

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
PERMANENT RATE REVENUE REQUIREMENT

Average Rate Base per Staff (Att A; Sch 2; Col 6)	\$ 27,058
Rate of Return (Att A; Sch 1a)	<u>6.00%</u>
Operating Income Requirement	1,622
Adjusted Net Operating Income per Staff (Att A; Sch 3; Col 6)	<u>12,625</u>
Revenue Deficiency / (Surplus) Before Income Taxes	(11,003)
Divided by Tax Factor (Att A; Sch 1b)	<u>100.00%</u>
Revenue Deficiency / (Surplus)	(11,003)
Pro-forma Test Year Water Sales per Company (Att A; Sch 3; Col 6)	<u>23,825</u>
Revenue Requirement from Water Sales per Staff	12,822
Less: Adjusted Test Year Water Sales (Att A; Sch 3; Col's 1 & 4)	<u>(10,490)</u>
Increase / (Decrease) in Revenue Requirement from Water Sales	<u>\$ 2,332</u>
Percent Increase / (Decrease) in Revenue Requirement from Water Sales	<u>22.23%</u>

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
EFFECTIVE TAX FACTOR

Taxable Income	100.00%
Less: NH Business Profits Tax	<u>0.00%</u>
Federal Taxable Income	100.00%
Federal Income Tax Rate	<u>0.00%</u>
Effective Federal Income Tax Rate	0.00%
Add: NH Business Profits Tax	<u>0.00%</u>
Effective Tax Rate	<u><u>0.00%</u></u>
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	<u>0.00%</u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>100.00%</u></u>

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
PERMANENT RATE AVERAGE RATE BASE

	(1) Year End Average Per Company	(2) Pro-forma Adjustments Per Company	(3) Pro-forma Rate Base Per Company	(4) Staff Adjustments (Att A; Sch 2a)	(5) Adj #	(6) Pro-forma Rate Base Per Staff
<u>Plant in Service</u>						
Plant in Service	\$ 45,634	\$ 151,000	\$ 196,634	\$ (155,648)	1 - 2	\$ 40,986
Less: Accumulated Depreciation	(18,831)	(3,709)	(22,540)	6,679	3 - 4	(15,861)
Net Plant in Service	26,803	147,291	174,094	(148,968)		25,126
Contributions in Aid of Construction (CIAC)	-	(75,500)	(75,500)	75,500	5	-
Accumulated Amortization of CIAC	-	1,855	1,855	(1,855)	6	-
Net Contributions in Aid of Construction	-	(73,645)	(73,645)	73,645		-
Net Plant in Rate Base	26,803	73,646	100,449	(75,323)		25,126
<u>Working Capital</u>						
Cash Working Capital	1,944	-	1,944	(45)	7	1,899
Prepaid Expenses	83	83	166	(133)	8 - 9	33
Unamortized Deferred Expenses	-	-	-			-
Accrued Utility Revenue	-	-	-			-
Total Working Capital in Rate Base	2,027	83	2,110	(177)		1,933
Total Average Rate Base	\$ 28,830	\$ 73,729	\$ 102,559	\$ (75,501)		\$ 27,058

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE AVERAGE RATE BASE

Adj#

Proforma Adjustments to Plant in Service:

Plant in Service

1	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 2; Col 2).	\$ (151,000)
2	To adjust test year average plant in service to amount computed by Staff (Att A; Sch 2b; Col 8)	<u>(4,648)</u>
	Total Adjustments - Plant in Service	<u>\$ (155,648)</u>

Accumulated Depreciation

3	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 2; Col 2).	\$ 3,709
4	To adjust test year average accumulated depreciation to amount computed by Staff (Att A; Sch 2b; Col 8).	<u>2,970</u>
	Total Adjustments - Accumulated Depreciation	<u>\$ 6,679</u>

Contributions in Aid of Construction (CIAC)

5	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 2; Col 2).	<u>\$ 75,500</u>
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Accumulated Amortization - CIAC

6	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 2; Col 2).	<u>\$ (1,855)</u>
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Proforma Adjustments to Working Capital:

Cash Working Capital

7	To adjust Co's cash working capital component to amount calculated per Staff (Att A; Sch 2b; Col 8).	<u>\$ (45)</u>
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Prepaid Expenses

8	To eliminate Co's pro-forma adj to reflect year-end balance in rate base (Att A; Sch 2; Col 2).	\$ (83)
9	To adjust test year average prepaid expense to amount computed by Staff (Att A; Sch 2b; Col 8)	<u>(50)</u>
	Total Adjustments - Prepaid Expenses	<u>\$ (133)</u>

Net Rate Base Adjustments per Staff \$ (75,501)

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
CONVERSION OF RATE BASE COMPONENTS FROM YEAR-END AVERAGE TO 5-QUARTER AVERAGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Quarter Ending Balance Per Staff					5-Quarter Average Per Staff	Year End Average Per Company	To Adjust Rate Base to 5-Quarter Avg	Adjustment # (Att A, Sch 2a)
	10/31/08	01/31/09	04/30/09	07/31/09	10/31/09				
Plant in Service (Att A; Sch 2c)	\$ 40,899	\$ 40,899	\$ 40,899	\$ 41,117	\$ 41,117	\$ 40,986	45,634	\$ (4,648)	2
Accumulated Depreciation (Att A, Sch 2c)	(15,219)	(15,539)	(15,859)	(16,182)	(16,504)	(15,861)	(18,831)	2,970	4
Contributions in Aid of Construction (CIAC)	-	-	-	-	-	-	-	-	
Accumulated Amortization - CIAC	-	-	-	-	-	-	-	-	
Cash Working Capital						(a) 1,899	1,944	(45)	7
Prepaid Expenses	-	-	-	-	166	33	83	(50)	9
Unamortized Deferred Expenses	-	-	-	-	-	-	-	-	
Accrued Utility Revenue	-	-	-	-	-	-	-	-	
Total Average Rate Base						<u>\$ 27,058</u>	<u>\$ 28,830</u>	<u>\$ (1,772)</u>	

(a) Adjustment of Co's Cash Working Capital Component:

Test Year O & M Expenses per Staff (Att A; Sch 3, Col 6)	\$ 9,244
Cash Working Capital % (75 days / 365 days)	<u>20.55%</u>
Adjusted Cash Working Capital Component per Staff	<u>\$ 1,899</u>

