

CASE: UW 173
WITNESS: STEPHANIE YAMADA

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 200

**Supplemental Testimony in Response
to Bench Request**

May 10, 2018

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is Stephanie Yamada. I am a Senior Utility Analyst employed in the
3 Telecommunications and Water Division of the Public Utility Commission of
4 Oregon (OPUC). My business address is 201 High Street SE, Suite 100,
5 Salem, Oregon 97301.

6 **Q. Please describe your educational background and work experience.**

7 A. Please see my Witness Qualification Statement, which was filed previously in
8 this docket as Exhibit Staff/101, Yamada/1.

9 **Q. Have you previously provided testimony in this docket?**

10 A. Yes. I previously provided Testimony in Support of the Stipulation, filed
11 April 26, 2018.

12 **Q. What is the purpose of your supplemental testimony?**

13 A. The purpose of my supplemental testimony is to respond to the bench request
14 issued by Judge Patrick Power on May 4, 2018. Specifically, I will elaborate on
15 the federal corporate income tax rate used to calculate the federal income tax
16 expense agreed to by the Stipulating Parties in this case.

17 **Q. Did you prepare any new exhibits for this docket?**

18 A. Yes. I prepared Exhibit Staff/201, consisting of six pages.

19 **Q. Given that the Stipulating Parties agreed to a 2017 test year for rates**
20 **that will become effective in 2018, did the Stipulating Parties use the**
21 **federal corporate tax rates applicable in 2017 or 2018 to calculate the**
22 **federal income tax expense?**

1 A. The Stipulating Parties agreed to use the 2017 federal corporate tax rates to
2 calculate Illahe's federal income tax expense in this case.

3 **Q. Why is the use of 2017 federal corporate tax rates appropriate in this**
4 **case?**

5 A. As discussed in my previous testimony, the Stipulating Parties agreed to
6 include expenses at 2017 amounts to address the relative staleness of
7 Illahe's selected 2016 test year.¹ The Stipulating Parties did not make an
8 exception to the use of 2017 figures for the purpose of calculating federal
9 income tax rates because doing so did not seem to be consistent with the
10 treatment of all other figures in the case. The Stipulating Parties did not
11 adjust any other expense account to 2018 levels. Consistent with
12 Paragraphs 2, 3, 8, and 9 of the Stipulation, the terms of the Stipulation
13 represent a compromise by the Stipulating Parties and the Stipulating
14 Parties support the adoption of the Stipulation in its entirety.

15 **Q. What would be the difference in the federal income tax allowance if the**
16 **2018 tax rate were used in lieu of the 2017 rates?**

17 A. Based on a combined water/wastewater federal taxable income of \$65,779,
18 the use of 2017 rates results in a combined water/wastewater federal
19 income tax expense of \$11,445. The use of the 2018 corporate tax rate of
20 21 percent would result in a combined water/wastewater federal income tax
21 expense of \$14,443, which is \$2,998 higher than the amount agreed to by
22 the Stipulating Parties.

¹ See Exhibit Staff/100, Yamada/10-11.

1 **Q. Please explain why the use of 2017 rates results in a lower federal**
2 **income tax expense than does the use of the 2018 rate.**

3 A. Using 2017 rates, \$50,000 of Illahe's taxable income would fall into the 15
4 percent tax bracket, with the remaining \$15,779 falling into the 25 percent
5 tax bracket. As a result, Illahe's effective federal tax rate using 2017 rates
6 would be 17.40 percent. Using the 2018 rate, all of Illahe's taxable income
7 would be taxed at 21 percent, resulting in both an actual and effective
8 federal tax rate of 21 percent. The federal income tax calculations using
9 2017 and 2018 rates are shown in Exhibit Staff/201, Yamada/5. For
10 illustration purposes, the calculation of Illahe's combined water/wastewater
11 net income using both 2017 and 2018 federal income tax expense is
12 included in Exhibit Staff/201, Yamada/6.

