Pennichuck Water Works, Inc.

BALANCE SHEET

ASSETS AND DEFERRED CHARGES

For the Twelve Months Ended December 31, 2013

	Account Number	12/31/2013	Pro Forma Adjustments		Pro Forma 12/31/2013
PLANT ASSETS					
Plant in Service	301 to 348	172,641,985	19,618,000	(1)	192,259,985
Work in process	105	1,752,214	-		1,752,214
Utility Plant		174,394,199	19,618,000		194,012,199
Accumulated depreciation	108	42,687,140	816,915	(2)	43,504,055
Net Plant		131,707,059	18,801,085		150,508,144
Net Acquisition Adjustment	114 & 115	426,767	-		426,767
Total Net Utility Plant		131,280,292	18,801,085		150,081,377
CURRENT ASSETS					
Cash	131 & 133	6,000	-		6,000
Restricted Cash - RSF	131	5,562,819	-		5,562,819
Accounts receivable-billed, net	141 & 143	1,670,543	-		1,670,543
Accounts receivable-unbilled, net	173	1,579,350	-		1,579,350
Accounts receivable-other	142	-	-		-
Inventory	151	735,996	-		735,996
Prepaid expenses	162	431,171	-		431,171
Prepaid property taxes	163 & 236	812,765	-		812,765
Prepaid taxes	162.3	-	-		-
		10,798,643	-		10,798,643
OTHER ASSETS					
Debt issuance expenses	181	3,474,262	997,750		4,472,012
Acquisition Premium - MARA	186	75,450,818	-		75,450,818
Other & Deferred Charges	182,184,186	5,805,714	-		5,805,714
		84,730,793	997,750		85,728,543
TOTAL ASSETS		**$ 226,809,728**	**$ 19,798,835**		**$ 246,608,563**

Notes:

(1) To record the assets related to the new proposed loan for 2014 to 2016 capital assets.

(2) To record the impact of full year depreciation related to 2014 to 2016 capital assets.

Pennichuck Water Works, Inc.
BALANCE SHEET
EQUITY AND LIABILITIES
For the Twelve Months Ended December 31, 2013

Schedule LDG-1
Page 2 of 2

	Account Number	12/31/2013	Pro Forma Adjustments		Pro Forma 12/31/2013
STOCKHOLDERS' EQUITY					
Common stock	201	$ 30,000	$ -		$ 30,000
Paid in capital	211	124,070,662	-		124,070,662
Comprehensive Income	219	-	-		-
Retained earnings	215	1,535,203	(1,680,691)	(2)	(145,487)
		125,635,866	(1,680,691)		123,955,175
LONG TERM DEBT					
Bonds, notes and mortgages	221	50,575,169	24,600,000	(1)	75,175,169
Intercompany advances	223	(5,502,812)	(3,120,474)	(3)	(8,623,287)
Other Long Term Debt	224	-	-		-
CURRENT LIABILITIES					
Accounts payable	231	596,078	-		596,078
Accrued property taxes	236	-	-		-
Accrued interest payable	237	556,503	-		556,503
Other accrued expenses	241	4,070,042	-		4,070,042
Accrued taxes	236	6,452	-		6,452
Customer deposits	235	108,954	-		108,954
		5,338,030	-		5,338,030
OTHER LIABILITIES AND DEFERRED CREDITS					
Deferred income taxes & liability	282	18,574,875	-		18,574,875
Customer advances	252	84,000	-		84,000
CIAC, net	271 & 272	25,539,086	-		25,539,086
Pension Liability	241	5,256,919			5,256,919
Other deferred credits	251 to 255	1,308,597	-		1,308,597
		50,763,476	-		50,763,476
TOTAL EQUITY AND LIABILITIES		**$ 226,809,728**	**$ 19,798,835**		**$ 246,608,563**

Notes:
(1) To record the new Debt as follows:

Tax Exempt Bonds	$	19,500,000
Taxable Bonds	$	5,100,000
Total SRF Debt	$	24,600,000

(2) To record the impact of interest, depreciation, property taxes and income tax benefit on retained earnings.
(3) To record the net source/use of funds through the intercompany debt

Pennichuck Water Works, Inc.
OPERATING INCOME STATEMENT
For the Twelve Months Ended December 31, 2013

