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January 26, 2011

Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Interstate Navigation Company
Traditional Ferry Service (ROE Filing) – Docket No. 3762

Dear Luly:

Enclosed for filing in this matter are an original and nine copies of Interstate Navigation Company's Responses to the Division's 1st set of data requests.

If you have any questions, please feel free to call.

Very truly yours,


Michael R. McElroy

MRMc:tmg
cc: Service List

Interstate/ROE/Massar06

**DIVISION'S FIRST SET OF DATA REQUESTS DIRECTED TO INTERSTATE
NAVIGATION COMPANY**

DOCKET NO. 3762 – RE: 2011 ROE DEFICIENCY FILING

DIV 1-1 Please provide all workpapers supporting Schedules WEE-1 and WEE-2.

Response: Please see attached

Prepared by: WEE

Fiscal Year Ended May 31, 2010 Revenue Deficiency
using a 5.5% ROE Floor
Interstate Navigation Company

Schedule WEE-1

FY 2010

Combined Revenues less Cash Operating Expenses	Div 1-1	\$ 2,139,672	Per 2010 Annual Report (Page 6a)
Depreciation and Amortization - per Books	Div 1-1	1,552,610	Per 2010 Annual Report (Page 6a)
Interest on Fast Ferry	389,228	Div 1-1a	
Interest on Interstate Rate Base	379,326		See Schedule WEE-2 ✓
Total Interest		768,554	
Interest Income		-	
Extraordinary items		-	
Federal Tax (Deferred)		-	
Interstate Profit/ (Loss) (Traditional and Fast Ferry Combined) for FYE May 31st 2010		(181,492)	
Add Back: Depreciation on Athena		168,000	Div 1-1c
Add Back: Amortization of other assets purchased from IHSF		94,167	Div 1-1d
Add Back: Amortization of 2006 Fast Ferry Profits 6/1/2009 - 12/31/2009		71,118	Div 1-1e
Add Back: Excess Homeland Security Expenses		39,085	Div 1-1f
Deduct: Rate Case Expense 6/1/2009 - 12/31/2009		(48,611)	Div 1-1g
Deduct: Principal Paid on Athena and other assets purchased from IHSF		(95,200)	Div 1-1a
Adjusted Interstate Company Wide Profit		47,067	
Income Requirement 5.5% ROE Floor	(A)	204,974	
Shortfall		(157,907)	
Gross Receipts Tax 1.25%		(1,999)	
Revenue Deficiency		<u>\$ (159,906)</u>	

Calculation of Analyzed ROE 11% reduced to 5.5%

Return on equity at 11%		\$ 283,568	See Schedule WEE-2 ✓
		12	
Return on equity at 5.5%		141,784	
	Income Tax	63,190	Div 1-1f
Income Requirement 5.5% ROE Floor	(A)	<u>\$ 204,974</u>	

Sch 1-D 1-1

Interstate Navigation Company

Name of company

May 31, 2010

Year-end date of report

INCOME STATEMENT

Description	Current Year	Previous Year
Operating Expenses (Continued):		
Rent	\$ 377,967	\$ 382,650
Terminal	192,209	184,720
Advertising	404,146	416,708
Other Expenses (Itemize):		
Other Vessel Expenses	224,254	261,087
Food & Liquor	205,993	217,395
Other Taxes	221,156	232,185
PUC Annual Fees	29,587	28,014
Homeland Security	289,085	271,622
Contributions	6,359	5,132
Total Gross Operating Expenses	\$ 8,832,218	\$ 9,594,468
Gross Income (Loss)	\$ 2,139,672	\$ 2,396,280
Interest Expense — (page 9)	\$ (937,559)	\$ (984,940)
Interest Income	8,055	31,128
Misc Income Refund of Expenditures	-	581
Extraordinary Items (net of tax)	(2,400)	(2,400)
Federal Income Taxes	39,325	65,908
Net Income (Loss) Before Depr. And Amort.	\$ 1,247,093	\$ 1,506,557
Depreciation and Amortization	\$ 1,552,610	\$ 1,555,042
Net Income (Loss)	\$ (305,518)	\$ (48,485)
Retained Earnings, Beginning of Year	\$ 3,279,803	\$ 3,328,288
Dividends Declared / Paid		
Prior Period Adjustments (Deferred Taxes)		
Retained Earnings, End of Year	\$ 2,974,285	\$ 3,279,803

* See Schedule - WEE-1

Sch 1 - Div 1-1 a

Analysis of Revenue and Expenses
Interstate Fast Ferry

~~Schedule WFF-1~~

	<u>Actual</u> <u>FYE 5/31/08</u>	<u>Actual</u> <u>FYE 5/31/09</u>	<u>Actual</u> <u>FYE 5/31/10</u>
Revenues:			
Passenger Revenue	\$ 1,528,253	\$ 1,725,648	\$ 1,619,309
Other Revenues (Bar, bike, etc)	81,580	90,163	88,921
Charter Revenue	<u>227,125</u>	<u>222,625</u>	<u>120,100</u>
Total Revenue	1,836,957	2,038,436	1,828,330
Expenses:			
Salaries and wages	201,394	208,785	185,584
Payroll taxes	15,295	16,319	13,764
Fuel	327,746	528,601	256,349
Maintenance:			
Vessel Maintenance-Athena	54,906	97,866	85,181
Lube Oil	7,900	13,489	11,670
Other Vessel Expenses	20,186	35,332	15,940
Insurance	54,866	61,375	37,435
Advertising	21,596	37,489	49,993
Bar expense	23,084	24,540	25,363
General and Administrative Expense			
Legal and accounting	15,731	36,598	20,017
General office supplies	4,754	-	223
Gross Receipts Taxes	22,962	24,989	22,599
Boat Charter	4,000	10,490	46,115
Fees (coast guard, banking, etc)	24,188	4,472	6,576
<u>Debt service on \$5,600,000:</u>			
Principal	82,420	87,480	95,200 *
Interest	403,419	396,035	389,228 *
Total Expense	<u>1,284,447</u>	<u>1,583,861</u>	<u>1,261,237</u>
Net Income Pre-tax	<u>\$ 552,511</u>	<u>\$ 454,575</u>	<u>\$ 567,093</u>

* See schedule WFF-1

*Fast Felt
Felt - Div 1-1b*

M

	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	
<u>Principal</u>						
june	20,396.31	13,816.92	8,929.49	9,847.30	23,800.00	76,790.02
july	19,974.84	13,439.69	8,664.17	9,666.93	23,800.00	75,545.63
august	20,063.04	13,508.68	8,708.75	9,710.99	23,800.00	75,791.46
september	20,674.33	14,035.30	9,070.80	9,986.06	23,800.00	77,566.49
october	20,263.68	13,666.61	8,810.98	9,811.13	-	52,552.40
november	20,892.49	14,207.09	9,182.01	10,094.97	-	54,376.56
december	20,490.23	13,845.28	8,926.67	9,924.22	-	53,186.40
january	20,594.26	13,927.04	8,979.53	9,976.24	-	53,477.07
february	22,212.14	15,337.70	9,956.25	10,693.58	-	58,199.67
march	20,809.58	14,098.62	9,090.91	10,083.53	-	54,082.64
april	21,413.21	14,619.40	9,449.14	10,354.85	-	55,836.60
may	21,017.04	14,262.76	9,197.15	10,187.21	-	54,664.16
	<u>248,801.15</u>	<u>168,765.09</u>	<u>108,965.85</u>	<u>120,337.01</u>	<u>95,200.00</u>	<u>742,069.10</u>

3,242,319.66	2,431,513.91	1,680,075.02	1,390,339.85	5,430,100.00
2,993,518.51	2,262,748.82	1,571,109.17	1,270,002.84	5,334,900.00

Interest

june	15,958.69	13,933.08	9,655.51	7,062.70	33,526.34	80,136.32
july	16,380.16	14,310.31	9,920.83	7,243.07	32,278.95	80,133.32
august	16,291.96	14,241.32	9,876.25	7,199.01	33,232.45	80,840.99
september	15,680.67	13,714.70	9,514.20	6,923.94	33,071.29	78,904.80
october	16,091.32	14,083.39	9,774.02	7,098.87	31,861.81	78,909.41
november	15,462.51	13,542.91	9,402.99	6,815.03	32,938.56	78,162.00
december	15,864.77	13,904.72	9,658.33	6,985.78	31,876.03	78,289.63
january	15,760.74	13,822.96	9,605.47	6,933.76	32,938.56	79,061.49
february	14,142.86	12,412.30	8,628.75	6,216.42	32,938.56	74,338.89
march	15,545.42	13,651.38	9,494.09	6,826.47	29,750.96	75,268.32
april	14,941.79	13,130.60	9,135.86	6,555.15	32,938.56	76,701.96
may	15,337.96	13,487.24	9,387.85	6,722.79	31,876.02	76,811.86
	<u>187,458.85</u>	<u>164,234.91</u>	<u>114,054.15</u>	<u>82,582.99</u>	<u>389,228.09</u>	<u>937,558.99</u>

937,558.99

✓ Traced to Div 1-1a

15c

Ex 1 - DW 1-1c

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

DATE OF ACQ.	COST	METHOD	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT
VESSELS								
6/11/1970	145,548.00		145,548.00	0.00	145,548.00	0.00	0	
6/11/1984	2,477,967.00	SL 20 yrs	2,477,967.00	0.00	2,477,967.00	0.00	0	
7/11/1981	1,035,106.00	SL 25 yrs	1,035,106.00	0.00	1,035,106.00	0.00	0	
7/11/1997	7,637,738.00	SL 20 yrs	4,646,420.00	381,887.00	5,028,307.00	2,609,431.00	381,887.00	2,227,544.00
1/11/1973	6,000.00	SL 30 yrs	6,000.00	0.00	6,000.00	0.00		
	11,302,359.00		8,311,941.00	381,887.00	8,692,928.00	2,609,431.00	381,887.00	2,227,544.00
<i>Steel Barge-Disposed of per S.L.</i>								
	-6,000.00		-6,000.00	0.00	-6,000.00	0.00		
8/19/2004	3,100,000.00	SL 15 yrs	989,935.00	206,667.00	1,196,602.00	1,903,398.00	206,667.00	1,696,731.00
8/19/2004	4,200,000.00	SL 15 yrs	425,040.00	168,000.00	593,040.00	3,606,960.00	336,000.00	3,270,960.00
	18,596,359.00		9,720,016.00	756,554.00	10,476,570.00	8,119,789.00	924,554.00	7,195,235.00
VESSEL IMPROVEMENTS AND EQUIPMENT								
Radar-Manisee	17,532.00		17,532.00	0.00	17,532.00	0.00	0.00	
Engine	30,675.00		30,675.00	0.00	30,675.00	0.00	0.00	
Lifeboat Motor	1,500.00		1,500.00	0.00	1,500.00	0.00	0.00	
C/J Improvements	17,129.00	SL 10 yrs	17,129.00	0.00	17,129.00	0.00	0.00	
Radar-Carol Jean	6,062.00	SL 5 yrs	6,062.00	0.00	6,062.00	0.00	0.00	
Vessel Doors-CJ	7,533.00	SL 10 yrs	7,533.00	0.00	7,533.00	0.00	0.00	
Radar	7,840.00	SL 5 yrs	7,840.00	0.00	7,840.00	0.00	0.00	
Misc. Floating Equipment	48,134.00		48,134.00	0.00	48,134.00	0.00	0.00	
Radar	5,880.00		5,880.00	0.00	5,880.00	0.00	0.00	
Radar	4,103.00		4,103.00	0.00	4,103.00	0.00	0.00	
Bar Equipment	24,395.00		24,395.00	0.00	24,395.00	0.00	0.00	
Rebuilt Engine-MV Nelseco	21,943.00	SL 10 yrs	19,655.00	2,194.00	21,849.00	94.00	0.00	
Life Rafts	28,143.00	SL 7 yrs	28,143.00	0.00	28,143.00	0.00	0.00	
Life Rafts	23,666.00	SL 7 yrs	23,666.00	0.00	23,666.00	0.00	0.00	
Carol Jean Repowering	3,213,702.43	SL 10 yrs	1,289,854.00	321,370.00	1,611,224.00	1,602,478.43	321,370.00	1,281,108.43
Rafts & Water Lights-CJ	14,091.00	SL 5 yrs	14,091.00	0.00	14,091.00	0.00	0.00	
Radar-MV Nelseco	2,822.00	SL 5 yrs	2,822.00	0.00	2,822.00	0.00	0.00	
Communication equipment	8,029.53	SL 5 yrs	5,845.00	1,606.00	7,451.00	578.53	578.53	0.00
MV Athena-Engine O/H	143,904.34	SL 3 yrs	23,984.00	47,968.00	71,952.00	71,952.34	1,606.00	70,346.34
	3,627,084.30		1,578,843.00	373,138.00	1,951,981.00	1,675,103.30	323,648.53	1,351,454.77
OFFICE & TERMINAL EQUIPMENT								
Telephones	19,080.00		19,080.00	0.00	19,080.00	0.00	0.00	
Misc Equipment	61,508.00		61,508.00	0.00	61,508.00	0.00	0.00	
Office Equipment	19,610.00		19,610.00	0.00	19,610.00	0.00	0.00	
Telephone System	22,975.00		22,975.00	0.00	22,975.00	0.00	0.00	