DW 10-217
TIOGA RIVER WATER COMPANY, INC
TIOGA DIVISION
ANALYSIS OF FIXED PLANT AND DEPRECIATION

PLANT ACCOUNTS & ASSET DESCRIPTIONS	ACTUAL @ 10/31/09								ADJUSTMENTS @ 10/31/09								ADJUSTED @ 10/31/09								
	Fixed Plant				Accumulated Depreciation				Fixed Plant				Accumulated Depreciation				Fixed Plant				Accumulated Depreciation				
	Acq	Cost	Life	%	10/31/08	Additions	Disposals	10/31/09	Acq	Cost	Life	%	10/31/08	Additions	Disposals	10/31/09	Acq	Cost	Life	%	10/31/08	Additions	Disposals	10/31/09	
303 Land & Land Rights																									
Land Improvements	1989	1,005	N/A	N/A	0	0	0	0	1989	0	N/A	N/A	0	0	0	0	1989	1,005	N/A	N/A	0	0	0	0	
304 Structures & Improvements																									
Power & Pumping Station	1982	2,110	40	2.50%	1,341	47	0	1,388	1982	0	40	2.50%	(9)	0	0	19	1982	2,110	40	2.50%	1,332	47	0	1,379	
(Power Board - Meg Starter)	1997	(230)	40	2.50%	(230)	0	0	(230)	1997	0	40	2.50%	0	0	0	0	1997	(230)	40	2.50%	(230)	0	0	(230)	
		1,880			1,111	47	0	1,158					(9)	0	0	(9)		1,880			1,102	47	0	1,149	
Power Board - Meg Starter	1997	459	40	2.50%	126	11	0	137	1997	0	40	2.50%	6	0	0	6	1997	459	40	2.50%	132	11	0	143	
Tank	1997	1,555	40	2.50%	449	0	0	449	1997	0	40	2.50%	(21)	0	0	(21)	1997	1,555	40	2.50%	428	0	0	428	
Tank	2008	(1,555)	40	2.50%	(1,555)	0	0	(1,555)	2008	0	40	2.50%	0	0	0	0	2008	(1,555)	40	2.50%	(1,555)	0	0	(1,555)	
Sump Pump	1997	758	40	2.50%	219	19	0	238	1997	0	40	2.50%	(1)	(5)	0	(1)	1997	758	40	2.50%	218	19	0	237	
		3,097			(791)	30	0	(761)					(16)	0	0	(16)		3,097			(777)	30	0	(747)	
					350	77	0	427					(26)	0	0	(26)					324	77	0	402	
307 Wells & Springs																									
Well # 1	1982	2,371	40	2.50%	1,596	59	0	1,655	1982	0	40	2.50%	(25)	0	0	(25)	1982	2,371	40	2.50%	1,571	59	0	1,630	
Well # 2 (asset not in service)	1989	4,735	40	2.50%	2,312	119	0	2,431	1989	(4,735)	40	2.50%	(2,312)	(119)	0	(2,431)	1989	0	40	2.50%	0	0	0	0	
		7,106			3,908	178	0	4,086					(2,337)	(119)	0	(2,456)		2,371			1,571	59	0	1,630	
311 Pumping Equipment																									
Electric Pumping Equipment	1982	5,324	10	10.00%	5,324	0	0	5,324	1982	0	10	10.00%	0	0	0	0	1982	5,324	10	10.00%	5,324	0	0	5,324	
Pumping Equipment	2004	(950)	10	10.00%	(950)	0	0	(950)	2004	0	10	10.00%	0	0	0	0	2004	(950)	10	10.00%	(950)	0	0	(950)	
		4,374			4,374	0	0	4,374					0	0	0	0		4,374			4,374	0	0	4,374	
Well Pump	1985	1,179	10	10.00%	1,179	0	0	1,179	1985	0	10	10.00%	0	0	0	0	1985	1,179	10	10.00%	1,179	0	0	1,179	
(Sump Pump)	1997	(378)	10	10.00%	(378)	0	0	(378)	1997	0	10	10.00%	0	0	0	0	1997	(378)	10	10.00%	(378)	0	0	(378)	
(Well Pump)	2002	(801)	10	10.00%	(801)	0	0	(801)	2002	0	10	10.00%	0	0	0	0	2002	(801)	10	10.00%	(801)	0	0	(801)	
		0			0	0	0	0					0	0	0	0		0			0	0	0		
Well Pump	1989	1,355	10	10.00%	1,746	0	0	1,746	1989	0	10	10.00%	(391)	0	0	(391)	1989	1,355	10	10.00%	1,355	0	0	1,355	
Well Pump/Motor	2002	1,873	10	10.00%	937	0	0	937	2002	0	10	10.00%	(1)	0	0	(1)	2002	1,873	10	10.00%	937	0	0	937	
Well Pump/Motor	2007	(1,873)	10	10.00%	(1,873)	0	0	(1,873)	2007	0	10	10.00%	0	0	0	0	2007	(1,873)	10	10.00%	(1,873)	0	0	(1,873)	
		0			(936)	0	0	(936)					(1)	0	0	(1)		0			(937)	0	0	(937)	
Pumping Equipment	2004	1,587	10	10.00%	570	104	0	674	2004	0	10	10.00%	(2)	(7)	0	(4)	2004	1,587	10	10.00%	568	102	0	670	
Pumping Equipment	2006	(548)	10	10.00%	(548)	0	0	(548)	2006	0	10	10.00%	0	0	0	0	2006	(548)	10	10.00%	(548)	0	0	(548)	
		1,019			22	104	0	126					(2)	(7)	0	(4)		1,019			20	102	0	122	
Pumping Equipment	2006	500	10	10.00%	125	50	0	175	2006	0	10	10.00%	0	0	0	0	2006	500	10	10.00%	125	50	0	175	
Pumping Equipment	2007	3,536	10	10.00%	529	353	0	882	2007	0	10	10.00%	1	1	0	2	2007	3,536	10	10.00%	530	354	0	884	
		10,784			5,860	507	0	6,367					(392)	(1)	0	(393)		10,784			5,468	506	0	5,974	
330 Distribution Reservoirs & Standpipes																									
Storage Tanks (Tank)	1982	4,194	50	2.00%	2,083	68	0	2,151	1982	0	50	2.00%	(36)	0	0	(36)	1982	4,194	50	2.00%	2,044	68	0	2,112	
	1997	(777)	50	2.00%	(777)	0	0	(777)	1997	0	50	2.00%	0	0	0	0	1997	(777)	50	2.00%	(777)	0	0	(777)	
		3,417			1,306	68	0	1,374					(36)	0	0	(36)		3,417			1,267	68	0	1,335	
2 Tanks	2008	3,091	40	2.50%	39	78	0	117	2008	0	40	2.50%	(0)	(1)	0	(1)	2008	3,091	40	2.50%	39	77	0	116	
		6,508			1,345	146	0	1,491					(36)	(0)	0	(40)		6,508			1,306	146	0	1,451	
331 Transportation & Distribution Mains																									
Mains	1982	7,502	50	2.00%	4,050	150	0	4,200	1982	0	50	2.00%	(74)	0	0	(74)	1982	7,502	50	2.00%	3,976	150	0	4,126	
Mains - Blow off valve (3)	1999	2,485	50	2.00%	475	59	0	525	1999	0	50	2.00%	(31)	(0)	0	(3)	1999	2,485	50	2.00%	472	50	0	522	
		9,987			4,525	200	0	4,725					(77)	(0)	0	(77)		9,987			4,448	200	0	4,646	
333 Services																									
3/4" Shut-offs	1982	807	40	2.50%	519	16	0	535	1982	0	40	2.50%	(14)	(1)	0	(15)	1982	807	40	2.50%	505	15	0	520	
	2003	(217)	40	2.50%	(217)	0	0	(217)	2003	0	40	2.50%	0	0	0	0	2003	(217)	40	2.50%	(217)	0	0	(217)	
		590			302	16	0	318					(14)	(1)	0	(15)		590			288	15	0	303	
	2003	869	40	2.50%	121	20	0	141	2003	0	40	2.50%	20	2	0	22	2003	869	40	2.50%	141	22	0	163	
		1,459			423	36	0	459					6	0	0	6		1,459			429	36	0	466	
334 Meters & Meter Installations																									
Meters (2)	2000	5,767	22	4.50%	2,190	260	0	2,450	2000	0	22	4.50%	(43)	(24)	0	(67)	2000	5,767	22	4.50%	2,147	236	0	2,383	
Meters	2006	(524)	22	4.50%	(524)	0	0	(524)	2006	0	22	4.50%	0	0	0	0	2006	(524)	22	4.50%	(524)	0	0	(524)	
		5,243			1,666	260	0	1,926					(43)	(24)	0	(67)		5,243			1,623	236	0	1,859	
Meters	2006	445	22	4.50%	41	22	0	63	2006	0	22	4.50%	0	(2)	0	(2)	2006	445	22	4.50%	50	20	0	70	
Meters (Audit Issue # 4)	2009	0	0	0.00%	0	0	0	0	2009	218	22	4.50%	0	5	0	5	2009	218	22	4.50%	0	5	0	5	
		5,688			1,707	282	0	1,989					(34)	(21)	0	(55)		5,688			1,673	281	0	1,954	
		45,634			18,118	1,426	0	19,544					(4,517)	(141)	0	(3,040)		41,117			15,219	1,285	0	16,504	