Schedule LDG-2

	Account Number	TWELVE MONTHS 12/31/13	New Debt and Assets Pro Forma	Refinanced Debt Pro Forma		PRO FORMA 12 MONTHS 12/31/13
Water Sales	460 to 462	$ 27,336,440	$ -			$ 27,336,440
Jobbing Net and Other Revenues	415, 416, 471	418,433	-			418,433
Total Revenues		27,754,873	-			27,754,873
Production Expenses	601 to 652	3,869,154	-			3,869,154
Transmission & Distribution Expenses	660 to 678	1,547,952	-			1,547,952
Engineering Expenses	660	833,292	-			833,292
Customer Acct & Collection Exp	902 to 904	436,394	-			436,394
Administrative & General Expense	920 to 950	6,386,960	-			6,386,960
Inter Div Management Fee	930	(1,966,838)	-			(1,966,838)
Total Operating Expense		11,106,913	-			11,106,913
Dep Exp/Acq Adj Expense	403 & 406	4,225,860	816,915		(2)	5,042,775
Amortization Expense:CIAC	405	(557,366)	-			(557,366)
Amortization Expense	407	2,073,013	-			2,073,013
Gain on Debt Forgivness	414	(53,925)	-			(53,925)
Property Taxes	408.1	4,123,297	474,938		(2)	4,598,235
Income Tax	409 to 410	2,512,870	(1,075,991)	(26,379)	(3)	1,410,499
Total Operating Deductions		12,323,749	215,861	(26,379)		12,513,232
Net Operating Income		4,324,211	(215,861)	26,379		4,134,728
Other Income and Deductions	421, 426	(14,069)	-			(14,069)
Interest Expenses	427 to 429	2,774,938	1,407,558	43,481	(1)	4,225,977
Debt Issuance Costs (New)			17,054	23,116	(4)	40,170
Net Income		1,535,203	(1,640,473)	(40,218)		(145,487)

Notes:

1 - To record the change in interest expense associated with financing.

2 - To record the impact of assets on depreciation and property taxes.

3 - To record the tax impact resulting from additional expenses.

Pennichuck Water Works, Inc.
OPERATING INCOME STATEMENT
For the Twelve Months Ended December 31, 2013

Supporting Calculations:

Interest Expense:		Debt Amount	Interest Rate		Interest Amount
New tax exempt bond debt	$	19,618,000	5.875%	$	1,152,558
New taxable bond debt	$	5,100,000	5.000%	$	255,000
Refinanced tax exempt bond debt	$	23,375,000	5.500%	$	1,285,625
Retired Debt:					
1997 AMT Bonds	$	(2,600,000)	6.300%	$	(163,800)
2005C Bonds	$	(1,175,000)	4.500%	$	(52,875)
2005 BC-3 Bonds	$	(7,475,000)	5.000%	$	(373,750)
2005 BC-4 Bonds	$	(12,125,000)	5.375%	$	(651,719)
Totals	$	24,718,000	**Net Interest**	**$**	**1,451,039**

Debt issuance amortization		Costs	Amortization Rate		Amortization Amount
New tax exempt bond debt	$	407,576	3.33%	$	13,572
New taxable bond debt	$	104,543	3.33%	$	3,481
Refinanced tax exempt bond debt	$	485,631	4.76%	$	23,116
Totals	$	997,750	**Amortization**	**$**	**40,170**

Depreciation

Additions:

		Asset Cost	Depreciation Rate		Depreciation Amount
Structures & Improvements - Bldg	$	248,000	3.17%	$	7,862
Transmission & Distribution Mains	$	8,234,400	1.50%	$	123,516
Collecting and Impounding Reservoirs	$	1,450,000	1.79%	$	25,955
Pumping Equipment	$	1,511,500	4.40%	$	66,506
Water Treatment Equipment	$	970,000	3.31%	$	32,107
Transportation Equipment	$	1,936,500	9.44%	$	182,806
Meters	$	2,313,600	4.78%	$	110,590
Information Systems	$	2,954,000	14.29%	$	422,127
Totals	$	19,618,000		$	971,468

Retirements (Estimates):

		Asset Cost	Depreciation Rate		Depreciation Amount
Transmission & Distribution Mains	$	82,344	1.50%	$	1,235
Collecting and Impounding Reservoirs	$	35,445	1.79%	$	634
Pumping Equipment	$	136,035	4.40%	$	5,986
Meters	$	1,156,800	4.78%	$	55,295
Transportation Equipment	$	968,250	9.44%	$	91,403
Totals	$	2,378,874		$	154,553
Net Additions	$	17,239,126	**Net Depreciation**	**$**	**816,915**

Property Taxes

Nashua	$	20.95
State of New Hampshire	$	6.60
Total Tax Rate	$	27.55
Property Taxes	**$**	**474,938**

Pennichuck Water Works, Inc.
Pro Forma Capital Structure for Ratemaking Purposes
For the Twelve Months Ended December 31, 2013

Schedule LDG-3

	Pro Forma 2013	Pro Forma Eliminations		Pro Forma 2013 with Eliminations	Component Ratio
Long-term Debt	75,175,169	-		75,175,169	**100.19%**
Intercompany Debt	$ -	-		-	**0.00%**
Common Equity:					
Common Stock	30,000	(30,000)	(1)	-	
Paid In Capital	124,070,662	(124,070,662)	(1)	0	
Comprehensive Income	-	-		-	
Retained Earnings	(145,487)			(145,487)	
Total Common Equity	123,955,175			(145,487)	**-0.19%**
Total Capital	$ 199,130,344			$ 75,029,682	100.00%

Notes:

(1) Per Order 25,292 in DW 11-026, eliminate the MARA and related equity:

MARA	78,783,384
Equity as of 1/25/12	9,863,910
Paid in Capital as of 1/25/12	39,011,140
	127,658,434
Less: Dividends Paid in Feb 2013	(3,587,772)
	124,070,662

Schedule LDG-4

Pennichuck Water Works, Inc.
Summary of 2013-2016 Water Facilities Capital Expenditures
(In thousands of dollars)