*

See schedule WEE-1

NIS-NOT IN SERVICE

Sch 1 - DIV 1-1d

Interstate Proposed Allocation

Asset	
Vessel	\$ 4,200,000.00
Customer List	12,500.00
Covenant Not to Compete	50,000.00
Goodwill	50,000.00
CPCN	1,000,000.00
Berthing Permit	300,000.00
Total	<u>\$ 5,612,500.00</u>

Yearly Amort	depreciated
833.33	
3,333.33	
3,333.33	
66,666.67	
20,000.00	
	<u>\$ 94,166.67</u>

Intangible Assets

*

* see schedule WEG-1

ROE support calculations
Interstate Navigation Company

Sch (- DIV 1-1e

	<u>Fast Ferry Profit</u>	
Yearly Amortization of Fast Ferry Profit	\$ 121,916	Page 12 of Amended Settlement Agreement Docket 3762
	<u>1/12</u>	
Monthly Amortization	10,160	
	X	
# of months of Amortization in FY 2010	<u>7</u>	
Fast Ferry Profit 6/1/09 - 12/31/09	<u>\$ 71,118</u>	✓

	<u>Excess Homeland Security</u>	
FY2010 Homeland Security Exp	\$ 289,085	
Annual Homeland Security rate plan	<u>250,000</u>	Page 13 of Amended Settlement Agreement Docket 3762
Excess Homeland Security Expense	<u>\$ 39,085</u>	✓

	<u>Rate Case Exp</u>	
Yearly Amortization of Rate Case Exp	\$ 83,333	Page 14 of Amended Settlement Agreement Docket 3762
	<u>1/12</u>	
Monthly Amortization	6,944	
	X	
# of months of Amortization in FY 2010	<u>7</u>	
Rate Case Exp 6/1/09 - 12/31/09	<u>\$ 48,611</u>	✓

✓ Travel to WSE - 1

Calculation of Income Tax

Schl - DW RIF

Corporate Income Brackets		Rate per Bracket	Dollars in Bracket	Tax
\$0	50000	15%	\$ 50,000	\$ 7,500
50,000	75000	25%	\$ 25,000	\$ 6,250
75,000	100000	34%	\$ 25,000	\$ 8,500
100,000	335000	39%	\$ 104,973	\$ 40,939
			<u>\$ 204,973</u>	<u>\$ 63,189</u>

Income Required for 5.5% ROE	\$ 204,973
Tax	(63,189)
5.5% ROE	<u>\$ 141,784</u>

* See Schedule
WEE-1

Calculation of an Average Rate Base and
Rate of Return for FY 2010
Interstate Navigation Company

Schedule WEE-2

Description	AVERAGE	
Net Utility Plant	\$ 8,662,003	(A) ↑
Additions:		
Working Capital	-	
Inventory	-	
Prepaid Expenses	-	
Deductions:		
Contributions in Aid	-	
Deferred Credits	-	
Deferred Taxes	(156,932)	Div 1-1 b
Net average Rate Year base	<u>\$ 8,505,072</u>	(B) ↑

	Ending Balance at		
	2009	2010	
PPE Net Book Value	\$ (13,058,086)	\$ 11,647,840	Per 2010 Annual Report (Page 5) Div 1-1
High Speed Ferry	(4,200,000)	(4,200,000)	Div 1-1 a
Acc Deprec High Speed Ferry	425,040	593,040	Div 1-1 a
Net Utility Plant	<u>\$ 9,283,126</u>	<u>\$ 8,040,880</u>	
2 year average	<u>\$ 8,662,003</u>		(A) ↑

Total Proforma Year Rate Base	\$ 8,505,072	(B) ↑
Weighted Return on Rate Base	<u>7.79%</u>	(C) ↓
Return on Rate Base	<u>\$ 662,894</u>	

Allocation of Net Utility Profit	Weighted Factor			
Interest	0.0446	57%	x a	\$ 379,326 (See WEE-1)
Equity	0.0333	43%	x a	283,568 (See WEE-1)
	<u>0.0779</u>	<u>100%</u>		<u>\$ 662,894</u>

Capital Structure and associated capital cost approved by Commission in Docket 3762			
	Percent of Total	Cost Rate	Weighted Factor
Interest	69.69% *	6.40% w	4.46%
Equity	30.31% *	11.00% w	3.33%
	<u>100.00%</u>		<u>7.79%</u>

⊖ Cross reference related to both amts

* See DSE-6 agreed to by the parties in Docket 3762
w Per stipulation

Interstate Navigation Company

May 31, 2010

Name of company

Year-end date of report

BALANCE SHEET
ASSETS & OTHER DEBITS

Description	Balance at Beginning of Year	Balance at End of Year
CURRENT ASSETS:		
Cash	\$ 2,926,825	\$ 3,212,887
Net Accounts Receivable – Trade	402,979	375,803
Receivables – Other	52,509	75,675
Prepaid Expenses	291,535	292,622
Deferred Income Tax		19,512
Deposits	1,000	1,000
Total Current Assets	\$ 3,674,848	\$ 3,977,499
PROPERTY, PLANT & EQUIPMENT:		
Land		
Vessels	\$ 18,596,359	\$ 18,596,359
Vessels Improvements	3,627,084	3,627,084
Office & Terminal Equipment	1,396,390	1,406,784
Buildings	537,500	537,500
Docks	2,446,751	2,446,751
Stagings	1,141,048	1,141,048
Vehicles	137,396	175,200
Less – Accumulated Depreciation	14,824,442	16,282,885
Total Property, Plant, and Equipment	\$ 13,058,086	\$ 11,647,840 **
OTHER ASSETS		
Restricted Cash	\$ 305,836	\$ 389,107
Intangible Assets (Net)	1,174,258	1,080,092
Prepaid Expense	71,785	64,796
Deferred Debits	21,600	19,200
Total Other Assets	\$ 1,573,479	\$ 1,553,195
Total Assets	\$ 18,306,413	\$ 17,178,535

Sec 2 Div 1-1a

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

DATE OF ACQ.	COST	METHOD	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT
VESSELS								
6/1/1970	145,548.00		145,548.00	0.00	145,548.00	0.00	0	
6/1/1984	2,477,967.00	SL 20 yrs	2,477,967.00	0.00	2,477,967.00	0.00	0	
7/1/1981	1,035,106.00	SL 25 yrs	1,035,106.00	0.00	1,035,106.00	0.00	0	
7/1/1997	7,637,738.00	SL 20 yrs	4,646,420.00	381,887.00	5,028,307.00	2,609,431.00	381,887.00	2,227,544.00
1/1/1973	6,000.00	SL 30 yrs	6,000.00	0.00	6,000.00	0.00		
	11,302,359.00		8,311,041.00	381,887.00	8,692,928.00	2,609,431.00	381,887.00	2,227,544.00
<i>Steel Barge-Disposed of per S.L.</i>								
	-6,000.00		-6,000.00	0.00	-6,000.00	0.00		
8/19/2004	3,100,000.00	SL 15 yrs	989,935.00	206,667.00	1,196,602.00	1,903,398.00	206,667.00	1,696,731.00
8/19/2004	4,200,000.00	SL 15 yrs	425,040.00	168,000.00	593,040.00	3,606,960.00	336,000.00	3,270,960.00
	18,596,359.00		9,720,016.00	756,554.00	10,476,570.00	8,119,789.00	924,554.00	7,195,235.00
VESSEL IMPROVEMENTS AND EQUIPMENT								
Radar-Manisee Engine	17,532.00		17,532.00	0.00	17,532.00	0.00	0.00	
Lifeboat Motor	30,675.00		30,675.00	0.00	30,675.00	0.00	0.00	
CJ Improvements	1,500.00		1,500.00	0.00	1,500.00	0.00	0.00	
Radar-Carol Jean	17,129.00	SL 10 yrs	17,129.00	0.00	17,129.00	0.00	0.00	
Vessel Doors-CJ	6,062.00	SL 5 yrs	6,062.00	0.00	6,062.00	0.00	0.00	
Radar	7,533.00	SL 10 yrs	7,533.00	0.00	7,533.00	0.00	0.00	
Misc. Floating Equipment	7,840.00	SL 5 yrs	7,840.00	0.00	7,840.00	0.00	0.00	
Radar	48,134.00		48,134.00	0.00	48,134.00	0.00	0.00	
Radar	5,880.00		5,880.00	0.00	5,880.00	0.00	0.00	
Radar	4,103.00		4,103.00	0.00	4,103.00	0.00	0.00	
Bar Equipment	24,395.00		24,395.00	0.00	24,395.00	0.00	0.00	
Rebuilt Engine-MV Nelseco	21,943.00	SL 10 yrs	19,655.00	2,194.00	21,849.00	94.00	94.00	0.00
Life Rafts	28,143.00	SL 7 yrs	28,143.00	0.00	28,143.00	0.00	0.00	0.00
Life Rafts	23,666.00	SL 7 yrs	23,666.00	0.00	23,666.00	0.00	0.00	0.00
Carol Jean Repowering	3,213,702.43	SL 10 yrs	1,289,854.00	321,370.00	1,611,224.00	1,602,478.43	321,370.00	1,281,108.43
Rafts & Water Lights-CJ	14,091.00	SL 5 yrs	14,091.00	0.00	14,091.00	0.00	0.00	0.00
Radar-MV Nelseco	2,822.00	SL 5 yrs	2,822.00	0.00	2,822.00	0.00	0.00	0.00
Communication equipment	8,029.53	SL 5 yrs	5,845.00	1,606.00	7,451.00	578.53	578.53	0.00
MV Athena-Engine O/H	143,904.34	SL 3 yrs	23,984.00	47,968.00	71,952.00	71,952.34	1,606.00	70,346.34
	3,627,084.30		1,578,843.00	373,138.00	1,951,981.00	1,675,103.30	323,648.53	1,351,454.77
OFFICE & TERMINAL EQUIPMENT								
Telephones	19,080.00		19,080.00	0.00	19,080.00	0.00	0.00	
Misc Equipment	61,508.00		61,508.00	0.00	61,508.00	0.00	0.00	
Office Equipment	19,610.00		19,610.00	0.00	19,610.00	0.00	0.00	
Telephone System	22,975.00		22,975.00	0.00	22,975.00	0.00	0.00	0.00

See Schedule - WCE-2

NIS-NOT IN SERVICE

Sch 2 - Div 1-1b

Interstate Navigation Company

Name of company

May 31, 2010

Year-end date of report

BALANCE SHEET
CAPITALIZATION AND LIABILITIES

Description	Balance at Beginning of Year	Balance at End of Year
CURRENT LIABILITIES:		
Notes Payable Within One Year	\$ 734,029	\$ 784,738
Payables - Associated Companies	60,528	40,737
Payables - Other	343,171	220,485
Accrued & Withheld Payroll Taxes	18,478	19,707
Accrued Payroll and Vacation Pay	48,462	50,610
Accrued Pension	242,917	297,917
Accrued Expenses - Other	54,850	66,070
Deferred Income Tax	176,594	156,781
Unearned Revenue	245,865	258,266
Total Current Liabilities	\$ 1,924,894	\$ 1,895,311
LONG-TERM DEBT		
Notes Payable less Notes Payable Within One Year (entered above as current liability)	\$ 13,440,319	\$ 12,647,541
CAPITALIZATION:		
Common Equity		
Common Stock	\$ 17,600	\$ 17,600
Other Paid-in Capital	382,951	382,951
Unappropriated Retained Earnings	3,279,803	2,974,285
Total Common Equity	\$ 3,680,355	\$ 3,374,837
Treasury Stock	(739,154)	(739,154)
Total Capitalization	\$ 2,941,201	\$ 2,635,683
Total Capitalization and Liabilities	\$ 18,306,413	\$ 17,178,535

See Schedule
WEE-2

**DIVISION'S FIRST SET OF DATA REQUESTS DIRECTED TO INTERSTATE
NAVIGATION COMPANY**

DOCKET NO. 3762 – RE: 2011 ROE DEFICIENCY FILING

DIV 1-2 Please verify that the amortization of rate case expense from Docket No. 3762 is not included in actual operating expenses for the twelve months ended May 31, 2010 prior to the adjustments on Schedule WEE-1.