a Disposed in 2010
b Per Co. Acct 304 = \$1,842. Difference of \$1,155. Equals two 1997 disposals
Acct 311 Sump Pump - \$378 and Acct 330 Tank - \$777 that are no longer
being accounted for by Co

*** Asset placed in service during the test year

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
PERMANENT RATE OPERATING INCOME STATEMENT

	(1) Per Test Year	(2) Pro-forma Adjustments Per Company	(3) Adjusted Test Year Per Company	(4) Staff Adjustments (Att A; Sch 3a)	(5) Adj #	(6) Adjusted Test Year Per Staff	(7) Revenue Deficiency / (Surplus)	(8) Revenue Requirement
Operating Revenues								
Water Sales	\$ 10,490	\$ 13,335	\$ 23,825			\$ 23,825	\$ (11,003)	\$ 12,822
Other Operating Revenues	-	-	-			-	-	-
Total Operating Revenues	<u>10,490</u>	<u>13,335</u>	<u>23,825</u>	<u>-</u>		<u>23,825</u>	<u>(11,003)</u>	<u>12,822</u>
Operating Expenses								
Operation & Maintenance Expenses:								
Source of Supply Expenses	-	-	-			-	-	-
Pumping Expenses	3,817	-	3,817	(218)	10	3,599	-	3,599
Water Treatment Expenses	1,812	-	1,812			1,812	-	1,812
Transmission & Distribution Expenses	-	-	-			-	-	-
Customer Accounts Expenses	495	-	495			495	-	495
Administrative & General Expenses	3,338	-	3,338			3,338	-	3,338
Total Operation & Maintenance Expenses	<u>9,462</u>	<u>-</u>	<u>9,462</u>	<u>(218)</u>		<u>9,244</u>	<u>-</u>	<u>9,244</u>
Depreciation Expense	1,426	7,418	8,844	(7,554)	11 - 13	1,290	-	1,290
Amortization Expense - CIAC	-	(3,709)	(3,709)	3,709	14	-	-	-
Amortization Expense - Other	-	-	-			-	-	-
Taxes other than Income	588	3,526	4,114	(3,448)	15 - 16	666	-	666
Total Operating Expenses	<u>11,476</u>	<u>7,235</u>	<u>18,711</u>	<u>(7,511)</u>		<u>11,200</u>	<u>-</u>	<u>11,200</u>
Net Operating Income / (Loss)								
Before Income Taxes	(986)	6,100	5,114	7,511		12,625	(11,003)	1,622
Income Taxes	-	-	-	-	Att A; Sch 3b	-	-	-
Net Operating Income (Loss)	<u>\$ (986)</u>	<u>\$ 6,100</u>	<u>\$ 5,114</u>	<u>\$ 7,511</u>		<u>\$ 12,625</u>	<u>\$ (11,003)</u>	<u>\$ 1,622</u>

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE OPERATING REVENUES AND EXPENSES

Adj #

Proforma Adjustments to Operating Expenses:

Pumping Expenses

10	To reclassify cost of meter replacement from expense to fixed plant per Audit Issue # 4.	\$	(218)
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Depreciation Expense

11	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 3; Col 2)	\$	(7,418)
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12	To adjust test year depreciation expense to amount computed by Staff (Att A, Sch 2c)		(141)
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13	To increase annual depreciation expense for asset placed in service during the test year (See Att A; Sch 2c).		5
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Total Adjustments - Depreciation Expense	\$	(7,554)
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Amortization Expense - CIAC

14	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A, Sch 3, Col 2)	\$	3,709
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Taxes Other than Income

15	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 3, Col 2).	\$	(3,526)
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16	To reflect 2010 property tax assessment for test year pro-forma expense:		
	2010 Town of Belmont Property Taxes (Staff DR 1-11)	\$	498
	2010 State Utility Property Tax - Tioga Division:		
	2010 Total Company State Utility Property Tax (Staff DR 1-11)	\$	426
	Tioga Division Net Plant per 2009 Annual Report	\$	41,997
	Total Company Net Plant per 2009 Annual Report	= \$	106,463
		39.45%	168
	2010 Total Property Tax Expense - Tioga Division	\$	666
	Less 2009 Total Property Tax Expense - Tioga Division		(588)
			78

Total Adjustments - Taxes Other than Income	\$	(3,448)
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Net Operating Expense Adjustments per Staff	\$	(7,511)
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DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE INCOME TAXES

INCOME TAXES

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Operating Revenues:

Total Proforma Adjustments to Water Revenues	\$	-
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Operating Expenses:

Total Proforma Adjustments to Source of Supply Expenses	-
Total Proforma Adjustments to Pumping Expenses	218
Total Proforma Adjustments to Water Treatment Expenses	-
Total Proforma Adjustments to Transmission & Distribution Expenses	-
Total Proforma Adjustments to Customer Accounts Expenses	-
Total Proforma Adjustments to Administrative & General Expenses	-
Total Proforma Adjustments to Depreciation Expense	7,554
Total Proforma Adjustments to Amortization Expense - CIAC	(3,709)
Total Proforma Adjustments to Amortization Expense - Other	-
Total Proforma Adjustments to Taxes other than Income	3,448

Marginal Revenue (Expense) Subject to Income Taxes	7,511
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Less: New Hampshire Business Profits Tax @ 0.0%	-
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Amount Subject to Federal Income Tax	7,511
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Less: Federal Income Tax @ 0.0%	-
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Proforma Adjustments net of Income Taxes	\$ 7,511
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DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STEP INCREASE

