

Exhibit ____ (KJH-1)

Long Island Water Corporation
Statement of Operating Income
For the Rate Year Ending March 31, 2009

	Per Company	Adj. No.	Staff Adjustments	As Adjusted by Staff	Revenue Requirement Adjustment	As Adjusted by Staff Rev Req
<u>Operating Revenues</u>						
Water Sales	\$41,853,428		\$0	\$41,853,428	\$3,488,478	\$45,341,906
Other Revenue	274,222		0	274,222	15,535	289,757
Total Operating Revenues	42,127,650		0	42,127,650	3,504,013	45,631,663
O & M Expenses (from page 2)	24,746,013	1	(3,750,632)	20,995,381	36,072	21,031,453
Depreciation Expense	3,077,485	2	(68,166)	3,009,319	0	3,009,319
<u>Taxes Other Than Income Taxes</u>						
Property Taxes	11,863,851		0	11,863,851	0	11,863,851
Payroll Taxes	463,128	3	11,289	474,417	0	474,417
Village Taxes	171,333	4	(171,333)	0	0	0
Total Taxes Other Than Income Taxes	12,498,312		(160,044)	12,338,268	0	12,338,268
Total Operating Revenue Deductions	40,321,810		(3,978,842)	36,342,968	36,072	36,379,040
Net Operating Income Before SIT	1,805,840		3,978,842	5,784,682	3,467,941	9,252,623
State Income Tax Expense	(88,628)	5	291,947	203,319	288,082	491,401
Net Operating Income Before FIT	1,894,468		3,686,895	5,581,363	3,179,859	8,761,222
Federal Income Tax Expense	(177,280)	6	1,131,814	954,534	1,081,152	2,035,686
Net Income Available for Return	\$2,071,748		\$2,555,081	\$4,626,829	\$2,098,707	\$6,725,536
Rate Base	\$91,109,033	7	(\$1,069,059)	\$90,039,974	\$0	\$90,039,974
Rate of Return	2.27%			5.14%		7.47%

Long Island Water Corporation
Schedule of Operating and Maintenance Expenses
For the Rate Year Ending March 31, 2009

Operating & Maintenance Expenses	Per Company	Adj. No. 1	Staff Adjustments	As Adjusted by Staff	Revenue Requirement Adjustment	As Adjusted by Staff Rev Req
Payroll	\$6,815,489	a	(\$811,511)	\$6,003,978	\$0	\$6,003,978
Purchased Power	2,794,578	b	(140,218)	2,654,360	0	2,654,360
Fuel	415,685	c	(123,549)	292,136	0	292,136
Chemicals	776,906		0	776,906	0	776,906
Invoices	2,991,058	d	(582,288)	2,408,770	0	2,408,770
Leased Vehicles	642,721	e	(69,653)	573,068	0	573,068
Service Company	4,384,693	f	(531,761)	3,852,932	0	3,852,932
Postage	323,606	g	(183,337)	140,269	0	140,269
Rents	107,598		0	107,598	0	107,598
Group Insurance	1,049,079	h	(254,115)	794,964	0	794,964
OPEBs	744,272		0	744,272	0	744,272
Pension	927,047		0	927,047	0	927,047
401k Expense	127,923	i	(33,566)	94,357	0	94,357
Deferred Contribution Plan	70,818	j	(42,498)	28,320	0	28,320
Insurance Other Than Group	1,384,068	k	(530,879)	853,189	0	853,189
Uncollectible Accounts	297,159		0	297,159	24,768	321,927
Regulatory Commission Expense	143,376		0	143,376	11,304	154,680
Amort. of Deferred Rate Case costs	293,328	l	(173,328)	120,000	0	120,000
Amort. of Deferred Tank Painting costs	32,884		0	32,884	0	32,884
Amort. of Deferred Pension/OPEB expense	(105,561)	m	105,561	0	0	0
Amort. of Deferred RAC/PTC costs	(28,507)	n	28,507	0	0	0
Amort. of Deferred Asbestos Removal cost	39,000	o	21,000	60,000	0	60,000
Low Income Program	127,500	p	(127,500)	0	0	0
Safety Award Program	24,976		0	24,976	0	24,976
Audit Fees	366,317	q	(301,497)	64,820	0	64,820
Total O & M Expenses	<u>\$24,746,013</u>		<u>(\$3,750,632)</u>	<u>\$20,995,381</u>	<u>\$36,072</u>	<u>\$21,031,453</u>