13 **Q. Would the use of the 2018 tax rate result in changes to any other**
14 **stipulated expenses?**

15 A. Yes. Because taxable income is calculated by "grossing up" required net
16 income based on applicable state and federal income tax rates, the use of
17 the higher 2018 federal tax rate would result in an increase to taxable
18 income for both state and federal tax purposes. This change would cause
19 state income tax expense to increase by \$212 (water/wastewater
20 combined). Furthermore, the increase to the revenue requirement resulting
21 from the increased income tax expenses would cause the PUC Fee to
22 increase by \$10 (water/wastewater combined). Exhibit Staff/201,
23 Yamada/1-4 shows the water and wastewater revenue requirements which

1 would result from the use of the 2018 rather than 2017 federal corporate
2 income tax rate.

3 **Q. Do the Stipulating Parties have any concerns that using the 2017 tax**
4 **rates as an input to the rates recommended in the Stipulation will not**
5 **allow Illahe to recover its costs?**

6 A. No. The Stipulation reflects a compromise between the Stipulating Parties,
7 and the Stipulating Parties are confident that the rates recommended in the
8 Stipulation will allow Illahe to recover its costs, despite the fact that the 2018
9 tax rates will be higher for Illahe. Consistent with Paragraphs 2, 3, 8, and 9 of
10 the Stipulation, the Stipulating Parties support the adoption of the Stipulation
11 in its entirety.

12 **Q. Did the water utility review this supplemental testimony and**
13 **accompanying new exhibits?**

14 A. Yes. Silas Olson, General Manager of Hiland Water Corporation, reviewed
15 this testimony and the accompanying exhibits and indicated the Company
16 agrees with its accuracy.

17 **Q. Does this conclude your supplemental testimony?**

18 A. Yes.

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**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 201

**Exhibits in Support
of Testimony**

May 10, 2018

Revenue Requirement with 2018 Federal Tax Rate - Water

Company Proposed Increase	Staff Proposed Increase
58.90%	41.69%

		Test Year	Company Proposed Adjustment	Company Proposed Totals	Staff Adjustments to Company Totals	Staff Proposed Totals
REVENUES						
460	Unmetered	\$ -	\$ -	\$ -	\$ -	\$ -
461.1	Residential	\$ 107,587	\$ 62,860	\$ 170,447	\$ (17,832)	\$ 152,615
461.2	Commercial	\$ 4,687	\$ 4,186	\$ 8,873	\$ 4,831	\$ 13,705
462	Fire Protection Sales	\$ -	\$ -	\$ -	\$ -	\$ -
465	Irrigation Water Sales	\$ 3,361	\$ 5,260	\$ 8,621	\$ (8,621)	\$ -
466	Water Sales for Resale	\$ -	\$ -	\$ -	\$ -	\$ -
471	Miscellaneous Services	\$ 360	\$ (360)	\$ -	\$ 360	\$ 360
475	Cross Connection Control	\$ 5,239	\$ -	\$ 5,239	\$ -	\$ 5,239
	Other - Construction Revenue	\$ 338	\$ (338)	\$ -	\$ 338	\$ 338
		\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue		\$ 121,572	\$ 71,609	\$ 193,181	\$ (20,924)	\$ 172,257

