

Line No	Description	Per Company Adjusted Amount (A)	Company Revised Amount With Tax Law Changes (B)	Public Counsel Amount (C)	Public Counsel Amount With 9.40% ROE (D)
1	Rate Base, as Adjusted	300,860,726	300,860,726	283,040,534	283,040,534
2	Operating Income, as Adjusted	19,203,666	21,594,325	24,723,407	24,723,407
3	Earned Rate of Return	6.383%	7.178%	8.735%	8.735%
4	Fair Rate of Return, per Company	7.598%	7.598%	7.598%	7.348%
5	Required Operating Income	22,859,398	22,859,398	21,505,420	20,797,818
6	Income (Deficiency) Sufficiency	(3,655,732)	(1,265,073)	3,217,987	3,925,589
7	Revenue Conversion Factor	0.62120	0.75499	0.75499	0.75499
8	Total Revenue (Deficiency) Sufficiency	(\$5,884,984)	(\$1,675,608)	\$4,262,276	\$5,199,506

Notes/Sources:

Col. (A): Company Exhibit MMP-3

Col. (B): Company Exhibit MMP-3, revised to reflect tax impact of adjustments at 21% FIT rate and unadjusted FIT expense at 21% FIT rate. Consistent with amounts reflected in the Company's original and supplemental response to Bench Request 1.

Col. (D): The purpose of this column is to present what the Public Counsel recommended revenue sufficiency would be if the return on equity were revised from the 9.90% requested by the Company to 9.40%.

Line No.	Description	Per Company Original Filing	Per Company Revised (1)
1	Revenues	1.00000	1.00000
	<u>Operating Revenue Deductions:</u>		
2	Uncollectible Accounts	0.00379	0.00379
3	State B&O Tax	0.03852	0.03852
4	UTC Fees	0.00200	0.00200
5	State Taxable Income	0.95569	0.95569
6	State Income Tax	-	-
7	Subtotal	0.95569	0.95569
8	Federal Income Tax Rate	0.35000	0.21000
9	Federal Income Tax	0.33449	0.20069
10	Net Operating Income Conversion Factor	0.62120	0.75499

Federal Income Tax Rate

21%

<u>Cost of Capital, per Company</u>		Capital %	Cost	Weighted Cost
A1	Long-Term Debt	50.0%	5.295%	2.648%
A2	Short-Term Debt	0.0%	0.000%	0.000%
A3	Common Equity	50.0%	9.900%	4.950%
A4	Total	100%		7.598%

  

<u>Cost of Capital, with ROE Revised to 9.40%</u>		Capital %	Cost	Weighted Cost
B1	Long-Term Debt	50.0%	5.295%	2.648%
B2	Short-Term Debt	0.0%	0.000%	0.000%
B3	Common Equity	50.0%	9.400%	4.700%
B4	Total	100%		7.348%

(1) Per Company revised amounts reflects the current 21% federal income tax rate. The amount can be found in the attachments provided with the Company's original and revised responses to Bench Request 1.