

SUMMARY OF COST OF SERVICE

	Total Cost of Service	Allocat. Symbol	WATER SALES		FIRE PROTECTION		CUSTOMER	
			Percent	Amount	Percent	Amount	Percent	Amount
Operation & Maintenance	4,028,069	G	75.9%	3,057,254	7.6%	304,512	16.5%	666,311
Depreciation & Amortization	457,838	D	68.5%	313,784	16.8%	76,908	14.7%	67,145
Taxes - Federal & State	-58,761	E	71.4%	-41,971	13.2%	-7,755	15.4%	-9,035
Taxes - Property	<u>842,830</u>	R	63.7%	<u>536,695</u>	23.0%	<u>193,631</u>	13.3%	<u>112,504</u>
Subtotal	5,269,976			3,865,762		567,297		836,925
Utility Operating Income	412,007	R	63.7%	262,357	23.0%	94,654	13.3%	54,996
City Bond Fixed Rev. Require.	<u>898,863</u>	R	63.7%	<u>572,376</u>	23.0%	<u>206,504</u>	13.3%	<u>119,984</u>
Subtotal	6,580,846			4,700,494		868,455		1,011,905
Less: Other Income	-6,347	E	71.4%	-4,533	13.2%	-838	15.4%	5
Less Other Revenues	<u>-48,196</u>	E	71.4%	<u>-34,425</u>	13.2%	<u>-6,360</u>	15.4%	<u>1</u>
Total Required from Rates & Charges	6,526,303	E	71.4%	4,661,536	13.2%	861,257	15.4%	1,003,518
Plus: Capital Recovery Surcharge	<u>300,353</u>							
Total	6,826,656							

ALLOCATION OF O&M EXPENSES

	Pro-Forma	Allocat. Symbol	WATER SALES		FIRE PROTECTION		CUSTOMER	
			Percent	Amount	Percent	Amount	Percent	Amount
Operation & Maintenance								
Source of Supply Expenses								
<i>Operation</i>								
Operation Supervision and Engineering	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Operation Labor and Expenses	\$ 22,499	A	99.5%	\$ 22,387	0.5%	\$ 112	0.0%	\$ -
Purchased Water	\$ 739,629	A	99.5%	\$ 735,931	0.5%	\$ 3,698	0.0%	\$ -
Miscellaneous Expenses	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Rents	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Total Operation	\$ 762,128			\$ 758,317		\$ 3,811		\$ -
<i>Maintenance</i>								
Maintenance Supervision & Engineering	\$ 38,868	A	99.5%	\$ 38,674	0.5%	\$ 194	0.0%	\$ -
Maintenance of Supply Mains	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Maintenance of Miscellaneous Water Source Plant	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Total Maintenance	\$ 38,868			\$ 38,674		\$ 194		\$ -
Total Source of Supply Expenses	\$ 800,996			\$ 796,991		\$ 4,005		\$ -
Pumping Expenses								
<i>Operation</i>								
Operation Supervision and Engineering	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Fuel for Power Production	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Fuel or Power Purchased for Production	\$ 231,248	A	99.5%	\$ 230,092	0.5%	\$ 1,156	0.0%	\$ -
Pumping Labor and Expenses	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Miscellaneous Expenses	\$ 11,435	A	99.5%	\$ 11,378	0.5%	\$ 57	0.0%	\$ -
Rents	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Total Operation	\$ 242,683			\$ 241,470		\$ 1,213		\$ -
<i>Maintenance</i>								
Maintenance Supervision and Engineering	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Maintenance of Structures and Improvements	\$ 207	A	99.5%	\$ 206	0.5%	\$ 1	0.0%	\$ -
Maintenance of Power Production Equipment	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Maintenance of Pumping Equipment	\$ 483,108	A	99.5%	\$ 480,692	0.5%	\$ 2,416	0.0%	\$ -
Total Maintenance	\$ 483,315			\$ 480,898		\$ 2,417		\$ -
Total Pumping Expenses	\$ 725,998			\$ 722,368		\$ 3,630		\$ -

