

**Long Island American Water  
Statement of Operating Income  
For the Rate Year Ending March 31, 2013**

	Per Company As Initially Filed	Adj. No.	Staff Adjustments	As Adjusted by Staff	Rate Increase	As Adjusted by Staff After Increase
<b><u>Operating Revenues</u></b>						
Water Sales	\$ 48,871,673		\$ -	\$ 48,871,673	\$ 987,668	\$ 49,859,341
Other Revenue	191,486		-	191,486	3,129	194,615
<b>Total Operating Revenues</b>	<b>49,063,159</b>		<b>-</b>	<b>49,063,159</b>	<b>990,797</b>	<b>50,053,956</b>
<b>O &amp; M Expenses (from page 2)</b>	<b>23,943,730</b>	<b>1</b>	<b>(2,196,498)</b>	<b>21,747,232</b>	<b>8,440</b>	<b>21,755,672</b>
<b>Depreciation Expense</b>	<b>4,373,069</b>	<b>2</b>	<b>(6,419)</b>	<b>4,366,650</b>	<b>-</b>	<b>4,366,650</b>
<b><u>Taxes Other Than Income Taxes</u></b>						
Property Taxes	14,365,278	3	(3,504,649)	10,860,629	-	10,860,629
Payroll Taxes	538,791	4	(34,754)	504,037	-	504,037
Other Taxes	-		-	-	-	-
<b>Total Taxes Other Than Income Taxes</b>	<b>14,904,069</b>		<b>(3,539,403)</b>	<b>11,364,666</b>	<b>-</b>	<b>11,364,666</b>
<b>Total Operating Revenue Deductions</b>	<b>43,220,868</b>		<b>(5,742,320)</b>	<b>37,478,548</b>	<b>8,440</b>	<b>37,486,988</b>
<b>Net Operating Income Before SIT</b>	<b>5,842,291</b>		<b>5,742,320</b>	<b>11,584,611</b>	<b>982,357</b>	<b>12,566,968</b>
<b>State Income Tax Expense</b>	<b>129,790</b>	<b>5</b>	<b>495,964</b>	<b>625,754</b>	<b>84,777</b>	<b>710,531</b>
<b>Net Operating Income Before FIT</b>	<b>5,712,501</b>		<b>5,246,357</b>	<b>10,958,857</b>	<b>897,580</b>	<b>11,856,437</b>
<b>Federal Income Tax Expense</b>	<b>766,848</b>	<b>6</b>	<b>1,671,762</b>	<b>2,438,610</b>	<b>305,177</b>	<b>2,743,787</b>
<b>Net Income Available for Return</b>	<b>\$ 4,945,653</b>		<b>\$ 3,574,595</b>	<b>\$ 8,520,247</b>	<b>\$ 592,403</b>	<b>\$ 9,112,650</b>
<b>Rate Base</b>	<b>\$ 126,945,552</b>	<b>7</b>	<b>\$ 1,610,173</b>	<b>\$ 128,555,725</b>	<b>\$ -</b>	<b>\$ 128,555,725</b>
<b>Rate of Return</b>	<b>3.90%</b>			<b>6.63%</b>		<b>7.09%</b>

**Long Island American Water**  
**Schedule of Operating and Maintenance Expenses**  
**For the Rate Year Ending March 31, 2013**

