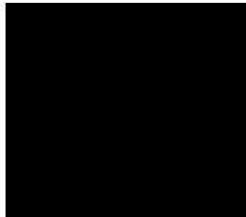


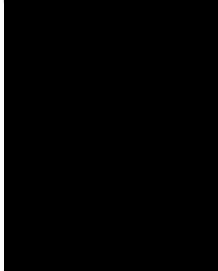

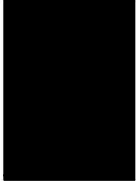



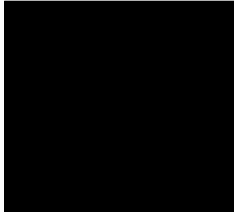




	<u>Total Number of Options Held by Individual</u>	<u>Total Net Value at \$29 Merger Consideration Price</u>
		
Densberger, Stephen J.	29,866	\$ 274,234.94
		
Leonard, Thomas	12,403	\$ 101,068.08
		
Montopoli, Duane C.	86,000	\$ 797,800.00
Olivier, Roland E.	22,095	\$ 162,225.20
		
Ware, Donald L.	24,439	\$ 219,769.40
	<u>261,410</u>	<u>\$ 2,364,585.16</u>

This Excel Worksheet is Part of The Response to OCA 2-4

City Transaction Financing		Comments
Interest Rate	6.50%	
Years	30	
Raised at Year End	2011	
PNNW Transaction Financing		
Contributed as Equity	20%	
Contributed as Debt	80%	
Interest Rate	8.00%	
Years	30	
Transaction Expenses Deductible for Tax Purposes	\$4,964,625	Options, severance
PNNW Tax Rate	39.61%	
Debt Allocation to Subsidiaries		Per PNNW schedules
PWW	83.22%	
PEU	12.42%	
PAC	1.75%	
PWSC	0.00%	
TSC	2.62%	
Capex Financing		
Interest Rate	5.50%	
Years	30	
Depreciation Rates		As provided by PNNW
PWW	2.80%	
PEU	2.17%	
PAC	2.05%	
Property Tax Rate	2.66%	As provided by PNNW
Savings Under City Ownership		Per PNNW schedules
Corporate Expenses	586,203	
Administration Expenses	1,179,669	
Corporate Expense Savings Allocation		Per PNNW schedules
PWW	74.90%	
PEU	15.00%	
PAC	1.80%	
PWSC	7.60%	
TSC	0.70%	
Administration Expense Savings Allocation		Per PNNW schedules
PWW	73.70%	
PEU	14.60%	
PAC	1.80%	
PWSC	9.60%	
TSC	0.30%	
Expense Inflation Rate	3.00%	Base case

Projection of Revenue Requirement Differences
Current Ownership vs City Ownership of PNNW
2012 through 2014
4/25/2011

	PNNW			City		
	2012	2013	2014	2012	2013	2014
1. Projected Operating Expenses						
Direct Operating Expenses				10,749,500	11,071,985	11,404,145
Corporate Expenses				557,502	574,227	591,454
Administration				6,013,987	6,194,406	6,380,238
Taxes Other Than Income				4,468,466	4,535,307	4,612,185
Total Operating Expenses				21,789,455	22,375,926	22,988,022
Less Differences identified in Patenaude testimony ⁵						
PNNW Operating Expense for private ownership corrected for difference reflected in Acquisition Revenue Requirement model						
2. Projected Return on post acquisition Capital Expenditures						
Debt ¹				9,277,000	6,913,000	7,359,000
Equity ²				9,277,000	6,913,000	7,359,000
Cumulative Estimated Return on Investment				510,235	890,450	1,295,195
3. Eminent Domain Revenue Requirement⁴						
4. Projected Return on pre acquisition Capital Expenditures not in current rate cases				\$ 1,058,885	\$ 1,058,885	\$ 1,058,885
Partial Revenue Requirement³				23,358,574	24,325,261	25,342,102
Change in Revenue requirements for PNNW under private vs. City Ownership from Hartley Acquisition Model	\$	\$	\$			

- Debt is assumed to comprise 50% of the capital for future Capex under private ownership
- Equity is assumed to comprise 50% of the capital for future Capex under private ownership
- The Revenue requirement shown is the portion of the revenue requirement associated with City and PNNW operations that will have a differences in the future.
- Reflects anticipated revenue requirement that PNNW would expect to recover for eminent domain expenses if the merger does not occur.
- This operating expense difference is removed from the revenue requirement difference since is is accounted for in Exhibit BJH-1

Future City Capex is expected to be	100% debt financed.
Estimated Cost of Debt	5.5%
Estimated Return on Equity	9.75%
Tax Factor	60.39%
PWW ROI under private Ownership (From Hartley Exhibit BJH1-1)	7.95% to be applied to 2010/2011 rate base additions not in any current rate case
PWW ROI under City Ownership (From Hartley Exhibit BJH1-2)	6.33% to be applied to 2010/2011 rate base additions not in any current rate case
2010/2011Rate Base additions not recognized in any current rate case	\$ 10,102,061