ALLOCATION OF O&M EXPENSES

	Pro-Forma	Allocat. Symbol	WATER SALES		FIRE PROTECTION		CUSTOMER	
			Percent	Amount	Percent	Amount	Percent	Amount
Water Treatment Expenses								
<i>Operation</i>								
Operation Supervision and Engineering	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Chemicals	\$ 43,166	A	99.5%	\$ 42,950	0.5%	\$ 216	0.0%	\$ -
Operation Labor and Expenses	\$ 62,076	A	99.5%	\$ 61,766	0.5%	\$ 310	0.0%	\$ -
Miscellaneous Expenses	\$ -	A	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Total Operation	\$ 105,242			\$ 104,716		\$ 526		\$ -
<i>Maintenance</i>								
Maintenance of Water Treatment Equipment	\$ 10,295	A	99.5%	\$ 10,244	0.5%	\$ 51	0.0%	\$ -
Total Maintenance	\$ 10,295			\$ 10,244		\$ 51		\$ -
Total Water Treatment Expenses	\$ 115,537			\$ 114,959		\$ 578		\$ -
Transmission and Distribution Expenses								
<i>Operation</i>								
Operation Supervision and Engineering	\$ 25,912	T	35.5%	\$ 9,210	24.7%	\$ 6,404	39.7%	\$ 10,297
Transmission and Distribution Lines Expenses	\$ 209	B	63.1%	\$ 132	36.9%	\$ 77	0.0%	\$ -
Meter Expenses	\$ 51,468	C	0.0%	\$ -	0.0%	\$ -	100.0%	\$ 51,468
Customer Installation Expense	\$ 20,106	C	0.0%	\$ -	0.0%	\$ -	100.0%	\$ 20,106
Miscellaneous Expenses	\$ 2,269	T	35.5%	\$ 807	24.7%	\$ 561	39.7%	\$ 902
Rents		B	63.1%	\$ -	36.9%	\$ -	0.0%	\$ -
Total Operation	\$ 99,964			\$ 10,149		\$ 7,042		\$ 82,773
<i>Maintenance</i>								
Maintenance Supervision and Engineering	\$ -	T	35.5%	\$ -	24.7%	\$ -	39.7%	\$ -
Maintenance of Structures and Improvements	\$ -	T	35.5%	\$ -	24.7%	\$ -	39.7%	\$ -
Maintenance of Dist. Reservoirs & Standpipes	\$ -	S	71.9%	\$ -	28.1%	\$ -	0.0%	\$ -
Maintenance of Trans. & Distribution Mains	\$ 327,615	B	63.1%	\$ 206,650	36.9%	\$ 120,965	0.0%	\$ -
Maintenance of Fire Mains	\$ -	H	0.5%	\$ -	99.5%	\$ -	0.0%	\$ -
Maintenance of Services	\$ 149,347	C	0.0%	\$ -	0.0%	\$ -	100.0%	\$ 149,347
Maintenance of Meters	\$ 10,388	C	0.0%	\$ -	0.0%	\$ -	100.0%	\$ 10,388
Maintenance of Hydrants	\$ 22,932	H	0.5%	\$ 115	99.5%	\$ 22,817	0.0%	\$ -
Maintenance of Miscellaneous Plant	\$ 41,795	T	35.5%	\$ 14,856	24.7%	\$ 10,330	39.7%	\$ 16,609
Total Maintenance	\$ 552,077			\$ 221,621		\$ 154,112		\$ 176,344
Total Transmission & Distribution Expenses	\$ 652,041	T	35.5%	\$ 231,770	24.7%	\$ 161,154	39.7%	\$ 259,117
Customer Accounts Expenses								
<i>Operation</i>								
Supervision	\$ -	C	0.0%	\$ -	0.0%	\$ -	100.0%	\$ -
Meter Reading Salaries	\$ 41,151	C	0.0%	\$ -	0.0%	\$ -	100.0%	\$ 41,151
Customer Records & Coll. Expenses-Labor	\$ 89,856	C	0.0%	\$ -	0.0%	\$ -	100.0%	\$ 89,856
Uncollectible Accounts	\$ 17,100	C	0.0%	\$ -	0.0%	\$ -	100.0%	\$ 17,100
Miscellaneous Customer Account Expense	\$ -	C	0.0%	\$ -	0.0%	\$ -	100.0%	\$ -
Total Customer Accounts Expenses	\$ 148,107			\$ -		\$ -		\$ 148,107

		<u>ALLOCATION OF O&M EXPENSES</u>							
		<u>Pro-Forma</u>	<u>Allocat.</u>	<u>WATER SALES</u>		<u>FIRE PROTECTION</u>		<u>CUSTOMER</u>	
			<u>Symbol</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Administrative and General Expenses									
<i>Operation</i>									
Administrative and General Salaries	\$	-	G	75.9%	\$ -	7.6%	\$ -	16.5%	\$ -
Office Supplies and Other Expenses	\$	8,336	G	75.9%	\$ 6,327	7.6%	\$ 630	16.5%	\$ 1,379
Administrative Expenses Transferred	\$	-	G	75.9%	\$ -	7.6%	\$ -	16.5%	\$ -
Outside Services Employed	\$	15,264	G	75.9%	\$ 11,585	7.6%	\$ 1,154	16.5%	\$ 2,525
Property Insurance	\$	99,219	R	63.7%	\$ 63,180	23.0%	\$ 22,794	13.3%	\$ 13,244
Injuries and Damages	\$	-	G	75.9%	\$ -	7.6%	\$ -	16.5%	\$ -
Employee Pension and Benefits	\$	-	G	75.9%	\$ -	7.6%	\$ -	16.5%	\$ -
Regulatory Commission Expenses	\$	22,772	G	75.9%	\$ 17,284	7.6%	\$ 1,722	16.5%	\$ 7
Miscellaneous General Expenses	\$	1,439,729	G	75.9%	\$ 1,092,736	7.6%	\$ 108,840	16.5%	\$ 238,156
Rents	\$	-	G	75.9%	\$ -	7.6%	\$ -	16.5%	\$ -
Total Operation	\$	1,585,320			\$ 1,191,112		\$ 135,140		\$ 259,071
<i>Maintenance</i>									
Maintenance of General Plant	\$	70	G	75.9%	\$ 53	7.6%	\$ 5	16.5%	\$ 12
Total Administrative and General Expenses	\$	1,585,390			\$ 1,191,165		\$ 135,145		\$ 259,082
Total Operation and Maintenance Expenses	\$	4,028,069	G	75.9%	\$ 3,057,254	7.6%	\$ 304,512	16.5%	\$ 666,311