Increase in Net Income Requirement:

2010 Plant Additions (Att A; Sch 4a)	\$ 134,084
Less: Accumulated Depreciation (Att A; Sch 4a)	<u>(3,760)</u>
Net 2010 Plant in Service	<u>130,325</u>
2010 Contributions in Aid of Construction (CIAC) (Att A; Sch 4a)	(61,894)
Less: Accumulated Amortization of CIAC (Att A; Sch 4a)	<u>1,735</u>
Net 2010 CIAC	<u>(60,159)</u>
Net 2010 Plant in Rate Base	\$ 70,166
Annual Cost of Debt (Att A; Sch 4c)	<u>3.221%</u>
Increase in Operating Income Requirement	<u>\$ 2,260</u>

Net Increase in Operating Expenses:

Net Increase in Depreciation Expense:		
Annual Depreciation Expense - 2010 Plant Additions (Att A, Sch 4a)	\$ 7,519	
Less: Annual Depreciation Expense - 2010 Plant Retirements (Att A; Sch 4a)	<u>(306)</u>	\$ 7,213
Annual Amortization of CIAC on 2010 CIAC Additions (Att A; Sch 4a)		(3,471)
Net Increase in Property Tax Expense (Att A; Sch 4b)		<u>1,945</u>
Net Increase in Operating Expenses		<u>\$ 5,687</u>
Step Increase in Revenue Requirement		\$ 7,947
Adjusted Test Year Water Sales (Att A; Sch 3; Col's 1 & 4)		<u>\$ 10,490</u>
Percent Increase / (Decrease) in Revenue Requirement from Water Sales		<u>75.75%</u>

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STEP INCREASE PLANT / CIAC ADDITIONS AND RETIREMENTS

2010 Plant Additions (a):

Account	Amount	Depreciation Rate	Annual Depreciation	Accumulated Depreciation @ 10/31/10	Net Plant in Service @ 10/31/10
304: Structures & Improvements	\$ 67,382	2.50%	\$ 1,685	\$ (842)	\$ 66,539
309: Supply Mains	245	2.00%	5	(2)	242
311: Pumping Equipment	53,708	10.00%	5,371	(2,685)	51,023
320: Treatment Equipment	12,750	3.60%	459	(229)	12,520
	<u>\$ 134,084</u>		<u>\$ 7,519</u>	<u>\$ (3,760)</u>	<u>\$ 130,325</u>

2010 Plant Retirements (Att A; Sch 2c):

Account	Amount	Depreciation Rate	Annual Depreciation	Accumulated Depreciation @ Retirement	Net Plant @ Retirement
304: Structures & Improvements	\$ (3,097)	2.50%	\$ (77)	\$ 441	\$ (2,656)
311: Pumping Equipment	(7,248)	10.00%	(152)	5,166	(2,082)
330: Distribution Reservoirs & Standpipes	(3,091)	2.50%	(77)	155	(2,936)
	<u>\$ (13,436)</u>		<u>\$ (306)</u>	<u>\$ 5,762</u>	<u>\$ (7,674)</u>

2010 CIAC Additions (b):

Account	Amount	Amortization Rate	Annual Amortization	Accumulated Amortization @ 10/31/10	Net CIAC @ 10/31/10
304: Structures & Improvements	\$ (31,104)	2.50%	\$ (778)	\$ 389	\$ (30,715)
309: Supply Mains	(113)	2.00%	(2)	1	(112)
311: Pumping Equipment	(24,792)	10.00%	(2,479)	1,240	(23,552)
320: Treatment Equipment	(5,885)	3.60%	(212)	106	(5,780)
	<u>\$ (61,894)</u>		<u>\$ (3,471)</u>	<u>\$ 1,735</u>	<u>\$ (60,159)</u>

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STEP INCREASE PLANT / CIAC ADDITIONS AND RETIREMENTS

(a) Includes allocation of Construction Interest as follows:

	Cost of Construction	%	Allocation of Construction Interest	Total Cost
# 304: Structures & Improvements	\$ 65,812	27.98%	\$ 1,570	\$ 67,382
# 309: Supply Mains	239	0.10%	6	245
# 311: Pumping Equipment	52,457	22.30%	1,251	53,708
# 320: Treatment Equipment	12,453	5.29%	297	12,750
Total Tioga Division	<u>130,961</u>	<u>55.67%</u>	<u>3,123</u>	<u>134,084</u>
Total GVWD Division	<u>104,271</u>	<u>44.33%</u>	<u>2,487</u>	<u>106,758</u>
Total Company	<u>\$ 235,232</u>	<u>100.00%</u>	<u>\$ 5,610</u>	<u>\$ 240,842</u>

(b) Allocation of CIAC:

	Cost of Construction	%	Allocation of Principal Forgiveness
# 304: Structures & Improvements	\$ 65,812	50.25%	\$ (31,104)
# 309: Supply Mains	239	0.18%	(113)
# 311: Pumping Equipment	52,457	40.06%	(24,792)
# 320: Treatment Equipment	12,453	9.51%	(5,885)
Total Tioga Division	<u>130,961</u>	<u>100.00%</u>	<u>\$ (61,894)</u>

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STEP INCREASE PROPERTY TAX CALCULATION

Municipal Taxes - Town of Belmont:

Net Additions to Plant in 2010:			
2010 Net Plant Additions (Att A; Sch 4a)	\$	130,325	
2010 Net Plant Retirements (Att A; Sch 4a)		<u>(7,674)</u>	\$ 122,651
Municipal Valuation Factor:			
2010 Municipal Valuation - Tioga Division (Staff DR 1-11)	\$	26,600	
Net Utility Plant per 2009 Annual Report - Tioga Division	÷ \$	<u>41,997</u>	x <u>63.34%</u>
Estimated Municipal Valuation of Net Additions to Plant in 2010			\$ 77,684
2010 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-11)			x <u>\$ 18.71</u>
Estimated Municipal Taxes on Net Additions to Plant in 2010			<u>\$ 1,453</u>

State Utility Property Taxes:

Net Additions to Plant in 2010:			
2010 Net Plant Additions (Att A; Sch 4a)	\$	130,325	
2010 Net Plant Retirements (Att A; Sch 4a)		<u>(7,674)</u>	\$ 122,651
State Valuation Factor:			
2010 State Valuation - Total Company (Staff DR 1-11)	\$	64,584	
Net Utility Plant per 2009 Annual Report - Total Company	÷ \$	<u>106,463</u>	x <u>60.66%</u>
Estimated State Valuation of Net Additions to Plant in 2010			\$ 74,404
2010 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-11)			x <u>\$ 6.60</u>
Estimated State Taxes on Net Additions to Plant in 2010			<u>\$ 491</u>
Net Increase in Property Tax Expense for Net Additions to Plant in 2010			<u><u>\$ 1,945</u></u>

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STEP INCREASE COST OF DEBT CALCULATION