Consolidated P&L	2011	2012	2013	2014
Revenues		37,756,295	38,819,710	40,713,441
Operating Expenses				
Direct Operating Expenses		10,749,500	11,071,985	11,404,145
Corporate Expenses		557,502	574,227	591,454
Administration		6,013,987	6,194,406	6,380,238
Taxes Other Than Income		4,468,466	4,535,307	4,612,185
Total Operating Expenses		21,789,455	22,375,926	22,988,022
EBITDA		15,966,840	16,443,784	17,725,419
Depreciation & Amortization		5,484,806	5,595,000	5,653,617
EBIT		10,482,034	10,848,784	12,071,802
Interest Expense		(13,604,231)	(13,822,527)	(14,052,248)
EBT		(3,122,196)	(2,973,743)	(1,980,446)
T		(1,236,702)	(1,177,900)	(784,454)
Deferred Tax Asset EOY		(3,203,190)	(4,381,090)	(5,165,544)
E		(3,122,196)	(2,973,743)	(1,980,446)
E + Depreciation		2,362,609	2,621,257	3,673,171
Principal Payments				
Existing Debt		(1,177,481)	(1,176,212)	(1,185,588)
Transaction Debt		(1,108,806)	(1,197,511)	(1,293,312)
Capex Debt		(128,073)	(230,553)	(344,828)
Required Dividend		(865,996)	(865,996)	(865,996)
Total Principal Payments		(3,280,356)	(3,470,273)	(3,689,724)
Net Cash Flow		(917,747)	(849,016)	(16,552)
Cumulative Net Cash Flow		7,057,893	6,208,878	6,192,325

1. The starting point for the cumulative net cash flow reflects the \$5,000,000 rate stabilization fund plus the expected cash on Penn Corps books at the time of the closing.
2. The revenues shown reflect those anticipated in 2012 with no additional rate case activity.

Consolidated Balance Sheet	2011	2012	2013	2014
Cash		7,057,893	6,208,878	6,192,325
Other Current Assets		7,459,415	7,459,415	7,459,415
PP&E		166,323,015	168,835,855	171,725,990
Goodwill		94,521,942	94,521,942	94,521,942
Other Assets		12,868,652	12,868,652	12,868,652
Total Assets		288,230,918	289,894,742	292,768,325
LTD, Current Portion		2,604,277	2,823,728	3,064,957
Other Current Liabilities		4,556,360	4,556,360	4,556,360
LTD, Less Current Portion		189,613,307	193,702,579	197,996,622
Other Liabilities		30,855,879	30,855,879	30,855,879
CIAC		31,191,840	31,191,840	31,191,840
Equity		29,409,255	26,764,356	25,102,667
Total Liabilities & Equity		288,230,918	289,894,742	292,768,325

Consolidated Cash Flow	2011	2012	2013	2014
Net Income		(3,122,196)	(2,973,743)	(1,980,446)
Depreciation and amortization		5,484,806	5,595,000	5,653,617
Net cash from operations		2,362,609	2,621,257	3,673,171
Purchases of PP&E		(9,277,000)	(6,913,000)	(7,359,000)
Proceeds from borrowings		9,277,000	6,913,000	7,359,000
Payments on debt		(2,414,360)	(2,604,277)	(2,823,728)
Mandatory dividends to City		(865,996)	(865,996)	(865,996)
Net cash from financing		5,996,644	3,442,727	3,669,276
Net change in cash		(917,747)	(849,016)	(16,552)
Cash at beginning		7,975,640	7,057,893	6,208,878
Cash at end		7,057,893	6,208,878	6,192,325

City Transaction Costs
1/11/2011

Share Price - \$ 29.00

Equity Value

Outstanding -	4,660,235	From June 30, 2010 10-Q
Options -	284,046	From Tom Leonard
Average Option Share Exercise Price -	\$ 19.91	
Total Equity Cost -	\$ 137,728,793	

Advisor Fees

Pennichuck Bankers -	\$ 2,000,000	Maximum
Pennichuck Legal -	\$ 500,000	Estimate
City Advisors For This Transaction -	<u>\$ 1,500,000</u>	Estimate
Total Advisor Fees -	\$ 4,000,000	

Bond Issuance Costs - \$ 1,800,000 1.2% of amount issued

Rate Stabilization Fund - \$ 5,000,000

Severance

Officer Severance -	\$ 2,081,503
Non-Union Severance -	\$ 130,234
Union Severance -	\$ 9,910
SERP -	<u>\$ 161,000</u>
Total Severance -	\$ 2,382,647

Other Closing Costs - \$ 1,100,000 John Patenaude estimate

Grand Total Without Eminent Domain Reimbursement - \$ 152,011,440

City Eminent Domain Reimbursement - \$ 5,000,000

Grand Total With Eminent Domain Reimbursement - \$ 157,011,440

Total Capital Contributed to PNNW \$ 157,011,440

PWW and PEU extracted from PNNW_30_YR_LTD_Schedules.xls.
Sent by Don Ware on 8-Jan-11 at 3:10 PM

