

Dominick DiRocco, Esq.
Vice President, Rates & Regulatory Affairs

August 6, 2024

Electronic Filing

Sherril L. Golden
Board Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P. O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Petition of Elizabethtown Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions

BPU Docket No. GR24020158, OAL Docket No. PUC 03991-2024

Dear Secretary Golden,

Enclosed for filing in the above-referenced matter, please find Elizabethtown Gas Company's ("Elizabethtown" or "Company") 12+0 Update Revised, which consists of the Second Supplemental Direct Testimony of Thomas Kaufmann (Exhibit P-5B) and John L. Houseman (Exhibit P-8B) and supporting documents, which have been filed electronically today in the above-referenced matter through the Board's e-filing program. The purpose of this filing is to support certain changes to the Company's 12+0 update filing in this proceeding which was submitted July 31, 2024.

The 12+0 Update Revised includes the following changes that are addressed further in supplemental testimony:

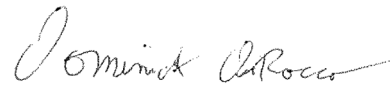
- Schedule JLH-8 is revised to remove the CIC Rate Credit Adjustment from the calculation of interest synchronization
- Schedules TK-1 through TK-4, TK-14 and TK-17.2 were revised to incorporate the change to Schedule JLH-8

As a result of these changes, the Company's requested revenue requirement in the 12+0 Update Revised is \$70.3 million, a decrease of \$2.5 million from the Company's 12+0 Update revenue requirement of \$72.8 million.

In accordance with the BPU's March 19, 2020 and June 10, 2020 Orders issued in Docket No. EO20030254, hard copies are not being submitted at this time, but can be provided at a later time, if needed.

If you have any questions, please feel free to contact me directly.

Respectfully submitted,

A handwritten signature in cursive script that reads "Dominick DiRocco".

Dominick DiRocco

Enclosures

cc: Service List (Electronic Mail)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY FOR APPROVAL OF
INCREASED BASE TARIFF RATES AND CHARGES FOR GAS SERVICE, CHANGES TO DEPRECIATION
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR24020158
OAL DOCKET NO. PUC 03991-2024**

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12+0 UPDATE REVISED

Second Supplemental Direct Testimony & Schedules

Of

Thomas Kaufmann

**IN THE MATTER OF THE PETITION OF
ELIZABETHTOWN GAS COMPANY FOR APPROVAL OF
INCREASED BASE TARIFF RATES AND CHARGES
FOR GAS SERVICE, CHANGES TO DEPRECIATION
RATES AND OTHER TARIFF REVISIONS**

BPU DOCKET NO. GR24020158

SECOND SUPPLEMENTAL DIRECT TESTIMONY

OF

THOMAS KAUFMANN

**On Behalf Of
Elizabethtown Gas Company**

Exhibit P-3B

12+0 Update (Revised)

August 6, 2024

**ELIZABETHTOWN GAS COMPANY
SUPPLEMENTAL DIRECT TESTIMONY OF
THOMAS KAUFMANN**

1 **Q. PLEASE STATE YOUR NAME, AFFILIATION AND BUSINESS ADDRESS.**

2 **A.** My name is Thomas Kaufmann and I am the Manager of Rates and Tariffs for
3 Elizabethtown Gas Company (“Elizabethtown” or “Company”). My business address is
4 520 Green Lane, Union, New Jersey 07083.

5 **Q. ARE YOU THE SAME THOMAS KAUFMANN WHO PREVIOUSLY**
6 **SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING?**

7 **A.** Yes, I am.

8 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT TESTIMONY?**

9 **A.** The purpose of my supplemental direct testimony is to provide a revision to the 12+0
10 Update to Elizabethtown Gas Company’s (“ETG” or “Company”) rate filing in this
11 proceeding. The Company’s 12+0 Update (Revised) reflects changes to certain schedules
12 resulting from a change made to Schedule JLH-8 as described in more detail in the
13 supplemental direct testimony of John L. Houseman.