	<u>Total Amount Borrowed</u>	<u>Anticipated Principal Forgiveness</u>	<u>Net Principal Amount Due</u>	<u>Percentage of Total</u>	<u>Anticipated Interest Rate</u>	<u>Annual Interest</u>	<u>Annual Amortization of Loan Cost</u>	<u>Total Annual Debt Expense</u>	<u>Annual Cost of Debt</u>	<u>Weighted Average Cost</u>
2010 SRF Loan - Tioga (Per Company)	\$ 123,788	\$ (61,894)	\$ 61,894	94.53%	2.864%	\$ 1,773	\$ 172	\$ 1,945	3.142%	2.97%
2010 Gilford Well Co. Loan (Per Company)	<u>3,580</u>	<u>-</u>	<u>3,580</u>	<u>5.47%</u>	<u>4.580%</u>	<u>164</u>	<u>-</u>	<u>164</u>	<u>4.580%</u>	<u>0.25%</u>
Totals	<u>\$ 127,368</u>	<u>\$ (61,894)</u>	<u>\$ 65,474</u>	<u>100.00%</u>		<u>\$ 1,937</u>	<u>\$ 172</u>	<u>\$ 2,109</u>		<u>3.22%</u>

Total Loan Cost (Per Company)	\$ 6,880
Allocated to Tioga Division	<u>50.00%</u>
Tioga Division's Loan Cost	\$ 3,440
Amortization Period (Yrs)	<u>20</u>
Annual Amortization	<u>\$ 172</u>

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
CALCULATION OF CUSTOMER RATES

Adjusted Test Year Water Sales (Att A, Sch 3, Col's 1 & 4)	\$	10,490	
Proposed Increase in Revenue Requirement from Permanent Rates (Att A; Sch 1)		2,332	
Proposed Step Increase in Revenue Requirement (Att A; Sch 4)		7,947	
Total Proposed Revenue Requirement		<u>\$ 20,769</u>	
Current Fixed Charge per Quarter (per Tariff)	\$	39.93	per Customer per Quarter
Increase in Fixed Charge per Quarter		<u>20.07</u>	
Proposed Fixed Charge per Quarter	\$	60.00	per Customer per Quarter
Billing Periods per Year	x	4	Billing Quarters
Proposed Fixed Charge per Year	\$	240.00	per Customer per Year
Number of Customers	x	<u>22</u>	
Total Annual Revenue Derived from Fixed Charge		<u>\$ 5,280</u>	
Total Annual Revenue Derived from Consumption Charge (\$ 20,769 - \$ 5,280)	=	\$ 15,489	
CF Consumption for the fiscal year ended 10/31/09	=	<u>131,178</u>	CF
Proposed Consumption Charge (per CF)		<u>\$ 0.1181</u>	per CF

Analysis of Proposed Rate Impact:

	Current Rates	Proposed Rates	
Consumption Charge per CF	\$ 0.0525	\$ 0.1181	
Average Annual Usage Per Customer (CF)	<u>5,962.64</u>	<u>5,962.64</u>	
Average Annual Consumption Charge	\$ 313.04	\$ 704.04	
Annual Fixed Charge per Customer	<u>\$ 159.72</u>	<u>\$ 240.00</u>	
Total Annual Charge per Customer	<u>\$ 472.76</u>	<u>\$ 944.04</u>	
Percentage Increase in Customer Rates		<u>99.69%</u>	

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
PERMANENT RATE REVENUE REQUIREMENT

Average Rate Base per Staff (Att B; Sch 2; Col 6)	\$ 38,759
Rate of Return (Att B; Sch 1a)	<u>5.03%</u>
Operating Income Requirement	1,949
Adjusted Net Operating Income per Staff (Att B; Sch 3; Col 6)	<u>13,995</u>
Revenue Deficiency / (Surplus) Before Income Taxes	(12,046)
Divided by Tax Factor (Att B; Sch 1b)	<u>100.00%</u>
Revenue Deficiency / (Surplus)	(12,046)
Pro-forma Test Year Water Sales per Company (Att B; Sch 3; Col 6)	<u>32,017</u>
Revenue Requirement from Water Sales per Staff	19,971
Less: Adjusted Test Year Water Sales (Att B; Sch 3; Col's 1 & 4)	<u>(12,722)</u>
Increase / (Decrease) in Revenue Requirement from Water Sales	<u>\$ 7,249</u>
Percent Increase / (Decrease) in Revenue Requirement from Water Sales	<u>56.98%</u>

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
EFFECTIVE TAX FACTOR

Taxable Income	100.00%
Less: NH Business Profits Tax	<u>0.00%</u>
Federal Taxable Income	100.00%
Federal Income Tax Rate	<u>0.00%</u>
Effective Federal Income Tax Rate	0.00%
Add: NH Business Profits Tax	<u>0.00%</u>
Effective Tax Rate	<u><u>0.00%</u></u>
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	<u>0.00%</u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>100.00%</u></u>

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
PERMANENT RATE AVERAGE RATE BASE

	(1) Year End Average Per Company	(2) Pro-forma Adjustments Per Company	(3) Pro-forma Rate Base Per Company	(4) Staff Adjustments (Att B; Sch 2a)	(5) Adj #	(6) Pro-forma Rate Base Per Staff
<u>Plant in Service</u>						
Plant in Service	\$ 81,826	\$ 115,000	\$ 196,826	\$ (122,029)	17 - 18	\$ 74,797
Less: Accumulated Depreciation	<u>(22,367)</u>	<u>(4,288)</u>	<u>(26,655)</u>	<u>4,228</u>	19 - 20	<u>(22,427)</u>
Net Plant in Service	<u>59,459</u>	<u>110,712</u>	<u>170,171</u>	<u>(117,800)</u>		<u>52,371</u>
Contributions in Aid of Construction (CIAC)	(26,099)	(57,500)	(83,599)	57,500	21	(26,099)
Accumulated Amortization of CIAC	<u>5,699</u>	<u>2,144</u>	<u>7,843</u>	<u>(1,575)</u>	22 - 23	<u>6,268</u>
Net Contributions in Aid of Construction	<u>(20,400)</u>	<u>(55,356)</u>	<u>(75,756)</u>	<u>55,925</u>		<u>(19,831)</u>
Net Plant in Rate Base	<u>39,059</u>	<u>55,356</u>	<u>94,415</u>	<u>(61,875)</u>		<u>32,540</u>
<u>Working Capital</u>						
Cash Working Capital	3,536	-	3,536	(518)	24	3,018
Prepaid Expenses	136	136	272	(218)	25 - 26	54
Unamortized Deferred Expenses	-	-	-	3,147	27	3,147
Accrued Utility Revenue	<u>503</u>	<u>504</u>	<u>1,007</u>	<u>(1,007)</u>	28 - 29	<u>-</u>
Total Working Capital in Rate Base	<u>4,175</u>	<u>640</u>	<u>4,815</u>	<u>1,404</u>		<u>6,219</u>
Total Average Rate Base	<u>\$ 43,234</u>	<u>\$ 55,996</u>	<u>\$ 99,230</u>	<u>\$ (60,471)</u>		<u>\$ 38,759</u>