Long Island Water Corporation
Calculation of State Income Tax Expense
For the Rate Year Ending March 31, 2009

	Per Company	Adj. No. 5	Staff Adjustments	As Adjusted by Staff	Revenue Requirement Adjustment	As Adjusted by Staff Rev Req
Net Operating Income Before SIT	\$1,805,840	a.	\$3,978,842	\$5,784,682	\$3,467,941	\$9,252,623
<u>Adjustments for Current SIT Expense</u>						
Interest Expense	(2,815,269)	b	(196,771)	(3,012,040)	0	(3,012,040)
Depreciation Differences	(732,679)	c	(68,166)	(800,845)	0	(800,845)
Medicare Part D Subsidy	0	d	(34,317)	(34,317)	0	(34,317)
Amortization of Rate Case	(293,328)	e	173,328	(120,000)	0	(120,000)
Amortization of Tank Painting	(32,884)		0	(32,884)	0	(32,884)
Amortization of Deferred Pension/OPEBs	105,561	f	(105,561)	0	0	0
Amortization of RAC/PTC	28,507	g	(28,507)	0	0	0
Amortization of Asbestos Removal	(39,000)	h	(21,000)	(60,000)	0	(60,000)
Total Adjustments for SIT	(3,779,092)		(280,994)	(4,060,086)	0	(4,060,086)
Taxable Income for SIT	(1,973,252)		3,697,848	1,724,596	3,467,941	5,192,537
Current SIT Expense @ 7.1%	(147,994)	i	270,440	122,446	246,224	368,670
MTA Surcharge on SIT @ 17%	(25,258)	j	46,074	20,816	41,858	62,674
Current SIT w/ MTA Surcharge	(173,252)		316,514	143,262	288,082	431,344
<u>Deferred SIT Expense</u>						
Depreciation Differences	64,329	k	2,197	66,526	0	66,526
Amortization of Rate Case	25,754	l	(15,786)	9,968	0	9,968
Amortization of Tank Painting	2,887	m	(156)	2,732	0	2,732
Amortization of Deferred Pension/OPEBs	(9,268)	n	9,268	0	0	0
Amortization of RAC/PTC	(2,503)	o	2,503	0	0	0
Amortization of Asbestos Removal	3,424	p	1,560	4,984	0	4,984
Excess Deferred SIT	0	q	(24,154)	(24,154)	0	(24,154)
Deferred SIT Expense	84,624		(24,567)	60,057	0	60,057
Net State Income Tax Expense	(\$88,628)		\$291,947	\$203,319	\$288,082	\$491,401