14 **Q. DO YOU SPONSOR ANY SCHEDULES IN YOUR SUPPLEMENTAL**
15 **TESTIMONY?**

16 **A.** Yes. I am sponsoring the following Schedules, which were prepared and/or compiled
17 under my direction and supervision and support the Company’s calculation of its revenue
18 requirement:

- 19 • Schedule TK-1 (12+0 Rev) – Revenue Requirement;
- 20 • Schedule TK-2 (12+0 Rev) – Statement of Rate Base;
- 21 • Schedule TK-3 (12+0 Rev) – Operating Income Statement;

- 1 • Schedule TK-4 (12+0 Rev) – Summary of Pro Forma Adjustments to Operating Income
- 2 excluding annualization and normalization adjustments;
- 3 • Schedule TK-14 (12+0 Rev) – Inflation Adjustment; and
- 4 • Schedule TK-17.2 (12+0 Rev) – Cash Working Capital (Post-Test Year).

5 **Q. PLEASE DESCRIBE THE PROPOSED REVENUE REQUIREMENT INCREASE**
6 **THAT IS REFLECTED IN THE COMPANY’S 12+0 UPDATE (REVISED).**

7 **A.** As set forth on Schedule TK-1 (12+0 Rev), the Company’s 12+0 Update (Revised)
8 supports an increased revenue requirement of \$70,254,073 in this proceeding. This
9 compares to a proposed revenue requirement increase of \$72,811,708 in the Company’s
10 12+0 Update.

11 **Q. WHAT ARE THE COMPONENTS OF THE DIFFERENCE IN THE COMPANY’S**
12 **REVENUE REQUIREMENT ON SCHEDULE TK-1 IN THE 12+0 UPDATE**
13 **(REVISED) AS COMPARED TO THE 12+0 UPDATE?**

14 **A.** The components of the revenue requirement difference are as follows:
15 (i) a decrease in rate base of \$0.1 million due to the removal of the CIC Rate Credit
16 Adjustment from Schedule JLH-8; and
17 (ii) a decrease in Federal Income Taxes and New Jersey Corporate Business Tax of
18 \$1.8 million due to the change in the Income Tax Expense Adjustment on Schedule
19 JLH-8.

20 The above expense change in taxes results in a \$1.8 million decrease in adjusted net
21 operating income.

1 The adjustments described above are grossed up by the proposed revenue factor as
2 set forth on Schedule TK-1 (12+0 Rev) to derive the revenue requirement decrease of \$2.5
3 million reflected in the 12+0 Update (Revised) as compared to the 12+0 Update.

4 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT TESTIMONY?**

5 **A. Yes, it does.**

ELIZABETHTOWN GAS COMPANY
REVENUE REQUIREMENT

<u>Line</u>			<u>REFERENCE</u>
1	Adjusted Rate Base	\$1,813,359,890	TK-2
2	Rate of Return	<u>8.33%</u>	
3	Required Operating Income	151,052,879	
4	Adjusted Net Operating Income	<u>101,133,369</u>	TK-3
5	Income Deficiency	49,919,510	
6	Revenue Factor	<u>1.407347</u>	TK-6
7	Operating Revenue Adjustment to Base Rates	<u><u>\$70,254,073</u></u>	

