

# Minimum Filing Requirements

1. The utility's internal financial reports for the following periods:
  - a. For the first and last month of the test year;
  - b. For the entire test year; and
  - c. For the 12 months or 5 quarters prior to the test year
2. Annual reports to stockholders and statistical supplements, if any, for the most recent 5 years
3. Federal income tax reconciliation for the test year
4. A detailed computation of New Hampshire and federal income tax factors on the increment of revenue needed to produce a given increment of net operating income
5. A detailed list of charitable contributions charged in the test year showing donee and the amount according to the following guidelines:
  - a. If the utility's annual gross revenue are less than \$100,000, all contributions shall be reported;
  - b. If the utility's annual gross revenue's are \$100,000 or are between \$100,000 and \$10,000,000, all contributions of \$1,000 and more shall be reported;
  - c. If the utility's annual gross revenue's are \$10,000,000 or are between \$10,000,000 and \$100,000,000, all contributions of \$2,500 and more shall be reported;
  - d. If the utility's annual gross revenue's are \$100,000,000 or are in excess of \$100,000,000, all contributions of \$5,000 and more shall be reported; and
  - e. For utilities in categories b., c. and d. above, the reporting thresholds for a particular charity shall be on a cumulative basis, indicating the number of items comprising the total amount of contribution.
6. List of advertising charged in the test year above the line showing expenditures by media and by subject matter
  - a. If the utility's annual gross revenue are less than \$100,000, all expenditures shall be reported;
  - b. If the utility's annual gross revenue's are \$100,000 or are between \$100,000 and \$10,000,000, all expenditures of \$1,000 and more shall be reported;
  - c. If the utility's annual gross revenue's are \$10,000,000 or are between \$10,000,000 and \$100,000,000, all expenditures of \$2,500 and more shall be reported;

- d. If the utility's annual gross revenue's are \$100,000,000 or are in excess of \$100,000,000, all expenditures of \$5,000 and more shall be reported
7. The Utility's most recent cost of service study
8. The Utility's most recent construction budget
9. The utility's chart of accounts, if different from the uniform system of accounts established by the commission as part of Puc 300, Puc 400, Puc 500, Puc 600, and Puc 700
10. The utility's Securities and Exchange Commission 10K forms and 10Q forms, for the most recent 2 years
11. Detailed list of all membership fees, dues, donations for the test year charged above the line showing the trade, technical and professional associations and organizations and amount
  - a. If the utility's annual gross revenue are less than \$100,000, all membership fees, dues and donations shall be reported;
  - b. If the utility's annual gross revenue's are \$100,000 or are between \$100,000 and \$10,000,000, all membership fees, dues and donations of \$1,000 and more shall be reported;
  - c. If the utility's annual gross revenue's are \$10,000,000 or are between \$10,000,000 and \$100,000,000, all membership fees, dues and donations of \$2,500 and more shall be reported;
  - d. If the utility's annual gross revenue's are \$100,000,000 or are in excess of \$100,000,000, all membership fees, dues and donations of \$5,000 and more shall be reported
12. A list of any management audit and depreciation studies performed within the last 5 years, specifying whether same are in file with the commission
13. Copies of any audits or studies referred to in (12) which the utility has not submitted to the commission
14. List of officers and director of the utility and their compensation for last 2 years
15. Lists of the amount of voting stock of the utility categorized as follows:
  - a. Owned by an officer or director individually;
  - b. Owned by the spouse or minor child of an officer or director; or
  - c. Controlled by the officer or director directly or indirectly
16. A list of all payments to individuals or corporations for contractual services in the test year with a description of the purpose of the contractual services, as follows:

- a. If the utility's annual gross revenue are less than \$100,000, all payments shall be reported;
  - b. If the utility's annual gross revenue's are \$100,000 or are between \$100,000 and \$10,000,000, all payments of \$1,000 and more shall be reported;
  - c. If the utility's annual gross revenue's are \$10,000,000 or are between \$10,000,000 and \$100,000,000, all payments of \$2,500 and more shall be reported;
  - d. If the utility's annual gross revenue's are \$100,000,000 or are in excess of \$100,000,000, all payments of \$5,000 and more shall be reported
  - e. For utilities in categories b., c. and d. above, the reporting thresholds for a particular charity shall be on a cumulative basis, indicating the number of items comprising the total amount of expenditure.
17. For non-utility operations, the amount of assets and costs allocated thereto and justification for such allocations
  18. Balance sheets and income statements for the previous 3 years
  19. Quarterly income statements for the previous 5 years
  20. Quarterly sales volumes for the previous 5 years, itemized for residential and other classifications of service
  21. A description of the utility's need for external capital for the 2 year period immediately following the test year
  22. The utility's capital budget with a statement of the source and uses of funds for the 2 years immediately subsequent to the test year
  23. The provisions of any sinking funds associated with senior capital and a description of the rate at which any respective issues of senior capital will be retired, consistent with such sinking fund(s)
  24. If the short-term debt component of total invested capital is volatile, the amount outstanding, on a monthly basis, during the test period, for each short-term indebtedness
  25. If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26)
  26. As to a subsidiary as referred to in (25), in lieu of duplicate copies of documentation required by Puc 1604.02 (a)(5), (6), (11), and (17), a certificate of an appropriate official of the subsidiary detailing any expense of the parent company which was included in the subsidiary's cost of service

27. For gas utilities, as defined in Puc 500, and for electric utilities, as defined in Puc 300, the uniform statistical report to the American Gas Association- Edison Electric Institute for the last 2 years
28. Support for the figures appearing on written testimony and/or in accompanying exhibits