		Amount Related to Taxable Bond Funding	Amounts Relating to Tax-exempt Bonding				
	Item	Total Amounts Spent in 2013, subject to Reimbursement Financing	Total Net Budget for 2014	Total Planned in 2015 for New Projects	Total Planned in 2016 for New Projects	Total Planned 2014 to 2016 New Projects	Grand Totals
Water Supply	1						
Water Treatment Media and Miscellaneous Water Supply Upgrades	1a	$ 1,686	$ 310	$ 645	$ 15	$ 970	$ 2,656
Harris Pond Dam Spillway Replacement	1b	-	-	200	1,250	1,450	$ 1,450
Water Supply - Total	1	**1,686**	310	845	1,265	**2,420**	**4,106**
						-	
Water Distribution	2					-	
Main Replacement and Rehabilitation	2a	1,163	1,333	4,749	2,152	8,234	$ 9,397
Booster Station Replacement and Rehabilitation, Storage Tank Maintenance/Replacement, Back-up Generator Installation and Pump and System Operational Improvements	2b	350	879	565	68	1,512	$ 1,862
Service, Hydrant and Meter Replacements or Rehabilitation	2c	714	752	769	793	2,314	$ 3,028
Rolling Stock and Equipment Replacements or Rehabilitation	2d	-	813	533	590	1,937	$ 1,937
Will Street Replacement Facility - Planning, Design and Construction (Note 1)	2e	-	248	-	-	248	$ 248
Water Distribution - Total	2	**2,227**	4,025	6,616	3,603	**14,244**	**16,471**
						-	
Support Services	3					-	
Customer Service Support Applications, Financial Accounting and other Applications and Water System Monitoring upgrades and enhancements	3a	307	197	85	25	307	$ 614
Dpac (Data Presentment and Collection) System	3b	491	267	264	236	767	$ 1,258
Geographical Information Systems	3c	309	-	-	-	-	$ 309
Asset Management System	3d	12	720	670	490	1,880	$ 1,892
Support Services - Total	3	**1,119**	1,184	1,019	751	**2,954**	**4,073**
						-	
Total Bondable Amounts		**$ 5,032**	$ 5,519	$ 8,480	$ 5,619	**$ 19,618**	**$ 24,650**

Forecasted Cash Flow	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net Income	2,589,351	1,426,211	1,952,641	2,121,628	2,141,944	2,228,710	2,307,988	2,398,289	2,429,759	2,440,399	2,482,070
Depreciation and Amortization											
D&A PP&E (incl MARA)	5,452,640	5,784,702	5,756,549	6,126,909	6,269,256	6,352,714	6,412,209	6,550,854	6,790,426	6,995,161	7,169,718
Amortization of Deferred Debt Expense	225,912	257,440	257,440	257,440	243,343	195,540	200,453	198,353	197,252	199,801	205,024
TOTAL DEPRECIATION AND AMORTIZATION	5,678,552	6,042,142	6,013,989	6,384,349	6,512,599	6,548,254	6,612,662	6,749,207	6,987,678	7,194,962	7,374,742
NET CASH FLOWS FROM OPERATIONS	**8,267,903**	**7,468,353**	**7,966,630**	**8,505,977**	**8,654,543**	**8,776,964**	**8,920,650**	**9,147,497**	**9,417,437**	**9,635,361**	**9,856,812**
Changes in PP&E											
Purchases of PP&E	(27,620,000)	-	-	(7,102,726)	(7,315,807)	(7,535,281)	(7,761,340)	(7,994,180)	(8,234,006)	(8,481,026)	(8,735,456)
Proceeds from borrowings	27,620,000	-	-	7,102,726	7,315,807	7,535,281	7,761,340	7,994,180	8,234,006	8,481,026	8,735,456
TOTAL CHANGES IN PP&E	-	-	-	-	-	-	-	-	-	-	-
Changes due to Financings											
Refunding Debt Issuance Costs	(485,631)										
DSRF Releases	-	-	-	-	-	-	-	-	-	-	-
Principal Payments	(841,526)	(1,720,432)	(1,787,319)	(1,857,627)	(2,071,888)	(2,299,064)	(2,539,803)	(4,794,795)	(2,648,050)	(2,928,142)	(3,230,265)
Return of Acquisition Premium			-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS	(1,327,157)	(1,720,432)	(1,787,319)	(1,857,627)	(2,071,888)	(2,299,064)	(2,539,803)	(4,794,795)	(2,648,050)	(2,928,142)	(3,230,265)
CHANGE IN CASH BEFORE DISTRIBUTIONS	**6,940,747**	**5,747,921**	**6,179,312**	**6,648,350**	**6,582,656**	**6,477,900**	**6,380,847**	**4,352,702**	**6,769,388**	**6,707,220**	**6,626,547**
CBFRR Net of Return on Acquisition Premium	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)
Taxes Paid to Parent (Reduces Distribution)	1,698,364	935,457	1,280,744	1,391,583	1,404,908	1,461,818	1,513,817	1,573,046	1,593,687	1,600,666	1,627,998
NET DISTRIBUTIONS	(5,766,775)	(6,529,682)	(6,184,395)	(6,073,556)	(6,060,231)	(6,003,321)	(5,951,322)	(5,892,093)	(5,871,452)	(5,864,473)	(5,837,141)
CHANGE IN CASH AFTER DISTRIBUTIONS	**1,173,971**	**(781,761)**	**(5,084)**	**574,794**	**522,425**	**474,579**	**429,525**	**(1,539,391)**	**897,936**	**842,747**	**789,406**
BEGINNING CASH BALANCE	6,000	1,179,971	398,210	393,126	967,920	1,490,345	1,964,924	2,394,449	855,058	1,752,994	2,595,740
ENDING CASH BALANCE	1,179,971	398,210	393,126	967,920	1,490,345	1,964,924	2,394,449	855,058	1,752,994	2,595,740	3,385,146