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
PWW															
SOY Principal		51,994,177	51,207,868	50,374,826	49,550,272	48,723,395	47,891,261	47,053,633	46,210,256	37,860,870	37,005,196	36,142,950	33,273,827	31,814,202	31,552,620
Principal Payment		(786,309)	(833,042)	(824,555)	(826,877)	(832,134)	(837,629)	(843,377)	(8,349,387)	(855,674)	(862,246)	(2,869,124)	(1,459,625)	(261,583)	(269,448)
EOY Principal	51,994,177	51,207,868	50,374,826	49,550,272	48,723,395	47,891,261	47,053,633	46,210,256	37,860,870	37,005,196	36,142,950	33,273,827	31,814,202	31,552,620	31,283,172
Interest Payment		(2,677,441)	(2,650,076)	(2,599,707)	(2,549,368)	(2,498,806)	(2,448,004)	(2,396,949)	(2,158,132)	(1,919,038)	(1,867,158)	(1,740,976)	(1,597,990)	(1,550,374)	(1,540,248)
PEU															
SOY Principal		8,561,211	8,537,924	8,193,484	7,841,826	7,483,114	7,117,094	6,743,855	6,362,435	5,972,892	5,574,934	5,168,531	4,752,837	4,327,788	3,893,050
Principal Payment		(23,287)	(344,440)	(351,658)	(358,712)	(366,021)	(373,239)	(381,420)	(389,543)	(397,958)	(406,403)	(415,695)	(425,049)	(434,738)	(443,633)
EOY Principal	8,561,211	8,537,924	8,193,484	7,841,826	7,483,114	7,117,094	6,743,855	6,362,435	5,972,892	5,574,934	5,168,531	4,752,837	4,327,788	3,893,050	3,449,417
Interest Payment		(401,556)	(395,188)	(379,386)	(363,182)	(346,572)	(329,552)	(312,097)	(294,180)	(275,797)	(256,940)	(237,581)	(217,694)	(197,271)	(177,258)

From Transaction Financing and Key Assumptions sheets. Usually 30 years at 6.5%.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City Transaction Debt															
SOY Principal			157,011,440	155,193,650	153,257,702	151,195,918	149,000,119	146,661,592	144,171,061	141,518,645	138,693,823	135,685,387	132,481,402	129,069,159	125,435,120
Principal Payment			(1,817,791)	(1,935,947)	(2,061,784)	(2,195,800)	(2,338,527)	(2,490,531)	(2,652,416)	(2,824,823)	(3,008,436)	(3,203,984)	(3,412,243)	(3,634,039)	(3,870,252)
EOY Principal		157,011,440	155,193,650	153,257,702	151,195,918	149,000,119	146,661,592	144,171,061	141,518,645	138,693,823	135,685,387	132,481,402	129,069,159	125,435,120	121,564,868
Interest Payment			(10,205,744)	(10,087,587)	(9,961,751)	(9,827,735)	(9,685,008)	(9,533,003)	(9,371,119)	(9,198,712)	(9,015,098)	(8,819,550)	(8,611,291)	(8,389,495)	(8,153,283)

From Transaction Financing and Key Assumptions sheets. Usually 80% of total transaction financing, 30 years at 8.0%.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
PNNW Transaction Debt															
SOY Principal			125,609,152	124,500,346	123,302,835	122,009,523	120,612,746	119,104,228	117,475,027	115,715,491	113,815,191	111,762,868	109,546,359	107,152,529	104,567,193
Principal Payment			(1,108,806)	(1,197,511)	(1,293,312)	(1,396,777)	(1,508,519)	(1,629,200)	(1,759,536)	(1,900,299)	(2,052,323)	(2,216,509)	(2,393,830)	(2,585,336)	(2,792,163)
EOY Principal		125,609,152	124,500,346	123,302,835	122,009,523	120,612,746	119,104,228	117,475,027	115,715,491	113,815,191	111,762,868	109,546,359	107,152,529	104,567,193	101,775,029
Interest Payment			(10,048,732)	(9,960,028)	(9,864,227)	(9,760,762)	(9,649,020)	(9,528,338)	(9,398,002)	(9,257,239)	(9,105,215)	(8,941,029)	(8,763,709)	(8,572,202)	(8,365,375)