Acct. **OPERATING EXPENSES**

601	Salaries and Wages - Employees	\$ 36,347	\$ 5,229	\$ 41,575	\$ (1,139)	\$ 40,437
603	Salaries and Wages - Officers	\$ 568	\$ 34	\$ 602	\$ (16)	\$ 586
604	Employee Pension & Benefits	\$ 4,820	\$ -	\$ 4,820	\$ 1,195	\$ 6,015
610	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
611	Telephone/Communications	\$ 2,245	\$ -	\$ 2,245	\$ -	\$ 2,245
615	Purchased Power	\$ 15,262	\$ -	\$ 15,262	\$ (80)	\$ 15,181
616	Fuel for Power Production	\$ -	\$ -	\$ -	\$ -	\$ -
617	Other Utilities	\$ 70	\$ -	\$ 70	\$ (5)	\$ 64
618	Chemical / Treatment Expense	\$ -	\$ -	\$ -	\$ -	\$ -
619	Office Supplies	\$ 3,947	\$ -	\$ 3,947	\$ (326)	\$ 3,621
619.1	Postage	\$ 883	\$ -	\$ 883	\$ (433)	\$ 450
620	O&M Materials/Supplies	\$ 129	\$ -	\$ 129	\$ -	\$ 129
621	Repairs to Water Plant	\$ 996	\$ -	\$ 996	\$ -	\$ 996
631	Contract Svcs - Engineering	\$ -	\$ -	\$ -	\$ -	\$ -
632	Contract Svcs - Accounting	\$ 190	\$ -	\$ 190	\$ -	\$ 190
633	Contract Svcs - Legal	\$ -	\$ -	\$ -	\$ -	\$ -
634	Contract Svcs - Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -
635	Contract Svcs - Testing	\$ 750	\$ 693	\$ 1,443	\$ -	\$ 1,443
636	Contract Svcs - Labor	\$ 1,253	\$ -	\$ 1,253	\$ -	\$ 1,253
637	Contract Svcs - Billing/Collection	\$ 837	\$ -	\$ 837	\$ (114)	\$ 724
638	Contract Svcs - Meter Reading	\$ -	\$ -	\$ -	\$ -	\$ -
639	Contract Svcs - Other	\$ 2,622	\$ -	\$ 2,622	\$ (2)	\$ 2,620
641	Rental of Building/Real Property	\$ 2,792	\$ -	\$ 2,792	\$ -	\$ 2,792
642	Rental of Equipment	\$ 3,133	\$ -	\$ 3,133	\$ -	\$ 3,133
643	Small Tools	\$ -	\$ -	\$ -	\$ -	\$ -
648	Computer/Electronic Expenses	\$ 104	\$ -	\$ 104	\$ (2)	\$ 102
650	Transportation	\$ 3,046	\$ -	\$ 3,046	\$ -	\$ 3,046
656	Vehicle Insurance	\$ 629	\$ -	\$ 629	\$ -	\$ 629
657	General Liability Insurance	\$ 1,106	\$ -	\$ 1,106	\$ -	\$ 1,106
658	Workers' Comp Insurance	\$ 552	\$ -	\$ 552	\$ (38)	\$ 514
659	Insurance - Other	\$ -	\$ -	\$ -	\$ -	\$ -
666	Amortz. of Rate Case	\$ -	\$ 3,364	\$ 3,364	\$ -	\$ 3,364
667	Gross Revenue Fee (PUC)	\$ -	\$ 580	\$ 580	\$ (63)	\$ 517
670	Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -
671	Cross Connection Control Program	\$ -	\$ -	\$ -	\$ -	\$ -
673	Training and Certification	\$ 196	\$ -	\$ 196	\$ (46)	\$ 150
674	Consumer Confidence Report	\$ -	\$ -	\$ -	\$ -	\$ -
675	Miscellaneous Expense	\$ 446	\$ -	\$ 446	\$ (7)	\$ 439
OE1	Advertising & PR	\$ 12	\$ -	\$ 12	\$ (12)	\$ -
OE2	Stormwater	\$ 217	\$ -	\$ 217	\$ -	\$ 217
OE3	Other Expense 3	\$ -	\$ -	\$ -	\$ -	\$ -
OE4	Other Expense 4	\$ -	\$ -	\$ -	\$ -	\$ -
OE5	Other Expense 5	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING EXPENSE		\$ 83,151	\$ 9,900	\$ 93,050	\$ (1,088)	\$ 91,962