**Long Island Water Corporation
Calculation of Federal Income Tax Expense
For the Rate Year Ending March 31, 2009**

	Per Company	Adj. No. 6	Staff Adjustments	As Adjusted by Staff	Revenue Requirement Adjustment	As Adjusted by Staff Rev Req
Net Operating Income Before FIT	\$1,894,468	a	\$3,686,895	\$5,581,363	\$3,179,859	\$8,761,222
Current FIT Expense						
Deferred State Income Tax	84,624	b	(24,567)	60,057	0	60,057
Interest Expense	(2,815,269)	c	(196,771)	(3,012,040)	0	(3,012,040)
Depreciation Differences	(729,518)	d	(68,166)	(797,684)	0	(797,684)
Domestic Production Credit	0	e	(126,942)	(126,942)	0	(126,942)
Medicare Part D Subsidy	0	f	(34,317)	(34,317)	0	(34,317)
Amortization of Rate Case	(293,328)	g	173,328	(120,000)	0	(120,000)
Amortization of Tank Painting	(32,884)		0	(32,884)	0	(32,884)
Amortization of Deferred Pension/OPEBs	105,561	h	(105,561)	0	0	0
Amortization of RAC/PTC	28,507	i	(28,507)	0	0	0
Amortization of Asbestos Removal	(39,000)	j	(21,000)	(60,000)	0	(60,000)
Total Adjustments for FIT	(3,691,307)		(432,503)	(4,123,810)	0	(4,123,810)
Taxable Income for FIT	(1,796,839)		3,254,393	1,457,553	3,179,859	4,637,412
Current FIT Expense @ 34%	(610,925)	k	1,106,493	495,568	1,081,152	1,576,720
Deferred FIT Expense						
Deferred State Income Tax	(28,772)	l	8,353	(20,419)	0	(20,419)
Depreciation Differences	248,036	m	23,176	271,213	0	271,213
Amortization of Flow Through Tax Depr	160,659		0	160,659	0	160,659
Amortization of Rate Case	99,732	n	(58,932)	40,800	0	40,800
Amortization of Tank Painting	11,181		0	11,181	0	11,181
Amortization of Deferred Pension/OPEBs	(35,891)	o	35,891	0	0	0
Amortization of RAC/PTC	(9,692)	p	9,692	0	0	0
Amortization of Asbestos Removal	13,260	q	7,140	20,400	0	20,400
Excess Deferred FIT	(9,867)		0	(9,867)	0	(9,867)
Deferred FIT Expense	448,645		25,321	473,966	0	473,966
Amortization of ITC	(15,000)		0	(15,000)	0	(15,000)
Net Federal Income Tax Expense	(\$177,280)		\$1,131,814	\$954,534	\$1,081,152	\$2,035,686

Long Island Water Corporation
Rate Base Summary
For the Rate Year Ending March 31, 2009

	Per Company	Adj. No. 7	Staff Adjustments	As Adjusted by Staff	Revenue Requirement Adjustment	As Adjusted by Staff Rev Req
Net Utility Plant						
Water Plant in Service	\$140,274,683	a	(\$1,941,850)	\$138,332,833	\$0	\$138,332,833
Non-Interest Bearing CWIP	338,021		0	338,021	0	338,021
Plant Held For Future Use	110,933		0	110,933	0	110,933
Less Accumulated Depreciation	(41,356,816)	b	8,758	(41,348,059)	0	(41,348,059)
Total Net Utility Plant	99,366,821		(1,933,093)	97,433,729	0	97,433,729
Customer Advances for Construction	(233,953)		0	(233,953)	0	(233,953)
Working Capital						
Cash Allowance	3,000,825	c	(440,159)	2,560,666	0	2,560,666
Materials and Supplies	620,700		0	620,700	0	620,700
Prepayments	2,182,683	d	(99,007)	2,083,676	0	2,083,676
Total Working Capital	5,804,208		(539,166)	5,265,042	0	5,265,042
Regulatory Deferrals						
Tank Painting (net of tax)	227,689		0	227,689	0	227,689
Rate Case Expense (net of tax)	441,531	e	(259,971)	181,560	0	181,560
Call Center (CSC)	133,201		0	133,201	0	133,201
Financial Center (SSC)	193,723		0	193,723	0	193,723
Asbestos Removal (net of tax)	105,666	f	(16,722)	88,944	0	88,944
Demutualization (net of tax)	(211,347)		0	(211,347)	0	(211,347)
Deferred RAC/PTC costs (net of tax)	1,572,685	g	(1,572,685)	0	0	0
Deferred Pensions/OPEB expense	(263,902)	h	263,902	0	0	0
Deferred Property Tax Refund	(2,683,333)	i	2,683,333	0	0	0
Total Regulatory Deferrals	(484,087)		1,097,857	613,770	0	613,770
Accumulated Deferred Income Taxes	(9,112,907)	j	(1,966,710)	(11,079,617)	0	(11,079,617)
Earnings Base Capitalization Adj.	(4,231,049)	k	2,272,052	(1,958,997)	0	(1,958,997)
Total Rate Base	\$91,109,033		(\$1,069,059)	\$90,039,974	\$0	\$90,039,974