Response: The actual operating expenses for the twelve months ended May 31, 2010 did not contain any amortization of rate case expense. While the amortization period was calendar years 2007, 2008 & 2009, the actual operating expense was amortized over fiscal years 2007, 2008 & 2009.

Prepared by: WEE

**DIVISION'S FIRST SET OF DATA REQUESTS DIRECTED TO INTERSTATE
NAVIGATION COMPANY**

DOCKET NO. 3762 – RE: 2011 ROE DEFICIENCY FILING

DIV 1-3 Please provide the actual Homeland Security expenses for Period January 1, 2007 through May 31, 2010. The response should also show the expenses incurred by either fiscal or calendar year, as available.

Response: Please see attached. Please note that expenses are presented on a Fiscal Year basis ending May 31st. Accordingly I have included a column to back out the expenses from FY 2007 which occurred prior to January 1, 2007 which was the start of the 5 year Rate Plan.

Prepared by: WEE

Analysis of Homeland Security Expense
For the Period Covering January 1, 2007 through May 31, 2010
Interstate Navigation Company

<u>Acct#</u>		<u>FYE 5/31/07</u>	<u>6/1/06 - 12/31/06</u>	<u>1/1/07 - 5/31/07</u>
7506	Equipment	\$ 10,542.27	\$ 5,178.50	\$ 5,363.77
7507	Personnel	201,386.09	8,837.93	192,548.16
7508	Operations	20,051.14	12,347.76	7,703.38
7509	Equipment Rental	-	-	-
7506	PJ Terminal Project	9,440.41	9,440.41	-
7506	Terminal Equipment-Cameras	9,029.84	9,029.84	-
7140	Chart Plotter/Chart	-	-	-
7380	Charts	-	-	-
7385	Charts	-	-	-
7220	Fence	-	-	-
7160	Air Conditioning	-	-	-
7100	Survival Suit	-	-	-
7100	VHS Radio	-	-	-
7130	VHS Radio	-	-	-
8140	Avaya Lease	-	-	-
	TOTAL	\$ 250,449.75	\$ 44,834.44	\$ 205,615.31

<u>Acct#</u>		<u>1/1/07 - 5/31/07</u>	<u>FYE 5/31/08</u>	<u>FYE 5/31/09</u>	<u>FYE 5/31/10</u>	<u>1/1/07 - 5/31/10</u>
7506	Equipment	\$ 5,363.77	\$6,496.93	\$17,272.03	\$17,647.75	\$ 46,780.48
7507	Personnel	192,548.16	200,043.95	212,364.63	229,346.85	834,303.59
7508	Operations	7,703.38	29,211.30	24,695.26	22,739.98	84,349.92
7509	Equipment Rental	-	14,661.50	17,289.93	19,350.75	51,302.18
7506	PJ Terminal Project	-	-	-	-	-
7506	Terminal Equipment-Cameras	-	-	-	-	-
7140	Chart Plotter/Chart	-	1,292.19	-	-	1,292.19
7380	Charts	-	66.75	-	-	66.75
7385	Charts	-	66.76	-	-	66.76
7220	Fence	-	5,980.78	-	-	5,980.78
7160	Air Conditioning	-	728.00	-	-	728.00
7100	Survival Suit	-	579.00	-	-	579.00
7100	VHS Radio	-	144.99	-	-	144.99
7130	VHS Radio	-	144.99	-	-	144.99
8140	Avaya Lease	-	2,611.26	-	-	2,611.26
	TOTAL	\$205,615.31	\$262,028.40	\$271,621.85	\$289,085.33	\$1,028,350.89

**DIVISION'S FIRST SET OF DATA REQUESTS DIRECTED TO INTERSTATE
NAVIGATION COMPANY**

DOCKET NO. 3762 – RE: 2011 ROE DEFICIENCY FILING

DIV 1-4 Please provide the accumulated debit or credit balance in the Homeland Security account as of May 31, 2009 and May 31, 2010

Response: These balances were \$71,785.45 (2009) and \$64,796.30 (2010).

Prepared by: WEE

**DIVISION'S FIRST SET OF DATA REQUESTS DIRECTED TO INTERSTATE
NAVIGATION COMPANY**

DOCKET NO. 3762 – RE: 2011 ROE DEFICIENCY FILING

DIV 1-5 Referring to Schedule WEE-2, please provide supporting documentation for the balance of deferred taxes. The response should also reconcile the balance of deferred taxes to the difference between the book basis and tax basis of the Company's assets.

Response: Please see attached. The lead schedule shows how the ending Deferred Tax Assets and Liabilities for FY 2009 & FY 2010 are averaged to arrive at the deferred tax as reported on the originally filed WEE-2. Following this schedule is a summary analysis of deferred tax for fiscal year 2009. The schedule for the FY 2010 analysis of deferred taxes includes the supporting documentation. In calculating the Net Operating Loss per tax, this balance does not include the adjustment for change in deferred tax. Both of these calculations use a tax rate of 15%. The last schedule attached to this response reconciles the difference between the book basis and tax basis of the Company's assets.

Prepared by: W. Edge

Calculation of an Average Deferred Taxes
Interstate Navigation Company

	Ending Balance at		
	2009	2010	
Deferred Tax Asset	\$ -	\$ 19,512	
Deferred Tax Liability	<u>(176,594)</u>	<u>(156,781)</u>	
Net Deferred Taxes	<u>\$ (176,594)</u>	<u>\$ (137,269)</u>	2 year average \$ (156,932)

Deferred Federal Income Tax
Interstate Navigation Company
5/31/09

Description of Asset/Liab	Current 2010	Long Term 2011+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(294,304.79)	(1,115,688.14)	(1,409,992.93)
NOL	8,095.38	-	8,095.38
Loan Amortization	64,316.71	160,284.39	224,601.10
Deferred Regulatory Asset	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ (221,892.70)</u>	<u>\$ (955,403.75)</u>	<u>\$ (1,177,296.45)</u>

Balance already
net of tax

TAX (15% of the above Totals)

	Current 2010	Long Term 2011+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(44,145.72)	(167,353.22)	(211,498.94)
NOL	1,214.31	-	1,214.31
Loan Amortization	9,647.51	24,042.66	33,690.17
Deferred Regulatory Asset	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ (33,283.91)</u>	<u>\$ (143,310.56)</u>	<u>\$ (176,594.47)</u>

Deferred Income Tax Liability

Deferred Federal Income Tax
Interstate Navigation Company
5/31/10

Description of Asset/Liab	Current 2011	Long Term 2012+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(255,535.43)	(1,141,176.33)	(1,396,711.76) (A) [See Tax vs. Book Asset Summary]
NOL	321,297.04	-	321,297.04 (B) [See NOL Analysis]
Loan Amortization	64,316.71	95,967.69	160,284.40
Def. Reg. Asset (Rate Case)	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ 130,078.32</u>	<u>\$ (1,045,208.64)</u>	<u>\$ (915,130.32)</u>

Balance already
net of tax

TAX (15% of the above Totals)

Description of Asset/Liab	Current 2011	Long Term 2012+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(38,330.31)	(171,176.45)	(209,506.76)
NOL	48,194.56	-	48,194.56
Loan Amortization	9,647.51	14,395.15	24,042.66
Deferred Regulatory Asset	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ 19,511.75</u>	<u>\$ (156,781.30)</u>	<u>\$ (137,269.55)</u>
	Deferred Income Tax Asset	Deferred Income Tax Liability	

Per 2010 Annual
Report (Page 5)

Per 2010 Annual Report
(Page 5a)

Tax vs Book Asset Summary
 Support calculations for FY 2010 Deferred Federal Income Tax
 Interstate Navigation Company

Year End	Tax Depreciation	Book Depreciation	Difference
5/31/2010	1,288,070.89	1,543,606.32	(255,535.43)
5/31/2011 +	8,963,057.55	10,104,233.88	(1,141,176.33)
	<u>10,251,128.44</u>	<u>11,647,840.20</u>	<u>(1,396,711.76)</u>
	* ①	** ②	A

* See page 6 of 6 of the FY 2010 TAX "Fixed Assets and Accumulated Depreciation" Schedule

** See page 6 of 6 of the FY 2010 BOOK "Fixed Assets and Accumulated Depreciation" Schedule

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

TAX

DATE OF ACQ.	TAX COST	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT
VESSELS							
6/1/1970	145,548.00	145,548.00	0.00	145,548.00	0.00	0	0
6/1/1984	2,429,597.00	2,429,597.00	0.00	2,429,597.00	0.00	0	0
7/1/1981	1,035,117.00	1,035,117.00	0.00	1,035,117.00	0.00	0	0
7/1/1997	7,637,738.00	6,342,604.00	370,039.00	6,712,643.00	925,095.00	370,039.00	555,056.00
1/1/1973	6,000.00	0.00	0.00	0.00	0.00	0.00	0.00
	11,254,000.00	9,952,866.00	370,039.00	10,322,905.00	925,095.00	370,039.00	555,056.00
<i>Steel Barge-Disposed of per S.L.</i>							
8/19/2004	3,100,000.00	0.00	0.00	0.00	0.00	0.00	0.00
8/19/2004	4,200,000.00	420,000.00	206,667.00	1,136,668.00	1,963,332.00	206,667.00	1,756,665.00
	18,548,000.00	11,302,867.00	744,706.00	12,047,573.00	6,500,427.00	744,706.00	5,755,721.00
VESSEL IMPROVEMENTS AND EQUIPMENT							
Radar-Manissee Engine							
8/23/1993	1,500.00	1,500.00	0.00	1,500.00	0.00	0.00	0.00
5/7/1993	17,129.00	17,129.00	0.00	17,129.00	0.00	0.00	0.00
10/1/1993	6,062.00	6,062.00	0.00	6,062.00	0.00	0.00	0.00
6/1/1996	7,533.00	7,533.00	0.00	7,533.00	0.00	0.00	0.00
	7,840.00	7,840.00	0.00	7,840.00	0.00	0.00	0.00
Misc. Floating Equipment							
Radar	5,880.00	5,880.00	0.00	5,880.00	0.00	0.00	0.00
Radar	4,103.00	4,103.00	0.00	4,103.00	0.00	0.00	0.00
Bar Equipment	24,395.00	24,395.00	0.00	24,395.00	0.00	0.00	0.00
Rebuilt Engine-MV Nelseco	21,943.00	18,652.00	2,195.00	20,847.00	1,096.00	1,096.00	0.00
Life Rafts	28,143.00	28,143.00	0.00	28,143.00	0.00	0.00	0.00
Life Rafts	23,666.00	23,666.00	0.00	23,666.00	0.00	0.00	0.00
Carol Jean Repowering	3,213,702.00	1,445,564.00	296,303.32	1,741,867.32	1,471,834.68	321,479.00	1,150,355.68
Rafts & Water Lights-CJ	14,091.00	13,463.00	628.00	14,091.00	0.00	0.00	0.00
Radar-MV Nelseco	2,822.00	2,445.00	252.00	2,697.00	125.00	125.00	0.00
Communication equipment	8,029.53	5,922.00	1,404.00	7,326.53	703.53	703.53	0.00
MV Athena-Engine OH	143,904.34	14,390.43	25,902.78	40,293.22	103,611.12	20,146.61	83,464.52
	3,530,742.87	1,626,687.43	326,655.11	1,953,372.54	1,577,370.33	343,550.14	1,233,820.19
OFFICE & TERMINAL EQUIPMENT							
Telephones							
Misc Equipment	22,980.00	22,980.00	0.00	22,980.00	0.00	0	0.00
Office Equipment	145,000.00	145,000.00	0.00	145,000.00	0.00	0	0.00
Telephone System							
Computers							
P. Office Furniture							