Forecasted Cash Flow	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Net Income	2,516,208	2,529,432	2,566,748	2,618,214	2,693,908	2,856,030	2,974,759	3,059,187	3,152,803	3,262,714	3,424,162
Depreciation and Amortization											
D&A PP&E (incl MARA)	7,391,364	7,662,959	7,923,339	8,190,033	8,448,564	8,657,529	8,949,723	9,279,505	9,628,150	9,989,551	10,375,059
Amortization of Deferred Debt Expense	200,028	206,026	212,205	218,568	224,166	214,339	221,163	227,831	234,802	241,744	223,728
TOTAL DEPRECIATION AND AMORTIZATION	7,591,392	7,868,985	8,135,544	8,408,601	8,672,730	8,871,868	9,170,886	9,507,336	9,862,952	10,231,295	10,598,787
NET CASH FLOWS FROM OPERATIONS	**10,107,600**	**10,398,417**	**10,702,291**	**11,026,815**	**11,366,638**	**11,727,898**	**12,145,644**	**12,566,522**	**13,015,755**	**13,494,009**	**14,022,950**
Changes in PP&E											
Purchases of PP&E	(8,997,520)	(9,267,446)	(9,545,469)	(9,831,833)	(10,126,788)	(10,430,592)	(10,743,510)	(11,065,815)	(11,397,789)	(11,739,723)	(12,091,915)
Proceeds from borrowings	8,997,520	9,267,446	9,545,469	9,831,833	10,126,788	10,430,592	10,743,510	11,065,815	11,397,789	11,739,723	12,091,915
TOTAL CHANGES IN PP&E	-	-	-	-	-	-	-	-	-	-	-
Changes due to Financings											
Refunding Debt Issuance Costs											
DSRF Releases	-	-	-	-	-	-	-	-	-	-	-
Principal Payments	(3,549,701)	(3,887,272)	(4,243,896)	(4,620,504)	(4,960,975)	(7,522,738)	(5,610,112)	(5,944,780)	(6,344,256)	(6,842,482)	(21,083,297)
Return of Acquisition Premium	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS	(3,549,701)	(3,887,272)	(4,243,896)	(4,620,504)	(4,960,975)	(7,522,738)	(5,610,112)	(5,944,780)	(6,344,256)	(6,842,482)	(21,083,297)
CHANGE IN CASH BEFORE DISTRIBUTIONS	**6,557,899**	**6,511,145**	**6,458,395**	**6,406,311**	**6,405,663**	**4,205,160**	**6,535,532**	**6,621,743**	**6,671,498**	**6,651,527**	**(7,060,348)**
CBFRR Net of Return on Acquisition Premium	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)	(7,465,139)
Taxes Paid to Parent (Reduces Distribution)	1,650,389	1,659,063	1,683,538	1,717,295	1,766,943	1,873,280	1,951,154	2,006,531	2,067,934	2,140,025	2,245,919
NET DISTRIBUTIONS	(5,814,750)	(5,806,076)	(5,781,601)	(5,747,844)	(5,698,196)	(5,591,859)	(5,513,985)	(5,458,608)	(5,397,205)	(5,325,114)	(5,219,220)
CHANGE IN CASH AFTER DISTRIBUTIONS	**743,149**	**705,068**	**676,794**	**658,467**	**707,467**	**(1,386,700)**	**1,021,547**	**1,163,134**	**1,274,293**	**1,326,412**	**(12,279,567)**
BEGINNING CASH BALANCE	3,385,146	4,128,295	4,833,363	5,510,158	6,168,625	6,876,092	5,489,393	6,510,940	7,674,074	8,948,367	10,274,779
ENDING CASH BALANCE	4,128,295	4,833,363	5,510,158	6,168,625	6,876,092	5,489,393	6,510,940	7,674,074	8,948,367	10,274,779	(2,004,788)