Can use any future Capex schedule. \$7,695,000 per year is a baseline case.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capex Debt															
New Borrowing SOY			9,277,000	6,913,000	7,359,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000
PWW Allocation			84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%
PEU Allocation			14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
PAC Allocation			1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
SOY Principal	-	-	9,277,000	16,061,927	23,190,374	30,540,547	37,765,521	44,858,412	51,811,954	58,618,483	65,269,914	71,757,717	78,072,891	84,205,942	90,146,853
Principal Payment	-	-	(128,073)	(230,553)	(344,828)	(470,026)	(602,109)	(741,458)	(888,471)	(1,043,569)	(1,207,198)	(1,379,826)	(1,561,949)	(1,754,089)	(1,956,796)
EOY Principal	-	-	9,148,927	15,831,374	22,845,547	30,070,521	37,163,412	44,116,954	50,923,483	57,574,914	64,062,717	70,377,891	76,510,942	82,451,853	88,190,057
Interest Payment	-	-	(510,235)	(883,406)	(1,275,471)	(1,679,730)	(2,077,104)	(2,467,213)	(2,849,657)	(3,224,017)	(3,589,845)	(3,946,674)	(4,294,009)	(4,631,327)	(4,958,077)
2012			TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
SOY Principal			9,277,000	9,148,927	9,013,811	8,871,263	8,720,875	8,562,215	8,394,829	8,218,237	8,031,933	7,835,382	7,628,020	7,409,253	7,178,455
Principal Payment			(128,073)	(135,117)	(142,548)	(150,388)	(158,659)	(167,386)	(176,592)	(186,305)	(196,551)	(207,362)	(218,767)	(230,799)	(243,493)
EOY Principal			9,148,927	9,013,811	8,871,263	8,720,875	8,562,215	8,394,829	8,218,237	8,031,933	7,835,382	7,628,020	7,409,253	7,178,455	6,934,962
Interest Payment			(510,235)	(503,191)	(495,760)	(487,919)	(479,648)	(470,922)	(461,716)	(452,003)	(441,756)	(430,946)	(419,541)	(407,509)	(394,815)
2013			-	6,913,000	6,817,563	6,716,878	6,610,654	6,498,589	6,380,359	6,255,627	6,124,035	5,985,206	5,838,740	5,684,219	5,521,200
Principal Payment			-	(95,437)	(100,686)	(106,223)	(112,066)	(118,229)	(124,732)	(131,592)	(138,830)	(146,465)	(154,521)	(163,020)	(171,986)
EOY Principal			-	6,817,563	6,716,878	6,610,654	6,498,589	6,380,359	6,255,627	6,124,035	5,985,206	5,838,740	5,684,219	5,521,200	5,349,214
Interest Payment			-	(380,215)	(374,966)	(369,428)	(363,586)	(357,422)	(350,920)	(344,060)	(336,822)	(329,186)	(321,131)	(312,632)	(303,666)

PWW and PEU extracted fr
Sent by Don Ware on 8-Jan-

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
PWW														
SOY Principal	31,283,172	29,825,499	29,539,227	29,243,960	28,939,285	28,681,862	26,266,933	26,209,745	26,215,000	26,215,000	26,215,000	-	-	-
Principal Payment	(1,457,673)	(286,273)	(295,267)	(304,676)	(257,423)	(2,414,929)	(57,188)	5,255	-	-	(26,215,000)	-	-	-
EOY Principal	29,825,499	29,539,227	29,243,960	28,939,285	28,681,862	26,266,933	26,209,745	26,215,000	26,215,000	26,215,000	-	-	-	-
Interest Payment	(1,503,213)	(1,465,799)	(1,454,543)	(1,442,874)	(1,430,987)	(1,372,103)	(1,316,367)	(1,314,995)	(1,314,995)	(1,314,995)	(1,272,460)	-	-	-
PEU														
SOY Principal	3,449,417	2,011,576	1,562,965	1,142,988	712,934	272,299	15,000	-	-	-	-	-	-	-
Principal Payment	(1,437,841)	(448,611)	(419,978)	(430,054)	(440,635)	(257,299)	(15,000)	-	-	-	-	-	-	-
EOY Principal	2,011,576	1,562,965	1,142,988	712,934	272,299	15,000	-	-	-	-	-	-	-	-
Interest Payment	(132,635)	(88,841)	(67,559)	(46,416)	(24,658)	(8,040)	(431)	-	-	-	-	-	-	-

From Transaction Financing

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
City Transaction Debt														
SOY Principal	121,564,868	117,443,050	113,053,313	108,378,244	103,399,296	98,096,715	92,449,467	86,435,148	80,029,898	73,208,307	65,943,313	58,206,094	49,965,955	41,190,208
Principal Payment	(4,121,818)	(4,389,736)	(4,675,069)	(4,978,949)	(5,302,580)	(5,647,248)	(6,014,319)	(6,405,250)	(6,821,591)	(7,264,995)	(7,737,219)	(8,240,138)	(8,775,747)	(9,346,171)
EOY Principal	117,443,050	113,053,313	108,378,244	103,399,296	98,096,715	92,449,467	86,435,148	80,029,898	73,208,307	65,943,313	58,206,094	49,965,955	41,190,208	31,844,037
Interest Payment	(7,901,716)	(7,633,798)	(7,348,465)	(7,044,586)	(6,720,954)	(6,376,287)	(6,009,215)	(5,618,285)	(5,201,943)	(4,758,540)	(4,286,315)	(3,783,396)	(3,247,787)	(2,677,364)

From Transaction Financing

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
PNNW Transaction Debt														
SOY Principal	101,775,029	98,759,493	95,502,714	91,985,392	88,186,685	84,084,081	79,653,269	74,867,992	69,699,893	64,118,346	58,090,275	51,579,958	44,548,816	36,955,183
Principal Payment	(3,015,536)	(3,256,779)	(3,517,321)	(3,798,707)	(4,102,604)	(4,430,812)	(4,785,277)	(5,168,099)	(5,581,547)	(6,028,071)	(6,510,317)	(7,031,142)	(7,593,633)	(8,201,124)
EOY Principal	98,759,493	95,502,714	91,985,392	88,186,685	84,084,081	79,653,269	74,867,992	69,699,893	64,118,346	58,090,275	51,579,958	44,548,816	36,955,183	28,754,059
Interest Payment	(8,142,002)	(7,900,759)	(7,640,217)	(7,358,831)	(7,054,935)	(6,726,727)	(6,372,262)	(5,989,439)	(5,575,991)	(5,129,468)	(4,647,222)	(4,126,397)	(3,563,905)	(2,956,415)