OTHER REVENUE DEDUCTIONS

403	Depreciation Expense	\$ 33,287	\$ -	\$ 33,287	\$ (17,853)	\$ 15,434
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -
407	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -
408.11	Property Tax	\$ 3,955	\$ -	\$ 3,955	\$ -	\$ 3,955
408.12	Payroll Tax	\$ 2,338	\$ 272	\$ 2,610	\$ 1	\$ 2,611
408.13	Other	\$ -	\$ -	\$ -	\$ -	\$ -
409.10	Federal Income Tax	\$ -	\$ 9,076	\$ 9,076	\$ 2,358	\$ 11,434
409.11	Oregon Income Tax	\$ -	\$ 3,979	\$ 3,979	\$ (132)	\$ 3,847
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE DEDUCTIONS		\$ 122,730	\$ 23,227	\$ 145,957	\$ (16,713)	\$ 129,243
Net Operating Income		\$ (1,158)	\$ 48,382	\$ 47,224	\$ (4,210)	\$ 43,014

UTILITY RATE BASE

101	Utility Plant in Service	\$ 721,691	\$ -	\$ 721,691	\$ 0	\$ 721,691
105	Construction Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -
108	- Accumulated Depreciation of Plant	\$ 305,662	\$ -	\$ 305,662	\$ 1,270	\$ 306,932
271	- Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -
272	+ Accumulated Amortization of CIAC	\$ -	\$ -	\$ -	\$ -	\$ -
281	- Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -
	- Excess Capacity	\$ -	\$ -	\$ -	\$ -	\$ -
= NET RATE BASE INVESTMENT		\$ 416,029	\$ -	\$ 416,029	\$ (1,269)	\$ 414,760
Plus: (working capital)						
151	Materials and Supplies Inventory	\$ 30,512	\$ (161)	\$ 30,351	\$ -	\$ 30,351
	Working Cash (Total Op Exp /12)	\$ 6,930	\$ 795	\$ 7,724	\$ (60)	\$ 7,664
TOTAL RATE BASE		\$ 453,471	\$ 634	\$ 454,104	\$ (1,330)	\$ 452,774
Rate of Return		-0.26%	0.00%	10.40%	0.00%	9.50%

Revenue Requirement with 2018 Federal Tax Rate - Wastewater

Company Proposed Increase
29.81%

Staff Proposed Increase
28.26%

REVENUES	Test Year	Company Proposed Adjustment	Company Proposed Totals	Staff Adjustments to Company Totals	Staff Proposed Totals
Unmetered	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ 72,762	\$ 22,857	\$ 95,619	\$ (1,473)	\$ 94,146
Commercial (Restaurant)	\$ 7,643	\$ 1,581	\$ 9,224	\$ (142)	\$ 9,082
Fire Protection Sales	\$ -	\$ -	\$ -	\$ -	\$ -
Irrigation Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -
Water Sales for Resale	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Services	\$ 360	\$ (360)	\$ -	\$ 360	\$ 360
Cross Connection Control	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
0	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 80,765	\$ 24,078	\$ 104,843	\$ (1,256)	\$ 103,587