Long Island Water Corporation
Summary of Cash Working Capital Allowance
For the Rate Year Ending March 31, 2009

	Per Company	Staff Adjustments	As Adjusted by Staff
Total O & M Expenses	<u>\$24,602,637</u>	<u>(3,607,256)</u>	<u>\$20,995,381</u>
Adjustments:			
Uncollectible Accounts Expense	(364,886)	67,727	(297,159)
Amort. of Deferred Rate Case costs	(293,328)	173,328	(120,000)
Amort. of Deferred Tank Painting costs	(32,884)	0	(32,884)
Amort. of Deferred Pension/OPEB exp	105,561	(105,561)	0
Amort. of Deferred RAC/PTC costs	28,507	(28,507)	0
Amort. of Asbestos Removal costs	(39,000)	(21,000)	(60,000)
Total Adjustments	<u>(596,030)</u>	<u>85,987</u>	<u>(510,043)</u>
Sub-total for Cash W/C allowance	<u>24,006,607</u>	<u>(3,521,269)</u>	<u>20,485,338</u>
Weighted Billing factor - 1/8 (45 days)	12.50%	12.50%	12.50%
Total Cash W/C Allowance	<u><u>\$3,000,826</u></u>	<u><u>(\$440,159)</u></u>	<u><u>\$2,560,666</u></u>

Long Island Water Corporation
Cost of Capital
For the Rate Year Ending March 31, 2009

	<u>Percent</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Return</u>
Debt	54.75%	6.11%	3.35%	3.35%
Customer Deposits	0.00%	0.00%	0.00%	0
Deferred Compensation	0.00%	0.00%	0.00%	0
Preferred Stock	0.25%	7.71%	0.02%	0.03%
Common Equity	45.00%	9.10%	4.10%	6.81%
Totals	<u>100%</u>		<u>7.47%</u>	<u>10.18%</u>

**Long Island Water Corporation
 Computation of Revenue Requirement
 For the Rate Year Ending March 31, 2009**

	Per Staff
Average Rate Base	\$90,039,974
Rate of Return on Rate Base	7.47%
Required Net Income	6,725,536
Net Income before Revenue Requirement	4,626,829
Earnings Deficiency	2,098,707
Retention ("Gross-Up") Factor (from below)	60.16%
Revenue Increase	\$3,488,478

<u>Calculation of Retention ("Gross-Up") Factor:</u>	<u>Percentages</u>	<u>Revenue Requirement</u>
Sales Revenues	100.00%	\$3,488,478
Late Payment Charges	0.45%	15,535
PSC Assessment	0.32%	11,304
Uncollectible Accounts Expense	0.71%	24,768
Retention Factor before Income Taxes	99.41%	3,467,941
SIT Expense @7.1% plus 17% MTA Surcharge on SIT	8.26%	288,082
FIT Expense @ 34%	30.99%	1,081,152
Retention ("Gross-up") Factor	60.16%	\$2,098,707