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

TAX

DATE OF ACQ.	TAX COST	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT
Misc Equipment	13,808.00	13,808.00	0.00	13,808.00	0.00	0	0.00
Ticket Machine	9,931.00	9,931.00	0.00	9,931.00	0.00	0	0.00
Copy Machine	743.00	743.00	0.00	743.00	0.00	0	0.00
Ticket Machines	33,248.00	33,248.00	0.00	33,248.00	0.00	0	0.00
Alarm	1,663.00	1,663.00	0.00	1,663.00	0.00	0	0.00
Office Equipment	2,115.00	2,115.00	0.00	2,115.00	0.00	0	0.00
Cash Registers	1,549.00	1,549.00	0.00	1,549.00	0.00	0	0.00
Security System	4,380.00	4,380.00	0.00	4,380.00	0.00	0	0.00
Computer Equipment	2,080.00	2,080.00	0.00	2,080.00	0.00	0	0.00
Computer Equipment	1,398.00	1,398.00	0.00	1,398.00	0.00	0	0.00
Computer Equipment	1,368.00	1,368.00	0.00	1,368.00	0.00	0	0.00
2 Forklifts	47,904.00	47,904.00	0.00	47,904.00	0.00	0	0.00
Computer Equipment	2,993.00	2,993.00	0.00	2,993.00	0.00	0	0.00
Ticket Printer	5,242.00	5,242.00	0.00	5,242.00	0.00	0	0.00
Computer Equipment	7,947.00	7,947.00	0.00	7,947.00	0.00	0	0.00
Generator	5,350.00	5,350.00	0.00	5,350.00	0.00	0	0.00
Computer Equipment	6,865.00	6,865.00	0.00	6,865.00	0.00	0	0.00
Copy Machine	1,010.00	1,010.00	0.00	1,010.00	0.00	0	0.00
Copy Machine	1,315.00	1,315.00	0.00	1,315.00	0.00	0	0.00
Ice Machine	4,179.00	4,179.00	0.00	4,179.00	0.00	0	0.00
P.J. Monitoring Equipment	7,966.00	7,966.00	0.00	7,966.00	0.00	0	0.00
P.J. Computer Software	25,185.00	25,185.00	0.00	25,185.00	0.00	0	0.00
Power Washer	2,963.00	2,963.00	0.00	2,963.00	0.00	0	0.00
Beer Cooler	1,520.00	1,520.00	0.00	1,520.00	0.00	0	0.00
Ticket Machine	15,532.00	15,532.00	0.00	15,532.00	0.00	0	0.00
Copier	900.00	900.00	0.00	900.00	0.00	0	0.00
2 Timeslocks	1,320.00	1,320.00	0.00	1,320.00	0.00	0	0.00
Fax Machine	471.00	471.00	0.00	471.00	0.00	0	0.00
Credit Card System	34,622.00	34,622.00	0.00	34,622.00	0.00	0	0.00
Computer Printers	830.00	830.00	0.00	830.00	0.00	0	0.00
EQUIPMENT (CONTINUED)							
Copier	695.00	695.00	0.00	695.00	0.00	0	0.00
Compressor	3,000.00	3,000.00	0.00	3,000.00	0.00	0	0.00
Beer Cooler	2,087.00	2,087.00	0.00	2,087.00	0.00	0	0.00
2 Forklifts	36,204.00	36,204.00	0.00	36,204.00	0.00	0	0.00
Accounting Software	44,427.00	44,427.00	0.00	44,427.00	0.00	0	0.00
Holding Tank							
Ticket Machine Upgrades	14,031.00	14,031.00	0.00	14,031.00	0.00	0	0.00
Printer	496.00	496.00	0.00	496.00	0.00	0	0.00
Storage Trailer	2,225.00	2,225.00	0.00	2,225.00	0.00	0	0.00
Cash Registers	1,175.00	1,175.00	0.00	1,175.00	0.00	0	0.00
Computer Equipment	2,440.00	2,440.00	0.00	2,440.00	0.00	0	0.00
Office Furniture	6,452.00	6,452.00	0.00	6,452.00	0.00	0	0.00
Office File Cabinets	3,230.00	3,230.00	0.00	3,230.00	0.00	0	0.00
Storage Cabinet	338.00	338.00	0.00	338.00	0.00	0	0.00
Office Furniture	743.00	743.00	0.00	743.00	0.00	0	0.00
Coffee Table	188.00	188.00	0.00	188.00	0.00	0	0.00
Bookcase	130.00	130.00	0.00	130.00	0.00	0	0.00
Chair	273.00	273.00	0.00	273.00	0.00	0	0.00
File Cabinet	763.00	763.00	0.00	763.00	0.00	0	0.00

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

TAX

DATE OF ACQ.	TAX COST	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT
1/7/1999	570.00	570.00	0.00	570.00	0.00	0	0.00
2/16/2000	2,612.00	2,612.00	0.00	2,612.00	0.00	0	0.00
2/16/2000	3,042.00	3,042.00	0.00	3,042.00	0.00	0	0.00
2/16/2000	464.00	464.00	0.00	464.00	0.00	0	0.00
2/16/2000	1,004.00	1,004.00	0.00	1,004.00	0.00	0	0.00
4/12/2000	2,059.00	2,059.00	0.00	2,059.00	0.00	0	0.00
5/9/2000	658.00	658.00	0.00	658.00	0.00	0	0.00
4/27/2000	1,526.00	1,526.00	0.00	1,526.00	0.00	0	0.00
6/15/2000	1,155.00	1,155.00	0.00	1,155.00	0.00	0	0.00
6/30/2000	884.00	884.00	0.00	884.00	0.00	0.00	0.00
7/17/2000	3,375.00	3,375.00	0.00	3,375.00	0.00	0.00	0.00
7/20/2000	2,100.00	2,100.00	0.00	2,100.00	0.00	0	0.00
8/30/2000	2,058.00	2,058.00	0.00	2,058.00	0.00	0.00	0.00
10/27/2000	900.00	900.00	0.00	900.00	0.00	0.00	0.00
12/31/2000	677.00	677.00	0.00	677.00	0.00	0.00	0.00
1/11/1990	3,734.00	3,734.00	0.00	3,734.00	0.00	0.00	0.00
8/7/2001	2,100.00	2,100.00	0.00	2,100.00	0.00	0.00	0.00
7/25/2001	430.00	430.00	0.00	430.00	0.00	0.00	0.00
11/20/2001	530.00	530.00	0.00	530.00	0.00	0.00	0.00
4/8/2002	13,780.00	13,780.00	0.00	13,780.00	0.00	0.00	0.00
5/1/2002	1,932.00	1,932.00	0.00	1,932.00	0.00	0.00	0.00
1/2/2002	65,183.00	65,183.00	0.00	65,183.00	0.00	0.00	0.00
5/1/2002	88,525.00	88,525.00	0.00	88,525.00	0.00	0.00	0.00
7/1/2002	1,917.00	1,917.00	86.00	1,917.00	0.00	0.00	0.00
3/1/2003	15,073.00	14,401.00	672.00	15,073.00	0.00	0.00	0.00
12/1/2002	650.00	621.00	29.00	650.00	0.00	0.00	0.00
3/1/2003	1,666.00	1,592.00	74.00	1,666.00	0.00	0.00	0.00
4/1/2003	2,158.00	2,158.00	0.00	2,158.00	0.00	0.00	0.00
8/1/2002	6,700.00	6,700.00	0.00	6,700.00	0.00	0.00	0.00
6/1/2002	370.00	370.00	0.00	370.00	0.00	0.00	0.00
5/1/2003	3,482.00	3,482.00	0.00	3,482.00	0.00	0.00	0.00
3/1/2003	3,733.00	3,733.00	0.00	3,733.00	0.00	0.00	0.00
6/11/2003	1,378.22	1,193.00	123.00	1,316.00	62.22	62.22	0.00
6/5/2003	1,152.39	998.00	103.00	1,101.00	51.39	51.39	0.00
10/24/2003	7,182.43	6,220.00	641.00	6,861.00	321.43	321.43	0.00
9/19/2003	1,280.00	1,108.00	114.00	1,222.00	58.00	58.00	0.00
10/29/2003	3,657.00	3,167.00	326.00	3,493.00	164.00	164.00	0.00
11/21/2003	12,572.50	12,572.50	0.00	12,572.50	0.00	0.00	0.00
11/21/2003	16,551.24	16,551.24	0.00	16,551.24	0.00	0.00	0.00
2/5/2004	7,867.82	6,814.00	702.00	7,516.00	351.82	351.82	0.00
12/11/2003	1,694.74	1,694.74	0.00	1,694.74	0.00	0.00	0.00
12/11/2003	6,355.03	6,355.03	0.00	6,355.03	0.00	0.00	0.00
12/23/2003	756.24	756.24	0.00	756.24	0.00	0.00	0.00
3/31/2004	27,600.58	27,600.58	0.00	27,600.58	0.00	0.00	0.00
3/12/2004	1,568.05	1,568.05	0.00	1,568.05	0.00	0.00	0.00
4/3/2004	873.00	873.00	0.00	873.00	0.00	0.00	0.00
4/22/2004	3,450.75	3,450.75	0.00	3,450.75	0.00	0.00	0.00

EQUIPMENT (CONTINUED)

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FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