Can use any future Capex s:

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Capex Debt														
New Borrowing SOY	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000
PWW Allocation	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%
PEU Allocation	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
PAC Allocation	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
SOY Principal	95,885,057	101,409,405	106,708,134	111,768,837	116,578,420	121,123,073	125,388,224	129,358,501	133,017,686	136,348,669	139,333,398	141,952,830	144,186,873	146,014,331
Principal Payment	(2,170,652)	(2,396,271)	(2,634,298)	(2,885,417)	(3,150,347)	(3,429,849)	(3,724,723)	(4,035,815)	(4,364,017)	(4,710,271)	(5,075,568)	(5,460,957)	(5,867,542)	(6,296,489)
EOY Principal	93,714,405	99,013,134	104,073,837	108,883,420	113,428,073	117,693,224	121,663,501	125,322,686	128,653,669	131,638,398	134,257,830	136,491,873	138,319,331	139,717,841
Interest Payment	(5,273,678)	(5,577,517)	(5,868,947)	(6,147,286)	(6,411,813)	(6,661,769)	(6,896,352)	(7,114,718)	(7,315,973)	(7,499,177)	(7,663,337)	(7,807,406)	(7,930,278)	(8,030,788)
2012	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
SOY Principal	6,934,962	6,678,078	6,407,064	6,121,145	5,819,501	5,501,265	5,165,527	4,811,324	4,437,639	4,043,402	3,627,481	3,188,685	2,725,755	2,237,364
Principal Payment	(256,885)	(271,013)	(285,919)	(301,645)	(318,235)	(335,738)	(354,204)	(373,685)	(394,237)	(415,921)	(438,796)	(462,930)	(488,391)	(515,253)
EOY Principal	6,678,078	6,407,064	6,121,145	5,819,501	5,501,265	5,165,527	4,811,324	4,437,639	4,043,402	3,627,481	3,188,685	2,725,755	2,237,364	1,722,111
Interest Payment	(381,423)	(367,294)	(352,389)	(336,663)	(320,073)	(302,570)	(284,104)	(264,623)	(244,070)	(222,387)	(199,511)	(175,378)	(149,917)	(123,055)
2013														
SOY Principal	5,349,214	5,167,769	4,976,345	4,774,392	4,561,332	4,336,554	4,099,412	3,849,228	3,585,284	3,306,823	3,013,047	2,703,113	2,376,132	2,031,168
Principal Payment	(181,445)	(191,424)	(201,953)	(213,060)	(224,778)	(237,141)	(250,184)	(263,944)	(278,461)	(293,776)	(309,934)	(326,980)	(344,964)	(363,937)
EOY Principal	5,167,769	4,976,345	4,774,392	4,561,332	4,336,554	4,099,412	3,849,228	3,585,284	3,306,823	3,013,047	2,703,113	2,376,132	2,031,168	1,667,230
Interest Payment	(294,207)	(284,227)	(273,699)	(262,592)	(250,873)	(238,510)	(225,468)	(211,708)	(197,191)	(181,875)	(165,718)	(148,671)	(130,687)	(111,714)

PWW and PEU extracted from
Sent by Don Ware on 8-Jan

PWW	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
SOY Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EOY Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PEU	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
SOY Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EOY Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-

From Transaction Financing

City Transaction Debt	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
SOY Principal	31,844,037	21,890,365	11,289,704	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Principal Payment	(9,953,672)	(10,600,661)	(11,289,704)	-	-	-	-	-	-	-	-	-	-	-
EOY Principal	21,890,365	11,289,704	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Interest Payment	(2,069,862)	(1,422,874)	(733,831)	-	-	-	-	-	-	-	-	-	-	-

From Transaction Financing

PNNW Transaction Debt	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
SOY Principal	28,754,059	19,896,845	10,331,054	0	0	0	0	0	0	0	0	0	0	0
Principal Payment	(8,857,214)	(9,565,791)	(10,331,054)	-	-	-	-	-	-	-	-	-	-	-
EOY Principal	19,896,845	10,331,054	0	0	0	0	0	0	0	0	0	0	0	0
Interest Payment	(2,300,325)	(1,591,748)	(826,484)	-	-	-	-	-	-	-	-	-	-	-

Can use any future Capex s

Capex Debt	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
New Borrowing SOY	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000	7,695,000
PWW Allocation	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%
PEU Allocation	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
PAC Allocation	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%

SOY Principal	147,412,841	148,358,813	148,827,355	148,792,210	148,863,981	148,885,895	148,885,895	148,885,895	148,885,895	148,885,895	148,885,895	148,885,895	148,885,895	148,885,895
Principal Payment	(6,749,029)	(7,226,458)	(7,730,145)	(7,623,228)	(7,673,067)	(7,695,000)	(7,695,000)	(7,695,000)	(7,695,000)	(7,695,000)	(7,695,000)	(7,695,000)	(7,695,000)	(7,695,000)
EOY Principal	140,663,813	141,132,355	141,097,210	141,168,981	141,190,895	141,190,895	141,190,895	141,190,895	141,190,895	141,190,895	141,190,895	141,190,895	141,190,895	141,190,895
Interest Payment	(8,107,706)	(8,159,735)	(8,185,505)	(8,183,572)	(8,187,519)	(8,188,724)	(8,188,724)	(8,188,724)	(8,188,724)	(8,188,724)	(8,188,724)	(8,188,724)	(8,188,724)	(8,188,724)
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

