

Attachment 5

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
HURLEY AVENUE PROJECT - SYSTEM DISTRIBUTION UPGRADE

LISTING OF ASSUMPTIONS

Total Project Cost	\$20,179,439
Less: Contribution in Aid of Construction	(\$17,621,749)
Central Hudson Investment	<u>\$2,557,690</u>
Return on Investment Pre- Tax	9.35%
Return on Investment After- Tax	7.44%
Debt Component of ROI (Pre & After Tax)	2.04%
Equity Component of ROI Pre-Tax	7.31%
Equity Component of ROI After-Tax	5.40%
Taxes Other Than Income Tax Rate	0.50%
A&G Rate	1.42%
O&M Rate (excluding Salaries)	2.60%
Revenue Tax Rate	0.00% (a)
Federal Income Tax Rate (Net of SIT Deduction)	19.64% (b)
State Income Tax Rate w/ MTA Surcharge	6.500% (c)
Tax Rate on CIAC	0.00% (d)

Note (a)

Revenue Taxes are not applicable for this investment.

Note (b)

Federal Income Tax Rate	21.00%
(1 minus State Income Rate with MTA surcharge)	<u>0.9350</u>
Federal Income Tax Rate (Net of SIT Deduction)	<u>19.635%</u>

Note (c)

NYS Income Tax Rate	6.50%
MTA Surcharge on Tax Rate @ 17%	<u>1.00</u>
NYS Income Tax Rate w/ MTA Surcharge	<u>6.500%</u>

MTA Taxes are not applicable for this investment.

Note (d)

Since this is an interconnection, the CIAC is non-taxable for income tax purposes.