

**REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION**

ref		Electricity Distribution Business:	Waipa Networks	
5			For Year Ended	2008
6				
7				(\$000)
8		<b>Earnings before interest and tax (EBIT)</b>	6,876	from FS1
9				
10	add	Total Regulatory Depreciation	2,885	from FS1
11		Other Permanent Differences - not deductible	-	
12		Other Temporary Adjustments - Current Period	214	
13			3,099	
14				
15	less	Non Taxable Capital Contributions and Vested Assets	1,298	
16		Tax Depreciation	1,541	
17		Deductible Discretionary Discounts and Customer Rebates	4,777	
18		Deductible Interest	2,351	from row 53
19		Other Permanent Differences - Non Taxable	-	
20		Other Temporary Adjustments - Prior Period	181	
21			10,149	
22				
23		<b>Regulatory taxable income for Year</b>	(174)	
24				
25	less	Tax Losses Available at Start of Year		
26		<b>Net taxable income</b>	(174)	
27				
28		Statutory Tax Rate	33%	
29		<b>Regulatory Tax Allowance</b>	(57)	to FS1

**Notes to Regulatory Tax Allowance Calculation**

36 **FS3a: Description of adjustments classified as "other"**

37

38 The Electricity Distribution Business is to provide descriptions of items recorded in the four "other" categories above (explanatory

39 notes can be provided in a separate note if necessary).

40

41 Other temporary adjustments relate to wages provisions for which are non deductible in the current year.

42

43

44

45

48 **FS3b: Financing assumptions (for Deductible Interest and Interest Tax Shield calculation)**

49

50 Standard Debt Leverage Assumption (debt/total assets) 40% %

51

52 Standard Cost of Debt Assumption 8.00% %

53

54 Deductible Interest 2,351 \$000 to row 18

55

56 Interest Tax Shield Adjustment 776 \$000 to MP2