ALLOCATION OF PLANT INVESTMENT

Plant Investment	Total (12/31/2012)	Allocat. Symbol	WATER SALES		FIRE PROTECTION		CUSTOMER	
			Percent	Amount	Percent	Amount	Percent	Amount
Organization	386,400	C	0.0%	0	0.0%	0	100.0%	386,400
Franchises	48,432	C	0.0%	0	0.0%	0	100.0%	48,432
Land & Land Rights	0							
Supply & Pumping	950,961	A	99.5%	946,206	0.5%	4,755	0.0%	0
Water Treatment	0	A	99.5%	0	0.5%	0	0.0%	0
Transm & Distrib	0	B	63.1%	0	36.9%	0	0.0%	0
General	0	C	0.0%	0	0.0%	0	100.0%	0
Structures & Improvements	0							
Supply & Pumping	6,258,906	A	99.5%	6,227,611	0.5%	31,295	0.0%	0
Water Treatment	0	A	99.5%	0	0.5%	0	0.0%	0
Transm & Distrib	0	B	63.1%	0	36.9%	0	0.0%	0
General	0	C	0.0%	0	0.0%	0	100.0%	0
Collecting & Impounding Reserv.	0	A	99.5%	0	0.5%	0	0.0%	0
Lake, River & Other Intake	0	A	99.5%	0	0.5%	0	0.0%	0
Wells & Springs	2,083,415	A	99.5%	2,072,998	0.5%	10,417	0.0%	0
Infiltration Galleries & Tunnels	0	A	99.5%	0	0.5%	0	0.0%	0
Supply Mains	480,758	A	99.5%	478,354	0.5%	2,404	0.0%	0
Power Generation Equipment	499,132	A	99.5%	496,636	0.5%	2,496	0.0%	0
Pumping Equipment	1,581,842	A	99.5%	1,573,933	0.5%	7,909	0.0%	0
Water Treatment Equipment	1,181,115	A	99.5%	1,175,209	0.5%	5,906	0.0%	0
Distribution Reserv. & Standpipes	1,769,826	S	71.9%	1,273,036	28.1%	496,790	0.0%	0
Transmission Mains	25,511,233	B	63.1%	16,091,750	36.9%	9,419,483	0.0%	0
Distribution Mains	0	B	63.1%	0	36.9%	0	0.0%	0
Services	4,388,432	C	0.0%	0	0.0%	0	100.0%	4,388,432
Meters & Meter Installation	1,536,851	C	0.0%	0	0.0%	0	100.0%	1,536,851
Hydrants	969,785	H	0.5%	4,849	99.5%	964,936	0.0%	0
Other Plant & Misc. Equipment	89,767	R	63.7%	57,162	23.0%	20,623	13.3%	12
Office Furniture & Equipment	2,689	R	63.7%	1,712	23.0%	618	13.3%	9
Transportation Equipment	0	R	63.7%	0	23.0%	0	13.3%	0
Stores Equipment	0	R	63.7%	0	23.0%	0	13.3%	0
Tools, Shop & Garage Equip.	93,649	R	63.7%	59,634	23.0%	21,515	13.3%	12,501
Laboratory Equipment	9,592	R	63.7%	6,108	23.0%	2,204	13.3%	1,280
Power Operated Equipment	0	R	63.7%	0	23.0%	0	13.3%	0
Communications Equipment	404,977	R	63.7%	257,880	23.0%	93,039	13.3%	54,058
Miscellaneous Equipment	35,182	R	63.7%	22,403	23.0%	8,083	13.3%	4,696
Other Tangible Equipment	368	R	63.7%	234	23.0%	85	13.3%	49
Total Plant In Service	48,283,312	R	63.7%	30,745,716	23.0%	11,092,555	13.3%	6,445,041

ALLOCATION OF DEPRECIATION

<u>Depreciation</u>	<u>Total</u>	<u>Allocat. Symbol</u>	<u>WATER SALES</u>		<u>FIRE PROTECTION</u>		<u>CUSTOMER</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Organization	19,414	D	68.5%	13,306	16.8%	3,261	14.7%	2,847
Franchise	2,422	D	68.5%	1,660	16.8%	407	14.7%	355
Structures & Improvements	0							
Supply & Pumping	158,770	A	99.5%	157,976	0.5%	794	0.0%	0
Water Treatment	0	A	99.5%	0	0.5%	0	0.0%	0
Transm & Distrib	0	B	63.1%	0	36.9%	0	0.0%	0
General	0	C	0.0%	0	0.0%	0	100.0%	0
Collecting & Impounding Reserv.	0	A	99.5%	0	0.5%	0	0.0%	0
Lake, River & Other Intake	0	A	99.5%	0	0.5%	0	0.0%	0
Wells & Springs	79,797	A	99.5%	79,398	0.5%	399	0.0%	0
Infiltration Gallerles & Tunnels	0	A	99.5%	0	0.5%	0	0.0%	0
Supply Mains	7,552	A	99.5%	7,514	0.5%	38	0.0%	0
Power Generation Equipment	27,351	A	99.5%	27,214	0.5%	137	0.0%	0
Pumping Equipment	79,855	A	99.5%	79,456	0.5%	399	0.0%	0
Water Treatment Equipment	77,029	A	99.5%	76,644	0.5%	385	0.0%	0
Distribution Reserv. & Standpipes	33,586	S	71.9%	24,158	28.1%	9,428	0.0%	0
Transmission Mains	401,424	B	63.1%	253,207	36.9%	148,217	0.0%	0
Distribution Mains	0	B	63.1%	0	36.9%	0	0.0%	0
Services	84,009	C	0.0%	0	0.0%	0	100.0%	84,009
Meters & Meter Installation	66,986	C	0.0%	0	0.0%	0	100.0%	66,986
Hydrants	13,220	H	0.5%	66	99.5%	13,154	0.0%	0
Other Plant & Misc. Equipment	1,737	D	68.5%	1,190	16.8%	292	14.7%	255
Office Furniture & Equipment	249	D	68.5%	171	16.8%	42	14.7%	37
Transportation Equipment	0	D	68.5%	0	16.8%	0	14.7%	0
Stores Equipment	0	D	68.5%	0	16.8%	0	14.7%	0
Tools, Shop & Garage Equip.	2,775	D	68.5%	1,902	16.8%	466	14.7%	7
Laboratory Equipment	480	D	68.5%	329	16.8%	81	14.7%	70
Power Operated Equipment	0	D	68.5%	0	16.8%	0	14.7%	0
Communications Equipment	27,957	D	68.5%	19,161	16.8%	4,696	14.7%	4,100
Miscellaneous Equipment	1,294	D	68.5%	887	16.8%	217	14.7%	190
Other Tangible Plant	33	D	68.5%	23	16.8%	6	14.7%	5
Total Depreciation	1,085,940	D	68.5%	744,261	16.8%	182,418	14.7%	159,261