<u>Operating &amp; Maintenance Expenses</u>	Per Company As Initially Filed	Adj. No. 1	Staff Adjustments	As Adjusted by Staff	Rate Increase	As Adjusted by Staff After Increase
Payroll	\$ 7,033,860	a	\$ (566,821)	\$ 6,467,039	\$ -	\$ 6,467,039
Productivity Adjustment	(100,619)	b	7,100	(93,519)	-	(93,519)
Purchased Power	2,396,573		-	2,396,573	-	2,396,573
Fuel	432,344		-	432,344	-	432,344
Chemicals	1,101,987		-	1,101,987	-	1,101,987
Invoices	2,566,311	c	(183,231)	2,383,080	-	2,383,080
Leased Vehicles	565,426	d	(136,777)	428,649	-	428,649
Service Company	5,374,394	e	(940,929)	4,433,465	-	4,433,465
Postage	333,023		-	333,023	-	333,023
Rents	16,826		-	16,826	-	16,826
Group Insurance	866,875	f	(92,660)	774,215	-	774,215
OPEBs	498,777	g	2,343	501,120	-	501,120
Pension	884,674	h	4,156	888,830	-	888,830
401k Expense	132,786	i	(8,723)	124,063	-	124,063
Deferred Contribution Plan	96,315	j	(10,349)	85,966	-	85,966
Insurance Other Than Group	800,189		-	800,189	-	800,189
Uncollectible Accounts	307,892		-	307,892	6,222	314,114
PSC Assessment	117,312		-	117,312	2,218	119,530
Employee Stock Purchase Plan	3,163	k	(3,163)	-	-	-
Retiree Medical	6,642		-	6,642	-	6,642
Customer Outreach and Education Program	84,821		-	84,821	-	84,821
Amort. of Deferred Rate Case costs	233,333	l	(171,000)	62,333	-	62,333
Amort. of Deferred Tank Painting costs	32,884		-	32,884	-	32,884
Amort. of Deferred Pension/OPEB expense	-		-	-	-	-
Amortization of Actuarial Studies	96,444	m	(96,444)	-	-	-
Audit Fees	61,498		-	61,498	-	61,498
<b>Total O &amp; M Expenses</b>	<u>\$ 23,943,730</u>		<u>\$ (2,196,498)</u>	<u>\$ 21,747,232</u>	<u>\$ 8,440</u>	<u>\$ 21,755,672</u>

**Long Island American Water**  
**Calculation of State Income Tax Expense**  
**For the Rate Year Ending March 31, 2013**

	Per Company As Initially Filed	Adj. No. 5	Staff Adjustments	As Adjusted by Staff	Rate Increase	As Adjusted by Staff After Increase
<b>Net Operating Income Before SIT</b>	\$ 5,842,291	a	\$ 5,742,320	\$ 11,584,611	\$ 982,357	\$ 12,566,968
<b><u>Additions/Deductions</u></b>						
Interest Expense	(4,278,065)	b	(55,630)	(4,333,695)	-	(4,333,695)
Depreciation Differences	(705,249)		-	(705,249)	-	(705,249)
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expen:	(422,944)	c	(671,682)	(1,094,626)	-	(1,094,626)
Excess Deferred SIT	-		-	-	-	-
<b>Total Adjustments for SIT</b>	<u>(5,406,258)</u>		<u>(727,312)</u>	<u>(6,133,570)</u>	-	<u>(6,133,570)</u>
<b>Taxable Income for SIT</b>	<u>436,033</u>		<u>5,015,008</u>	<u>5,451,041</u>	<u>982,357</u>	<u>6,433,398</u>
Current SIT Expense @ 7.1%	30,958	d	356,066	387,024	69,747	456,771
MTA Surcharge on SIT @ (9% of 17%)	6,671	e	76,730	83,401	15,030	98,431
<b>Current SIT w/ MTA Surcharge</b>	<u>37,630</u>		<u>432,795</u>	<u>470,425</u>	<u>84,777</u>	<u>555,202</u>
<b><u>Deferred SIT Expense</u></b>						
Depreciation Differences	60,863		-	60,863	-	60,863
Amortization of Rate Case	20,137	f	(20,137)	-	-	-
Amortization of Tank Painting	2,838	f	(2,838)	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	8,323	f	(8,323)	-	-	-
Reduction to Taxable Income for Repairs Expen:	-	g	94,466	94,466	-	94,466
Excess Deferred SIT	-		-	-	-	-
<b>Deferred SIT Expense</b>	<u>92,161</u>		<u>63,169</u>	<u>155,329</u>	-	<u>155,329</u>
<b>Total State Income Tax Expense</b>	<u>\$ 129,790</u>		<u>\$ 495,964</u>	<u>\$ 625,754</u>	<u>\$ 84,777</u>	<u>\$ 710,531</u>
<b>Debt-Interest Calculation:</b>						
Rate Base + Interest Bearing CWIP	\$ 126,945,552			\$ 135,784,748		\$ 135,784,748
Weighted Cost of Debt	3.37%			3.19%		3.19%
Interest Charges	<u>\$ 4,278,065</u>			<u>\$ 4,333,695</u>		<u>\$ 4,333,695</u>

