# BONNEVILLE POWER ADMINISTRATION

## RESIDENTIAL PURCHASE AND SALE AGREEMENT

### 2008 Average System Cost Methodology

| | |
|---|---|
| UTILITY NAME: | |
| End of Year Report Period: | |
| ASC Filing Date: | |

*Schedule 2: Capital Structure and Rate of Return (b)*

**Multi-Jurisdiction Investor-Owned Utility Return Calculation** *(continued)*

**Step 2: Gross Up Equity Return for Federal Income Taxes**

**Federal Income Tax Rate (Currently 35%)** **35%**

**Federal Income Tax Factor**

*{(ROR – (Embedded Cost of Debt * (Debt / (Total Capital))} * {(Federal Tax Rate / (1- Federal Tax Rate)}*

Federal Income Tax Adjusted Weighted Cost of Capital

*(Weighted Cost of Capital Plus Federal Income Tax Factor)*

**Step 3: Calculate Return on Rate Base**

| | Total | Production | Transmission | Other |
|---|---|---|---|---|
| | | | | |
| Total Rate Base from Schedule 1 | $ - | $ - | $ - | $ - |
| Federal Income Tax Adjusted Weighted Cost of Capital | | | | |
| **Federal Income Tax Adjusted Return on Rate Base** | | | | |

*(Total Rate Base * Federal Income Tax Adjusted Weighted Cost of Capital)*