

Pittsfield Aqueduct Company, Inc.
Overall Rate of Return
For the Twelve Months Ended December 31, 2007
Pittsfield Only

Schedule 1
Modified Filing

<u>Capital Component</u>	<u>Pro Forma Test</u> <u>Year</u>	<u>Component</u> <u>Ratio</u>	<u>Component</u> <u>Cost Rate</u>	<u>Weighted</u> <u>Average</u> <u>Cost Rate</u>
Long-term Debt	1,009,278	55.18%	6.70%	3.70%
Short-term Debt	0	0.00%	0.00%	0.00%
Preferred Stock	-	0.00%	0.00%	0.00%
Common Equity	<u>819,644</u>	<u>44.82%</u>	9.75% (1)	<u>4.37%</u>
Overall Rate of Return	<u>\$ 1,828,922</u>	<u>100.00%</u>		<u>8.07%</u>

Notes:

(1) The return on equity is based on permanent rate settlements in the Pennichuck Water Works, Inc. (DW 06-073) and Pennichuck East Utility, Inc. (DW 07-032).

Pittsfield Aqueduct Company, Inc.
Capital Structure for Rate-making Purposes
For the Twelve Months Ended December 31, 2007
Pittsfield Only

Schedule 2
Modified Filing

	<u>Test Year</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Test Year</u>	<u>Component Ratio</u>
Long-term Debt	\$1,089,281	(790,898) (1) 1,670,932 (3) (960,038) (4)	\$1,009,278	55.18%
<u>Common Equity:</u>				
Common Stock	100		100	
Paid In Capital	2,237,129	(2,000,000) (2)	237,129	
Retained Earnings	582,416		582,416	
Total Common Equity	<u>2,819,644</u>		<u>819,644</u>	44.82%
Short-term Debt	\$(1,119,966)	790,898 (1) 2,000,000 (2) (1,670,932) (3)	\$ 0	0.00%
Total Capital	<u>\$ 2,788,960</u>	(960,038)	<u>\$ 1,828,922</u>	100.00%

Notes:

- (1) Eliminate the long term debt associated with the North Country acquisition per Schedule 5.
- (2) Eliminate the \$2.0 Million equity infusion in 2007 to support the capital investments in North Country.
- (3) The proforma adjustment reflects the PUC order 24,827 issued on March 3, 2008. The order Nisi approved the issuance of Long Term Debt to repay short term debt in the form of an intercompany advance from the parent company. The proforma adjustment effectively reduces short term debt to zero.
- (4) In 2007, the Construction Work in Progress for Pittsfield and North Country resided on Pittsfield books. Of the total amount of \$963,383, all but \$3,345 related to North Country projects. Therefore, a pro forma adjustment is shown to reduce debt by the amount related to North Country CWIP of \$960,038.

Pittsfield Aqueduct Company, Inc.
Historical Capital Structure
For the Twelve Months Ending December 31, 2007
Pittsfield Only

Schedule 3
Modified Filing

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Intercompany Notes	1,089,281	1,610,259	1,008,052	815,253	888,028
Long-term Debt	<u>\$1,089,281</u>	<u>\$1,610,259</u>	<u>\$1,008,052</u>	<u>\$815,253</u>	<u>\$888,028</u>
Common Equity:					
Common Stock	100	100	100	100	100
Paid In Capital	2,237,129	237,129	237,129	237,129	237,129
Retained Earnings	582,416	802,473	912,077	908,913	870,565
Total Common Equity	<u>\$2,819,644</u>	<u>\$1,039,702</u>	<u>\$1,149,306</u>	<u>\$1,146,142</u>	<u>\$1,107,794</u>
Short-term Debt	(1,119,966)	233,969	-	-	-
Total Capital	<u>\$ 2,788,960</u>	<u>\$ 2,883,930</u>	<u>\$ 2,157,358</u>	<u>\$ 1,961,395</u>	<u>\$ 1,995,822</u>

Notes:

(1) Prior to 2006, the intercompany notes were not in separate accounts but were part of the intercompany advance account.

