

Gas Transmission Northwest Corporation

Docket No. RP06-
Statement H-3
Page 1 of 3

Federal and State Income Taxes
For the Twelve Months Ended March 31, 2006, As Adjusted

Line No.	Particulars (a)	Total (b)	Total Rolled-In (c)	Total Laterals (d)
	<u>Taxable Portion of Return</u>	\$	\$	\$
1	Rate Base	901,214,980	868,221,495	32,993,486
2	Return on Rate Base @ 11.33%	102,107,657	98,369,495	3,738,162
3	Less: Interest Expense @ 2.20%	(19,826,730)	(19,100,873)	(725,857)
4	Taxable Portion of Return	82,280,928	79,268,622	3,012,305
5	<u>Adjustments for Tax Purposes</u>			
6	Non-Deductible Business Expenses	11,730	11,487	243
7	Depreciation Related to AFUDC on Equity	5,805	5,685	120
8	Total Tax Adjustments	17,535	17,172	363
9	<u>Income Taxes</u>			
10	Taxable Base	82,298,463	79,285,795	3,012,668
11	Taxable Income Before Income Taxes (Line 10 / (1 - 38.4617%))	133,735,353	128,839,754	4,895,599
12	State Income Taxes @ 5.3257%	7,122,344	6,861,619	260,725
13	Taxable Net Income After State Income Taxes	126,613,009	121,978,135	4,634,874
14	Federal Income Tax @ 35%	44,314,553	42,692,347	1,622,206
15	Total Federal and State Income Taxes (Line 13 + Line 15)	51,436,897	49,553,966	1,882,931