EXPLANATION OF ALLOCATION SYMBOLS

	<u>Water Service</u>	<u>Fire Prot.</u>	<u>Customer</u>	<u>Total</u>	
Symbol A	99.5%	0.5%	0.0%	100.0%	Facilities used to meet average demands or maximum day water
Symbol B	63.1%	36.9%	0.0%	100.0%	Facilities Used for Maximum Day plus Fire
		<u>Gal/Min</u>	<u>Percent</u>		
Maximum Day		3,417	63.1%		
Fire Demand		<u>2,000</u>	<u>36.9%</u>		Product/Purch
Max Day Plus Fire		5,417	100.0%		598,605 1000 gal/yr pg 85 Annual report
					49,884 1000 gal/month avg
					70,853 1000 gal max month
					1.42 max month
					Use 3.00 max day
Symbol C	0.0%	0.0%	100.0%	100.0%	All Customer Service
Symbol D	68.5%	16.8%	14.7%	100.0%	Based on all allocable Depreciation Items
Symbol E	71.4%	13.2%	15.4%	100.0%	Based on all allocable expenses
Symbol G	75.9%	7.6%	16.5%	100.0%	Based on all allocable O&M Expenses
Symbol H	0.5%	99.5%	0.0%	100.0%	For Hydrants
Symbol R	63.7%	23.0%	13.3%	100.0%	Based on all allocable Utility Plant Items
Symbol S	71.9%	28.1%	0.0%	100.0%	For Storage Facilities
		<u>Gal/Min</u>	<u>Percent</u>		
Maximum Hour		5,125	71.9%		
Fire Demand		<u>2,000</u>	<u>28.1%</u>		Assume Max Hour = 1.5 X Max Day
Total		7,125	100.0%		
Symbol T	35.5%	24.7%	39.7%	100.0%	General T&D O&M Expenses

UNITS OF SERVICE

Meters & Bills

<u>Monthly</u>	<u>No. of Meters</u>	<u>No. of Bills</u>	<u>Meter Factor*</u>	<u>Meter Equivs.</u>	<u>Cap. Factor*</u>	<u>Cap. Equivs.</u>
5/8"	6,582	78,984	1.0	6,582	1.0	6,582
3/4"	47	564	1.8	85	1.5	71
1"	114	1,368	2.6	296	2.5	285
1 1/2"	30	360	5.6	168	5.0	150
2"	38	456	7.5	285	8.0	304
3"	4	48	52.0	208	16.0	64
4"	0	0	119.3	0	25.0	0
6"	0	0	153.8	0	50.0	0
8" and up	<u>0</u>	<u>0</u>	175.0	<u>0</u>	80.0	<u>0</u>
	6,815	81,780		7,624		7,456

* Note that the meter factor is based on cost of typical meter & testing. The capacity factor is based on the rated capacity of various metyer sizes using AWWA standards:

Metered Water Consumption

	<u>ccf/year</u>
metered sales**	662,645

** Includes minimum usage that is billed.

UNITS OF SERVICE

Fire Protection

	<u>Size</u>	<u>Number</u>	<u>Factor *</u>	<u>Equivs.</u>	<u>Percent</u>
Public					
Hydrants		513	111.3	57,102.5	76.19%
Private					
1"		0	1.0	0.0	
1 1/2"		12	2.9	34.9	
2"		38	6.2	235.2	
3"		0	18.0	0.0	
4"		9	38.3	344.9	
6"		30	111.3	3,339.3	
8"		26	237.2	6,167.4	
10"		0	426.6	0.0	
12"		2	689.0	1,378.1	
Addtl Hydrant		<u>57</u>	111.3	<u>6,344.7</u>	
Subtotal		174		17,844.5	23.81%
Total				74,947.0	100.00%

* Nominal size to the 2.63 power.

CALCULATION OF COST OF SERVICE FIRE CHARGES

Total Fire Protection Allocation	\$	861,257	
Hydrants O&M	\$	22,817	
Plus O&M Admin	\$	9,088	Gen'l & Admin % of Total = 40%
Hydrants Cap.	\$	32,888	(Based on Hydrant % of Fire Assets): 8.70%
Hydrants Taxes	\$	16,169	
Total Direct Hydrant	\$	80,962	
Net Non-Hydrant Fire =	\$	780,295	

	<u>Percent *</u>	<u>Revenue Required **</u>
Public Fire Service	76.19%	\$594,511
Private Fire Service	23.81%	\$185,784
Total	100.0%	\$780,295

* From Units of Service

** From Cost Allocation Summary

Pennichuck East Utility, Inc.

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Public Fire Service

Total Costs Allocated to Public Fire*** \$675,473

Hydrant Maintenance Charge

Hydrant Allocation	\$	80,962	Direct Hydrant Costs
Hydrants	\$	513	
Annual \$/Hydrant Cost	\$	157.82	
Per Month	\$	13.15	

Inch-Foot Charge

Inch-Foot Allocation	\$594,511	Public Fire (Excluding Direct Hydrant)
Inch-Feet	4,914,056	
Annual \$/Inch-Foot	\$	0.1210
Per Month	\$	0.0101

*** Includes direct hydrant plus allocated capacity costs.

Pennichuck East Utility, Inc.

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Private Fire Service

Allocated Cost \$185,784
 ----- =
 Number of Equivs 17,844.5 \$10.41 per 1" equivalent per year

<u>Service Size</u>	<u>Factor</u>	<u>Demand Charge</u>	<u>Billing Charge</u>	<u>Monthly Charge</u>
1"	1.0 \$	0.87 \$	2.86 \$	3.73
1 1/2"	2.9 \$	2.52 \$	2.86 \$	5.38
2"	6.2 \$	5.37 \$	2.86 \$	8.23
3"	18.0 \$	15.60 \$	2.86 \$	18.46
4"	38.3 \$	33.25 \$	2.86 \$	36.11
6"	111.3 \$	96.57 \$	2.86 \$	99.43
8"	237.2 \$	205.80 \$	2.86 \$	208.66
10"	426.6 \$	370.10 \$	2.86 \$	372.96
12"	689.0 \$	597.82 \$	2.86 \$	600.68
Addtl Hydrant	111.3 \$	96.57 \$	2.86 \$	99.43