**Long Island Water Corporation
Summary of Staff Adjustments
For the Rate Year Ending March 31, 2009**

<u>Adj No.</u>		<u>Amount</u>
1	<u>Operating & Maintenance Expenses</u>	
a.	<u>Payroll</u>	
	1) To adjust union payroll based on pay increases at GDP.	(\$82,857)
	2) To adjust union payroll to reflect only three months of 2009 wage increase.	(104,135)
	3) To adjust OT based on 2-year average without AMR (2004-2005).	(153,086)
	4) To adjust non-union salaries based on pay increase at GDP.	(29,510)
	5) To remove incentive pay from the company's payroll forecast.	(197,238)
	6) To adjust the percent charged to capital based on the HTY without AMR.	(223,604)
	7) To adjust productivity for all of Staff's payroll adjustments.	7,904
	8) To adjust productivity to include fringe benefits and payroll taxes.	(28,985)
	Total Adjustments to Payroll	<u>(811,511)</u>
b.	<u>Purchased Power</u>	
	To reflect staff's forecast of rate year purchased power expense.	(140,218)
c.	<u>Fuel</u>	
	To reflect staff's forecast of rate year fuel expense.	(123,549)
d.	<u>Invoices</u>	
	1) To remove non-recurring severance pay from the company's forecast (IR 180).	(36,592)
	2) To remove non-recurring software program expense from the (IR 182).	(58,252)
	3) To remove business services project costs recovered via the RAC (IR 16).	(139,811)
	4) To remove HTY safety award program payments (I/R 147).	(51,164)
	5) To remove unsupported non-recurring HTY adjustment (IR 179).	(40,661)
	6) To normalize to maintenance expense based on a 4-year average.	(176,987)
	7) To reflect Staff's forecast of GDP on remaining HTY Invoices.	(78,821)
	Total Adjustments to Invoices	<u>(582,288)</u>
e.	<u>Leased Vehicles</u>	
	To reflect staff's forecast of rate year leased vehicles expense.	(69,653)
f.	<u>Service Company Expense</u>	
	1) To reflect Staff's forecast of labor & labor related benefits for offices other than the NER.	(180,472)
	2) To reflect Staff's rate year forecast of non-labor expense.	(37,842)
	3) To reflect Staff's rate year forecast of NER office labor & labor related benefits	(313,447)
	Total Adjustments to Service Company Expense	<u>(531,761)</u>
g.	<u>Postage</u>	
	To remove the company's proposed increase in postage expense.	(183,337)
h.	<u>Group Insurance Expense</u>	
	1) To reflect group insurance based actual HTY cost per employee plus GDP.	(224,946)
	2) To reflect Staff's percentage charged to capital.	(29,169)
	Total Adjustments to Group Insurance Expense	<u>(254,115)</u>
i.	<u>401(k) Plan Expense</u>	
	To reflect rate year 401(k) plan expense based on 2-year average plus GDP.	(33,566)
j.	<u>Defined Contribution Plan (DCP)</u>	
	To reflect rate year DCP expense based on HTY expense plus GDP.	(42,498)

**Long Island Water Corporation
Summary of Staff's Adjustments
For the Rate Year Ending March 31, 2009**

<u>Adj No.</u>	<u>Amount</u>
k.	
<u>Insurance Expense Other Than Group Insurance</u>	
To reflect Staff's rate year forecast of insurance expense other than group insurance.	(\$530,879)
l.	
<u>Amortization of Deferred Rate Case Expenses</u>	
To reflect Staff's forecast of rate case expense amortized over three years.	(173,328)
m.	
<u>Amortization of Deferred Pension/OPEB Expense</u>	
To eliminate the company's proposed amortization until fully supported.	105,561
n.	
<u>Amortization of Deferred RAC/PTC Costs</u>	
To remove deferred RAC/PTC costs in the company's rate filing.	28,507
o.	
<u>Amortization of Deferred Asbestos Removal Costs</u>	
To reflect Staff's forecast of asbestos removal costs amortized over three years.	21,000
p.	
<u>Low Income Program</u>	
To remove the company's proposed low income program from base rates.	(127,500)
q.	
<u>Audit Fees</u>	
To remove "SOX" start-up costs from the company's rate year forecast (IR 3)	(301,497)
Total Adjustments to Operating & Maintenance Expense	<u><u>(\$3,750,632)</u></u>
2	
<u>Depreciation Expense</u>	
a. To reflect Staff's removal of depreciation expense related to CPS costs.	(\$48,747)
b. To reflect Staff's proposal related to CPS costs.	(1,904)
c. Tracking Staff's adjustment related to routine main/network renewal investment.	(4,875)
d. Tracking Staff's adjustment removing 20" Trans. Main - Plt 12 to So. Baldwin.	(12,640)
Total Adjustments to Depreciation Expense	<u><u>(\$68,166)</u></u>
<u>Taxes Other Than Income Taxes</u>	
3	
<u>Payroll Taxes</u>	
1) To correct company's forecast to include FICA on OT payroll.	\$65,124
2) Tracking staff's rate year payroll adjustments.	(53,835)
Total Adjustments to Payroll Taxes	<u>11,289</u>
4	
<u>Village Taxes</u>	
To remove village tax expense from the revenue requirement calculation (IR 208).	(171,333)
Total Adjustments to Taxes Other Than Income Taxes	<u><u>(\$160,044)</u></u>