Forecasted P&L	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues	28,287,436	29,218,093	30,179,368	31,172,269	32,197,837	33,257,146	34,351,306	35,481,464	36,648,804	37,854,549	39,099,964
Operating Expenses											
Direct Operating Expenses	7,100,863	7,313,889	7,533,306	7,759,305	7,992,084	8,231,846	8,478,802	8,733,166	8,995,161	9,265,016	9,542,966
Corporate Expenses	(2,261,042)	(2,328,873)	(2,398,739)	(2,470,702)	(2,544,823)	(2,621,167)	(2,699,802)	(2,780,796)	(2,864,220)	(2,950,147)	(3,038,651)
Administration	6,305,791	6,494,965	6,689,814	6,890,508	7,097,223	7,310,140	7,529,444	7,755,328	7,987,987	8,227,627	8,474,456
Taxes Other Than Income	4,596,751	5,243,007	5,111,708	5,198,529	5,292,161	5,389,567	5,492,995	5,603,634	5,719,635	5,838,132	5,960,336
TOTAL OPERATING EXPENSES	15,742,363	16,722,988	16,936,087	17,377,640	17,836,645	18,310,386	18,801,438	19,311,331	19,838,563	20,380,627	20,939,106
EBITDA	**12,545,073**	**12,495,105**	**13,243,280**	**13,794,629**	**14,361,192**	**14,946,759**	**15,549,867**	**16,170,133**	**16,810,241**	**17,473,922**	**18,160,858**
Depreciation and Amortization											
PP&E D&A (incl MARA)	(5,452,640)	(5,784,702)	(5,756,549)	(6,126,909)	(6,269,256)	(6,352,714)	(6,412,209)	(6,550,854)	(6,790,426)	(6,995,161)	(7,169,718)
TOTAL DEPRECIATION AND AMORTIZATION	(5,452,640)	(5,784,702)	(5,756,549)	(6,126,909)	(6,269,256)	(6,352,714)	(6,412,209)	(6,550,854)	(6,790,426)	(6,995,161)	(7,169,718)
EBIT	7,092,433	6,710,403	7,486,731	7,667,720	8,091,936	8,594,045	9,137,658	9,619,279	10,019,815	10,478,761	10,991,140
Interest Expense	(2,578,806)	(4,091,295)	(3,995,906)	(3,897,069)	(4,301,740)	(4,707,977)	(5,115,401)	(5,449,590)	(5,799,117)	(6,237,895)	(6,676,048)
Interest Income (DSRF)	-	-	-	-	-	-	-	-	-	-	-
Amortization of Deferred Debt Expense	(225,912)	(257,440)	(257,440)	(257,440)	(243,343)	(195,540)	(200,453)	(198,353)	(197,252)	(199,801)	(205,024)
NET INTEREST EXPENSE	(2,804,718)	(4,348,735)	(4,253,347)	(4,154,510)	(4,545,084)	(4,903,517)	(5,315,854)	(5,647,943)	(5,996,369)	(6,437,696)	(6,881,073)
EBT	4,287,715	2,361,668	3,233,385	3,513,210	3,546,852	3,690,529	3,821,804	3,971,335	4,023,446	4,041,065	4,110,068
Taxes	1,698,364	935,457	1,280,744	1,391,583	1,404,908	1,461,818	1,513,817	1,573,046	1,593,687	1,600,666	1,627,998
EARNINGS / NET INCOME	2,589,351	1,426,211	1,952,641	2,121,628	2,141,944	2,228,710	2,307,988	2,398,289	2,429,759	2,440,399	2,482,070
EBITDA	12,545,073	12,495,105	13,243,280	13,794,629	14,361,192	14,946,759	15,549,867	16,170,133	16,810,241	17,473,922	18,160,858
EBIT	7,092,433	6,710,403	7,486,731	7,667,720	8,091,936	8,594,045	9,137,658	9,619,279	10,019,815	10,478,761	10,991,140
Interest Expense	(2,804,718)	(4,348,735)	(4,253,347)	(4,154,510)	(4,545,084)	(4,903,517)	(5,315,854)	(5,647,943)	(5,996,369)	(6,437,696)	(6,881,073)
EBITDA / All Future Interest (> 1.5x)	4.47	3.01	3.19	3.32	3.16	3.05	2.93	2.86	2.80	2.71	2.64
EBIT / All Future Interest (> 1.5x and/or >1.25x)	2.53	1.62	1.80	1.85	1.78	1.75	1.72	1.70	1.67	1.63	1.60