SUMMARY OF CUSTOMER EXPENSE ALLOCATIONS

	Customer Total *	Allocat. Symbol	METERS/SERVICES		BILLINGS	
			Percent	Amount	Percent	Amount
Operation & Maintenance	666,306	P	63.6%	423,971	36.4%	242,335
Depreciation & Amortization	67,145	T	100.0%	67,129	0.0%	16
Taxes - Federal & State	-9,035	U	76.3%	-6,890	23.7%	-2,145
Taxes - Property	<u>112,504</u>	Q	100.0%	<u>112,497</u>	0.0%	<u>7</u>
Subtotal	836,920			596,707		240,213
Utility Operating Income	54,996	Q	100.0%	54,993	0.0%	3
City Bond Fixed Rev. Require.	<u>119,984</u>	Q	100.0%	<u>119,976</u>	0.0%	<u>7</u>
Subtotal	1,011,900			771,676		240,224
Less: Other Income	-976	U	76.3%	-744	23.7%	-232
Less Other Revenues	<u>-7,411</u>	U	76.3%	<u>-5,652</u>	23.7%	<u>-1,759</u>
Total Required from Rates & Charges	1,003,513	U	76.3%	765,281	23.7%	238,233

* From allocation of O&M, Plant & Depreciation allocated to Customer Costs

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ALLOCATION OF CUSTOMER O&M EXPENSES

	<u>Customer Total *</u>	<u>Allocat. Symbol</u>	<u>METERS/SERVICES</u>		<u>BILLINGS</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Transmission and Distribution Expenses						
<i>Operation</i>						
Operation Supervision and Engineering	\$ 10,297	M	100.0%	10,297	0.0%	0
Transmission and Distribution Lines Expenses	\$ -	M	100.0%	0	0.0%	0
Meter Expenses	\$ 51,468	M	100.0%	51,468	0.0%	0
Customer Installation Expense	\$ 20,106	M	100.0%	20,106	0.0%	0
Miscellaneous Expenses	\$ 902	M	100.0%	902	0.0%	0
Rents		M	100.0%	0	0.0%	0
Total Operation	\$ 82,773			\$ 82,773		\$ -
<i>Maintenance</i>						
Maintenance Supervision and Engineering	\$ -	M	100.0%	0	0.0%	0
Maintenance of Structures and Improvements	\$ -	M	100.0%	0	0.0%	0
Maintenance of Dist. Reservoirs & Standpipes	\$ -	M	100.0%	0	0.0%	0
Maintenance of Trans. & Distribution Mains	\$ -	M	100.0%	0	0.0%	0
Maintenance of Fire Mains	\$ -	M	100.0%	0	0.0%	0
Maintenance of Services	\$ 149,347	M	100.0%	149,347	0.0%	0
Maintenance of Meters	\$ 10,388	M	100.0%	10,388	0.0%	0
Maintenance of Hydrants	\$ -	M	100.0%	0	0.0%	0
Maintenance of Miscellaneous Plant	\$ 16,609	M	100.0%	16,609	0.0%	0
Total Maintenance	\$ 176,344			\$ 176,344		\$ -
Total Transmission & Distribution Expenses	\$ 259,117			\$ 259,117		\$ -
Customer Accounts Expenses						
<i>Operation</i>						
Supervision	\$ -	L	0.0%	\$ -	100.0%	\$ -
Meter Reading Salaries	\$ 41,151	L	0.0%	\$ -	100.0%	\$ 41,151
Customer Records & Coll. Expenses-Labor	\$ 89,856	L	0.0%	\$ -	100.0%	\$ 89,856
Uncollectible Accounts	\$ 17,100	L	0.0%	\$ -	100.0%	\$ 17,100
Miscellaneous Customer Account Expense	\$ -	L	0.0%	\$ -	100.0%	\$ -
Total Customer Accounts Expenses	\$ 148,107			\$ -		\$ 148,107

ALLOCATION OF CUSTOMER O&M EXPENSES

	Customer <u>Total *</u>	Allocat. <u>Symbol</u>	<u>METERS/SERVICES</u>		<u>BILLINGS</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Administrative and General Expenses						
<i>Operation</i>						
Administrative and General Salaries	\$ -	P	63.6%	\$ -	36.4%	\$ -
Office Supplies and Other Expenses	\$ 1,379	P	63.6%	\$ 877	36.4%	\$ 502
Administrative Expenses Transferred	\$ -	P	63.6%	\$ -	36.4%	\$ -
Outside Services Employed	\$ 2,525	P	63.6%	\$ 1,607	36.4%	\$ 918
Property Insurance	\$ 13,244	P	63.6%	\$ 8,427	36.4%	\$ 4,817
Injuries and Damages	\$ -	P	63.6%	\$ -	36.4%	\$ -
Employee Pension and Benefits	\$ -	P	63.6%	\$ -	36.4%	\$ -
Regulatory Commission Expenses	\$ 3,767	P	63.6%	\$ 2,397	36.4%	\$ 1,370
Miscellaneous General Expenses	\$ 238,156	P	63.6%	\$ 151,539	36.4%	\$ 86,617
Rents	\$ -	P	63.6%	\$ -	36.4%	\$ -
Total Operation	\$ 259,071			\$ 164,847		\$ 94,224
<i>Maintenance</i>						
Maintenance of General Plant	\$ 12	P	63.6%	\$ 7	36.4%	\$ 4
Total Administrative and General Expenses	\$ 259,082			\$ 164,854		\$ 94,228
Total Oper. and Maint. Expenses	\$ 666,306	P	63.6%	\$ 423,971	36.4%	\$ 242,335

ALLOCATION OF CUSTOMER PLANT INVESTMENT

<u>Plant Investment</u>	<u>Customer Total *</u>	<u>Allocat. Symbol</u>	<u>METERS/SERVICES</u>		<u>BILLINGS</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Organization	386,400	Q	100.0%	386,377	0.0%	23
Franchises	48,432	Q	100.0%	48,429	0.0%	3
Land & Land Rights - General	0	Q	100.0%	0	0.0%	0
Structures & Improvements - Gen'l	0	Q	100.0%	0	0.0%	0
Services	4,388,432	M	100.0%	4,388,432	0.0%	0
Meters & Meter Installation	1,536,851	M	100.0%	1,536,851	0.0%	0
Other Plant & Misc. Equipment	11,982	Q	100.0%	11,982	0.0%	1
Office Furniture & Equipment	359	L	0.0%	0	100.0%	359
Transportation Equipment	0	Q	100.0%	0	0.0%	0
Stores Equipment	0	Q	100.0%	0	0.0%	0
Tools, Shop & Garage Equip.	12,501	Q	100.0%	12,500	0.0%	1
Laboratory Equipment	1,280	Q	100.0%	1,280	0.0%	0
Power Operated Equipment	0	Q	100.0%	0	0.0%	0
Communications Equipment	54,058	Q	100.0%	54,055	0.0%	3
Miscellaneous Equipment	4,696	Q	100.0%	4,696	0.0%	0
Other Tangible Plant	49	Q	100.0%	49	0.0%	0
Total Cust. Plant In Service	6,445,041	Q	100.0%	6,444,650	0.0%	390