ELIZABETHTOWN GAS COMPANY
STATEMENT OF RATE BASE

Line No.	G/L Accounts	12 MONTHS ACTUAL BALANCES		12 MONTH	POST	ADJUSTED	REFERENCE TO	
		AS OF Jun-24	TEST YEAR ADJUSTMENT	RATE BASE 6/30/2024	TEST YEAR ADJUSTMENT	RATE BASE 12/31/2024	RATEMAKING ADJUSTMENTS	
1	Utility Plant In Service	10100, 10110	\$2,506,307,956	(\$103,000,738)	\$2,403,307,218	\$95,852,082	\$2,499,159,300	EP-1
2	Accumulated Depreciation & Amortization	10800, 10810, 10820, 10830, 10850, 29110, Acq Adj.	(\$494,139,849)	\$0	(\$494,139,849)	(\$8,930,503)	(\$503,070,352)	JLH-5
3	Net Utility Plant		\$2,012,168,107	(\$103,000,738)	\$1,909,167,369	\$86,921,579	\$1,996,088,948	
4	Pension/OPEB	Reg Asset: 16120 Accrued: 27500, 27510	\$22,058,540	(\$812,157)	\$21,246,383	(\$1,624,314)	\$19,622,069	JLH-9
5	Cash Working Capital		\$0	\$37,490,576	\$37,490,576	\$10,569,049	\$48,059,625	TK-17
6	Inventory Average Balances	14600, 14610	\$0	\$11,103,233	\$11,103,233	(\$1,452,706)	\$9,650,527	TK-18
7	Customer Deposits ⁽¹⁾	22000	(\$4,967,643)	\$0	(\$4,967,643)	(\$24,721)	(\$4,992,364)	TK-16
8	Customer Advances ⁽¹⁾	29430	(\$1,667,035)	\$0	(\$1,667,035)	\$0	(\$1,667,035)	
9	Deferred Income Taxes:							
10	Excess Protected ADIT	28110 Reg Liability	(\$76,472,651)	\$891,207	(\$75,581,444)	\$1,195,472	(\$74,385,972)	WP-1 TY Def Tax
11	Federal Income Tax	27000	(\$111,193,659)	(\$5,327,805)	(\$116,521,464)	(\$5,178,785)	(\$121,700,249)	JLH-6
12	NJ CBT	27000	(\$52,367,500)	(\$2,509,171)	(\$54,876,671)	(\$2,438,988)	(\$57,315,659)	JLH-7
13	Consolidated Tax Adjustment		\$0	\$0	\$0	\$0	\$0	Exhibit P-1 Sch-E
14	Total Rate Base		\$1,787,558,159	(\$62,164,855)	\$1,725,393,304	\$87,966,586	\$1,813,359,890	

⁽¹⁾ Represents Thirteen Month Averages of Account Balances

ELIZABETHTOWN GAS COMPANY
OPERATING INCOME STATEMENT

Line No.	12 MONTHS ACTUAL Jun-2024	0 MONTHS PROJECTED DATA	TEST YEAR 12 MOS ENDED 6/30/2024	TEST & POST TEST YR. PRO FORMA ADJUSTMENTS	ANNUALIZATION & NORMALIZATION ADJUSTMENTS	POST TEST YEAR ENDED 3/31/2025	REVENUE DEFICIENCY	POST TEST YEAR 12 MOS ENDED 3/31/2025	
1	Operating Revenues	\$413,275,445	\$0	\$413,275,445	(\$22,465,474)	\$62,503,922	\$453,313,893	\$70,254,073	\$523,567,966
2	Cost of Sales-Rider Revenue Offsets *	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Cost of Sales Purchased Gas	(\$119,198,275)	\$0	(\$119,198,275)	\$0	(\$42,951,960)	(\$162,150,235)	\$0	(\$162,150,235)
4	Operating Margin Revenues	\$294,077,170	\$0	\$294,077,170	(\$22,465,474)	\$19,551,962	\$291,163,658	\$70,254,073	\$361,417,731
5	Operating Expenses:								
6	Operation & Maintenance Exps.	\$88,914,608	\$0	\$88,914,608	\$3,916,690	\$556,222	\$93,387,520	\$625,191	\$94,012,711
7	Depreciation Expense	\$66,887,477	\$0	\$66,887,477	6,656,324	\$0	\$73,543,801	\$0	\$73,543,801
8	Amortization Expense *	\$22,931,053	\$0	\$22,931,053	(\$19,466,639)	\$0	\$3,464,414	\$0	\$3,464,414
9	Taxes Other Than Income Taxes	\$5,431,758	\$0	\$5,431,758	\$163,204	\$169,136	\$5,764,098	\$190,108	\$5,954,206
10	Federal Income Taxes & NJ CBT	\$17,280,379	\$0	\$17,280,379	(\$1,572,902)	\$5,292,158	\$20,999,635	\$19,519,239	\$40,518,874
11	Excess Deferred Tax Amortization	(\$1,494,388)	\$0	(\$1,494,388)	(\$1,195,472)	\$0	(\$2,689,860)	\$0	(\$2,689,860)
12	Total Operating Expenses	\$199,950,887	\$0	\$199,950,887	(\$11,498,795)	\$6,017,516	\$194,469,608	\$20,334,538	\$214,804,146
13	Net Operating Income	\$94,126,283	\$0	\$94,126,283	(\$10,966,679)	\$13,534,446	\$96,694,050	\$49,919,535	\$146,613,585
14	Ratemaking Adjustments								
15	Interest on Customer Deposits AT	\$112,830	\$0	\$112,830	\$69,730	\$0	\$182,560	\$0	\$182,560
16	CIC Rate Credit Adjustment AT	\$0	\$0	\$0	(\$4,621,879)	\$0	(\$4,621,879)	\$0	(\$4,621,879)
17	Adjusted Net Operating Income	\$94,013,453	\$0	\$94,013,453	(\$6,414,530)	\$13,534,446	\$101,133,369	\$49,919,535	\$151,052,904
18	Total Rate Base			\$1,725,393,304			\$1,813,359,890		\$1,813,359,890
19	Return on Rate Base			5.45%			5.58%		8.33%
20	Adjusted Net Income			\$56,054,800			\$61,239,451		\$111,158,986
21	Return on Equity			5.70%			5.92%		10.75%