Forecasted P&L	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	40,386,353	41,715,064	43,087,490	44,505,068	45,969,285	47,481,674	49,043,821	50,657,363	52,323,990	54,045,449	55,823,545
Operating Expenses											
Direct Operating Expenses	9,829,255	10,124,133	10,427,857	10,740,692	11,062,913	11,394,801	11,736,645	12,088,744	12,451,406	12,824,948	13,209,697
Corporate Expenses	(3,129,811)	(3,223,705)	(3,320,416)	(3,420,029)	(3,522,630)	(3,628,309)	(3,737,158)	(3,849,273)	(3,964,751)	(4,083,693)	(4,206,204)
Administration	8,728,689	8,990,550	9,260,267	9,538,075	9,824,217	10,118,943	10,422,512	10,735,187	11,057,243	11,388,960	11,730,629
Taxes Other Than Income	6,087,232	6,218,444	6,353,029	6,491,604	6,634,453	6,783,131	6,939,401	7,101,006	7,267,301	7,438,319	7,614,084
TOTAL OPERATING EXPENSES	21,515,366	22,109,422	22,720,736	23,350,342	23,998,954	24,668,566	25,361,399	26,075,664	26,811,199	27,568,534	28,348,206
EBITDA	**18,870,987**	**19,605,642**	**20,366,754**	**21,154,726**	**21,970,331**	**22,813,108**	**23,682,422**	**24,581,699**	**25,512,791**	**26,476,916**	**27,475,339**
Depreciation and Amortization											
PP&E D&A (incl MARA)	(7,391,364)	(7,662,959)	(7,923,339)	(8,190,033)	(8,448,564)	(8,657,529)	(8,949,723)	(9,279,505)	(9,628,150)	(9,989,551)	(10,375,059)
TOTAL DEPRECIATION AND AMORTIZATION	(7,391,364)	(7,662,959)	(7,923,339)	(8,190,033)	(8,448,564)	(8,657,529)	(8,949,723)	(9,279,505)	(9,628,150)	(9,989,551)	(10,375,059)
EBIT	11,479,623	11,942,683	12,443,415	12,964,693	13,521,767	14,155,579	14,732,699	15,302,194	15,884,641	16,487,365	17,100,280
Interest Expense	(7,112,998)	(7,548,163)	(7,980,924)	(8,410,616)	(8,836,749)	(9,211,930)	(9,585,624)	(10,008,646)	(10,429,102)	(10,842,882)	(11,206,470)
Interest Income (DSRF)	-	-	-	-	-	-	-	-	-	-	-
Amortization of Deferred Debt Expense	(200,028)	(206,026)	(212,205)	(218,568)	(224,166)	(214,339)	(221,163)	(227,831)	(234,802)	(241,744)	(223,728)
NET INTEREST EXPENSE	(7,313,026)	(7,754,189)	(8,193,129)	(8,629,184)	(9,060,915)	(9,426,269)	(9,806,786)	(10,236,477)	(10,663,905)	(11,084,626)	(11,430,198)
EBT	4,166,597	4,188,494	4,250,286	4,335,509	4,460,852	4,729,310	4,925,913	5,065,717	5,220,736	5,402,739	5,670,082
Taxes	1,650,389	1,659,063	1,683,538	1,717,295	1,766,943	1,873,280	1,951,154	2,006,531	2,067,934	2,140,025	2,245,919
EARNINGS / NET INCOME	2,516,208	2,529,432	2,566,748	2,618,214	2,693,908	2,856,030	2,974,759	3,059,187	3,152,803	3,262,714	3,424,162
EBITDA	18,870,987	19,605,642	20,366,754	21,154,726	21,970,331	22,813,108	23,682,422	24,581,699	25,512,791	26,476,916	27,475,339
EBIT	11,479,623	11,942,683	12,443,415	12,964,693	13,521,767	14,155,579	14,732,699	15,302,194	15,884,641	16,487,365	17,100,280
Interest Expense	(7,313,026)	(7,754,189)	(8,193,129)	(8,629,184)	(9,060,915)	(9,426,269)	(9,806,786)	(10,236,477)	(10,663,905)	(11,084,626)	(11,430,198)
EBITDA / All Future Interest (> 1.5x)	2.58	2.53	2.49	2.45	2.42	2.42	2.41	2.40	2.39	2.39	2.46
EBIT / All Future Interest (> 1.5x and/or >1.25x)	1.57	1.54	1.52	1.50	1.49	1.50	1.50	1.49	1.49	1.49	1.53