OK

ALLOCATION OF CUSTOMER DEPRECIATION

<u>Depreciation</u>	<u>Customer Total *</u>	<u>Allocat. Symbol</u>	<u>METERS/SERVICES</u>		<u>BILLINGS</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Organization	2,847	T	100.0%	2,847	0.0%	1
Franchise	355	T	100.0%	355	0.0%	0
Structures & Improvements - Gen'l Services	0	T	100.0%	0	0.0%	0
Meters & Meter Installation	84,009	M	100.0%	84,009	0.0%	0
Other Plant & Misc. Equipment	66,986	M	100.0%	66,986	0.0%	0
Office Furniture & Equipment	255	T	100.0%	255	0.0%	0
Transportation Equipment	37	L	0.0%	0	100.0%	37
Stores Equipment	0	T	100.0%	0	0.0%	0
Tools, Shop & Garage Equip.	0	T	100.0%	0	0.0%	0
Laboratory Equipment	407	T	100.0%	407	0.0%	0
Power Operated Equipment	70	T	100.0%	70	0.0%	0
Communications Equipment	0	T	100.0%	0	0.0%	0
Miscellaneous Equipment	4,100	T	100.0%	4,099	0.0%	1
Other Tangible Plant	190	T	100.0%	190	0.0%	0
Adjustment	5	T	100.0%	5	0.0%	0
<u>Total Depreciation</u>	<u>0</u>	<u>T</u>	<u>100.0%</u>	<u>0</u>	<u>0.0%</u>	<u>0</u>
	159,261	T	100.0%	159,222	0.0%	39

Explanation of Allocation Symbols

	Meters	Billings	Total
Symbol L	0.0%	100.0%	100.0% Billing & Customer Service
Symbol M	100.0%	0.0%	100.0% Meter/Service Related
Symbol P	63.6%	36.4%	100.0% Based on all other Customer Related O&M
Symbol Q	100.0%	0.0%	100.0% Based on all other Customer Related Plant
Symbol T	100.0%	0.0%	100.0% Based on all other Customer Related Depreciation
Symbol U	76.3%	23.7%	100.0% Based on all allocable expenses

CALCULATION OF CUSTOMER SERVICE CHARGES

BILLING CHARGE

Billing Cost	\$238,233	
----- =	----- =	
No. of Billings (including Prlv. Fire)	83,184	\$2.860 per billing

METER/SERVICE CHARGE

Meter/Service Cost	\$765,281	
----- =	----- =	
No. of Meter Equivs.	7,624.0	\$100.378 per equivalent per year

READY TO SERVE (PORTION OF FIXED COSTS)

Deprec @ 100.0%+City Bond @ 35.0% \$	514,116	
----- =	----- =	
No. of Capacity Equivs.	7,455.5	\$68.958 per equivalent per year

COST OF SERVICE CUSTOMER CHARGES

<u>Monthly</u>	<u>Billing Charge</u>	<u>Meter Charge</u>	<u>Ready to Serve</u>	<u>Total Charge</u>	<u>Revenue</u>
5/8"	\$2.860	\$8.365	\$ 5.75	\$16.97	\$1,340,358
3/4"	\$2.860	\$15.057	\$ 8.62	\$26.54	\$14,969
1"	\$2.860	\$21.749	\$ 14.37	\$38.97	\$53,311
1 1/2"	\$2.860	\$46.843	\$ 28.73	\$78.44	\$28,238
2"	\$2.860	\$62.736	\$ 45.97	\$111.57	\$50,876
3"	\$2.860	\$434.971	\$ 91.94	\$529.77	\$25,429
4"	\$2.860	\$997.923	\$ 143.66	\$1,144.45	\$0
6"	\$2.860	\$1,286.509	\$ 287.32	\$1,576.69	\$0
8" and up	\$2.860	\$1,463.843	\$ 459.72	\$1,926.42	\$0
					<u>\$1,513,181</u>

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METERED RATES BASED ON COST OF SERVICE

Total Cost of Service	\$	6,526,303
Less Revenues from Fire Charges	\$	(861,257)
Less Revenues from Customer Service Charges	\$	(1,517,629)
Equals Required Volumetric Revenue	\$	<u>4,147,417</u>
Metered Sales (ccf/year)		662,645
Cost Based Metered Rate	\$	6.26
Existing Metered Rate	\$	5.61
% Increase (Decrease)		11.59%
Unmetered Rate		
Customer Charge Revenue	\$	1,513,181
Metered Rate Revenue	\$	<u>4,147,417</u>
Total	\$	5,660,598
# of Metered Customers		6,815
Average Monthly Charge	\$	70.00

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METERED RATES BASED ON PROPOSED CHARGES

Total Cost of Service		6,526,303
Less Revenues from Fire Charges	\$	(887,866)
Less Revenues from Customer Service Charges	\$	<u>(1,562,644)</u>
Equals Required Volumetric Revenue	\$	4,075,793
Metered Sales (ccf/year)		662,645
Proposed Metered Rate	\$	6.16
Existing Metered Rate	\$	5.61
% Increase (Decrease)		9.80%
Unmetered Rate		
Customer Charge Revenue	\$	1,562,644
Metered Rate Revenue	\$	<u>4,075,793</u>
Total	\$	5,638,437
# of Metered Customers		6,815
Average Monthly Charge	\$	69.00

