

Gas Transmission Northwest Corporation

Docket No. RP06-  
Statement H-3  
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Federal and State Income Taxes  
For the Twelve Months Ended March 31, 2006, As Adjusted

Line No.	Particulars (a)	Total Rolled-In (b) \$	Pre-Expansion Mainline (c) \$	1998 Expansion (d) \$	2002 Expansion (e) \$
<b><u>Taxable Portion of Return</u></b>					
1	Rate Base	868,221,495	752,060,311	4,869,158	111,292,026
2	Return on Rate Base @ 11.33%	98,369,495	85,208,433	551,676	12,609,387
3	Less: Interest Expense @ 2.20%	(19,100,873)	(16,545,327)	(107,121)	(2,448,425)
4	<b>Taxable Portion of Return</b>	<b>79,268,622</b>	<b>68,663,106</b>	<b>444,554</b>	<b>10,160,962</b>
<b><u>Adjustments for Tax Purposes</u></b>					
6	Non-Deductible Business Expenses	11,487	11,020	21	446
7	Depreciation Related to AFUDC on Equity	5,685	5,454	10	221
8	<b>Total Tax Adjustments</b>	<b>17,172</b>	<b>16,474</b>	<b>32</b>	<b>666</b>
<b><u>Income Taxes</u></b>					
10	Taxable Base	79,285,795	68,679,581	444,586	10,161,628
11	Taxable Income Before Income Taxes (Line 10 / (1 - 38.4617%))	128,839,754	111,604,611	722,454	16,512,689
12	State Income Taxes @ 5.3257%	6,861,619	5,943,727	38,476	879,416
13	Taxable Net Income After State Income Taxes	121,978,135	105,660,885	683,978	15,633,273
14	Federal Income Tax @ 35%	42,692,347	36,981,310	239,392	5,471,646
15	Total Federal and State Income Taxes (Line 13 + Line 15)	49,553,966	42,925,036	277,868	6,351,062