TAX

DATE OF ACQ.	TAX COST	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT
EQUIPMENT (CONTINUED)							
5/10/2004	610.35	5	610.35	0.00	0.00	0.00	0.00
5/18/2004	855.00	5	855.00	0.00	0.00	0.00	0.00
6/30/2004	2,133.61	5	2,012.00	121.61	0.00	0.00	0.00
6/30/2004	12,839.44	3	12,839.44	0.00	0.00	0.00	0.00
7/1/2004	1,385.07	5	1,306.00	79.07	0.00	0.00	0.00
3/11/2005	1,966.64	5	1,853.00	113.64	0.00	0.00	0.00
3/22/2005	1,198.07	5	1,129.00	69.07	0.00	0.00	0.00
12/22/2005	10,500.00	7	7,745.00	1,837.00	918.00	918.00	0.00
3/24/2006	10,421.99	7	7,687.00	1,823.00	911.99	911.99	0.00
12/12/2005	751.37	5	678.00	73.37	0.00	0.00	0.00
3/16/2006	952.23	5	861.00	91.23	0.00	0.00	0.00
5/26/2006	2,292.41	5	2,072.00	220.41	0.00	0.00	0.00
5/30/2006	940.33	5	849.00	91.33	0.00	0.00	0.00
6/23/2006	1,705.00	5	1,433.00	272.00	0.00	0.00	0.00
10/4/2006	739.00	5	620.00	119.00	0.00	0.00	0.00
3/13/2007	9,030.00	7	5,712.00	2,211.00	1,107.00	1,107.00	0.00
5/28/2007	24,613.00	3	17,092.00	7,521.00	24,613.00	0.00	0.00
9/27/2007	5,595.00	7	1,998.00	978.57	2,976.57	999.00	1,619.43
5/1/2008	351,878.00	5	130,494.96	67,560.58	154,122.46	35,188.00	118,934.46
8/21/2008	33,045.23	5	6,609.05	10,574.47	15,861.71	3,304.52	12,557.19
8/18/2008	15,767.88	5	3,153.58	5,045.72	8,189.30	3,153.56	4,415.02
5/31/2010	7,642.49	5	0.00	1,528.50	6,113.99	2,445.60	3,668.40
1/14/2009	1,303.68	5	0.00	260.74	1,042.94	417.18	626.77
5/26/2010	1,448.19	5	0.00	289.64	1,158.55	463.42	695.13
	1,361,674.97	5	1,065,491.50	103,750.94	192,432.53	49,917.13	142,515.40
BUILDINGS							
Terminal Building- PJ	45,647.00		45,647.00	0.00	45,647.00	0.00	0.00
Freight Shed-PJ	59,517.00		59,517.00	0.00	59,517.00	0.00	0.00
Building Expansion	204,063.00	31	124,037.00	6,583.00	130,620.00	6583	66,860.00
Shed-PJ	9,669.00	10	9,669.00	0.00	9,669.00	0	0.00
Block Island Office	27,332.00	39	27,332.00	0.00	27,332.00	0	0.00
Freight Shed-BI	130,429.00	10	130,429.00	0.00	130,429.00	0	0.00
Block Island Terminal	61,901.00	39	11,043.00	1,587.00	12,630.00	1587	47,684.00
Remodelling BI Ticket Office	25,772.00	5	25,772.00	0.00	25,772.00	0	0.00
Roof-PJ Ticket Terminal	8,746.00	10	5,686.00	875.00	6,561.00	875	1,310.00
	573,076.00		439,132.00	9,045.00	448,177.00	9,045.00	115,854.00
DOCKS & RAMPS							
Docks	25,036.00		25,036.00	0.00	25,036.00	0.00	0.00
Dolphin Fender Piles	14,160.00		14,160.00	0.00	14,160.00	0.00	0.00
Ramps	105,331.00		105,331.00	0.00	105,331.00	0.00	0.00

NIS-NOT IN SERVICE

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DATE OF ACQ.	TAX COST	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT
	48,000.00	48,000.00	0.00	48,000.00	0.00		0.00
	28,625.00	28,625.00	0.00	28,625.00	0.00		0.00
Docks	88,284.00	88,284.00	0.00	88,284.00	0.00	0	0.00
Docks-BI	130,087.00	130,087.00	0.00	130,087.00	0.00	0	0.00
Ramps-PJ	43,865.00	43,865.00	0.00	43,865.00	0.00	0	0.00
Ramps-PJ	67,849.00	47,494.00	4,524.00	52,018.00	15,831.00	4524	11,307.00
Dock Improvements-PJ	101,782.00	101,782.00	0.00	101,782.00	0.00	0	0.00
Dock Improvements	21,860.00	8,014.00	1,457.00	9,471.00	12,389.00	1457	10,932.00
Ramp-BI					0.00		0.00
DOCKS (CONTINUED)							
Bulkhead-PJ	785,291.00	353,376.00	19,632.00	373,008.00	412,283.00	19632	392,651.00
Bulkhead-BI	640,700.00	234,922.00	42,713.00	277,635.00	363,065.00	42713	320,352.00
New Ramp	29,549.00	10,342.00	2,955.00	13,297.00	16,252.00	2955	13,297.00
New Ramp	9,576.00	4,406.00	1,724.00	6,130.00	3,446.00	1724	1,722.00
bi Ramp	45,931.00	5,741.10	6,430.34	12,171.44	33,759.56	6430.34	27,329.22
BI Dock	70,612.00	3,530.60	6,708.14	10,238.74	60,373.26	6,708.14	53,665.12
	2,256,538.00	1,252,995.70	86,143.48	1,339,139.18	917,398.82	86,143.48	831,255.34
STAGING & PJ PROJECTS							
Maude's Prop.-PJ Staging	148,240.00	44,187.00	3,801.00	47,988.00	100,252.00	3801	96,451.00
Galliee Staging-PJ	343,299.00	96,483.00	8,803.00	105,286.00	238,013.00	8803	229,230.00
Sewer Pump Out System	61,385.00	7,673.00	3,069.00	10,742.00	50,643.00	3069	47,574.00
Terminal Bldg. Project	507,175.00	73,730.00	15,215.25	88,945.25	418,229.75	13005	405,224.75
Sewer Pump Out System	80,948.70	3,035.58	5,828.31	8,863.88	72,084.82	8094.87	63,989.95
	1,141,047.70	225,088.58	36,716.56	261,805.13	879,242.57	36,772.87	842,469.70
VEHICLES							
1965 Ford Truck	5,500.00	5,500.00	0.00	5,500.00	0.00	0	0.00
Used Ford F150	12,002.00	12,002.00	0.00	12,002.00	0.00	0	0.00
Used Truck(Island Marine)	3,740.00	3,740.00	0.00	3,740.00	0.00	0	0.00
1998 Ford F150	8,594.00	8,594.00	0.00	8,594.00	0.00	0	0.00
2002 Volvo S-80	41,771.00	19,785.00	1,775.00	21,560.00	20,211.00	1775	18,436.00
2003 Chevrolet Silverado	30,740.00	30,740.00	0.00	30,740.00	0.00	0	0.00
2005 Ford	25,900.00	14,760.00	3,150.00	17,910.00	7,990.00	3150	4,840.00
Tour Bus	9,149.00	6,405.00	1,830.00	8,235.00	914.00	914	0.00
2009 GMC Sierra	37,804.00	0.00	7,560.80	7,560.80	30,243.20	12097.28	18,145.92
adj		0.00		0.00	0.00	0	0.00
	175,200.00	101,526.00	14,315.80	115,841.80	59,358.20	17,936.28	41,421.92
TOTALS	27,586,279.54	16,013,788.21	1,321,352.88	17,335,151.09	10,251,128.45	1,288,070.89	8,963,057.55
FY 10 add	48,198.36	16,013,788.21					
FY 09 bal	27,538,081.18						
						Net Property	10,251,128.45

2010

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
 INTERSTATE NAVIGATION CO.



DATE OF ACQ.	TAX COST	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT
							1,288,070.89
							8,963,057.55
							<u>10,251,128.45</u>

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Amount differs on tax asset schedule

Asset does not appear on tax asset schedule, full depreciation

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

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DATE OF ACQ.	COST	METHOD	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT	
	135,307.00		135,307.00	0.00	135,307.00	0.00	0	0.00	
Computers									
P.J. Office Furniture	6,247.00		6,247.00	0.00	6,247.00	0.00	0	0.00	
Misc Equipment	13,808.00		13,808.00	0.00	13,808.00	0.00	0	0.00	
Ticket Machine	9,931.00		9,931.00	0.00	9,931.00	0.00	0	0.00	
Copy Machine	743.00		743.00	0.00	743.00	0.00	0	0.00	
Ticket Machines	33,248.00		33,248.00	0.00	33,248.00	0.00	0	0.00	
Alarm	1,663.00		1,663.00	0.00	1,663.00	0.00	0	0.00	
Office Equipment	2,115.00		2,115.00	0.00	2,115.00	0.00	0	0.00	
Cash Registers	1,549.00		1,549.00	0.00	1,549.00	0.00	0	0.00	
Security System	4,380.00		4,380.00	0.00	4,380.00	0.00	0	0.00	
Computer Equipment	2,080.00		2,080.00	0.00	2,080.00	0.00	0	0.00	
Computer Equipment	1,398.00		1,398.00	0.00	1,398.00	0.00	0	0.00	
Computer Equipment	1,368.00		1,368.00	0.00	1,368.00	0.00	0	0.00	
2 Forklifts	47,904.00		47,904.00	0.00	47,904.00	0.00	0	0.00	
Computer Equipment	2,993.00		2,993.00	0.00	2,993.00	0.00	0	0.00	
Ticket Printer	5,242.00		5,242.00	0.00	5,242.00	0.00	0	0.00	
Computer Equipment	7,947.00		7,947.00	0.00	7,947.00	0.00	0	0.00	
Generator	5,350.00		5,350.00	0.00	5,350.00	0.00	0	0.00	
Computer Equipment	6,665.00		6,665.00	0.00	6,665.00	0.00	0	0.00	
Copy Machine	1,010.00		1,010.00	0.00	1,010.00	0.00	0	0.00	
Copy Machine	1,315.00		1,315.00	0.00	1,315.00	0.00	0	0.00	
Ice Machine	4,179.00		4,179.00	0.00	4,179.00	0.00	0	0.00	
P.J. Monitoring Equipment	7,966.00		7,966.00	0.00	7,966.00	0.00	0	0.00	
P.J. Computer Software	25,185.00		25,185.00	0.00	25,185.00	0.00	0	0.00	
Power Washer	2,963.00		2,963.00	0.00	2,963.00	0.00	0	0.00	
Bear Cooler	1,520.00		1,520.00	0.00	1,520.00	0.00	0	0.00	
Ticket Machine	15,532.00		15,532.00	0.00	15,532.00	0.00	0	0.00	
Copier	900.00		900.00	0.00	900.00	0.00	0	0.00	
2 Timeclocks	1,320.00		1,320.00	0.00	1,320.00	0.00	0	0.00	
Fax Machine	471.00		471.00	0.00	471.00	0.00	0	0.00	
Credit Card System	34,622.00		34,622.00	0.00	34,622.00	0.00	0	0.00	
Computer Printers	830.00		830.00	0.00	830.00	0.00	0	0.00	
EQUIPMENT (CONTINUED)									
Copier	695.00	SL 5 yrs	695.00	0.00	695.00	0.00	0	0.00	
Compressor	3,000.00	SL 7 yrs	3,000.00	0.00	3,000.00	0.00	0	0.00	
Bear Cooler	2,087.00	SL 5 yrs	2,087.00	0.00	2,087.00	0.00	0	0.00	
2 Forklifts	36,204.00	SL 5 yrs	36,204.00	0.00	36,204.00	0.00	0	0.00	
Accounting Software	44,427.00	SL 5 yrs	44,427.00	0.00	44,427.00	0.00	0	0.00	
Holding Tank	52,402.00		52,402.00	0.00	52,402.00	0.00	0	0.00	
Ticket Machine Upgrades	14,031.00	SL 5 yrs	14,031.00	0.00	14,031.00	0.00	0	0.00	
Printer	496.00	SL 5 yrs	496.00	0.00	496.00	0.00	0	0.00	
Storage Trailer	2,225.00	SL 5 yrs	2,225.00	0.00	2,225.00	0.00	0	0.00	
Cash Registers	1,175.00	SL 5 yrs	1,175.00	0.00	1,175.00	0.00	0	0.00	