2012														
SOY Principal	1,722,111	1,178,520	605,031	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Principal Payment	(543,591)	(573,489)	(605,031)	-	-	-	-	-	-	-	-	-	-	-
EOY Principal	1,178,520	605,031	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Interest Payment	(94,716)	(64,819)	(33,277)	-	-	-	-	-	-	-	-	-	-	-

2013														
SOY Principal	1,667,230	1,283,276	878,205	450,855	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Principal Payment	(383,954)	(405,071)	(427,350)	(450,855)	-	-	-	-	-	-	-	-	-	-
EOY Principal	1,283,276	878,205	450,855	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Interest Payment	(91,698)	(70,580)	(48,301)	(24,797)	-	-	-	-	-	-	-	-	-	-

PWW and PEU extracted fr
Sent by Don Ware on 8-Jan-

PWW	2053	2054	2055
SOY Principal	-	-	-
Principal Payment	-	-	-
EOY Principal	-	-	-
Interest Payment	-	-	-

PEU	2053	2054	2055
SOY Principal	-	-	-
Principal Payment	-	-	-
EOY Principal	-	-	-
Interest Payment	-	-	-

From Transaction Financing

City Transaction Debt	2053	2054	2055
SOY Principal	(0)	(0)	(0)
Principal Payment	-	-	-
EOY Principal	(0)	(0)	(0)
Interest Payment	-	-	-

From Transaction Financing

PNNW Transaction Debt	2053	2054	2055
SOY Principal	0	0	0
Principal Payment	-	-	-
EOY Principal	0	0	0
Interest Payment	-	-	-

Can use any future Capex sr

Capex Debt	2053	2054	2055
New Borrowing SOY	7,695,000	7,695,000	7,695,000
PWW Allocation	84.5%	84.5%	84.5%
PEU Allocation	14.3%	14.3%	14.3%
PAC Allocation	1.2%	1.2%	1.2%

SOY Principal	148,885,895	148,885,895	148,885,895
Principal Payment	(7,695,000)	(7,695,000)	(7,695,000)
EOY Principal	141,190,895	141,190,895	141,190,895
Interest Payment	(8,188,724)	(8,188,724)	(8,188,724)
	TRUE	TRUE	TRUE

2012			
SOY Principal	(0)	(0)	(0)
Principal Payment	-	-	-
EOY Principal	(0)	(0)	(0)
Interest Payment	-	-	-

2013			
SOY Principal	(0)	(0)	(0)
Principal Payment	-	-	-
EOY Principal	(0)	(0)	(0)
Interest Payment	-	-	-

MACRS 20 Year Schedule

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
Percent	3.75	7.219	6.677	6.177	5.713	5.285	4.888	4.522	4.462	4.461	4.462	4.461	4.462	4.461	4.462	4.461	4.462	4.461	4.462	4.461	4.462	2.231

Existing asset depreciation is from tables provided by Katherine Allen at Melanson Heath on 27-Oct-10

Existing Assets	2010	2011	2012	2013	2014
PWW	3,924,305	3,934,155	4,137,732	3,700,835	3,349,567
PEU	909,483	911,288	910,505	883,158	838,540
PAC	77,625	77,677	77,222	76,323	71,073
PWSC	11,460	11,460	11,460	5,740	
Total	4,922,934	4,934,579	5,136,918	4,666,056	4,259,180

New capex depreciation uses MACRS 20 year schedule. This may be overly conservative since some capex will depreciate more quickly.

New Capex	2010	2011	2012	2013	2014
Total Tax Depreciation	-	-	347,888	928,944	1,394,437
Annual Tax Depreciation					
2012			347,888	669,707	619,425
2013				259,238	499,049
2014					275,963

Property Taxes	2011	2012	2013	2014
Incremental Assets (Capex - Depreciation)				
PWW	\$ -	\$ 4,369,995	\$ 6,620,750	\$ 9,185,221
PEU	\$ -	\$ 610,257	\$ 869,337	\$ 1,186,552
PAC	\$ -	\$ 32,864	\$ 35,869	\$ 44,318
Incremental Property Taxes				
PWW	\$ -	\$ 116,242	\$ 176,112	\$ 244,327
PEU	\$ -	\$ 16,233	\$ 23,124	\$ 31,562
PAC	\$ -	\$ 874	\$ 954	\$ 1,179
Incremental Depreciation				
PWW	\$ -	\$ 122,360	\$ 185,381	\$ 257,186
PEU	\$ -	\$ 13,243	\$ 18,865	\$ 25,748
PAC	\$ -	\$ 674	\$ 735	\$ 909
Property Taxes				
PWW	\$ [REDACTED]	\$ 3,629,875	\$ 3,689,745	\$ 3,757,960
PEU	\$ [REDACTED]	\$ 759,105	\$ 765,996	\$ 774,434
PAC	\$ [REDACTED]	\$ 79,486	\$ 79,566	\$ 79,791
Total	\$ [REDACTED]	\$ 4,468,466	\$ 4,535,307	\$ 4,612,185
Depreciation Expense				
PWW	\$ [REDACTED]	\$ 3,588,687	\$ 3,651,708	\$ 3,723,513
PEU	\$ [REDACTED]	\$ 729,133	\$ 734,755	\$ 741,638
PAC	\$ [REDACTED]	\$ 82,341	\$ 82,402	\$ 82,576
Total	\$ [REDACTED]	\$ 4,400,160	\$ 4,468,865	\$ 4,547,727