Forecasted Balance Sheet	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cash	1,179,971	398,210	393,126	967,920	1,490,345	1,964,924	2,394,449	855,058	1,752,994	2,595,740	3,385,146
RSF - Restricted Cash	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828
Other Current Assets	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892
PP&E	154,329,103	149,467,527	144,654,525	146,937,852	149,321,155	151,877,531	154,645,358	157,563,058	160,535,686	163,602,213	166,794,157
Acquisition Premium	73,735,920	72,000,526	70,239,407	68,447,329	66,616,663	64,741,958	62,815,584	60,834,488	58,793,656	56,687,856	54,511,855
Unamortized Bond Issuance Costs	3,982,381	3,724,941	3,467,501	3,352,115	3,255,087	3,210,253	3,165,027	3,126,557	3,093,985	3,063,805	3,033,490
Deferred Assets	153,831	384,644	621,165	524,989	438,159	358,311	285,438	212,985	146,665	93,699	65,431
Debt Service Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Other Assets	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227
TOTAL ASSETS	254,919,153	247,513,795	240,913,671	241,768,151	242,659,356	243,690,924	244,843,803	244,130,093	245,860,932	247,581,259	249,328,025
Other Current Liabilities	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049
Long-Term Debt											
Senior Lien Bonds	16,230,000	16,230,000	16,230,000	23,474,780	30,796,562	38,192,745	45,660,477	53,196,642	60,797,847	68,460,407	76,180,329
Senior Lien Notes	4,800,000	4,400,000	4,000,000	3,600,000	3,200,000	2,800,000	2,400,000	-	-	-	-
Subordinate Lien Bonds	48,537,119	47,582,265	46,574,308	45,510,292	44,387,093	43,201,413	41,949,771	40,628,490	39,233,688	37,761,269	36,206,904
SRF Loans	8,298,643	7,933,065	7,553,703	7,160,092	6,751,744	6,328,165	5,888,839	5,433,225	4,977,457	4,509,821	4,024,164
TOTAL LONG-TERM DEBT	77,865,762	76,145,330	74,358,011	79,745,164	85,135,400	90,522,323	95,899,087	99,258,356	105,008,992	110,731,497	116,411,397
Other Liabilities	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028
CIAC	25,043,872	24,462,417	23,881,366	23,300,622	22,719,878	22,139,134	21,558,583	20,979,408	20,401,304	19,823,200	19,245,137
TOTAL LIABILITIES	132,460,711	130,158,824	127,790,454	132,596,863	137,406,355	142,212,534	147,008,747	149,788,841	154,961,373	160,105,774	165,207,611
Equity											
Historical Equity	-	-	-	-	-	-	-	-	-	-	-
Acquisition Equity	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663
Retained Earnings	1,535,203	(1,642,221)	(6,745,692)	(10,977,446)	(14,929,375)	(18,847,663)	(22,622,273)	(26,265,607)	(29,759,411)	(33,201,104)	(36,625,178)
Current Year Earnings	2,589,351	1,426,211	1,952,641	2,121,628	2,141,944	2,228,710	2,307,988	2,398,289	2,429,759	2,440,399	2,482,070
Current Year Distributions	(5,766,775)	(6,529,682)	(6,184,395)	(6,073,556)	(6,060,231)	(6,003,321)	(5,951,322)	(5,892,093)	(5,871,452)	(5,864,473)	(5,837,141)
TOTAL EQUITY	122,458,442	117,354,971	113,123,217	109,171,288	105,253,000	101,478,390	97,835,056	94,341,252	90,899,559	87,475,485	84,120,414
TOTAL LIABILITIES AND EQUITY	254,919,153	247,513,795	240,913,671	241,768,151	242,659,356	243,690,924	244,843,803	244,130,093	245,860,932	247,581,259	249,328,025
Total Debt	77,865,762	76,145,330	74,358,011	79,745,164	85,135,400	90,522,323	95,899,087	99,258,356	105,008,992	110,731,497	116,411,397
Total Equity	122,458,442	117,354,971	113,123,217	109,171,288	105,253,000	101,478,390	97,835,056	94,341,252	90,899,559	87,475,485	84,120,414
Total Debt / Total Capital (< 65%)	38.9%	39.4%	39.7%	42.2%	44.7%	47.1%	49.5%	51.3%	53.6%	55.9%	58.1%
Funded Debt	77,865,762	76,145,330	74,358,011	79,745,164	85,135,400	90,522,323	95,899,087	99,258,356	105,008,992	110,731,497	116,411,397
PP&E	154,329,103	149,467,527	144,654,525	146,937,852	149,321,155	151,877,531	154,645,358	157,563,058	160,535,686	163,602,213	166,794,157
Funded Debt / PP&E (< 60%)	50.5%	50.9%	51.4%	54.3%	57.0%	59.6%	62.0%	63.0%	65.4%	67.7%	69.8%

Forecasted Balance Sheet	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash	4,128,295	4,833,363	5,510,158	6,168,625	6,876,092	5,489,393	6,510,940	7,674,074	8,948,367	10,274,779	(2,004,788)
RSF - Restricted Cash	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828	5,561,828
Other Current Assets	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892	10,739,892
PP&E	170,098,265	173,482,669	176,966,728	180,558,814	184,309,012	188,274,271	192,379,399	196,602,126	200,942,351	205,399,813	209,968,130
Acquisition Premium	52,260,422	49,925,925	47,505,313	44,981,579	42,350,801	39,610,361	36,752,848	33,775,209	30,667,634	27,424,453	24,038,037
Unamortized Bond Issuance Costs	3,013,412	2,992,735	2,971,440	2,949,508	2,927,878	2,922,151	2,915,859	2,909,344	2,902,497	2,895,548	2,913,658
Deferred Assets	42,292	20,481	3,072	1,459	429	-	-	-	-	-	-
Debt Service Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Other Assets	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227	5,236,227
TOTAL ASSETS	251,080,633	252,793,120	254,494,657	256,197,932	258,002,160	257,834,123	260,096,992	262,498,699	264,998,796	267,532,540	256,452,984
Other Current Liabilities	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049	1,850,049
Long-Term Debt											
Senior Lien Bonds	83,953,296	91,774,650	99,639,373	107,542,074	115,476,961	121,117,831	129,098,039	137,090,485	145,087,583	153,081,245	147,152,850
Senior Lien Notes	-	-	-	-	-	-	-	-	-	-	-
Subordinate Lien Bonds	34,566,026	32,833,811	31,005,166	29,074,713	27,036,775	24,885,356	22,614,127	20,216,403	17,685,128	15,012,849	12,191,700
SRF Loans	3,519,845	2,996,229	2,452,632	1,888,351	1,359,750	986,765	626,053	373,683	189,348	-	-
TOTAL LONG-TERM DEBT	122,039,167	127,604,689	133,097,172	138,505,138	143,873,486	146,989,952	152,338,219	157,680,570	162,962,059	168,094,095	159,344,550
Other Liabilities	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028	27,701,028
CIAC	18,668,517	18,092,126	17,516,034	16,940,973	16,381,139	15,832,466	15,286,294	14,745,072	14,208,083	13,672,192	13,137,237
TOTAL LIABILITIES	170,258,761	175,247,892	180,164,283	184,997,188	189,805,702	192,373,495	197,175,590	201,976,719	206,721,219	211,317,364	202,032,864
Equity											
Historical Equity	-	-	-	-	-	-	-	-	-	-	-
Acquisition Equity	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663	124,100,663
Retained Earnings	(39,980,249)	(43,278,791)	(46,555,436)	(49,770,289)	(52,899,919)	(55,904,206)	(58,640,035)	(61,179,261)	(63,578,683)	(65,823,086)	(67,885,486)
Current Year Earnings	2,516,208	2,529,432	2,566,748	2,618,214	2,693,908	2,856,030	2,974,759	3,059,187	3,152,803	3,262,714	3,424,162
Current Year Distributions	(5,814,750)	(5,806,076)	(5,781,601)	(5,747,844)	(5,698,196)	(5,591,859)	(5,513,985)	(5,458,608)	(5,397,205)	(5,325,114)	(5,219,220)
TOTAL EQUITY	80,821,872	77,545,227	74,330,374	71,200,744	68,196,457	65,460,628	62,921,402	60,521,980	58,277,577	56,215,177	54,420,120
TOTAL LIABILITIES AND EQUITY	251,080,633	252,793,120	254,494,657	256,197,932	258,002,160	257,834,123	260,096,992	262,498,699	264,998,796	267,532,540	256,452,984
Total Debt	122,039,167	127,604,689	133,097,172	138,505,138	143,873,486	146,989,952	152,338,219	157,680,570	162,962,059	168,094,095	159,344,550
Total Equity	80,821,872	77,545,227	74,330,374	71,200,744	68,196,457	65,460,628	62,921,402	60,521,980	58,277,577	56,215,177	54,420,120
Total Debt / Total Capital (< 65%)	60.2%	62.2%	64.2%	66.0%	67.8%	69.2%	70.8%	72.3%	73.7%	74.9%	74.5%
Funded Debt	122,039,167	127,604,689	133,097,172	138,505,138	143,873,486	146,989,952	152,338,219	157,680,570	162,962,059	168,094,095	159,344,550
PP&E	170,098,265	173,482,669	176,966,728	180,558,814	184,309,012	188,274,271	192,379,399	196,602,126	200,942,351	205,399,813	209,968,130
Funded Debt / PP&E (< 60%)	71.7%	73.6%	75.2%	76.7%	78.1%	78.1%	79.2%	80.2%	81.1%	81.8%	75.9%