NIS-NOT IN SERVICE

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

BOOK

	DATE OF ACC.	COST	METHOD	FY 2009		DEPRECIATION		FY 2010	ST	LT
				ACC. DEPREC	FYE 5/31/10	ACC. DEPREC	NBV			
Computer Equipment	10/29/1999	2,440.00	SL 5 yrs	2,440.00	0.00	2,440.00	0.00	0	0	0.00
Office Furniture	12/15/1999	6,452.00	SL 7 yrs	6,452.00	0.00	6,452.00	0.00	0	0	0.00
Office File Cabinets	12/28/1999	3,230.00	SL 7 yrs	3,230.00	0.00	3,230.00	0.00	0	0	0.00
Storage Cabinet	11/24/1999	338.00	SL 7 yrs	338.00	0.00	338.00	0.00	0	0	0.00
Office Furniture	12/31/1999	743.00	SL 7 yrs	743.00	0.00	743.00	0.00	0	0	0.00
Coffee Table	12/21/1999	188.00	SL 7 yrs	188.00	0.00	188.00	0.00	0	0	0.00
Bookcase	12/14/1999	130.00	SL 7 yrs	130.00	0.00	130.00	0.00	0	0	0.00
Chair	12/11/1999	273.00	SL 7 yrs	273.00	0.00	273.00	0.00	0	0	0.00
File Cabinet	12/11/1999	763.00	SL 7 yrs	763.00	0.00	763.00	0.00	0	0	0.00
Computer Workstation	1/7/1999	570.00	SL 5 yrs	570.00	0.00	570.00	0.00	0	0	0.00
Computer Equipment	2/16/2000	2,612.00	SL 5 yrs	2,612.00	0.00	2,612.00	0.00	0	0	0.00
Computer & Monitor	2/16/2000	3,042.00	SL 5 yrs	3,042.00	0.00	3,042.00	0.00	0	0	0.00
Computer Equipment	2/16/2000	464.00	SL 5 yrs	464.00	0.00	464.00	0.00	0	0	0.00
2 Laserjet Printers	2/16/2000	1,004.00	SL 5 yrs	1,004.00	0.00	1,004.00	0.00	0	0	0.00
Computer & Monitor	4/12/2000	2,059.00	SL 5 yrs	2,059.00	0.00	2,059.00	0.00	0	0	0.00
Dot Matrix Printer	5/9/2000	658.00	SL 5 yrs	658.00	0.00	658.00	0.00	0	0	0.00
Computer Modem	4/27/2000	1,526.00	SL 5 yrs	1,526.00	0.00	1,526.00	0.00	0	0	0.00
Cash Register	6/15/2000	1,155.00	SL 5 yrs	1,155.00	0.00	1,155.00	0.00	0	0	0.00
Air Conditioners	6/30/2000	884.00	SL 7 yrs	884.00	0.00	884.00	0.00	0.00	0.00	0.00
Ice Machine	7/17/2000	3,375.00	SL 7 yrs	3,375.00	0.00	3,375.00	0.00	0.00	0.00	0.00
Soca Printer	7/20/2000	2,100.00	SL 5 yrs	2,100.00	0.00	2,100.00	0.00	0	0	0.00
Refrigerators	8/30/2000	2,058.00	SL 7 yrs	2,058.00	0.00	2,058.00	0.00	0.00	0.00	0.00
Copier	10/27/2000	900.00	SL 5 yrs	900.00	0.00	900.00	0.00	0.00	0.00	0.00
EQUIPMENT (CONTINUED)										
Fax Machine	12/31/2000	677.00	SL 5 yrs	677.00	0.00	677.00	0.00	0.00	0.00	0.00
Air Conditioners	1/1/1990	3,734.00		3,734.00	0.00	3,734.00	0.00	0.00	0.00	0.00
Boca Printer	8/7/2001	2,100.00	SL 5 yrs	2,100.00	0.00	2,100.00	0.00	0.00	0.00	0.00
Lexmark Printer	7/25/2001	430.00	SL 5 yrs	430.00	0.00	430.00	0.00	0.00	0.00	0.00
Cannon Personal Copier	11/20/2001	530.00	SL 5 yrs	530.00	0.00	530.00	0.00	0.00	0.00	0.00
Cherry Picker	4/8/2002	13,780.00	SL 7 yrs	13,780.00	0.00	13,780.00	0.00	0.00	0.00	0.00
Laptop Computer	5/1/2002	1,932.00	SL 5 yrs	1,932.00	0.00	1,932.00	0.00	0.00	0.00	0.00
3 Forklifts	1/2/2002	65,183.00	SL 7 yrs	65,183.00	0.00	65,183.00	0.00	0.00	0.00	0.00
Custom Software	5/1/2002	88,525.00	SL 3 yrs	88,525.00	0.00	88,525.00	0.00	0.00	0.00	0.00
Security System	7/1/2002	1,917.00	SL 7 yrs	1,917.00	0.00	1,917.00	0.00	0.00	0.00	0.00
Forklift	3/1/2003	15,073.00	SL 7 yrs	13,277.00	1,796.00	15,073.00	0.00	0.00	0.00	0.00
Used Welding Machine	12/1/2002	650.00	SL 7 yrs	597.00	53.00	650.00	0.00	0.00	0.00	0.00
Safe	3/1/2003	1,666.00	SL 7 yrs	1,466.00	198.00	1,666.00	0.00	0.00	0.00	0.00
IBM Personal Computer	4/1/2003	2,158.00	SL 5 yrs	2,158.00	0.00	2,158.00	0.00	0.00	0.00	0.00
Ticket Machine-Grp Sales	8/1/2002	6,700.00	SL 5 yrs	6,700.00	0.00	6,700.00	0.00	0.00	0.00	0.00
Cash Register	6/1/2002	370.00	SL 5 yrs	370.00	0.00	370.00	0.00	0.00	0.00	0.00
IBM Infoprint Printer	5/1/2003	3,482.00	SL 3 yrs	3,482.00	0.00	3,482.00	0.00	0.00	0.00	0.00
IBM Laptop	3/1/2003	3,733.00	SL 3 yrs	3,733.00	0.00	3,733.00	0.00	0.00	0.00	0.00
Office Furniture-PJ	6/11/2003	1,378.22	SL 7 yrs	1,174.00	197.00	1,371.00	7.22	7.22	0.00	0.00

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

DATE OF ACQ.	COST	METHOD	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT	
6/5/2003	1,152.39	SL 7 yrs	990.00	162.39	1,152.39	0.00	0.00	0.00	
10/24/2003	7,182.43	SL 7 yrs	5,729.00	1,026.00	6,755.00	427.43	427.43	0.00	
9/19/2003	1,280.00	SL 5 yrs	1,280.00	0.00	1,280.00	0.00	0.00	0.00	
10/29/2003	3,657.00	SL 7 yrs	2,915.00	522.00	3,437.00	220.00	220.00	0.00	
11/21/2003	12,572.50	SL 5 yrs	12,572.50	0.00	12,572.50	0.00	0.00	0.00	
11/21/2003	16,551.24	SL 5 yrs	16,551.24	0.00	16,551.24	0.00	0.00	0.00	
2/5/2004	7,867.82	SL 7 yrs	5,995.00	1,124.00	7,119.00	748.82	748.82	0.00	
12/11/2003	1,694.74	SL 5 yrs	1,694.74	0.00	1,694.74	0.00	0.00	0.00	
12/11/2003	6,355.03	SL 5 yrs	6,355.03	0.00	6,355.03	0.00	0.00	0.00	
12/23/2003	756.24	SL 5 yrs	756.24	0.00	756.24	0.00	0.00	0.00	
3/31/2004	27,600.58	SL 3 yrs	27,600.58	0.00	27,600.58	0.00	0.00	0.00	
3/12/2004	1,568.05	SL 5 yrs	1,527.00	41.05	1,568.05	0.00	0.00	0.00	
4/3/2004	570.10	SL 7 yrs	654.00	114.17	768.17	-198.07	0.00	-198.07	
4/22/2004	3,450.75	SL 5 yrs	3,450.75	0.00	3,450.75	0.00	0.00	0.00	
EQUIPMENT (CONTINUED)									
5/10/2004	610.35	SL 5 yrs	610.35	0.00	610.35	0.00	0.00	0.00	
5/18/2004	855.00	SL 5 yrs	855.00	0.00	855.00	0.00	0.00	0.00	
6/30/2004	2,133.61	SL 5 yrs	2,098.72	34.89	2,133.61	0.00	0.00	0.00	
6/30/2004	12,839.44	SL 3 yrs	12,829.25	10.19	12,839.44	0.00	0.00	0.00	
7/1/2004	1,385.07	SL 5 yrs	1,362.01	23.06	1,385.07	0.00	0.00	0.00	
3/11/2005	1,966.64	SL 5 yrs	1,654.32	312.32	1,966.64	0.00	0.00	0.00	
3/22/2005	1,198.07	SL 5 yrs	999.61	198.46	1,198.07	0.00	0.00	0.00	
12/22/2005	10,500.00	SL 5 yrs	7,175.00	3,325.00	10,500.00	0.00	0.00	0.00	
3/24/2006	10,421.99	SL 5 yrs	6,599.00	2,084.00	8,683.00	1,738.99	1,738.99	0.00	
12/12/2005	751.37	SL 5 yrs	519.00	150.00	669.00	82.37	82.37	0.00	
3/16/2006	952.23	SL 5 yrs	610.00	190.00	800.00	152.23	152.23	0.00	
5/26/2006	2,292.41	SL 5 yrs	1,393.00	458.00	1,851.00	441.41	441.41	0.00	
5/30/2006	940.33	SL 5 yrs	564.00	188.00	752.00	188.33	188.33	0.00	
6/23/2006	1,705.00	SL 5 yrs	995.00	710.00	1,705.00	0.00	0.00	0.00	
10/4/2006	739.00	SL 5 yrs	394.00	148.00	542.00	197.00	148.00	49.00	
3/13/2007	9,030.00	SL 5 yrs	3,987.00	1,806.00	5,793.00	3,237.00	1,806.00	1,431.00	
5/28/2007	24,613.00	SL 3 yrs	16,408.00	8,205.00	24,613.00	0.00	0.00	0.00	
9/27/2007	5,595.00	SL 7 yrs	1,332.00	799.00	2,131.00	3,464.00	799.00	2,665.00	
5/1/2008	296,954.23	SL 5 yrs	61,566.75	59,391.00	120,977.75	175,976.48	52,781.00	123,195.48	
HL	0.00		0.00	0.00	0.00	0.00	0.00	0.00	
HL	0.00		0.00	0.00	0.00	0.00	1.00	-1.00	
5/31/2010	7,642.49		0.00	0.00	0.00	7,642.49	0.00	7,642.49	
11/4/2009	1,303.68		0.00	253.00	253.00	1,050.68	0.00	1,050.68	
5/26/2010	1,448.19		0.00	0.00	0.00	1,448.19	0.00	1,448.19	
1,406,784.19						196,824.57	59,541.80	137,282.77	
BUILDINGS									
Terminal Building- PJ	25000		25,000.00	0.00	25,000.00	0.00	0.00	0.00	