Acct . **OPERATING EXPENSES**

601	Salaries and Wages - Employees	\$ 26,123	\$ 4,626	\$ 30,749	\$ (842)	\$ 29,907
603	Salaries and Wages - Officers	\$ 568	\$ 34	\$ 602	\$ (16)	\$ 586
604	Employee Pension & Benefits	\$ 3,686	\$ -	\$ 3,686	\$ 888	\$ 4,574
610	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
611	Telephone/Communications	\$ 861	\$ -	\$ 861	\$ -	\$ 861
615	Purchased Power	\$ 1,831	\$ -	\$ 1,831	\$ -	\$ 1,831
616	Fuel for Power Production	\$ -	\$ -	\$ -	\$ -	\$ -
617	Other Utilities	\$ 70	\$ -	\$ 70	\$ (5)	\$ 64
618	Chemical / Treatment Expense	\$ 4,686	\$ -	\$ 4,686	\$ -	\$ 4,686
619	Office Supplies	\$ 3,947	\$ -	\$ 3,947	\$ (326)	\$ 3,621
619.1	Postage	\$ 838	\$ -	\$ 838	\$ (389)	\$ 450
620	O&M Materials/Supplies	\$ 6,291	\$ -	\$ 6,291	\$ -	\$ 6,291
621	Repairs to Water Plant	\$ 456	\$ -	\$ 456	\$ (67)	\$ 389
631	Contract Svcs - Engineering	\$ -	\$ -	\$ -	\$ -	\$ -
632	Contract Svcs - Accounting	\$ 190	\$ -	\$ 190	\$ -	\$ 190
633	Contract Svcs - Legal	\$ 63	\$ -	\$ 63	\$ -	\$ 63
634	Contract Svcs - Management Fees	\$ 1,200	\$ -	\$ 1,200	\$ -	\$ 1,200
635	Contract Svcs - Testing	\$ 6,840	\$ -	\$ 6,840	\$ -	\$ 6,840
636	Contract Svcs - Labor	\$ -	\$ -	\$ -	\$ -	\$ -
637	Contract Svcs - Billing/Collection	\$ 837	\$ -	\$ 837	\$ (114)	\$ 724
638	Contract Svcs - Meter Reading	\$ -	\$ -	\$ -	\$ -	\$ -
639	Contract Svcs - Other	\$ 4,151	\$ -	\$ 4,151	\$ (2)	\$ 4,149
641	Rental of Building/Real Property	\$ 2,792	\$ -	\$ 2,792	\$ -	\$ 2,792
642	Rental of Equipment	\$ 1,287	\$ -	\$ 1,287	\$ -	\$ 1,287
643	Small Tools	\$ -	\$ -	\$ -	\$ -	\$ -
648	Computer/Electronic Expenses	\$ 104	\$ -	\$ 104	\$ (2)	\$ 102
650	Transportation	\$ 393	\$ -	\$ 393	\$ -	\$ 393
656	Vehicle Insurance	\$ 629	\$ -	\$ 629	\$ -	\$ 629
657	General Liability Insurance	\$ 1,106	\$ -	\$ 1,106	\$ -	\$ 1,106
658	Workers' Comp Insurance	\$ 552	\$ -	\$ 552	\$ (38)	\$ 514
659	Insurance - Other	\$ -	\$ -	\$ -	\$ -	\$ -
666	Amortz. of Rate Case	\$ -	\$ 3,364	\$ 3,364	\$ -	\$ 3,364
667	Gross Revenue Fee (PUC)	\$ -	\$ 314	\$ 314	\$ (4)	\$ 311
670	Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -
671	Cross Connection Control Program	\$ -	\$ -	\$ -	\$ -	\$ -
673	Training and Certification	\$ 196	\$ -	\$ 196	\$ (46)	\$ 150
674	Consumer Confidence Report	\$ -	\$ -	\$ -	\$ -	\$ -
675	Miscellaneous Expense	\$ 2,137	\$ -	\$ 2,137	\$ (7)	\$ 2,130
OE1	Advertising & PR	\$ 12	\$ -	\$ 12	\$ (12)	\$ -
OE2	Stormwater	\$ -	\$ -	\$ -	\$ -	\$ -
OE3	Other Expense 3	\$ -	\$ -	\$ -	\$ -	\$ -
OE4	Other Expense 4	\$ -	\$ -	\$ -	\$ -	\$ -
OE5	Other Expense 5	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL OPERATING EXPENSE	\$ 71,845	\$ 8,338	\$ 80,183	\$ (980)	\$ 79,203

OTHER REVENUE DEDUCTIONS

403	Depreciation Expense	\$ 6,626	\$ -	\$ 6,626	\$ 0	\$ 6,626
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -
407	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -
408.11	Property Tax	\$ 228	\$ -	\$ 228	\$ -	\$ 228
408.12	Payroll Tax	\$ 1,915	\$ 272	\$ 2,187	\$ 1	\$ 2,188
408.13	Other	\$ -	\$ -	\$ -	\$ -	\$ -
409.10	Federal Income Tax	\$ -	\$ 2,189	\$ 2,189	\$ 820	\$ 3,009
409.11	Oregon Income Tax	\$ -	\$ 1,031	\$ 1,031	\$ (18)	\$ 1,013
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE DEDUCTIONS		\$ 80,613	\$ 11,830	\$ 92,444	\$ (177)	\$ 92,267
Net Operating Income		\$ 152	\$ 12,248	\$ 12,399	\$ (1,079)	\$ 11,321