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE AVERAGE RATE BASE

Adj#

Proforma Adjustments to Plant in Service:

Plant in Service

17	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 2; Col 2).	\$ (115,000)
18	To adjust test year average plant in service to amount computed by Staff (Att B; Sch 2b; Col 8).	<u>(7,029)</u>
	Total Adjustments - Plant in Service	<u>\$ (122,029)</u>

Accumulated Depreciation

19	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 2; Col 2).	\$ 4,288
20	To adjust test year average accumulated depreciation to amount computed by Staff (Att B; Sch 2b; Col 8).	<u>(60)</u>
	Total Adjustments - Accumulated Depreciation	<u>\$ 4,228</u>

Contributions in Aid of Construction (CIAC)

21	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 2; Col 2).	<u>\$ 57,500</u>
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Accumulated Amortization - CIAC

22	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 2; Col 2).	\$ (2,144)
23	To Adjust Accumulated Amortization - CIAC to amount computed by Staff (Att B; Sch 2b; Col 8).	<u>569</u>
	Total Adjustments - Accumulated Amortization - CIAC	<u>\$ (1,575)</u>

Proforma Adjustments to Working Capital:

Cash Working Capital

24	To adjust Co's cash working capital component to amount calculated per Staff (Att B; Sch 2b; Col 8).	<u>\$ (518)</u>
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DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE AVERAGE RATE BASE

Adj#

Prepaid Expenses

25	To eliminate Co's pro-forma adj to reflect year-end balance in rate base (Att B; Sch 2; Col 2).	\$	(136)
26	To adjust test year average prepaid expense to amount computed by Staff (Att B; Sch 2b; Col 8).		<u>(82)</u>
	Total Adjustments - Prepaid Expenses	\$	<u>(218)</u>

Unamortized Deferred Debits

27	To record unamortized portion of expenses deemed by the Audit Report as non-recurring (Att B; Sch 2b; Col 8).	\$	<u>3,147</u>
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Accrued Utility Revenue

28	To eliminate Co's pro-forma adj to reflect year-end balance in rate base (Att B; Sch 2; Col 2).	\$	(504)
29	To adjust test year average accrued utility revenue to amount computed by Staff (Att B; Sch 2b; Col 8).		<u>(503)</u>
	Total Adjustments - Accrued Utility Revenue	\$	<u>(1,007)</u>

	Net Rate Base Adjustments per Staff	\$	<u><u>(60,471)</u></u>
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DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
CONVERSION OF RATE BASE COMPONENTS FROM YEAR-END AVERAGE TO 5-QUARTER AVERAGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Quarter Ending Balance Per Staff					5-Quarter Average Per Staff	Year-End Average Per Company	To Adjust Rate Base to 5-Quarter Avg	Adjustment # (Att B; Sch 2a)
	10/31/08	01/31/09	04/30/09	07/31/09	10/31/09				
Plant in Service (Att B; Sch 2c)	\$ 74,306	\$ 74,306	\$ 75,125	\$ 75,125	\$ 75,125	\$ 74,797	81,826	\$ (7,029)	18
Accumulated Depreciation (Att B; Sch 2c)	(20,534)	(21,472)	(22,424)	(23,376)	(24,328)	(22,427)	(22,367)	(60)	20
Contributions in Aid of Construction (CIAC) (Att B; Sch 2c)	(26,099)	(26,099)	(26,099)	(26,099)	(26,099)	(26,099)	(26,099)	-	
Accumulated Amortization - CIAC (Att B, Sch 2c)	5,559	5,914	6,268	6,623	6,977	6,268	5,699	569	23
Cash Working Capital	(a)					3,018	3,536	(518)	24
Prepaid Expenses	-	-	-	-	272	54	136	(82)	26
Unamortized Deferred Debits	3,776	3,461	3,147	2,832	2,518	3,147	-	3,147	27
Accrued Utility Revenue	-	-	-	-	-	-	503	(503)	29
Total Average Rate Base						<u>\$ 38,759</u>	<u>\$ 43,234</u>	<u>\$ (4,475)</u>	

(a) Adjustment of Co's Cash Working Capital Component:

Test Year O & M Expenses per Staff (Att B, Sch 3; Col 6)	\$ 14,688
Cash Working Capital % (75 days / 365 days)	<u>20.55%</u>
Adjusted Cash Working Capital Component per Staff	<u>\$ 3,018</u>

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
PERMANENT RATE OPERATING INCOME STATEMENT

	(1) Per Test Year	(2) Pro-forma Adjustments Per Company	(3) Adjusted Test Year Per Company	(4) Staff Adjustments (Att B; Sch 3a)	(5) Adj #	(6) Adjusted Test Year Per Staff	(7) Revenue Deficiency / (Surplus)	(8) Revenue Requirement
Operating Revenues								
Water Sales	\$ 13,121	\$ 19,295	\$ 32,416	\$ (399)	30	\$ 32,017	\$ (12,046)	\$ 19,971
Other Operating Revenues	-	-	-	-		-	-	-
Total Operating Revenues	<u>13,121</u>	<u>19,295</u>	<u>32,416</u>	<u>(399)</u>		<u>32,017</u>	<u>(12,046)</u>	<u>19,971</u>
Operating Expenses								
Operation & Maintenance Expenses:								
Source of Supply Expenses	-	-	-	-		-	-	-
Pumping Expenses	5,852	-	5,852	(1,495)	31	4,357	-	4,357
Water Treatment Expenses	4,985	-	4,985	-		4,985	-	4,985
Transmission & Distribution Expenses	2,585	-	2,585	(1,023)	32	1,562	-	1,562
Customer Accounts Expenses	-	-	-	-		-	-	-
Administrative & General Expenses	3,783	-	3,783	-		3,783	-	3,783
Total Operation & Maintenance Expenses	<u>17,205</u>	<u>-</u>	<u>17,205</u>	<u>(2,517)</u>		<u>14,688</u>	<u>-</u>	<u>14,688</u>
Depreciation Expense	3,595	8,576	12,171	(8,337)	33 - 35	3,834	-	3,834
Amortization Expense - CIAC	(1,299)	(4,288)	(5,587)	4,169	36 - 37	(1,418)	-	(1,418)
Amortization Expense - Other	-	-	-	-		-	-	-
Taxes other than Income	1,303	2,376	3,679	(2,761)	38 - 39	918	-	918
Total Operating Expenses	<u>20,804</u>	<u>6,664</u>	<u>27,468</u>	<u>(9,446)</u>		<u>18,022</u>	<u>-</u>	<u>18,022</u>
Net Operating Income / (Loss)								
Before Income Taxes	(7,683)	12,631	4,948	9,047		13,995	(12,046)	1,949
Income Taxes	-	-	-	-	Att B; Sch 3b	-	-	-
Net Operating Income (Loss)	<u>\$ (7,683)</u>	<u>\$ 12,631</u>	<u>\$ 4,948</u>	<u>\$ 9,047</u>		<u>\$ 13,995</u>	<u>\$ (12,046)</u>	<u>\$ 1,949</u>