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

BOOK

DATE OF ACQ.	COST	METHOD	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT
	44,588.00		44,588.00	0.00	44,588.00	0.00		0.00
Freight Shed-PJ								
Building Expansion	204,063.00	SL 20 yrs	200,662.00	3,401.00	204,063.00	0.00	0.00	0.00
Shed-PJ	9,670.00		9,670.00	0.00	9,670.00	0.00	0.00	0.00
Block Island Office	27,330.58	SL 31.5 yr	13,671.00	868.00	14,539.00	12,791.58	368.00	11,923.58
Freight Shed-BI	130,429.00	SL 10 yrs	130,429.00	0.00	130,429.00	0.00	0.00	0.00
Block Island Terminal	61,901.00	SL 10 yrs	37,140.00	6,190.00	43,330.00	18,571.00	6,190.00	12,381.00
Remodeling BI Ticket Office	25,772.00	SL 5 yrs	25,772.00	0.00	25,772.00	0.00	0.00	0.00
Roof-PJ Ticket Terminal	8,746.00	SL 10 yrs	5,250.00	875.00	6,125.00	2,621.00	875.00	1,746.00
	537,499.58		492,182.00	11,334.00	503,516.00	33,983.58	7,933.00	26,050.58
DOCKS & RAMPS								
Docks	15,901.00		15,901.00	0.00	15,901.00	0.00	0.00	0.00
Dolphin Fender Piles	13,120.00		13,120.00	0.00	13,120.00	0.00	0.00	0.00
Ramps	112,801.00		112,801.00	0.00	112,801.00	0.00	0.00	0.00
Docks	139,174.00		139,174.00	0.00	139,174.00	0.00	0.00	0.00
Docks-BI	130,367.00		130,367.00	0.00	130,367.00	0.00	0.00	0.00
Ramps-PJ	88,284.00		88,284.00	0.00	88,284.00	0.00	0.00	0.00
Ramps-PJ	130,087.00		130,087.00	0.00	130,087.00	0.00	0.00	0.00
Ramps-BI	43,865.00		43,865.00	0.00	43,865.00	0.00	0.00	0.00
Dock Improvements-PJ	67,849.00	SL 10 yrs	57,670.00	6,785.00	64,455.00	3,394.00	3,394.00	0.00
Dock Improvements	101,782.00	SL 10 yrs	101,782.00	0.00	101,782.00	0.00	0.00	0.00
Ramp-BI	21,860.00	SL 10 yrs	13,116.00	2,186.00	15,302.00	6,558.00	2,186.00	4,372.00
				0.00		0.00	0.00	0.00
Bulkhead-PJ	785,291.00	SL 100 yrs	406,389.00	94,726.00	501,115.00	284,176.00	94,726.00	189,450.00
Bulkhead-BI	640,700.65	SL 10 yrs	326,490.00	64,070.00	390,560.00	250,140.65	64,070.00	186,070.65
New Ramp	29,549.38	SL 10 yrs	9,727.00	2,955.00	12,682.00	16,867.38	2,955.00	13,912.38
New Ramp	9,576.00	SL 10 yrs	1,956.00	958.00	2,914.00	6,662.00	958.00	5,704.00
bi Ramp	45,931.49	SL 10 yrs	2,296.00	4,593.00	6,889.00	39,042.49	4,593.15	34,449.34
BI Dock	70,612.00	SL 5 yrs	0.00	14,122.00	14,122.00	56,490.00	14,122.40	42,367.60
	2,446,750.52		1,593,025.00	190,395.00	1,783,420.00	663,330.52	187,004.55	476,335.97
STAGING & PJ PROJECTS								
Maude's Prop.-PJ Staging	148,240.00	SL 40 yrs	43,238.00	3,706.00	46,944.00	101,296.00	3,706.00	97,590.00
Galilee Staging-PJ	343,299.00	SL 40 yrs	94,402.00	8,582.00	102,984.00	240,315.00	8,582.00	231,733.00
Sewer Pump Out System	61,385.00	SL 40 yrs	9,207.00	3,069.00	12,276.00	49,109.00	3,069.00	46,040.00
Terminal Bldg. Project	507,175.00	SL 40 yrs	38,037.00	12,679.00	50,716.00	456,459.00	12,679.00	443,780.00
Sewer Pump Out System	80,948.70	SL 20 yrs	2,361.00	4,047.00	6,408.00	74,540.70	4,047.44	70,493.27
	1,141,047.70		187,245.00	32,083.00	219,328.00	921,719.70	32,083.44	889,636.27
VEHICLES								
1985 Ford Truck	5,500.00		5,500.00	0.00	5,500.00	0.00	0	0.00

NIS-NOT IN SERVICE

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2010
INTERSTATE NAVIGATION CO.

BOOK

DATE OF ACQ.	COST	METHOD	FY 2009 ACC. DEPREC	DEPRECIATION FYE 5/31/10	FY 2010 ACC. DEPREC	NBV	ST	LT
Used Ford F150	12,002.00		12,002.00	0.00	12,002.00	0.00	0	0.00
Used Truck(Island Martine)	3,740.00		3,740.00	0.00	3,740.00	0.00	0	0.00
1998 Ford F150	8,594.00	SL 5 yrs	8,594.00	0.00	8,594.00	0.00	0	0.00
2002 Volvo S-80	41,771.00	SL 5 yrs	41,771.00	0.00	41,771.00	0.00	0.00	0.00
2003 Chevrolet Silverado	30,740.23	SL 5 yrs	30,740.23	0.00	30,740.23	0.00	0.00	0.00
2005 Ford	25,900.00	SL 5 yrs	18,777.30	5,180.30	23,957.60	1,942.40	5,180.00	-3,237.60
Tour Bus	9,149.12	SL 5 yrs	5,566.00	1,830.00	7,396.00	1,753.12	1,830.00	-76.88
2009 GMC Sierra	37,804.00	SL 5 yrs	0.00	4,410.00	4,410.00	33,394.00	1,831.00	31,563.00
adj			0.00	0.00	0.00	0.00	0	0.00
TOTALS	175,200.35		126,690.53	11,420.30	138,110.83	37,089.52	8,841.00	28,248.52
	27,930,725.64		14,824,441.62	1,458,443.83	16,282,885.45	11,647,840.19	1,543,606.32	10,104,233.88

14824441.62

Net Property 11,647,840.19

2010

ST 1,543,606.32

LT 10,104,233.88

11,647,840.19

Amount differs on tax asset schedule

Asset does not appear on tax asset schedule, full depreciation

Calculation of NOL
 Support calculations for FY 2010 Deferred Federal Income Tax
 Interstate Navigation Company

Net Operating Income(Loss)		(228,455.28)
ADD BACK		
Income subject to tax on return and NOT on books Construction in Aid Revenue		(228,455.28)
Expenses on books and NOT deductible on return Income Tax Amort of Rate Case exp		(116,388.00)
		(344,843.28)
LESS		
Income on books and NOT subject to tax on return (amort of deferred rent)		(228,455.28)
Expenses on return and NOT on books		
Depreciation Book vs. Tax	1,458,443.83	1,321,362.88
Rate Case exp		137,080.95
Bad Debt Expense		-
Amortization of Loan		(64,316.71)
		72,764.24
		72,764.24
	Current Year addition to NOL	(272,079.04)
	Prior Year NOL Balance	(49,218.00)
		(321,297.04)

(B)

	Prior Year NOL Balance	
1998	247,036.00	
2004	132,590.00	
2005	45,370.00	
2006	142,676.00	
2007	182,746.00	
2008	(750,418.00)	used nol
2009	49,218.00	
	49,218.00	

ANALYSIS OF VARIANCE BETWEEN BOOK AND TAX FIXED ASSETS
INTERSTATE NAVIGATION CO.

	<u>DATE OF</u>	<u>COST</u>	<u>NBV</u>	<u>TAX</u>	<u>NBV</u>	<u>Tax vs Book</u>
	<u>ACQ.</u>	<u>COST</u>	<u>NBV</u>	<u>COST</u>	<u>NBV</u>	<u>COST</u>

Assest no longer presented on detailed fixed asset tax report (Fully Depreciated)

<u>VESSEL IMP. AND EQUIP.</u>						
Radar-Manisee	?? Pre-2000	\$ 17,532.00	\$ -	\$ -	\$ -	
Engine	?? Pre-2000	30,675.00	-	-	-	
Misc. Floating Equipment	?? Pre-2000	48,134.00	-	-	-	
<u>OFFICE & TERMINAL EQUIP.</u>						
Telephones	?? Pre-2000	19,080.00	-	-	-	
Misc Equipment	?? Pre-2000	61,508.00	-	-	-	
Office Equipment	?? Pre-2000	19,610.00	-	-	-	
PJ Office Furniture	?? Pre-2000	6,247.00	-	-	-	
Holding Tank	?? Pre-2000	52,402.00	-	-	-	
		255,188.00	-	-	-	\$ 255,188.00

Variances due to Section 179 deductions on tax side (Fully Depreciated)

<u>VESSELS</u>						
Carol Jean	6/1/1984	2,477,967.00	-	2,429,597.00	-	
Ramps	?? Pre-2000	112,801.00	-	105,331.00	-	
Docks	?? Pre-2000	139,174.00	-	48,000.00	-	
Docks-BI	?? Pre-2000	130,367.00	-	28,625.00	-	
		2,860,309.00	-	2,611,553.00	-	248,756.00

Variances due to misgroupings on Book side (Fully Depreciated)

<u>OFFICE & TERMINAL EQUIP.</u>						
Computers	?? Pre-2000	135,307.00	-	145,000.00	-	
<u>BUILDINGS</u>						
Terminal Building- PJ	?? Pre-2000	25,000.00	-	45,647.00	-	
Freight Shed-PJ	?? Pre-2000	44,588.00	-	59,517.00	-	
<u>DOCKS & RAMPS</u>						
Docks	?? Pre-2000	15,901.00	-	25,036.00	-	
Dolphin Fender Piles	?? Pre-2000	13,120.00	-	14,160.00	-	
		233,916.00	-	289,360.00	-	(55,444.00)

Variances due to Roundings

<u>OFFICE & TERMINAL EQUIP.</u>						
Telephone System	?? Pre-2000	22,975.00	-	22,980.00	-	
Office Equipment	4/3/2004	570.10	-	873.00	-	
<u>BUILDINGS</u>						
Shed-PJ	?? Pre-2000	9,670.00	-	9,669.00	-	
Block Island Office	9/3/1993	27,330.58	12,791.58	27,332.00	-	
		60,545.68	12,791.58	60,854.00	-	(308.32)

Variances due to Homeland Security

Res. & Ticketing System	5/1/2008	296,954.23	175,976.48	351,878.00	154,122.46	
Res. & Ticketing System	HL 2008	-	-	33,045.23	15,861.71	
Time clocks	HL 2009	-	-	15,767.88	7,568.58	
		\$ 296,954.23	\$ 175,976.48	\$ 400,691.11	\$ 177,552.75	(103,736.88)

Total Variance between Tax and Book Assets **\$ 344,454.80**

FY 2010 Book TOTAL Per Annual Report	\$ 27,930,725.64
FY 2010 Tax TOTALS (Beg Bal reconciled to 2009 return)	<u>27,586,279.54</u>
	\$ 344,446.10

**DIVISION'S FIRST SET OF DATA REQUESTS DIRECTED TO INTERSTATE
NAVIGATION COMPANY**

DOCKET NO. 3762 – RE: 2011 ROE DEFICIENCY FILING

DIV 1-6 Please explain the difference between the deferred tax balance on Schedule WEE-2 and the balance of deferred taxes calculated by the Division in Docket No. 3762 (approximately \$691,000 as of March 31, 2005).

Response: Please see attached. The attached lead schedule provides a comparison of the differences of the deferred tax balance between originally filed WEE-2, the revised WEE-2 (which is attached) and Division position in Docket No. 3762. One of the differences between the originally filed WEE-2 and Division position in Docket No. 3762 is that the variance between Net Book Value and Tax Basis has declined over time.

Another main differences between the originally filed WEE-2 and Division position in Docket No. 3762 was that the Division used a tax rate of 34% while the originally filed WEE-2 used a rate of 15%. When establishing the deferred tax, the floor tax rate of 15% was used since both FY 2006 & FY 2007 were running a net loss per book. In hindsight, it appears that the tax rate of 34% would be more appropriate since this was the rate utilized for the Federal Income Tax expense provided in Commission order in Docket 3762.

As a result of this data request, I have revised Deferred Tax Schedules for FY 2009 and FY 2010 and recalculated WEE-1 and WEE-2 to reflect the impact of utilizing the 34% tax rate. All of these schedules mentioned above are attached to this response.