SUMMARY OF CURRENT RATES WITH COST BASED RATES, PROPOSED RATES AND STEP INCREASE

	<u>Current</u>	<u>Cost Of Service</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>Step Increase</u>	<u>Combined Rates</u>
<u>Customer Service Charge (\$/month)</u>						
<u>Meter Size</u>	\$16.49	\$16.97	\$16.97	\$0.48	\$0.35	\$17.32
5/8"	\$35.06	\$26.54	\$36.08	\$1.02	\$0.74	\$36.82
3/4"	\$49.64	\$38.97	\$51.08	\$1.44	\$1.04	\$52.12
1"	\$108.05	\$78.44	\$111.20	\$3.15	\$2.27	\$113.47
1 1/2"	\$160.30	\$111.57	\$164.97	\$4.67	\$3.37	\$168.34
2"	\$340.11	\$529.77	\$350.01	\$9.90	\$7.16	\$357.17
3"	\$533.98	\$1,144.45	\$549.52	\$15.54	\$11.23	\$560.75
4"	\$1,067.93	\$1,576.69	\$1,099.02	\$31.09	\$22.47	\$1,121.49
6"	\$1,333.79	\$1,926.42	\$1,372.61	\$38.82	\$28.06	\$1,400.67
8" and up						
<u>Metered Rate (\$/100 cubic feet)</u>						
	\$5.61	\$6.26	\$6.16	\$0.55	\$0.13	\$6.29
<u>Unmetered Rate (\$/month)</u>						
	\$57.14	\$70.00	\$69.00	\$11.86	\$1.41	\$70.41

SUMMARY OF CURRENT RATES WITH COST BASED RATES, PROPOSED RATES AND STEP INCREASE

	<u>Current</u>	<u>Cost Of Service</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>Step Increase</u>	<u>Combined Rates</u>
<u>Public Fire Protection (per month)</u>						
Derry, Litchfield, Londonderry, & Pelham						
\$/hydrant/month (HM)	\$69.53	\$13.15	\$13.15	-\$56.38	\$0.27	\$13.42
\$/inch-foot/month (IF)	Avail. Charge**	\$0.01008	\$0.01008	n/a	\$0.00021	\$0.01029
<u>By Community (Availability Charge/Customer/Month)</u>						
Bow	\$16.89	\$5.88	\$5.88	-\$11.01	\$0.12	\$6.00
Lee	\$0.00	\$8.64	\$8.64	\$8.64	\$0.18	\$8.82
Raymond *	\$1.76	\$1.78	\$1.78	\$0.02	\$0.04	\$1.82
Windham	\$4.12	\$7.43	\$7.43	\$3.31	\$0.15	\$7.58
Birch Hill	\$0.00	\$3.53	\$3.53	\$3.53	\$0.07	\$3.60
Exeter	\$0.00	\$7.36	\$7.36	\$7.36	\$0.15	\$7.51

* Fixed Monthly Charge: Raymond

Raymond	\$7,200.00	\$7,200.00	\$7,200.00	\$0.00	0.00	7,200.00
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** There currently is a monthly availability charge that is proposed to be replaced with the proposed inch-foot charge.

SUMMARY OF CURRENT RATES WITH COST BASED RATES, PROPOSED RATES AND STEP INCREASE

<u>Private Fire Protection</u>	<u>Current</u>	<u>Cost Of Service</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>Step Increase</u>	<u>Combined Rates</u>
<u>Service Size</u>						
1"	\$7.94	\$3.73	\$7.94	\$0.00	\$0.16	\$8.10
1 1/2"	\$7.94	\$5.38	\$7.94	\$0.00	\$0.16	\$8.10
2"	\$14.12	\$8.23	\$14.12	\$0.00	\$0.29	\$14.41
3"	\$31.78	\$18.46	\$31.78	\$0.00	\$0.65	\$32.43
4"	\$56.50	\$36.11	\$56.50	\$0.00	\$1.15	\$57.65
6"	\$127.14	\$99.43	\$127.14	\$0.00	\$2.60	\$129.74
8"	\$226.00	\$208.66	\$226.00	\$0.00	\$4.62	\$230.62
10"	\$353.12	\$372.96	\$372.96	\$19.84	\$7.62	\$380.58
12"	\$508.50	\$600.68	\$600.68	\$92.18	\$12.28	\$612.96
Addtl Hydrant	\$91.80	\$99.43	\$99.43	\$7.63	\$2.03	\$101.46

* Note: Proposed Customer Service charges were set to equal same percentage increase for each meter size as the cost based increase for 5/8" meters. Proposed Private Fire Service Charges set so no rate decreases.

REVENUE RECONCILIATION/CHECK

Customer Service Charge:

Monthly

	Number of Bills	Proposed Rates		Combined Rates	
		Rate	Revenue	Rate	Revenue
5/8"	78,984	\$16.97	\$1,340,358	\$17.32	\$1,367,759
3/4"	564	\$36.08	\$20,349	\$36.82	\$20,765
1"	1,368	\$51.08	\$69,877	\$52.12	\$71,306
1 1/2"	360	\$111.20	\$40,032	\$113.47	\$40,850
2"	456	\$164.97	\$75,226	\$168.34	\$76,764
3"	48	\$350.01	\$16,800	\$357.17	\$17,144
4"	0	\$549.52	\$0	\$560.75	\$0
6"	0	\$1,099.02	\$0	\$1,121.49	\$0
8" and up	0	\$1,372.61	\$0	\$1,400.67	\$0
Total Customer Service Charges			\$1,562,644		\$1,594,588

Consumption Charges

	Use (ccf)	Proposed Rates	Combined Rates
		Rate	Revenue
Metered Rate	662,645	\$6.16	\$4,081,893
Flat Rate	-	\$69.00	\$0
Total Consumption Charges			\$4,081,893