Pittsfield Aqueduct Company, Inc.
Historical Capitalization Ratios
For the Twelve Months Ending December 31, 2007
Pittsfield Only

Schedule 4
Modified Filing

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Long-term Debt	39.06%	55.84%	46.73%	41.56%	44.49%
Total Common Equity	101.10%	36.05%	53.27%	58.44%	55.51%
Short-term Debt	<u>-40.16%</u>	<u>8.11%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Capital	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Pittsfield Aqueduct Company, Inc.
 Weighted Average Cost of Long-Term Debt
 For the Twelve Months Ended December 31, 2007
Pittsfield Only

Schedule 5
 Modified Filing

Holder	Term	Maturity	Rate	Outstanding Balance	Annual Interest	Annual Amortization	All In Annual Cost	Effective Rate
Intercompany Loan PAC Acquisition	2	6/1/08	6.00%	298,384	17,903	-	17,903	6.00%
Intercompany Loan North Country Acquisition	5	5/1/11	6.50%	790,898	51,408	-	51,408	6.50%
				\$ 1,089,281	\$ 69,311	\$ -	\$ 69,311	6.36%
Pro Forma Adjustments:								
Intercompany Loan (2)	10	5/4/18	7.00%	\$710,894	49,763	-	49,763	7.00%
Intercompany Loan North Country (1)	5	5/1/11	6.50%	(790,898)	(51,408)	-	(51,408)	6.50%
				1,009,278	67,666	-	67,666	6.70%

Total Wgtd Avg Cost of LTD (including pro forma adjustments)

Notes:
 (1) Eliminate the long term debt associated with the North Country acquisition.
 (2) The proforma adjustment reflects the PUC order 24,827 issued on March 3, 2008. The order Nisi approved the issuance of Long Term Debt to repay short term debt in the form of an intercompany advance from the parent company. The proforma adjustment effectively reduces short term debt to zero.

Pittsfield Aqueduct Company, Inc.
Cost of Short-Term Debt
For the Twelve Months Ended December 31, 2007
Pittsfield Only

Schedule 6
Modified Filing

	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	13 Month Average
Intercompany cash														
Intercompany receivable														
Pennichuck Interco Receivab	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pennichuck Corporation:														
Intercompany advances	233,969	+86,430	800,788	943,809	947,303	1,043,719	(579,901)	(564,153)	(737,555)	(1,817,206)	(1,452,169)	(1,124,298)	(1,119,966)	(281,850)
Pennichuck Interco Net Liabil	(233,969)	(486,430)	(800,788)	(943,809)	(947,303)	(1,043,719)	579,901	564,153	737,555	1,817,206	1,452,169	1,124,298	1,119,966	281,850

Pittsfield Aqueduct Company, Inc.
Weighted Average Cost of Preferred Stock
For the Twelve Months Ended December 31, 2007
Pittsfield Only

Schedule 7
Modified Filing

Security	Term	Maturity	Rate	Outstanding Balance	Annual Dividends	Annual Amortization	All In Annual Cost	Effective Rate
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NOT APPLICABLE

Pittsfield Aqueduct Company, Inc.
Return on Common Equity for Small Water Utility Companies
For the Twelve Months Ended December 31, 2007
Pittsfield Only

Schedule 8
Modified Filing

Source: NAWC Financial 2005 Data Base (dated March 27, 2007)

Company	Authorized ROE %	Effective Date of Last Rate Case	Residential Customers
Aqua Maine	10.0	12/31/2003	13,653
Aquarion-MA	11.5	5/1/2001	16,845
Chaparral City	11.0	10/1/2005	12,328
Golden Heart	13.9	8/1/2003	4,639
Gordon's Corner	9.8	5/27/2004	14,514
Mount Holly	9.8	7/1/2004	16,125
Shorelands	9.8	10/9/2004	10,202
Torrington	10.9	5/1/2002	8,391
Valley Water	11.5	3/3/2004	5,873
Median	10.9	-	12,328
Mean	10.9	-	11,397

Pittsfield Aqueduct Company, Inc.
Report of Proposed Rate Changes
For the Twelve Months Ended December 31, 2007
Pittsfield Only

Pro Forma
Schedule 9
Permanent
Modified Filing

DOCKET NO: DW 08-052 **DATE FILED:** 5/2/2008
TARIFF NO.: 5 **or PAGE NOS.** 39-40 **EFF. DATE:**

<u>Rate or Class of Service</u>	<u>Effect of Proposed Change</u>	<u>Average Number of Customers</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Amount</u>	<u>Proposed Change</u>	<u>%</u>
G-M	Increase	634	\$ 313,119	\$ 437,707	\$124,587		39.79%
Present Rate Adj	Increase	11	\$ 21,188	\$ 29,619	\$8,431		39.79%
Private FP	Increase	1	\$ 121,257	\$ 169,504	\$48,247		39.79%
FP - Hydrants							
TOTALS		646	\$ 455,564	\$ 636,829	\$181,265		39.79%

Note:

Signed by: Bonalyn J. Hartley
Title: Vice President - Administration

Pittsfield Aqueduct Company, Inc.
 ROI Historical Trends
 For the Twelve Months Ended December 31, 2007

Schedule 10
 Modified Filing

PAC ROI