* Rider Offsets were previously in Cost of Sales, now in Depreciation & Amortization.

**ELIZABETHTOWN GAS COMPANY
PRO FORMA ADJUSTMENTS TO JUNE 30, 2024 OPERATING INCOME**

	Test & Post Test Year Pro Forma Adjustments
1. Rider Operating Revenue Adjustments	
(a) Remove Rider Revenues Adjustments (TK-7)	\$ (35,503,822)
(b) IIF Bill Credit January 2024 (TK-7)	\$ 13,038,348
	(22,465,474)
2. Operation and Maintenance expenses	
(a) Annualization of Payroll (TK-9)	\$ 2,526,920
(b) Annualization of Benefits (TK-10)	\$ 231,948
(c) Annualization of Allocated Service Company Salaries & Benefits (TK-11)	\$ (862,000)
(d) Amortization of Rate Case expenses (TK-12)	\$ 429,333
(e) Non-Recoverable and Other Expense Adjustments (TK-13)	\$ 38,547
(f) Inflation Adjustment (TK-14)	\$ 1,551,942
	3,916,690
3. Depreciation Expense	
(a) Annualize Test Year Depreciation Expense (JLH-5)	\$ (947,517)
(b) Annualize Post Test Year Depreciation Expense (JLH-5)	\$ 3,625,973
(c) Test Year Income Statement Adj. to WP-1 Depreciation TY @ Current Rates	\$ 3,977,868
	6,656,324
4. Amortization Expense	
(d) Rider Revenue Offsets (TK-7) *	\$ (19,466,639)
	(19,466,639)
5. Taxes Other Than Income	
(a) FICA Payroll Tax Adjustment (TK-9)	\$ 193,309
(b) Adjustment for PUA (TK-15)	\$ (30,105)
(c) Extraordinary Item, if any	\$ -
	163,204
6. Excess Deferred Tax Amortization	
(a) Excess Deferred Tax Amortization	\$ (1,195,472)
	(1,195,472)
7. Taxes - Income - Current, Increase / (decrease)	
(a) Interest Synchronization Tax Expense Change (JLH-8)	\$ 2,288,021
(b) Income Tax effect of adjustments 1 - 5 times tax rate	\$ (3,860,923)
	(1,572,902)

* Previously in Cost of Sales - Rider Revenue Offsets

**ELIZABETHTOWN GAS COMPANY
PRO FORMA ADJUSTMENTS TO JUNE 30, 2024 OPERATING INCOME
O&M INFLATION ADJUSTMENT**

<u>Line No.</u>	<u>Description</u>	<u>Index</u>
1	<u>Calculation of Inflation Rate</u>	
2	GDPIPD Index Value at the Midpoint of the Test Year:	
3	December 1, 2023	123.3
4	January 1, 2024	124.2
5	Average	123.8
6	GDPIPD Index Value at the End of the Post-Test Year:	
7	March 1, 2025	127.7
8	April 1, 2025	128.0
9	Average	127.9
10	Projected Inflation Rate	3.3118%
11	<u>Calculation of O&M Inflation Adjustment</u>	
12	Post-Test Year Total O&M Expenses	\$93,387,520
13	Less: Normalizing Adjustments	
14	Annualization of Payroll (TK-9)	\$27,669,485
15	Annualization of Benefits (TK-10)	\$5,447,472
16	Annualization of Allocated Service Company Costs (TK-11)	\$3,788,989
17	Amortization of Rate Case expenses (TK-12)	\$429,333
18	Other Operations and Maintenance Expenses (TK-13)	\$38,547
19	Total Normalizing Adjustments	\$37,373,826
20	Less: Items Not Subject to Inflation	
21	Pension / OBEP (TK-17.2)	(\$1,372,485)
22	Uncollectibles (TK-17.2)	\$10,525,191
23	Total Items Not Subject to Inflation	\$9,152,706
24	Residual O&M Expenses	\$46,860,988
25	Inflation Rate	3.3118%
26	Pro Forma Adjustment to O&M Expense	\$1,551,942