**Long Island American Water**  
**Calculation of Federal Income Tax Expense**  
**For the Rate Year Ending March 31, 2013**

	Per Company As Initially Filed	Adj. No. 6	Staff Adjustments	As Adjusted by Staff	Rate Increase	As Adjusted by Staff After Increase
<b>Net Operating Income Before FIT</b>	\$ 5,712,501	a	\$ 5,246,357	\$ 10,958,857	\$ 897,580	\$ 11,856,437
<b><u>Additions/Deductions</u></b>						
Deferred State Income Tax	92,161	b	63,169	155,329	-	155,329
Interest Expense	(4,278,065)	c	(55,630)	(4,333,695)	-	(4,333,695)
Depreciation Differences	(4,983,026)		-	(4,983,026)	-	(4,983,026)
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expen:	(422,944)	d	(671,682)	(1,094,626)	-	(1,094,626)
Excess Deferred FIT	-		-	-	-	-
<b>Total Adjustments for FIT</b>	(9,591,874)		(664,143)	(10,256,018)	-	(10,256,018)
<b>Taxable Income for FIT</b>	(3,879,374)		4,582,213	702,839	897,580	1,600,419
<b>Current FIT Expense @ 34%</b>	(1,318,987)	e	1,557,952	238,965	305,177	544,142
<b><u>Deferred FIT Expense</u></b>						
Deferred State Income Tax	(31,335)	f	(21,477)	(52,812)	-	(52,812)
Depreciation Differences	1,694,229		-	1,694,229	-	1,694,229
Amortization of Flow Through Tax Depr	324,519	g	(113,581)	210,938	-	210,938
Amortization of Rate Case	79,333	h	(79,333)	-	-	-
Amortization of Tank Painting	11,181	h	(11,181)	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	32,791	h	(32,791)	-	-	-
Reduction to Taxable Income for Repairs Expen:	-	i	372,173	372,173	-	372,173
Excess Deferred FIT	(9,883)		-	(9,883)	-	(9,883)
<b>Deferred FIT Expense</b>	2,100,835		113,810	2,214,645	-	2,214,645
<b>Amortization of ITC</b>	(15,000)		-	(15,000)	-	(15,000)
<b>Total Federal Income Tax Expense</b>	<u>\$ 766,848</u>		<u>\$ 1,671,762</u>	<u>\$ 2,438,610</u>	<u>\$ 305,177</u>	<u>\$ 2,743,787</u>

**Long Island American Water  
Rate Base Summary  
For the Rate Year Ending March 31, 2013**

	Per Company As Initially Filed	Adj. No. 7	Staff Adjustments	As Adjusted by Staff	Rate Increase	As Adjusted by Staff After Increase
<b><u>Net Utility Plant</u></b>						
Water Plant in Service	\$ 194,615,892	a	\$ (520,000)	\$ 194,095,892	\$ -	\$ 194,095,892
Non-Interest Bearing CWIP	262,553		-	262,553	-	262,553
Plant Held For Future Use	110,933		-	110,933	-	110,933
Less Accumulated Depreciation	(52,188,969)	b	5,070	(52,183,899)	-	(52,183,899)
<b>Total Net Utility Plant</b>	<b>142,800,409</b>		<b>(514,930)</b>	<b>142,285,479</b>	<b>-</b>	<b>142,285,479</b>
Customer Advances for Construction	(65,427)		-	(65,427)	-	(65,427)
<b><u>Working Capital</u></b>						
Cash Allowance	2,886,976	c	(218,961)	2,668,015	277	2,668,293
Materials and Supplies	617,481		-	617,481	-	617,481
Prepayments	1,562,789		-	1,562,789	-	1,562,789
<b>Total Working Capital</b>	<b>5,067,246</b>		<b>(218,961)</b>	<b>4,848,285</b>	<b>-</b>	<b>4,848,285</b>
<b><u>Regulatory Deferrals</u></b>						
Tank Painting (net of tax)	148,729		-	148,729	-	148,729
Rate Case Expense (net of tax)	231,166	d	(137,192)	93,974	-	93,974
Deferred Pensions/OPEB expense	-		-	-	-	-
Pension Actuarial Study (net of tax)	145,400	e	(145,400)	-	-	-
<b>Total Regulatory Deferrals</b>	<b>525,295</b>		<b>(282,592)</b>	<b>242,703</b>	<b>-</b>	<b>242,703</b>
Accumulated Deferred Income Taxes	(20,181,145)	f	3,433,092	(16,748,053)	-	(16,748,053)
Earnings Base Capitalization Adj.	(1,200,826)	g	(806,436)	(2,007,262)	-	(2,007,262)
<b>Total Rate Base</b>	<b>\$ 126,945,552</b>		<b>\$ 1,610,173</b>	<b>\$ 128,555,725</b>	<b>\$ -</b>	<b>\$ 128,555,725</b>