UTILITY RATE BASE

101	Utility Plant in Service	\$ 439,505	\$ -	\$ 439,505	\$ 0	\$ 439,505
105	Construction Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -
108	- Accumulated Depreciation of Plant	\$ 327,102	\$ -	\$ 327,102	\$ 0	\$ 327,102
271	- Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -
272	+ Accumulated Amortization of CIAC	\$ -	\$ -	\$ -	\$ -	\$ -
281	- Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -
0	- Excess Capacity	\$ -	\$ -	\$ -	\$ -	\$ -
= NET RATE BASE INVESTMENT		\$ 112,403	\$ -	\$ 112,403	\$ 0	\$ 112,403

Plus: (working capital)

151	Materials and Supplies Inventory	\$ -	\$ 161	\$ 161	\$ -	\$ 161
0	Working Cash (Total Op Exp /12)	\$ 5,987	\$ 695	\$ 6,682	\$ (81)	\$ 6,600
TOTAL RATE BASE		\$ 118,390	\$ 856	\$ 119,246	\$ (81)	\$ 119,164
Rate of Return		0.13%	0.00%	10.40%	0.00%	9.50%

Federal Income Tax Calculation - 2017 vs. 2018 Rates (Water/Wastewater Combined)

Federal Tax Calculation at 2017 Rates

Federal Tax Bracket	Rate	Illahé Taxable Income	Fed Tax
\$0 to \$50,000	15%	\$ 50,000	\$ 7,500
\$50,000 to \$75,000	25%	\$ 15,779	\$ 3,945
\$75,000 to \$100,000	34%	\$ -	\$ -
\$100,000 to \$335,000	39%	\$ -	\$ -
\$335,000 to \$10,000,000	34%	\$ -	\$ -
\$10,000,000 to \$15,000,000	35%	\$ -	\$ -
\$15,000,000 to \$18,333,333	38%	\$ -	\$ -
\$18,333,333 and above	35%	\$ -	\$ -
Total		\$ 65,779	\$ 11,445

2017 Federal Tax	\$	11,445
2017 Federal Taxable Income	\$	65,779
Effective Tax Rate		17.40%

Federal Tax Calculation at 2018 Rate

Federal Tax Bracket	Rate	Illahé Taxable Income	Fed Tax
All	21%	\$ 68,778	\$ 14,443

2018 Federal Tax	\$	14,443
2018 Federal Taxable Income	\$	68,778
Effective Tax Rate		21.00%

Net Income Calculation using 2017 vs. 2018 Tax Rates (Water/Wastewater Combined)

	Using 2017 Rates	Using 2018 Rate
Revenue Requirement	\$ 272,625	\$ 275,845
Operating Expenses	\$ 171,155	\$ 171,165
Depreciation Expense	\$ 22,060	\$ 22,060
Property Tax	\$ 4,183	\$ 4,183
Payroll Tax	\$ 4,799	\$ 4,799
Total Non-Income Tax Expense	\$ 202,197	\$ 202,207
Taxable Income	\$ 70,427	\$ 73,638
State Tax		
Taxable Income	\$ 70,427	\$ 73,638
x State Tax Rate	6.60%	6.60%
= State Tax	\$ 4,648	\$ 4,860
Federal Tax		
State Taxable Income	\$ 70,427	\$ 73,638
- State Tax	\$ 4,648	\$ 4,860
= Federal Taxable Income	\$ 65,779	\$ 68,778
Federal Tax	\$ 11,445	\$ 14,443
Net Income	\$ 54,334	\$ 54,334