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE OPERATING REVENUES AND EXPENSES

Adj #

Pro-forma Adjustments to Operating Revenues:

30	To adjust test year operating revenues per Audit Issue # 3		\$ (399)
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Proforma Adjustments to Operating Expenses:

Pumping Expenses

31	To amortize over a 3-year period a repair cost deemed to be non-recurring per the Staff Audit:		
	Repair Expense recorded during test year	\$ 2,242	
	Amortization Period	+	3
	Annual Amortized Expense	\$ 747	
	Less: Repair Expense recorded during test year	(2,242)	\$ (1,495)

Transmission & Distribution Expenses

32	To amortize over a 3-year period generator rental/labor costs deemed to be non-recurring per the Staff Audit:		
	Generator Rental/Labor Expense recorded during test year	\$ 1,534	
	Amortization Period	+	3
	Annual Amortized Expense	\$ 511	
	Less: Generator Rental/Labor Expense recorded during test year	(1,534)	\$ (1,023)

Depreciation Expense

33	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 3; Col 2)		\$ (8,576)
34	To adjust test year depreciation expense to amount computed by Staff (Att B, Sch 2c)		198
35	To increase annual depreciation expense for asset placed in service during the test year (See Att B, Sch 2c)		41
	Total Adjustments - Depreciation Expense		\$ (8,337)

Amortization Expense - CIAC

36	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 3; Col 2)		\$ 4,288
37	To adjust test year amortization of CIAC to amount computed by Staff (Att B; Sch 2c).		(119)
	Total Adjustments - Amortization Expense - CIAC		\$ 4,169

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE OPERATING REVENUES AND EXPENSES

Adj #

Taxes Other than Income

38	To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 3; Col 2).		\$ (2,376)
39	To reflect 2010 property tax assessment:		
	2010 Town of Gilford Property Taxes (Staff DR 1-11)		\$ 660
	2010 State Utility Property Tax - GVWD Division:		
	2010 Total Company State Utility Property Tax (Staff DR 1-11)	\$ 426	
	GVWD Division Net Plant per 2009 Annual Report	\$ 64,466	
	Total Company Net Plant per 2009 Annual Report	\$ 106,463	60.55%
	2010 Total Property Tax Expense - GVWD Division		\$ 918
	Less. 2009 Total Property Tax Expense - GVWD Division		(1,303)
			<u>(385)</u>
	Total Adjustments - Taxes Other than Income		<u>\$ (2,761)</u>
	Net Operating Expense Adjustments per Staff		<u>\$ (9,446)</u>

DW 10-217
 TIOGA RIVER WATER COMPANY, INC.
 GILFORD VILLAGE WATER DISTRICT DIVISION
 STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE INCOME TAXES

INCOME TAXES

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Operating Revenues:

Total Proforma Adjustments to Water Revenues	\$	(399)
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Operating Expenses:

Total Proforma Adjustments to Source of Supply Expenses		-
Total Proforma Adjustments to Pumping Expenses		1,495
Total Proforma Adjustments to Water Treatment Expenses		-
Total Proforma Adjustments to Transmission & Distribution Expenses		1,023
Total Proforma Adjustments to Customer Accounts Expenses		-
Total Proforma Adjustments to Administrative & General Expenses		-
Total Proforma Adjustments to Depreciation Expense		8,337
Total Proforma Adjustments to Amortization Expense - CIAC		(4,169)
Total Proforma Adjustments to Amortization Expense - Other		-
Total Proforma Adjustments to Taxes other than Income		<u>2,761</u>

Marginal Revenue (Expense) Subject to Income Taxes		9,047
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Less: New Hampshire Business Profits Tax @ 0.0%		<u>-</u>
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Amount Subject to Federal Income Tax		9,047
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Less: Federal Income Tax @ 0.0%		<u>-</u>
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Proforma Adjustments net of Income Taxes	\$	<u><u>9,047</u></u>
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DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STEP INCREASE

Increase in Net Income Requirement:

2010 Plant Additions (Att B; Sch 4a)	\$	106,758	
Less: Accumulated Depreciation (Att B; Sch 4a)		(2,779)	
Net 2010 Plant in Service		<u>103,979</u>	
2010 Contributions in Aid of Construction (CIAC) (Att B; Sch 4a)		(53,106)	
Less: Accumulated Amortization of CIAC (Att B; Sch 4a)		1,382	
Net 2010 CIAC		<u>(51,723)</u>	
Net 2010 Plant in Rate Base	\$	52,255	
Annual Cost of Debt (Att B; Sch 4c)		<u>3.188%</u>	
Increase in Operating Income Requirement	\$	<u>1,666</u>	

Net Increase in Operating Expenses:

Net Increase in Depreciation Expense:			
Annual Depreciation Expense - 2010 Plant Additions (Att B; Sch 4a)	\$	5,558	
Less: Annual Depreciation Expense - 2010 Plant Retirements (Att B; Sch 4a)		<u>(679)</u>	\$ 4,879
Net Increase in Amortization of CIAC:			
Annual Amortization of CIAC on 2010 CIAC Additions (Att B; Sch 4a)		(2,765)	
Annual Amortization of CIAC on 2010 CIAC Retirements (Att B; Sch 4a)		<u>522</u>	(2,243)
Net Increase in Property Tax Expense (Att B; Sch 4b)		<u>1,449</u>	
Net Increase in Operating Expenses	\$	<u>4,086</u>	
Step Increase in Revenue Requirement	\$	5,751	
Adjusted Test Year Water Sales (Att B; Sch 3; Col's 1 & 4)	\$	<u>12,722</u>	
Percent Increase / (Decrease) in Revenue Requirement from Water Sales		<u>45.21%</u>	

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STEP INCREASE PLANT / CIAC ADDITIONS AND RETIREMENTS

2010 Plant Additions (a):

Account	Amount	Depreciation Rate	Annual Depreciation	Accumulated Depreciation @ 10/31/10	Net Plant in Service @ 10/31/10
304: Structures & Improvements	\$ 51,078	2.50%	\$ 1,277	\$ (638)	\$ 50,439
311: Pumping Equipment	35,577	10.00%	3,558	(1,779)	33,798
320: Treatment Equipment	20,103	3.60%	724	(362)	19,741
	<u>\$ 106,758</u>		<u>\$ 5,558</u>	<u>\$ (2,779)</u>	<u>\$ 103,979</u>

2010 Plant Retirements (Att B; Sch 2c):

Account	Amount	Depreciation Rate	Annual Depreciation	Accumulated Depreciation @ Retirement	Net Plant @ Retirement
311: Pumping Equipment	\$ (9,668)	10.00%	\$ (671)	\$ 7,723	\$ (1,945)
330: Distribution Reservoirs & Standpipes	(325)	2.50%	(8)	65	(260)
	<u>\$ (9,993)</u>		<u>\$ (679)</u>	<u>\$ 7,788</u>	<u>\$ (2,205)</u>