**Long Island American Water**  
**Summary of Cash Working Capital Allowance**  
**For the Rate Year Ending March 31, 2013**

	<b>Per Company As Initially Filed</b>	<b>Staff Adjustments</b>	<b>As Adjusted by Staff</b>	<b>Rate Increase</b>	<b>As Adjusted by Staff After Increase</b>
<b>Total O &amp; M Expenses</b>	\$ 23,826,418	\$ (2,079,186)	\$ 21,747,232	\$ 8,440	\$ 21,755,672
<b>Adjustments:</b>					
Uncollectible Accounts Expense	(367,949)	60,057	(307,892)	(6,222)	(314,114)
Amort. of Deferred Rate Case costs	(233,333)	171,000	(62,333)	-	(62,333)
Amort. of Deferred Tank Painting costs	(32,884)	-	(32,884)	-	(32,884)
Amort. of Deferred Pension/OPEB exp	-	-	-	-	-
Amort. of Pension Actuarial Study	(96,444)	96,444	-	-	-
<b>Total Adjustments</b>	(730,610)	327,501	(403,109)	(6,222)	(409,331)
<b>Sub-total for Cash W/C allowance</b>	23,095,808	(1,751,685)	21,344,123	2,218	21,346,341
<b>Weighted Billing factor - 1/8 (45 days)</b>	12.50%	12.50%	12.50%	12.50%	12.50%
<b>Total Cash W/C Allowance</b>	<u>\$ 2,886,976</u>	<u>\$ (218,961)</u>	<u>\$ 2,668,015</u>	<u>\$ 277</u>	<u>\$ 2,668,293</u>

Long Island American Water  
Cost of Capital  
For the Rate Year Ending March 31, 2013

	<u>Percent</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Return</u>
Long-Term Debt	56.19%	5.68%	3.19%	3.19%
Preferred Stock	0.05%	4.50%	0.00%	0.00%
Common Equity	43.76%	8.90%	3.89%	6.49%
Totals	<u>100.00%</u>		<u>7.09%</u>	<u>9.69%</u>

**Long Island American Water  
Computation of Revenue Requirement  
For the Rate Year Ending March 31, 2013**

	<b>Rate Year Per Staff</b>
Average Rate Base	\$ 128,555,725
Rate of Return on Rate Base	7.09%
Required Net Income	<u>9,112,649</u>
Net Income before Revenue Requirement	8,520,247
Earnings Deficiency	<u>592,402</u>
Retention Factor	59.98%
Revenue Increase	<u>\$ 987,668</u>

<u>Calculation of Retention ("Gross-Up") Factor:</u>	<u>Percentages</u>	<u>Rate Year Revenue Requirement</u>
Sales Revenues	100.00%	\$ 987,668
Late Payment Charges	0.32%	3,129
PSC Assessment	0.22%	2,218
Uncollectible Accounts Expense	0.63%	6,222
Retention Factor before Income Taxes	<u>99.46%</u>	<u>982,357</u>
SIT Expense @7.1% plus (9% times 17%) MTA Surcharge on SIT	8.58%	84,777
FIT Expense @ 34%	30.90%	305,177
Retention Factor	<u>59.98%</u>	<u>\$ 592,402</u>

Long Island American Water  
Summary of Staff Adjustments  
For the Rate Year Ending March 31, 2013

