

The accumulated deferred taxes for Mercury, as included in the rate case evaluation are as follows:

Accumulated Deferred Federal Taxes DR(CR)	7,435,000
Accumulated Deferred State Taxes	<u>1,523,000</u>
Total Accumulated Deferred Taxes	8,958,000

This is the balance at both 12/31/04 and 12/31/05 as we assumed that no mercury expenditures would be paid in 2005. This represents an asset on the books.

	1,523,000
	x 35%
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Fed Effect of State	< 533,050
Above Amt.	8,958,000
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TOTAL NET ACCUM DEF TAX	<u>8,424,950</u>