2010 CIAC Additions (b):

Account	Amount	Amortization Rate	Annual Amortization	Accumulated Amortization @ 10/31/10	Net CIAC @ 10/31/10
304: Structures & Improvements	\$ (25,408)	2.50%	\$ (635)	\$ 318	\$ (25,091)
311: Pumping Equipment	(17,697)	10.00%	(1,770)	885	(16,813)
320: Treatment Equipment	(10,000)	3.60%	(360)	180	(9,820)
	<u>\$ (53,106)</u>		<u>\$ (2,765)</u>	<u>\$ 1,382</u>	<u>\$ (51,723)</u>

2010 CIAC Retirements (Staff G2c):

Account	Amount	Amortization Rate	Annual Amortization	Accumulated Amortization @ Retirement	Net CIAC @ Retirement
311: Pumping Equipment	\$ 5,140	10.00%	\$ 514	\$ (4,112)	\$ 1,028
330: Distribution Reservoirs & Standpipes	325	2.50%	8	(65)	260
	<u>\$ 5,465</u>		<u>\$ 522</u>	<u>\$ (4,177)</u>	<u>\$ 1,288</u>

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DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STEP INCREASE PLANT / CIAC ADDITIONS AND RETIREMENTS

(a) Includes allocation of Construction Interest as follows:

	Cost of Construction	%	Allocation of Construction Interest	Total Cost
# 304: Structures & Improvements	\$ 49,888	21.21%	\$ 1,190	\$ 51,078
# 311: Pumping Equipment	34,748	14.77%	829	35,577
# 320: Treatment Equipment	19,635	8.35%	468	20,103
Total Tioga Division	104,271	44.33%	2,487	106,758
Total GVWD Division	130,961	55.67%	3,123	134,084
Total Company	<u>\$ 235,232</u>	<u>100.00%</u>	<u>\$ 5,610</u>	<u>\$ 240,842</u>

(b) Allocation of CIAC:

	Cost of Construction	%	Allocation of Principal Forgiveness
# 304: Structures & Improvements	\$ 49,888	47.84%	\$ (25,408)
# 311: Pumping Equipment	34,748	33.32%	(17,697)
# 320: Treatment Equipment	19,635	18.83%	(10,000)
Total Tioga Division	<u>104,271</u>	<u>100.00%</u>	<u>\$ (53,106)</u>

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STEP INCREASE PROPERTY TAX CALCULATION

Municipal Taxes - Town of Gilford:

Net Additions to Plant in 2010:			
2010 Net Plant Additions (Att B; Sch 4a)	\$	103,979	
2010 Net Plant Retirements (Att B; Sch 4a)		<u>(2,205)</u>	\$ 101,774
Municipal Valuation Factor:			
2010 Municipal Valuation - GVWD Division (Staff DR 1-11)	\$	43,900	
Net Utility Plant per 2009 Annual Report - GVWD Division	÷	<u>\$ 64,466</u>	x <u>68.10%</u>
Estimated Municipal Valuation of Net Additions to Plant in 2010			\$ 69,306
2010 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-11)			x <u>\$ 15.03</u>
Estimated Municipal Taxes on Net Additions to Plant in 2010			<u>\$ 1,042</u>

State Utility Property Taxes:

Net Additions to Plant in 2010:			
2010 Net Plant Additions (Att B; Sch 4a)	\$	103,979	
2010 Net Plant Retirements (Att B; Sch 4a)		<u>(2,205)</u>	\$ 101,774
State Valuation Factor:			
2010 State Valuation - Total Company (Staff DR 1-11)	\$	64,584	
Net Utility Plant per 2009 Annual Report - Total Company	÷	<u>\$ 106,463</u>	x <u>60.66%</u>
Estimated State Valuation of Net Additions to Plant in 2010			\$ 61,739
2010 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-11)			x <u>\$ 6.60</u>
Estimated State Taxes on Net Additions to Plant in 2010			<u>\$ 407</u>
Net Increase in Property Tax Expense for Net Additions to Plant in 2010			<u><u>\$ 1,449</u></u>

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
 TIOGA RIVER WATER COMPANY, INC.
 GILFORD VILLAGE WATER DISTRICT DIVISION
 STEP INCREASE COST OF DEBT CALCULATION

	<u>Total Amount Borrowed</u>	<u>Anticipated Principal Forgiveness</u>	<u>Net Principal Amount Due</u>	<u>Anticipated Interest Rate</u>	<u>Annual Interest</u>	<u>Annual Amortization of Loan Cost</u>	<u>Total Annual Debt Expense</u>	<u>Annual Cost of Debt</u>
2010 SRF Loan - GVWD (Per Company)	<u>\$ 106,212</u>	<u>\$ (53,106)</u>	<u>\$ 53,106</u>	<u>2.864%</u>	<u>\$ 1,521</u>	<u>\$ 172</u>	<u>\$ 1,693</u>	<u>3.188%</u>
						↓		
					Total Loan Cost	\$ 6,880		
					Allocated to GVWD Division	50.00%		
					GVWD Division's Loan Cost	\$ 3,440		
					Amortization Period (Yrs)	÷ 20		
					Annual Amortization	<u>\$ 172</u>		

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
 TIOGA RIVER WATER COMPANY, INC.
 GILFORD VILLAGE WATER DISTRICT DIVISION
 CALCULATION OF CUSTOMER RATES

Adjusted Test Year Water Sales (Att B, Sch 3, Col's 1 & 4)	\$	12,722	
Proposed Increase in revenue Requirement from Permanent Rates (Att B; Sch 1)		7,249	
Proposed Step Increase in Revenue Requirement (Att B; Sch 4)		5,751	
Total Proposed Revenue Requirement	\$	<u>25,722</u>	
Current Fixed Charge per Quarter (per Tariff)	\$	14.87	per Customer per Quarter
Increase in Fixed Charge per Quarter		19.96	
Proposed Fixed Charge per Quarter	\$	34.83	per Customer per Quarter
Billing Periods per Year	x	4	Billing Quarters
Proposed Fixed Charge per Year	\$	139.32	per Customer per Year
Number of Customers	x	88	
Total Annual Revenue Derived from Fixed Charge	\$	<u>12,260</u>	
Total Annual Revenue Derived from Consumption Charge (\$ 25,722 - \$ 12,260)	=	\$ 13,462	
CF Consumption for the fiscal year ended 10/31/09	÷	<u>343,856</u>	CF
Proposed Consumption Charge (per CF)	\$	<u>0.0392</u>	per CF

Analysis of Proposed Rate Impact:

	<u>Current Rates</u>	<u>Proposed Rates</u>
Consumption Charge per CF	\$ 0.0213	\$ 0.0392
Average Annual Usage Per Customer (CF)	<u>3,907.45</u>	<u>3,907.45</u>
Average Annual Consumption Charge	\$ 83.35	\$ 152.98
Annual Fixed Charge per Customer	<u>\$ 59.48</u>	<u>\$ 139.32</u>
Total Annual Charge per Customer	<u>\$ 142.83</u>	<u>\$ 292.30</u>
Percentage Increase in Customer Rates		<u><u>104.65%</u></u>

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