As of 4/1/11		2012	2013	2014
PWW	\$		\$	\$
PEU	\$		\$	\$
PAC	\$		\$	\$
PWSC	\$		\$	\$
	\$		\$	\$

As of 4/25/11				
PWW	\$		\$	\$
PEU	\$		\$	\$
PAC	\$		\$	\$
PWSC	\$		\$	\$
	\$		\$	\$

Current Ownership column is derived from PNNW 2011 Budget sent by Tom Leonard on 26-Jan-11
 City Ownership column is derived from testimony schedules sent by Don Ware on 26-Jan-11

2011 Budget and Adjustments	Current Ownership						Consolidated	City Ownership					Comment		
	PWW	PEU	PAC	PWSC	TSC	Corp		PWW	PEU	PAC	PWSC	TSC		Corp	City Ownership
Operating Expenses															
Direct Operating Expenses															
Corporate Expenses															
Administration															
Taxes Other Than Income															
Total Operating Expenses															2011 budget Per PNNW schedules Per PNNW schedules 2011 budget TRUE
Depreciation & Amortization															Use tax depreciation
Interest Expense															Use actual debt schedules From Debt Summary Sheet
Acquisition Interest															
Non-Recurring Events															
MSA Costs															Eliminate non-recurring events
Other Expense															
Other Income															
Total Non-Recurring Events															

Pennichuck Corporation
Condensed Consolidated Balance Sheets

	As of 31-Dec-11	Adjusting Entries	As of 1-Jan-12
ASSETS			
Property, Plant and Equipment, net	\$ [REDACTED]		\$ [REDACTED]
Transaction Goodwill	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Current Assets			
Cash	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Accounts Receivable	\$ [REDACTED]		\$ [REDACTED]
Unbilled Revenue	\$ [REDACTED]		\$ [REDACTED]
Materials and Supplies	\$ [REDACTED]		\$ [REDACTED]
Prepaid Expenses and Taxes	\$ [REDACTED]		\$ [REDACTED]
Total Current Assets	\$ [REDACTED]		\$ [REDACTED]
Other Assets			
Deferred Land Cost	\$ [REDACTED]		\$ [REDACTED]
Deferred Charges and Other Assets	\$ [REDACTED]		\$ [REDACTED]
Real Estate partnership	\$ [REDACTED]		\$ [REDACTED]
Total Other Assets	\$ [REDACTED]		\$ [REDACTED]
TOTAL ASSETS	\$ [REDACTED]		\$ [REDACTED]
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Transaction Equity	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Long-term Debt, Less Current Portion	\$ [REDACTED]		\$ [REDACTED]
Transaction Debt, Less Current Portion	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Current Liabilities			
Current portion of long-term debt	\$ [REDACTED]		\$ [REDACTED]
Current portion of transaction debt	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Accounts payable	\$ [REDACTED]		\$ [REDACTED]
Accrued interest payable	\$ [REDACTED]		\$ [REDACTED]
Other accrued expenses	\$ [REDACTED]		\$ [REDACTED]
Customer deposits and other current liabilities	\$ [REDACTED]		\$ [REDACTED]
Total Current Liabilities	\$ [REDACTED]		\$ [REDACTED]
Deferred Credits and Other Reserves			
Deferred income taxes	\$ [REDACTED]		\$ [REDACTED]
Other deferred credits and other reserves	\$ [REDACTED]		\$ [REDACTED]
Total Deferred Credits and Other Reserves	\$ [REDACTED]		\$ [REDACTED]
Contributions in Aid of Construction	\$ [REDACTED]		\$ [REDACTED]
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	\$ [REDACTED]		\$ [REDACTED]

Extracted from PNNW 2011 Budget sent by Tom Leonard on 26-Jan-11.
Reorganized and used as starting point for model. See sheet "2011 Consolidated P&L".