A RESOLUTION RELATING TO THE FINANCING AND REFINANCING OF WATER FACILITIES FOR PENNICHUCK WATER WORKS, INC. AT VARIOUS LOCATIONS IN THE STATE OF NEW HAMPSHIRE

WHEREAS, Pennichuck Water Works, Inc. (the "Borrower"*) has by submission of an Application for Official Intent dated February 28, 2014 notified the Authority of its desire to finance and refinance water supply and water distribution installations, upgrades, replacements and rehabilitations and related support systems at project sites located in Amherst, Bedford, Derry, Epping, Hollis, Merrimack, Milford, Nashua, Newmarket, Plaistow and Salem, New Hampshire (including the projects attached as Exhibit A hereto) (collectively, the "Project") and requested the Authority to issue approximately $70,000,000 of its revenue bonds (the "Bonds") under RSA 162-I (the "Act") and loan the proceeds to the Borrower in order to finance and refinance costs of the Project to the extent it qualifies as an "exempt facility" within the meaning of Section 142(a) of the Internal Revenue Code of 1986.

IT IS HEREBY RESOLVED THAT:

Section 1. Official Intent. On the basis of the information and materials furnished by the Borrower, the Authority hereby declares its official intent to issue the Bonds as requested by the Borrower. The Authority also approves the Borrower's commencing the Project and making expenditures which may be reimbursed from Bond proceeds under the Act.

Section 2. Not a Contract or an Allocation. This resolution is a statement of official intent under the Act and Treas. Reg. § 1.150-2 and is not an allocation of the private activity bond limit under Section 146 of the Internal Revenue Code of 1986. Although the Authority reasonably expects to issue Bonds to finance and refinance costs of the Project, including the reimbursement of costs incurred prior to the issuance of the Bonds, the actual issuance of the Bonds and the reimbursement of prior expenditures is dependent upon further proceedings consistent with the Act, the satisfaction of requirements of federal and state law, the creditworthiness of the Borrower, and market conditions at the time the Bonds are issued.

Section 3. Effective Date. This resolution shall take effect upon its passage.

Passed: March 21, 2014

Attest: ______________________
Clerk

*This term also includes Pennichuck Water Works ("PWW") any person or entity which controls, or is controlled by, or is under common control with, the named borrower or PWW.

Exhibit A

- Water treatment media and miscellaneous water supply upgrades
- Harris Pond Dam spillway replacement
- Main replacement and rehab
- Booster station replacement and rehab, storage tank maintenance/replacement, back-up generator installation and pump and system operational improvements
- Service, hydrant and meter replacement or rehab
- Rolling stock and equipment replacements or rehab
- Will Street replacement facility – planning, design and construction
- Customer service support applications, financial accounting and other applications and water system monitoring upgrades and enhancements
- Data presentment and collection system
- Geographical information systems
- Asset management system

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