

**REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION**

		Electricity Distribution Business:	<b>Waipa Networks</b>	
			For Year Ended	<b>2011</b>
5				
6				
7			<b>(\$000)</b>	
8	<b>Earnings before interest and tax (EBIT)</b>		<b>6,262</b>	<i>from FS1</i>
9				
10	<i>add</i> Total Regulatory Depreciation		<b>3,422</b>	<i>from FS1</i>
11	Other Permanent Differences - not deductible		<b>-</b>	
12	Other Temporary Adjustments - Current Period		<b>189</b>	
13			<b>3,611</b>	
15	<i>less</i> Non Taxable Capital Contributions and Vested Assets		<b>520</b>	
16	Tax Depreciation		<b>2,334</b>	
17	Deductible Discretionary Discounts and Customer Rebates		<b>3,782</b>	
18	Deductible Interest		<b>2,219</b>	<i>from row 53</i>
19	Other Permanent Differences - Non Taxable		<b>-</b>	
20	Other Temporary Adjustments - Prior Period		<b>191</b>	
21			<b>9,046</b>	
22				
23	<b>Regulatory taxable income for Year</b>		<b>827</b>	
24				
25	<i>less</i> Tax Losses Available at Start of Year			
26	<b>Net taxable income</b>		<b>827</b>	
27				
28	Statutory Tax Rate		<b>30%</b>	
29	<b>Regulatory Tax Allowance</b>		<b>248</b>	<i>to FS1</i>

**Notes to Regulatory Tax Allowance Calculation**

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

The Electricity Distribution Business is to provide descriptions of items recorded in the four "other" categories above (explanatory notes can be provided in a separate note if necessary).

Employee entitlements

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

49	Standard Debt Leverage Assumption (debt/total assets)		<b>40%</b>	%	
50					
51	Standard Cost of Debt Assumption		<b>6.59%</b>	%	
52					
53	Deductible Interest		<b>2,219</b>	\$000	<i>to row 18</i>
54					
55	Interest Tax Shield Adjustment		<b>666</b>	\$000	<i>to MP2</i>
56					