REVENUE RECONCILIATION/CHECK

Fire Protection - Monthly Charges

		Proposed Rates		Combined Rates	
		Rate	Revenue	Rate	Revenue
Hydrants		Hyd.Maint. Chg	HydMaint Rev	Hyd.Maint. Chg	HydMaint Rev
<u>Hydrant Mainten</u>	513	\$13.15	\$80,962	\$13.42	\$82,617
Inch-Feet		In-Ft Cng	In-Ft Rev	In-Ft Cng	In-Ft Rev
<u>Inch-Foot</u>	4,914,056	\$0.01008	<u>\$594,511</u>	\$0.01029	<u>\$606,664</u>
<u>Total Public Fire</u>			\$675,473		\$689,281
Private Fire					
1"	0	\$7.94	\$0	\$8.10	\$0
1 1/2"	12	\$7.94	\$1,143	\$8.10	\$1,167
2"	38	\$14.12	\$6,439	\$14.41	\$6,570
3"	0	\$31.78	\$0	\$32.43	\$0
4"	9	\$56.50	\$6,102	\$57.65	\$6,227
6"	30	\$127.14	\$45,770	\$129.74	\$46,706
8"	26	\$226.00	\$70,512	\$230.62	\$71,953
10"	0	\$372.96	\$0	\$380.58	\$0
12"	2	\$600.68	\$14,416	\$612.96	\$14,711
Addtl Hydrant	57	\$99.43	<u>\$68,010</u>	\$101.46	\$69,400
Total Private Fire			\$212,393		\$216,735
Total Private & Public Fire			<u>\$887,866</u>		<u>\$906,016</u>
GRAND TOTAL			\$6,532,403		\$6,665,941
REQUIRED REVENUE FROM RATES & CHARGES			\$6,526,303		\$6,659,734

Proposed			
Revenue	Units of Service	Unit Cost	
Hydrant \$	80,962.37	513	\$ 157.82
Inchfoot \$	594,510.71	4,914,056	\$ 0.121
Other Charges \$			
Total Public Fire \$	675,473.08		

Current Charge Description	Inch-Feet (>=6")	Hydrants	Permanent Fire Protection Revenues by Community					
			Permanent Revenue	% Allocation	Per Customer (Annual)	Per Customer (Monthly)	Community Charge (Monthly)	
Bow Monthly HC Per Customer	10,798	2	\$ 1,622.00	0.24%	\$ 70.52	\$ 5.88	n/a	
Derry Not Currently Charged	14,240	1	\$ 1,880.60	0.28%	\$ 10.33	n/a	\$ 156.72	
Lee Not Currently Charged	20,016	7	\$ 3,526.32	0.52%	\$ 103.72	\$ 8.64	n/a	
Litchfield Maintenance and Inch-Foot	2,147,968	212	\$ 293,322.89	43.42%	\$ 156.27	n/a	\$ 24,443.57	
Londonderry Maintenance and Inch-Foot	1,900,402	199	\$ 261,320.27	38.69%	\$ 158.47	n/a	\$ 21,776.69	
Pelham Maintenance and Inch-Foot	431,348	41	\$ 58,655.88	8.68%	\$ 227.35	n/a	\$ 4,887.99	
Raymond Monthly HC Per Customer	85,586		\$ 5,048.19	0.75%	\$ 21.39	\$ 1.78	n/a	
Raymond \$50 per hydrant per month charge to town		12	\$ 7,200.00	1.07%	\$ 21.88	n/a	\$ 600.00	
Windham Monthly HC Per Customer	207,178	27	\$ 29,325.92	4.34%	\$ 89.14	\$ 7.43	n/a	
Birch Hill Not Currently Charged	66,400	6	\$ 8,980.11	1.33%	\$ 42.36	\$ 3.53	n/a	
Exeter Not Currently Charged	30,120	6	\$ 4,590.90	0.68%	\$ 88.29	\$ 7.36	n/a	
	4,914,056	513	\$ 675,473.08	100.00%				
			Total Municipal \$					
			Total PublicHydrants \$					
			Total \$					

Current Charge Description	Inch-Feet (>=6")	Hydrants	Combined Fire Protection Revenues by Community					
			Combined Revenue	% Allocation	Per Customer (Annual)	Per Customer (Monthly)	Community Charge (Monthly)	
Bow Monthly HC Per Customer	\$ 10,798.00	\$ 2.00	\$ 1,655.16	0.24%	\$ 71.96	\$ 6.00	n/a	
Derry Not Currently Charged	\$ 14,240.00	\$ 1.00	\$ 1,919.04	0.28%	\$ 10.54	n/a	\$ 159.92	
Lee Not Currently Charged	\$ 20,016.00	\$ 7.00	\$ 3,598.41	0.52%	\$ 105.84	\$ 8.82	n/a	
Litchfield Maintenance and Inch-Foot	\$ 2,147,968.00	\$ 212.00	\$ 299,319.13	43.42%	\$ 159.47	n/a	\$ 24,943.26	
Londonderry Maintenance and Inch-Foot	\$ 1,900,402.00	\$ 199.00	\$ 266,662.29	38.69%	\$ 161.71	n/a	\$ 22,221.86	
Pelham Maintenance and Inch-Foot	\$ 431,348.00	\$ 41.00	\$ 59,854.95	8.68%	\$ 232.00	n/a	\$ 4,987.91	
Raymond Monthly HC Per Customer	\$ 85,586.00	\$ -	\$ 5,151.39	0.75%	\$ 21.83	\$ 1.82	n/a	
Raymond \$50 per hydrant per month charge to town	\$ -	\$ 12.00	\$ 7,347.19	1.07%	\$ 31.13	n/a	\$ 612.27	
Windham Monthly HC Per Customer	\$ 207,178.00	\$ 27.00	\$ 29,925.41	4.34%	\$ 90.96	\$ 7.58	n/a	
Birch Hill Not Currently Charged	\$ 66,400.00	\$ 6.00	\$ 9,163.69	1.33%	\$ 43.22	\$ 3.60	n/a	
Exeter Not Currently Charged	\$ 30,120.00	\$ 6.00	\$ 4,684.75	0.68%	\$ 90.09	\$ 7.51	n/a	
	4,914,056	513	\$ 689,281.40	100.00%				
			Total Municipal \$					
			Total PublicHydrants \$					
			Total \$					