ELIZABETHTOWN GAS COMPANY
LEAD-LAG STUDY
WORKING CAPITAL REQUIREMENT
POST TEST YEAR

Line	Description	Adjustments to Test Year Expenses	Adjusted Test Year to Post Test Year Expenses	Average Daily Expenses	Revenue Lag Days	Ref.	Expense Lead Days	Ref.	Net (Lead)/Lag Days	Working Capital Requirement
1	Gas Costs and O&M Expenses									
2	Purchased Gas Costs	\$42,951,960	\$ 162,150,235	444,247	58.65	A	(40.22)	B	18.4300	\$ 8,187,472
3	Regular Payroll	2,526,920	26,366,730	72,238	58.65	A	(9.92)	C	48.7300	3,520,158
4	Variable Compensation	-	1,302,755	3,569	58.65	A	(251.29)	C	(192.6400)	(687,532)
5	Pension/OPEB	0	(1,372,485)	(3,760)	58.65	A	-		58.6500	(220,524)
6	Retirement Savings Plan	0	1,547,145	4,239	58.65	A	(23.59)	C	35.0600	148,619
7	Group Insurance	231,948	3,900,329	10,686	58.65	A	(42.91)	C	15.7400	168,198
8	Uncollectible Expense	625,191	10,525,191	28,836	58.65	A	(274.24)	C	(215.5900)	(6,216,753)
9	Service Company Charges	(862,000)	28,040,236	76,823	58.65	A	(42.88)	C	15.7700	1,211,499
10	Other Third-Party O&M Expenses	2,576,044	23,702,810	64,939	58.65	A	(39.15)	C	19.5000	1,266,311
11	Total Gas Costs and O&M Expenses	-	\$ 256,162,946							\$ 7,377,448
12	Income Taxes									
13	Excess Deferred Tax Amortization		\$ (2,689,860)	(7,369)	58.65		-		58.6500	\$ (432,192)
14	Federal Income Taxes	21.00%	27,623,253	75,680	58.65	A	(37.00)	D	21.6500	1,638,472
15	State Income Tax	9.00%	13,009,381	35,642	58.65	A	(37.00)	D	21.6500	771,649
16	Total Income Taxes		\$ 37,942,774							\$ 1,977,929
17	Taxes Other Than Income Taxes		\$ 5,954,206	16,313	58.65	A	(17.82)	E	40.8300	\$ 666,060
18	Depreciation Expense		\$ 73,543,801	201,490	58.65	A	-		58.6500	\$ 11,817,389
19	Amortization Expense		\$ 3,464,414	9,492	58.65	A	-		58.6500	\$ 556,706
20	Interest Expense									
21	Interest on Long-Term Debt		\$ 39,893,918	109,298	58.65	A	-	F	58.6500	\$ 6,410,328
22	Interest on Short-Term Debt		-	-	58.65	A	-	F	58.6500	-
23	Interest on Customer Deposits		182,560	500	58.65	A	(250.43)	F	(191.7800)	(95,890)
24	Total Interest Expense		\$ 40,076,478							\$ 6,314,438
25	Return		\$ 111,158,961	304,545	58.65	A	-		58.6500	\$ 17,861,564
26	Other Adjustments									
27	Incidental collections									\$ 1,985,982
28	Employee deductions									(497,891)
29	Total Other Adjustments		\$ -	\$ -						\$ 1,488,091
30	Total		\$ 528,303,580	\$ 522,348						\$ 48,059,625

