

Tax Rates

	1997 Statutory Rate	1995 GRC Proportionme Factor	Ratio of State Income to California		Ratemaking Tax Rates
California	8.8400%	93.0762%	#####	8.2279%	8.2279%
Arizona (Note)	8.2569%	2.9878%	95.2655%	0.2350%	0.2350%
New Mexico	7.6000%	1.1776%	85.8768%	<u>0.0769%</u>	0.0769%
Total States				8.5398%	
Federal Statutory Rate				<u>35.0000%</u>	35.0000%
Federal Benefit of State Taxes				2.98893%	-2.98893%
					<hr style="border: 0.5px solid black;"/>
Total					<u>#####</u>

(Note) Rate for Arizona to give effect to deduction of Arizona Income Tax

- (A) Statutory Rate 9.0000%
- (B) 1 Plus Statutory Rate #####

Arizona Effective Rate = (A) 8.2569%

Gross-Up Rate

State Composite	8.5398%	8.5398%
Federal Statutory Rate	<u>35.0000%</u>	
Federal Benefit of State Taxes	2.98893%	-2.98893%
Federal Statutory Rate		<u>#####</u>
Total		<u>#####</u>
Gross-Up Rate $1 \div (1 - 40.55087\%) =$		<u>1.682110</u>