Prepared by: WEE

Comparison of Deferred Federal Income Tax
Between WEE-2 Division in Docket 3762
Interstate Navigation Company

Description of Asset/Liab	(A) As Filed by Division in Docket	Per WEE-2 is originally filed	Per WEE-2 revised
Rate Year	FYE 2005	FYE 2010	FYE 2010
Tax Basis of plant	\$ 10,759,279	\$ 10,251,128	\$ 10,251,128
Book Value of plan	13,066,800	11,647,840	11,647,840
Depreciation (Liab) Net Book Value vs Tax Basis	(2,307,521)	(1,396,712)	(1,396,712)
Tax Rate	34%	15%	34%
	(784,557)	(209,507)	(474,882)
Deferred Tax Debit			
NOL	-	321,297	321,297
Loan Amortization	-	160,284	160,284
Deferred Regulatory Asset	-	-	-
Tax Rate	34%	15%	34%
	93,315	72,237.22	163,737.69
	<u>(691,242)</u>	<u>(137,270)</u>	<u>(311,144)</u>
Year Preceding Rate Year		FYE 2009	FYE 2009
Tax Basis of plant		\$ 11,648,093	\$ 11,648,093
Book Value of plan		13,058,086	13,058,086
Depreciation (Liab) Net Book Value vs Tax Basis		(1,409,993)	(1,409,993)
Tax Rate		15%	34%
		(211,499)	(479,398)
Deferred Tax Debit			
NOL		8,095	8,095
Loan Amortization		224,601	224,601
Deferred Regulatory Asset		-	-
Tax Rate		15%	34%
		232,696	232,696
		34,904	79,117
		<u>(176,594)</u>	<u>(400,281)</u>
Net Deferred Tax (2 year Average)	<u>\$ (691,242)</u>	<u>\$ (156,932)</u>	<u>\$ (355,713)</u>

(A)

DIVISION
POSITION IN
DOCKET 376

Schedule DJE-5

INTERSTATE NAVIGATION COMPANY
RETURN ON RATE BASE

		<u>Company Position</u>	<u>Adjustments</u>		<u>Division Position</u>
Rate Year Average Net Utility Plant	WEE-12	\$ 11,112,116	73,787	(A)	\$ 11,185,903
Accumulated Deferred Income Taxes		-	(691,242)	(B)	(691,242)
Net Rate Base		11,112,116	(617,455)		10,494,661
Rate of Return	DJE-6	<u>8.09%</u>	<u>-0.38%</u>		<u>7.72%</u>
Return on Rate Base		<u>\$ 899,449</u>	<u>\$ (89,740)</u>		<u>\$ 809,709</u>

Sources

(A)	Homeland Security - Capital Additions	144,730	WEE-8
	Homeland Security - Equipment	12,600	WEE-8
	Depreciation	<u>(9,757)</u>	DJE-3, Page 3
	Net Plant	147,574	
	Average for Rate Year	<u>73,787</u>	1/2
(B)	Book Value of Plant 5/31/2005	13,066,800	DGB-6
	Tax Basis of Plant 5/31/2005	<u>10,759,279</u>	DIV 1-11, Page 7
	Difference	2,307,521	
	Tax Rate	<u>34%</u>	DJE-4
	ADIT	784,557	
	Deferred Tax Debit Balance	<u>93,315</u>	DGB-6
	Net ADIT	<u>691,242</u>	

Fiscal Year Ended May 31, 2010 Revenue Deficiency
using a 5.5% ROE Floor
 Interstate Navigation Company

REVISED
Schedule WEE-1

	<u>FY 2010</u>	
Combined Revenues less Cash Operating Expenses	\$ 2,139,672	Per 2010 Annual Report (Page 6a)
Depreciation and Amortization - per Books	1,552,610	Per 2010 Annual Report (Page 6a)
Interest on Fast Ferry	389,228	
Interest on Interstate Rate Base	370,461	See Schedule WEE-2
Total Interest	759,689	
Interest Income	-	
Extraordinary items	-	
Federal Tax (Deferred)	-	
Interstate Profit/ (Loss) (Traditional and Fast Ferry Combined) for FYE May 31st 2010	(172,627)	
Add Back: Depreciation on Athena	168,000	
Add Back: Amortization of other assets purchased from IHSF	94,167	
Add Back: Amortization of 2006 Fast Ferry Profits 6/1/2009 - 12/31/2009	71,118	
Add Back: Excess Homeland Security Expenses	39,085	
Deduct: Rate Case Expense 6/1/2009 - 12/31/2009	(48,611)	
Deduct: Principal Paid on Athena and other assets purchased from IHSF	(95,200)	
Adjusted Interstate Company Wide Profit	55,932	
Income Requirement 5.5% ROE Floor	(A) 199,541	
Shortfall	(143,609)	
Gross Receipts Tax 1.25%	(1,818)	
Revenue Deficiency	<u>\$ (145,427)</u>	

Calculation of Analyzed ROE 11% reduced to 5.5%

Return on equity at 11%	\$ 276,940	See Schedule WEE-2
Return on equity at 5.5%	<u>138,470</u>	
Income Tax	61,071	
Income Requirement 5.5% ROE Floor	(A) <u>\$ 199,541</u>	

Calculation of an Average Rate Base and
Rate of Return for FY 2010
Interstate Navigation Company

REVISED
Schedule WEE-2

Description	AVERAGE
Net Utility Plant	\$ 8,662,003
Additions:	
Working Capital	-
Inventory	-
Prepaid Expenses	-
Deductions:	
Contributions in Aid	-
Deferred Credits	-
Deferred Taxes	(355,713)
Net average Rate Year base	\$ 8,306,290

	Ending Balance at		
	2009	2010	
PPE Net Book Value	\$ 13,058,086	\$ 11,647,840	Per 2010 Annual Report (Page 5)
High Speed Ferry	(4,200,000)	(4,200,000)	
Acc Deprec High Speed Ferry	425,040	593,040	
Net Utility Plant	\$ 9,283,126	\$ 8,040,880	2 year average \$ 8,662,003
Deferred Tax Asset	\$ -	\$ 44,227	
Deferred Tax Liability	(400,281)	(355,371)	
Net Deferred Taxes	\$ (400,281)	\$ (311,144)	2 year average \$ (355,713)

Total Proforma Year Rate Base	\$ 8,306,290
Weighted Return on Rate Base	7.79%
Return on Rate Base	\$ 647,401

Allocation of Net Utility Profit	Weighted Factor			
Interest	0.0446	57%	x a	\$ 370,461
Equity	0.0333	43%	x a	276,940
	0.0779	100%		\$ 647,401

Capital Structure and associated capital cost approved by Commission in Docket 3762

	Percent of Total	Cost Rate	Weighted Factor
Interest	69.69%	6.40%	4.46%
Equity	30.31%	11.00%	3.33%
	100.00%		7.79%

Deferred Federal Income Tax
Interstate Navigation Company
5/31/09

**RECALCULATED
FOR 34%**

Description of Asset/Liab	Current 2010	Long Term 2011+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(294,304.79)	(1,115,688.14)	(1,409,992.93)
NOL	8,095.38	-	8,095.38
Loan Amortization	64,316.71	160,284.39	224,601.10
Deferred Regulatory Asset	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ (221,892.70)</u>	<u>\$ (955,403.75)</u>	<u>\$ (1,177,296.45)</u>

Balance already
net of tax

TAX (34% of the above Totals)

Description of Asset/Liab	Current 2010	Long Term 2011+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(100,063.63)	(379,333.97)	(479,397.60)
NOL	2,752.43	-	2,752.43
Loan Amortization	21,867.68	54,496.69	76,364.37
Deferred Regulatory Asset	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ (75,443.52)</u>	<u>\$ (324,837.28)</u>	<u>\$ (400,280.79)</u>

Deferred Income Tax Liability

Per 2010 Annual Report
(Page 5a)

Deferred Federal Income Tax
Interstate Navigation Company
5/31/10

**RECALCULATED
FOR 34%**

Description of Asset/Liab	Current 2011	Long Term 2012+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(255,535.43)	(1,141,176.33)	(1,396,711.76)
NOL	321,297.04	-	321,297.04
Loan Amortization	64,316.71	95,967.69	160,284.40
Def. Reg. Asset (Rate Case)	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ 130,078.32</u>	<u>\$ (1,045,208.64)</u>	<u>\$ (915,130.32)</u>

Balance already
net of tax

TAX (34% of the above Totals)

	Current 2011	Long Term 2012+	
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(86,882.05)	(387,999.95)	(474,882.00)
NOL	109,240.99	-	109,240.99
Loan Amortization	21,867.68	32,629.01	54,496.70
Deferred Regulatory Asset	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ 44,226.63</u>	<u>\$ (355,370.94)</u>	<u>\$ (311,144.31)</u>
	Deferred Income Tax Asset	Deferred Income Tax Liability	

**DIVISION'S FIRST SET OF DATA REQUESTS DIRECTED TO INTERSTATE
NAVIGATION COMPANY**

DOCKET NO. 3762 – RE: 2011 ROE DEFICIENCY FILING

DIV 1-7 Please provide documentation supporting the establishment of the balance accumulated deferred income taxes as of May 31, 2007, as specified in Section IV.D.2 of the Settlement in Docket No. 3762.

Response: Please see attached. The summary analysis of deferred tax for fiscal years 2006, 2007 & 2008 at the 15% tax rate are attached. The summary analysis of deferred tax for fiscal years 2009 & 2010 at the 15% tax rate have been attached to the response to Division 1-5.

Prepared by: WEE

Deferred Federal Income Tax
Interstate Navigation Company
5/31/08

Description of Asset/Liab	Current 2009	Long Term 2010+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(352,204.89)	(1,522,733.87)	(1,874,938.76)
NOL	-	-	-
Loan Amortization	64,316.71	224,601.09	288,917.80
Deferred Regulatory Asset	(30,660.00)	-	(30,660.00)
Deferred Barge Removal	-	-	-
	<u>\$ (318,548.18)</u>	<u>\$ (1,298,132.78)</u>	<u>\$ (1,616,680.96)</u>

Balance already
net of tax

TAX (15% of the above Totals)

	Current 2009	Long Term 2010+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(52,830.73)	(228,410.08)	(281,240.81)
NOL	-	-	-
Loan Amortization	9,647.51	33,690.16	43,337.67
Deferred Regulatory Asset	(4,599.00)	-	(4,599.00)
Deferred Barge Removal	-	-	-
	<u>\$ (47,782.23)</u>	<u>\$ (194,719.92)</u>	<u>\$ (242,502.14)</u>

Deferred Income Tax Liability

Deferred Federal Income Tax
Interstate Navigation Company
5/31/07

Description of Asset/Liab	Current 2008	Long Term 2009+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(104,651.90)	(1,665,767.83)	(1,770,419.73)
NOL	-	750,418.00	750,418.00
Loan Amortization	61,405.98	291,828.53	353,234.51
Deferred Regulatory Asset	(83,333.00)	(30,660.00)	(113,993.00)
Deferred Barge Removal	-	-	-
	<u>\$ (126,578.92)</u>	<u>\$ (654,181.30)</u>	<u>\$ (780,760.22)</u>

Balance already
net of tax

TAX (15% of the above Totals)

	Current 2008	Long Term 2009+	
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(15,697.79)	(249,865.17)	(265,562.96)
NOL	-	112,562.70	112,562.70
Loan Amortization	9,210.90	43,774.28	52,985.18
Deferred Regulatory Asset	(12,499.95)	(4,599.00)	(17,098.95)
Deferred Barge Removal	-	-	-
	<u>\$ (18,986.84)</u>	<u>\$ (98,127.20)</u>	<u>\$ (117,114.03)</u>

Deferred Income Tax Liability

Deferred Federal Income Tax
Interstate Navigation Company
5/31/06

Description of Asset/Liab	Current 2007	Long Term 2008+	Totals
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(136,474.58)	(1,764,107.73)	(1,900,582.31)
NOL	-	567,672.00	567,672.00
Loan Amortization	58,123.66	304,586.35	362,710.01
Deferred Regulatory Asset	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ (78,350.92)</u>	<u>\$ (891,849.38)</u>	<u>\$ (970,200.30)</u>

Balance already
net of tax

TAX (15% of the above Totals)

	Current 2007	Long Term 2008+	
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(20,471.19)	(264,616.16)	(285,087.35)
NOL	-	85,150.80	85,150.80
Loan Amortization	8,718.55	45,687.95	54,406.50
Deferred Regulatory Asset	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ (11,752.64)</u>	<u>\$ (133,777.41)</u>	<u>\$ (145,530.05)</u>

Deferred Income Tax Liability

Per 2010 Annual
Report (Page 5a)