

REPORT OF RECONCILIATION OF ORIGINAL, REVISED & SETTLEMENT REVENUE REQUIREMENT w/9.75% ROE

Aquarion Water Company of New Hampshire, Inc.
Case No. DW 12-085

Test Year: Twelve Months Ended 12/31/11
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Line No.	Description	Data Request Reference	Schedule	Original Adjustments	Revised Adjustments	Revenue Impact	
1							
2	Expense Adjustments						
3	Antenna Rental Income	Staff 1-11, Staff 2-2	Schedule No. 1A	\$ 7,674	\$ 10,674	\$ (3,000)	
4	Salaries & Wages	Staff 2-7	Schedule No. 1C	17,649	11,191	(6,458)	
5	Employee Welfare	Staff 2-9	Schedule No. 1D	1,470	8,349	6,879	
6	Employee Bonus Program	Staff 2-10	Schedule No. 1E	522	(1,300)	(1,822)	
7	FAS 106 Post-Retirement Healthcare		Schedule No. 1F	54,730	54,867	(63)	
8	Pension Expense		Schedule No. 1G	40,942	40,895	(47)	
9	Miscellaneous/Non-Recurring Items	Staff 3-6, 8, 9	Schedule No. 1K	(7,830)	(10,089)	(2,259)	
10	Management Allocation	OCA 3-21	Schedule No. 1R	(150)	(21,484)	(21,334)	
11	Depreciation Expense	Staff 3-5	Schedule No. 1U	23,419	16,473	(6,946)	
12	Payroll Taxes	Staff 2-20	Schedule No. 1V	2,813	4,274	1,461	
13	Interest Expense	Staff 1-24	Schedule No. 1X	6,826	3,944	(2,882)	
14							
15	Expense Impact on Revenues					(36,471)	
16							
17	Rate Base Adjustments						
18	Working Capital Allowance	Staff 1-22	Schedule No. 3D	201,405	202,213	808	
19	Customer Advances	Staff 1-14	Schedule No. 3C	(3,792)	(3,771)	21	
20	Reserve for Deferred Taxes	Staff 1-21	Schedule No. 3C	(2,333,416)	(2,333,397)	19	
21	Change in Rate Base					848	
22	Rate Base Impact on Revenues					112	
23							
24	Filing Reconciliation						
25	Original Filing Revenue Requirement					1,113,931	
26	Expense Impact on Revenues					(36,471)	
27	Rate Base Impact on Revenues					112	
28	Adj for Rate Design					352	
29	Adjusted Filing Revenue Requirement					\$ 1,077,924	A
30							
31	Settlement Adjustments - Expense						
32	ROW Deferral		Schedule No. 1O	26,464	-	(26,464)	B
33	Property Taxes		Schedule No. 1W	82,551	68,027	(14,524)	C
34							
35	Settlement Adjustments - Rate Base						
36	Total Rate Base		Schedule No. 3	22,320,609	22,507,606	186,997	
37	Impact on Revenue Requirement					24,681	D
38							
39	Settlement Adjustments - Capitalization						
40	Overall Return on Rate Base (RORB)		Schedule No. 4	7.85%	7.76%	-0.09%	
41	Impact on Revenue Requirement					(34,059)	E
42							
43	RORB Further Revised to Reflect 9.75% ROE from DW 08-098			7.76%	7.55%	-0.21%	
44	Impact on Revenue Requirement					(79,472)	F
45							
46	Settlement Revenue Requirement assuming 9.75% ROE					\$ 948,086	A+B+C+D+E+F

ORIGINAL

N.H.P.U.C. Case No. DW 12-085

Exhibit No. 18

Witness Panel!

DO NOT REMOVE FROM FILE

COMPUTATION OF REVENUE DEFICIENCY

Aquarion Water Company of New Hampshire, Inc.
Case No. DW 12-085

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Line No.		Actual Test Year	Required Increase	Pro Forma
1				
2	1 Rate Base	\$ 21,765,919		\$ 22,507,606
3				
4	2 Rate of Return	<u>5.41%</u>		<u>7.55%</u>
5				
6	3 Income Required [L1 x L2]	<u>\$ 1,177,916</u>	<u>\$ 521,408</u>	\$ 1,699,324
7				
8	4 Adjusted net Operating Income at Present Rates			<u>1,135,450</u>
9				
10				
11	5 Deficiency			<u>\$ 563,874</u>
12				
13	6 Tax Effect*			<u>59.48%</u>
14				
15	7 Revenue Deficiency [L5 / L6]			<u>\$ 948,086</u>
16				
17	8 Revenues at Present Rates			<u>\$ 6,086,673</u>
18				
19	9 Proposed Revenue Increase [L7 / L8]			<u>15.58%</u>

*A one percent change in requested equity return is equal to approximately \$154K in revenues calculated as follows:

Rate base	\$ 22,507,606
Change in Equity (1% x 40.75%)	<u>0.4075%</u>
Change in Operating Income	\$ 91,718
Conversion Factor	<u>1.68</u>
Change in revenue requested	<u>\$ 154,214</u>