Long Island Water Corporation
Summary of Staff's Adjustments
For the Rate Year Ending March 31, 2009

<u>Adj No.</u>		<u>Amount</u>
5	<u>State Income Taxes</u>	
a.	<u>Net Operating Income before SIT</u> Reflect staff's adjustments to operating revenues and expenses.	<u>\$3,978,842</u>
	<u>Adjustments to Taxable Income</u>	
b.	<u>Interest Expense</u> To reflect staff's calculation of rate year interest expense.	(\$196,771)
c.	<u>Depreciation Differences</u> Tracking staff's adjustment to book depreciation.	(68,166)
d.	<u>Medicare Part D subsidy</u> To reflect the tax benefits to be realized by the company in the rate year.	(34,317)
e.	<u>Amortization of Rate Case Expenses</u> To reflect staff's amortization of rate case expenses.	173,328
f.	<u>Amortization of Deferred Pension/OPEB Expense</u> To reflect staff's removal of deferred pension/OPEB expense from the rate case.	(105,561)
g.	<u>Amortization of Deferred RAC/PTC Costs</u> To reflect staff's removal of deferred RAC/PTC costs from the rate case.	(28,507)
h.	<u>Amortization of Deferred Asbestos Removal Costs</u> To reflect staff's amortization of asbestos removal costs.	(21,000)
	Total Adjustments to Taxable Income	<u>(\$280,994)</u>
i.	<u>State Income Tax</u> To reflect state income tax expense at the current rate of 7.1%.	<u>\$270,440</u>
j.	<u>MTA Tax Surcharge</u> To reflect MTA tax surcharge at the current rate of 17%.	<u>\$46,074</u>
	<u>Deferred State Incomes Taxes</u>	
k.	<u>Depreciation Differences</u> To reflect deferred SIT on the adjustment to book depreciation.	\$2,197
l.	<u>Amortization of Rate Case Expenses</u> To reflect deferred SIT on the amortization of rate case expenses.	(15,786)
m.	<u>Amortization of Tank Painting</u> To reflect deferred SIT on the amortization of tank painting costs.	(156)
n.	<u>Amortization of Deferred Pension/OPEB Expense</u> To remove deferred SIT on deferred pension/OPEB expense.	9,268
o.	<u>Amortization of Deferred RAC/PTC Costs</u> To remove deferred SIT on deferred RAC/PTC costs.	2,503
p.	<u>Amortization of Deferred Asbestos Removal Costs</u> To reflect deferred SIT on the amortization of asbestos removal costs.	1,560
q.	<u>Amortization of Deferred Excess SIT</u> To reflect Staff's proposal to amortize deferred SIT over a three period.	(24,154)
	Total Deferred SIT	<u>(\$24,567)</u>

Long Island Water Corporation
Summary of Staff's Adjustments
For the Rate Year Ending March 31, 2009