	PWW	PEU	PAC	PWSC	TSC	Corp	Consolidated	Category
Revenues	[REDACTED]							
Expenses:								
PWSC/TSC Operating Expenses				[REDACTED]	[REDACTED]		[REDACTED]	Direct Operating Expenses
Corporate Professional Fees						[REDACTED]	[REDACTED]	Corporate Expenses
Corporate Director Fees						[REDACTED]	[REDACTED]	Corporate Expenses
Corporate Other G&A						[REDACTED]	[REDACTED]	Corporate Expenses
Production	[REDACTED]	[REDACTED]	[REDACTED]				[REDACTED]	Direct Operating Expenses
Distribution	[REDACTED]	[REDACTED]	[REDACTED]				[REDACTED]	Direct Operating Expenses
Engineering		-	-					Direct Operating Expenses
Customer Accounting		[REDACTED]	[REDACTED]				[REDACTED]	Direct Operating Expenses
Administration		[REDACTED]	[REDACTED]				[REDACTED]	Administration
Management fee				[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Corporate Expenses
Total O&M	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
Depreciation	[REDACTED]	[REDACTED]	[REDACTED]				[REDACTED]	Depreciation & Amortization
Amortization CIAC	[REDACTED]	[REDACTED]	[REDACTED]				[REDACTED]	Depreciation & Amortization
Amortization Expense	[REDACTED]	[REDACTED]	[REDACTED]				[REDACTED]	Depreciation & Amortization
Gain from forgiveness of SRF debt						[REDACTED]	[REDACTED]	Other Expense
Taxes other than income				[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Taxes Other Than Income
Income taxes				[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Taxes
Total Expenses	[REDACTED]							
Net Operating Income	[REDACTED]							
Corporate Eminent Domain/M&A Costs						[REDACTED]	[REDACTED]	M&A Costs
Other Income, Net							[REDACTED]	Other Income
Interest Expense								
Long term debt	[REDACTED]		-	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
Short-term debt - Interco	[REDACTED]			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
Corporate Amortization Debt Expense						[REDACTED]	[REDACTED]	
Total Interest Expense	[REDACTED]			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Interest Expense
Net Income	[REDACTED]							

Extracted from PNNW 2011 Budget sent by Tom Leonard on 26-Jan-11.
Reorganized and used as starting point for model. See sheet "2011 Consolidated Balance Sheet".

Pennichuck Corporation and Subsidiaries - Consolidated
Annual Budgeted Balance Sheet
For the year ended December 31, 2011

ASSETS	Estimated Dec-10	BUD Dec-11
Land	2,994,230	[REDACTED]
Buildings	50,336,693	[REDACTED]
Equipment & software	148,239,037	[REDACTED]
	<u>201,569,960</u>	[REDACTED]
Accumulated depreciation	(43,457,641)	[REDACTED]
	<u>158,112,319</u>	[REDACTED]
Work in process	684,126	[REDACTED]
Net Plant and Equipment	<u>158,796,445</u>	[REDACTED]
CURRENT ASSETS		
Cash	2,383,002	[REDACTED]
Short term investments: FHLB	-	-
Short term investments: MM	-	-
Restricted cash	-	-
Accounts receivable-billed, net	2,139,195	[REDACTED]
Accounts receivable-unbilled, net	2,389,107	[REDACTED]
Accounts receivable-other	13,224	[REDACTED]
Inventory	743,415	[REDACTED]
Prepaid expenses	612,980	[REDACTED]
Prepaid property taxes	701,602	[REDACTED]
Prepaid income taxes	709,179	[REDACTED]
Intercompany cash	-	-
Intercompany receivable	-	-
	<u>9,691,704</u>	[REDACTED]
OTHER ASSETS		
Deferred land costs	2,497,221	[REDACTED]
Debt issuance expenses	4,042,168	[REDACTED]
Investment in partnerships	113,418	[REDACTED]
Prepaid pension cost	-	-
Other	6,459,999	[REDACTED]
	<u>13,112,806</u>	[REDACTED]
INTERCOMPANY ACCOUNTS		
Investment in Sub - PWW	-	-
Investment in Sub - TSC	-	-
Investment in Sub - PWSC	-	-
Investment in Sub - PAC	-	-
Investment in Sub - PEU	-	-
Intercompany Advance - PWW	-	-
Intercompany Advance - TSC	-	-
Intercompany Advance - PAC	-	-
Intercompany Advance - PAC Acquisition	-	-
Intercompany Advances North Country Acquisition	-	-
Intercompany Advance - PEU	-	-
Intercompany Advance - PWSC	-	-
	<u>-</u>	[REDACTED]
TOTAL ASSETS	<u><u>181,600,955</u></u>	<u>[REDACTED]</u>

Pennichuck Corporation and Subsidiaries - Consolidated
Annual Budgeted Balance Sheet
For the year ended December 31, 2011

EQUITY AND LIABILITIES	Estimated Dec-10	BUD Dec-11
Common stock	4,677,105	■
Paid in capital	41,311,874	■
Accumulated other comprehensive income	(188,326)	■
Retained earnings	10,487,837	■
Treasury stock and other	(138,138)	■
	56,150,352	■
 MINORITY INTEREST	 -	 -
 LONG TERM DEBT		
Bonds, notes and mortgages	59,656,364	■
Intercompany advances	-	-
Intercompany advances PAC Note	-	-
Intercompany advances North Country Acq	-	-
 CURRENT LIABILITIES		
Line of credit	-	-
Current portion of long term debt	1,062,349	■
Accounts payable	1,970,204	■
Accrued property taxes	20,069	■
Accrued interest payable	700,681	■
Other accrued expenses	920,134	■
Income taxes payable	-	-
Customer deposits & other	210,881	■
	4,884,318	■
 OTHER LIABILITIES AND DEFERRED CREDITS		
Deferred income taxes	19,179,843	■
Accrued liability pension	4,623,219	■
Unamortized ITC	734,886	■
Regulatory Liability	889,547	■
Customer Advances	84,000	■
CIAC, net	31,884,360	■
Accrued Post Retirement Benefits	1,708,189	■
Other liability, derivative instrument	313,877	■
Other long-term liabilities	1,492,000	■
	60,909,921	■
 TOTAL LIABILITIES AND EQUITY	181,600,955	■