00%
2	Effective Income Tax Rate	<u>38.202</u> %
3	After-Tax Percent	61.798%
4	Tax Gross-Up Factor (Inverse of line 3)	1.6182