<u>Adj. No.</u>		<u>Amount</u>
6	<u>Federal Income Taxes</u>	
a.	<u>Net Operating Income before FIT</u> To reflect Staff's adjustments to operating revenues and expenses.	<u>\$3,686,895</u>
	<u>Adjustments to Taxable Income</u>	
b.	<u>Deferred State Income Tax</u> Tracking's Staff's deferred state income tax calculation.	(\$24,567)
c.	<u>Interest Expense</u> To reflect Staff's calculation of rate year interest expense.	(196,771)
d.	<u>Tax Depreciation</u> Tracking Staff's adjustment to book depreciation.	(68,166)
e.	<u>Domestic Production Credit Deduction</u> To reflect a rate year deduction for the domestic production credit.	(126,942)
f.	<u>Medicare Part D Subsidy</u> To reflect the estimated rate year tax benefits to be realized by the company.	(34,317)
g.	<u>Amortization of Rate Case Expenses</u> To reflect Staff's amortization of deferred rate case expenses.	173,328
h.	<u>Amortization of Deferred Pension/OPEB Expense</u> To reflect staff's removal of deferred pension/OPEB expense from the rate case.	(105,561)
i.	<u>Amortization of Deferred RAC/PTC Costs</u> To reflect staff's removal of deferred RAC/PTC costs from the rate case.	(28,507)
j.	<u>Amortization of Deferred Asbestos Removal Costs</u> To reflect staff's amortization of deferred asbestos removal costs.	(21,000)
	Total Adjustments to Taxable Income	<u><u>(\$432,503)</u></u>
k.	<u>Federal Income Tax</u> To reflect federal income taxes at the current 34% tax rate.	<u>\$1,106,493</u>
	<u>Deferred Federal Incomes Taxes</u>	
l.	<u>Deferred State Income Taxes</u> Tracking staff's adjustment of deferred SIT.	\$8,353
m.	<u>Depreciation Differences</u> To reflect deferred SIT on the adjustment to book depreciation.	23,176
n.	<u>Amortization of Rate Case Expenses</u> To reflect deferred FIT on the amortization of deferred rate case expenses.	(58,932)
o.	<u>Amortization of Deferred Pension/OPEB Expense</u> To remove deferred SIT on deferred pension/OPEB expense.	35,891
p.	<u>Amortization of Deferred RAC/PTC Costs</u> To remove deferred SIT on deferred RAC/PTC costs.	9,692
q.	<u>Amortization of Deferred Asbestos Removal Costs</u> To reflect deferred SIT on the amortization of deferred asbestos removal costs.	7,140
	Total Deferred FIT	<u><u>\$25,321</u></u>

**Long Island Water Corporation
Summary of Staff's Adjustments
For the Rate Year Ending March 31, 2009**

<u>Adj No.</u>	<u>Rate Base</u>	<u>Amount</u>
9	<u>Rate Base</u>	
a.	<u>Water Plant In Service</u>	
	1) To reflect Staff's proposal related to CPS costs.	(\$190,400)
	2) To reflect Staff's adjustment related to routine main/network renewal.	(487,450)
	3) To reflect Staff's adjustment removing 20" Trans. Main - Plt 12 to So. Baldwin.	(1,264,000)
	Total Adjustments to Water Plant in Service	(1,941,850)
b.	<u>Accumulated Provision for Depreciation</u>	
	1) Tracking Staff's plant in service adjustment related to routine main/network renewal.	6,320
	2) Tracking Staff's adjustment removing 20" Trans. Main - Plt 12 to So. Baldwin.	2,438
	Total Adjustments to Accumulated Provision for Depreciation	8,758
c.	<u>Working Capital</u>	
	<u>Cash Allowance</u>	
	Tracking staff's adjustment to O & M expenses	(\$440,159)
d.	<u>Prepayments</u>	
	To remove deferred vacation pay and special deposits from the company's forecast.	(99,007)
	Total Adjustments to Working Capital	(539,166)
	<u>Regulatory Deferrals</u>	
e.	<u>Deferred Rate Case Expense</u>	
	Tracking Staff's recommended rate year amortization.	(259,971)
f.	<u>Deferred Asbestos Removal Costs</u>	
	Tracking Staff's recommended rate year amortization.	(16,722)
g.	<u>Deferred RAC/PTC Costs</u>	
	To remove deferred RAC/PTC costs from the company's rate base forecast.	(1,572,685)
h.	<u>Deferred Pension/OPEB Expense</u>	
	To remove deferred pension/OPEB expense from the company's rate base forecast.	263,902
i.	<u>Deferred Property Tax Refund</u>	
	To remove deferred property tax refund from the company's rate base forecast.	2,683,333
	Total Adjustments to Regulatory Deferrals	1,097,857
j.	<u>Accumulated Deferred Income Taxes</u>	
	To reflect Staff's forecast of rate year ADIT.	(1,966,710)
k.	<u>Earnings Base vs. Capitalization Adjustment</u>	
	To reflect Staff's EBCap adjustment calculation.	2,272,052
	Total Adjustments to Rate Base	(\$1,069,059)