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
1	<b><u>Operating &amp; Maintenance Expenses</u></b>		
a.	<b><u>Payroll</u></b>		
	1) To reflect the removal of three vacant union employee positions	Leung / Water Rates	\$ (211,353)
	2) To reflect payroll adjusted for general inflation	Leung	(187,367)
	Corrections to reflect 2012 wage increase and update to 2012 general inflation	Correction	61,002
	3) To reflect HTY overtime (OT) adjusted for general inflation	Leung	(121,031)
	Corrections to reflect update to 2012 general inflation	Correction	(568)
	4) To remove incentive compensation	Leung	(260,010)
	5) To adjust payroll with HTY capitalized payroll percentage	Leung	162,530
	Tracks corrections to payroll	Correction	(10,024)
	Total Adjustments to Payroll		<u>\$ (566,821)</u>
b.	<b><u>Productivity Adjustment</u></b>		
	Tracking Staff's adjustments to payroll	Leung	6,734
	Tracks corrections to payroll	Correction	366
	Total Adjustments to Productivity		<u>7,100</u>
c.	<b><u>Invoices</u></b>		
	To reflect Staff's adjustments to invoices expense	Bailey	(183,231)
d.	<b><u>Leased Vehicles</u></b>		
	To reflect Staff's adjustments to leased vehicles expense	Simpson	(136,777)
e.	<b><u>Service Company Expense</u></b>		
	To reflect Staff's adjustments to service company expense	Bailey	(940,929)
f.	<b><u>Group Insurance</u></b>		
	Correction to reflect latest known cost rates + inflation and limit health insurance to 89 employees	Correction	(92,660)
g.	<b><u>Post-Retirement Other than Pensions (OPEBs)</u></b>		
	To adjust OPEBs expense with HTY capitalized payroll percentage	Bailey	2,343
h.	<b><u>Pension Expense</u></b>		
	To adjust pension expense with HTY capitalized payroll percentage	Bailey	4,156
i.	<b><u>401(k) Plan Expense</u></b>		
	Tracking Staff's adjustments to payroll	Leung	(9,853)
	Tracks corrections to payroll	Correction	1,130
	Total Adjustments to 401(k) Expense		<u>(8,723)</u>

Long Island American Water  
Summary of Staff Adjustments  
For the Rate Year Ending March 31, 2013

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
1	<u>Operating &amp; Maintenance Expenses</u>		
j.	<u>Defined Contribution Plan (DCP)</u>		
	Tracking Staff's adjustments to payroll	Leung	(11,042)
	<b>Tracks corrections to payroll</b>	Correction	<b>693</b>
	Total Adjustments to DCP Expense		<b>(10,349)</b>
k.	<u>Employee Stock Purchase Plan (ESPP)</u>		
	To remove ESPP costs from operating expense	Leung	(3,163)
l.	<u>Amortization of Deferred Rate Case Expense</u>		
	To adjust the forecast of rate case expense amortized over three years	Simpson	(171,000)
m.	<u>Amortization of Actuarial Studies</u>		
	To disallow the amortization of expense to perform stand-alone pension and OPEB	Bailey	(96,444)
	Total Adjustments to Operating & Maintenance Expense		<b>(2,196,498)</b>
2	<u>Depreciation Expense</u>		
	To reflect Staff's adjustments to book depreciation expense	Water Rates	(6,419)
	<u>Taxes Other Than Income Taxes</u>		
3	<u>Property Taxes</u>		
	To adjust property tax forecast to reflect latest known amounts plus inflation	Bailey	(3,504,649)
4	<u>Payroll Taxes</u>		
	Tracking Staff's adjustments to payroll	Leung	(38,638)
	<b>Tracks corrections to payroll</b>	Correction	<b>3,884</b>
			<b>(34,754)</b>
	Total Adjustments to Taxes Other Than Income Taxes		<b>(3,539,403)</b>

Long Island American Water  
Summary of Staff Adjustments  
For the Rate Year Ending March 31, 2013

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
5	<u>State Income Taxes</u>		
a.	<u>Net Operating Income before SIT</u> To reflect Staff's adjustments to operating revenues and expenses		<u>\$ 5,742,320</u>
	<u>Adjustments to Taxable Income</u>		
b.	<u>Interest Expense</u> To reflect Staff's calculation of interest expense including interest on IBCWIP	Leung	(55,630)
c.	<u>Reduction to Taxable Income for Repairs Expense</u> To reflect LIAW's correction to the repairs expense deduction	Leung	(671,682)
	<u>Total Adjustments to Taxable Income - SIT</u>		<u>(727,312)</u>
d.	<u>State Income Tax</u> To reflect state income tax expense at the current rate of 7.1%		<u>356,066</u>
e.	<u>MTA Tax Surcharge</u> To reflect MTA tax surcharge at the current rate of 17%		<u>76,730</u>
	<u>Deferred State Incomes Taxes</u>		
f.	<u>Removal of Deferred SIT for Rate Case, Tank Painting and Pension Study</u> To remove deferred SIT from items that are not supported by tax deductions	Leung	(31,298)
g.	<u>Amortization of Deferred Repairs Expense Deduction</u> To correct omission of deferred SIT on repairs expense deduction	Leung	94,466
	<u>Total Deferred SIT</u>		<u>63,169</u>