12+0 UPDATE REVISED

Second Supplemental Direct Testimony & Schedules

Of

John L. Houseman

**IN THE MATTER OF THE PETITION OF
ELIZABETHTOWN GAS COMPANY FOR APPROVAL OF
INCREASED BASE TARIFF RATES AND CHARGES
FOR GAS SERVICE, CHANGES TO DEPRECIATION
RATES AND OTHER TARIFF REVISIONS**

BPU DOCKET NO. GR24020158

SECOND SUPPLEMENTAL DIRECT TESTIMONY

OF

JOHN L. HOUSEMAN

**On Behalf Of
Elizabethtown Gas Company**

Exhibit P-5B

12+0 Update (Revised)

August 6, 2024

**ELIZABETHTOWN GAS COMPANY
SUPPLEMENTAL DIRECT TESTIMONY OF
JOHN L. HOUSEMAN**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A.** My name is John L. Houseman. My business address is 1 South Jersey Plaza, Folsom,
3 New Jersey 08037.

4 **Q. ARE YOU THE SAME JOHN L. HOUSEMAN WHO PREVIOUSLY SUBMITTED**
5 **DIRECT TESTIMONY IN THIS PROCEEDING?**

6 **A.** Yes, I am.

7 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT TESTIMONY?**

8 **A.** The purpose of my supplemental direct testimony is to provide a revision to the 12+0
9 Update to Elizabethtown's rate filing in this proceeding to reflect the removal of the CIC
10 Rate Credit Adjustment from Schedule JLH-8.

11 **Q. DO YOU SPONSOR ANY SCHEDULES IN YOUR SUPPLEMENTAL**
12 **TESTIMONY?**

13 **A.** Yes. I am sponsoring the following schedules which were prepared and/or compiled under
14 my direction and supervision:

15

- Schedule JLH-8 (12+0 Rev) – Interest Synchronization Adjustment.

16 **Q. PLEASE EXPLAIN THE CHANGE MADE TO SCHEDULE JLH-8 RELATED TO**
17 **THE CIC RATE CREDIT ADJUSTMENT.**

18 **A.** Schedule JLH-8 (12+0) was revised to remove the CIC Rate Credit Adjustment on line 4
19 of this schedule presented in 12&0 Update filed on July 31, 2024. Given that both the
20 Annualized Rate Base Interest Expense on line 4 and the Test Year Interest Expense on
21 line 5 include annual interest expense related to Refinanced Debt as defined in the Board's
22 January 25, 2023 Order in BPU Docket No. GM22040270 which approved the merger of

1 IIF US Holding 2, LP and South Jersey Industries, Inc., it is not necessary to include the
2 CIC Rate Credit Adjustment in the Interest Synchronization Calculation and to do so
3 overstates the Company's revenue requirement in this proceeding.

4 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT TESTIMONY?**

5 **A.** Yes, it does.

ELIZABETHTOWN GAS COMPANY
PRO FORMA ADJUSTMENTS TO JUNE 30, 2024 OPERATING INCOME

INCOME TAXES - INTEREST SYNCHRONIZATION

<u>Line No.</u>			
1	<u>Annualized Rate Base Interest Expense:</u>		
2	Adjusted Rate Base	\$1,813,359,890	
3	Total Weighted Cost of Long Term Debt	<u>2.20%</u>	
4	Annualized Rate Base Interest Expense *		\$39,893,918
5	Less: 70100 Test Year Interest Expense *		\$48,438,134
6	<u>Debt Issuance Cost Adjustment:</u>		
7	70100 - Removal of Debt Issuance Cost Amort.	(\$724,140)	
8	70100 - Add Back Pre IIF Acq. Debt Issuance Cost Amort.	<u>\$319,452</u>	(\$404,688)
9	Interest Expense Higher / (Lower) (L4-L5-L8)		(\$8,139,528)
10	Income Tax Rate		<u>28.11%</u>
11	Income Tax Expense (Increase) due to Lower Interest Expense		<u><u>(\$2,288,021)</u></u>

* Both amounts include the incremental interest related to Refinanced Debt vs. CIC Debt (per the IIF Merger Order) of \$6.4 million; therefore, no adjustment related to the CIC Rate Credit was made on this schedule because the net effect would be zero.