Long Island American Water  
Summary of Staff Adjustments  
For the Rate Year Ending March 31, 2013

<u>Adj. No.</u>		<u>Witness</u>	<u>Amount</u>
6	<u>Federal Income Taxes</u>		
a.	<u>Net Operating Income before FIT</u> To reflect Staff's adjustments made to operating revenues and expenses		<u>\$ 5,246,357</u>
	<u>Adjustments to Taxable Income</u>		
b.	<u>Deferred State Income Tax</u> Tracking Staff's deferred state income tax calculation		63,169
c.	<u>Interest Expense</u> To reflect Staff's calculation of interest expense including interest on IBCWIP	Leung	(55,630)
d.	<u>Reduction to Taxable Income for Repairs Expense</u> To reflect LIAW's correction to the repairs expense deduction	Leung	(671,682)
	Total Adjustments to Taxable Income - FIT		<u>(664,143)</u>
e.	<u>Federal Income Tax</u> To reflect federal income taxes at the current 34% tax rate		<u>1,557,952</u>
	<u>Deferred Federal Incomes Taxes</u>		
f.	<u>Deferred State Income Taxes</u> Tracking Staff's adjustment of deferred SIT		(21,477)
g.	<u>Amortization of Flow-Through Tax Depreciation</u> To correct deferred FIT on the amortization of flow-through tax depreciation	Leung	(113,581)
h.	<u>Removal of Deferred FIT for Rate Case, Tank Painting and Pension Study</u> To remove deferred FIT from items that are not supported by tax deductions	Leung	(123,305)
i.	<u>Amortization of Deferred Repairs Expense Deduction</u> To correct omission of deferred FIT on repairs expense deduction	Leung	372,173
	Total Deferred FIT		<u>113,810</u>

Long Island American Water  
Summary of Staff Adjustments  
For the Rate Year Ending March 31, 2013

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
7	<u>Rate Base</u>		
a.	<u>Water Plant In Service</u> To reflect Staff's correction to Water Plant in Service based on IR-171, MVH-15	Water Rates	\$ (520,000)
b.	<u>Accumulated Provision for Depreciation</u> Tracking Staff's plant in service adjustments	Water Rates	5,070
c.	<u>Working Capital</u> <u>Cash Allowance</u> Tracking the Staff's adjustments to O & M expenses		(218,961)
d.	<u>Regulatory Deferrals</u> <u>Deferred Rate Case Expense</u> Tracking Staff's recommended rate year amortization	Simpson	(137,192)
e.	<u>Deferred Pension Actuarial Study</u> Tracking Staff's recommended rate year amortization	Bailey	(145,400)
	<b>Total Adjustments to Regulatory Deferrals</b>		<b>(282,592)</b>
f.	<u>Accumulated Deferred Income Taxes (ADIT)</u> Tracking Staff's correction to Water Plant in Service based on IR-171, MVH-15	Leung / Water Rates	524,546
	<b>Corrections to reflect RY impact of HTY differences</b>	Correction	<b>2,908,546</b>
	<b>Total Adjustments to Accumulated Deferred Income Taxes</b>		<b>3,433,092</b>
g.	<u>Earnings Base vs. Capitalization Adjustment (EBCap)</u> 1) To reflect Staff's adjustment to capitalization	Leung	(458,006)
	2) To reflect Staff's corrections to HTY accumulated deferred income taxes	Leung	(2,908,546)
	<b>Correction to ADIT to reflect HTY balance instead of RY balance</b>	Correction	<b>2,560,116</b>
	<b>Total Adjustments to EBCap</b>		<b>(806,436)</b>
	<b>Total Adjustments to Rate Base</b>		<b>1,610,173</b>