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 1**

- **The utility's internal financial reports for the following periods:**
  - a. For the first and last month of the test year;**
  - b. For the entire test year; and**
  - c. For the 12 months or 5 quarters prior to the test year**

**Attached.**

**Refer to PUC 1604 – Section 18 for point b.**

**Aquarion Water Company of New Hampshire**  
**Balance Sheets**  
**For the Period Ended January 31,**  
**(Dollars in thousands, except per share amounts)**

	2011
<b>Assets:</b>	
<b>Property, plant and equipment:</b>	
Utility plant, net of accumulated depreciation	\$ 25,943
Non-utility property and equipment	-
	25,943
<b>Current assets:</b>	
Cash and cash equivalents	(9)
Accounts receivable, net of allowance (Jan. 11, \$34)	756
Accrued unbilled revenue	445
Miscellaneous receivables	62
Materials and supplies	123
Notes receivable from associated companies	165
Prepaid expenses	91
	1,633
<b>Other assets:</b>	
Unamortized debt discount and expense	182
Regulatory assets	2,022
	2,204
<b>Total Assets</b>	<b>\$ 29,780</b>
 <b>Liabilities and Stockholder's Equity:</b>	
<b>Stockholder's equity:</b>	
Preferred stock, \$100 par value, authorized 5,700 shares - 23 shares of 6% Series issued and outstanding.	\$ 2
Common stock, \$25 par value, authorized 100,000 shares; issued and outstanding 87,483 shares.	2,187
Paid-in-capital	4,038
Retained earnings	2,458
Total stockholder's equity	8,685
 <b>Long-term debt</b>	 12,900
<b>Current liabilities:</b>	
Notes payable to associated companies	-
Accounts payable and accrued liabilities	122
Accrued bond interest	299
Payable to associated companies	100
Accrued taxes	-
Other	-
	521
<b>Regulatory and other long-term liabilities:</b>	
Advances for construction	2
Deferred income taxes	2,867
Deferred investment tax credits	334
Accrued pension costs	991
Accrued postretirement benefit expense	1,167
	5,361
<b>Commitments and contingencies</b>	
<b>Contributions in aid of construction</b>	2,313
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 29,780</b>

**Aquarion Water Company of New Hampshire**  
**Balance Sheets**  
**For the Period Ended December 31,**  
**(Dollars in thousands, except per share amounts)**

	2011
<b>Assets:</b>	
<b>Property, plant and equipment:</b>	
Utility plant, net of accumulated depreciation	\$ 26,534
Non-utility property and equipment	-
	26,000
<b>Current assets:</b>	
Cash and cash equivalents	17
Accounts receivable, net of allowance (2010, \$34)	322
Accrued unbilled revenue	445
Miscellaneous receivables	34
Materials and supplies	133
Notes receivable from associated companies	91
Prepaid expenses	152
	1,194
<b>Other assets:</b>	
Unamortized debt discount and expense	174
Regulatory assets	2,720
	2,894
<b>Total Assets</b>	<b>\$ 30,622</b>
 <b>Liabilities and Stockholder's Equity:</b>	
<b>Stockholder's equity:</b>	
Preferred stock, \$100 par value, authorized 5,700 shares - 23 shares of 6% Series issued and outstanding.	\$ 2
Common stock, \$25 par value, authorized 100,000 shares; issued and outstanding 87,483 shares.	2,187
Paid-in-capital	4,038
Retained earnings	2,838
Total stockholder's equity	9,065
<b>Long-term debt</b>	12,900
<b>Current liabilities:</b>	
Notes payable to associated companies	-
Accounts payable and accrued liabilities	326
Accrued bond interest	234
Payable to associated companies	-
Accrued taxes	-
Other	-
	560
<b>Regulatory and other long-term liabilities:</b>	
Advances for construction	6
Deferred income taxes	2,869
Deferred investment tax credits	-
Accrued pension costs	1,357
Accrued postretirement benefit expense	1,582
	5,814
<b>Commitments and contingencies</b>	
<b>Contributions in aid of construction</b>	2,283
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 30,622</b>

**AQUARION WATER COMPANY of NEW HAMPSHIRE**  
**STATEMENT OF INCOME**  
**For the Month Ending**

	January 31, <b>2011</b>
Residential	240,036
Commercial	66,971
Industrial	2,495
Public Authorities	4,846
Public Fire	62,629
Private Fire	25,269
Other Revenues	9,312
<b>Operating Revenues</b>	<b>411,558</b>
Operation	196,290
Maintenance	26,490
Deprecation	79,000
Taxes other Than Income Taxes	41,923
Current Income Taxes	3,000
Deferred Income Taxes	-
Operating Expenses	346,703
<b>Utility Operating Income</b>	<b>64,855</b>
Merchandise, Jobbing and Contract Work	(1,795)
Interest	(258)
Misc Non-Operating Gain (Loss), Net	-
Other Income	(2,053)
Other Income Deductions	(2,679)
Other Deductions	(2,679)
Net Other Income	(4,732)
Income Before Interest Charges	69,587
Interest on Long-term Debt	65,208
Amortization of Debt Discount and Expense	712
Interest on Debt to Affiliated Companies	217
Other Interest Charges	-
Interest Charges	66,137
<b>Net Income (Loss)</b>	<b>3,450</b>



**AQUARION WATER COMPANY of NEW HAMPSHIRE**  
**STATEMENT OF INCOME**  
**For the Month Ending**

	<b>December 31,</b>	
	<b>2011</b>	<b>Year End</b>
Residential	209,680	3,514,767
Commercial	79,225	1,164,835
Industrial	2,421	24,174
Public Authorities	4,346	102,600
Public Fire	59,247	704,273
Private Fire	25,229	299,808
Other Revenues	10,654	159,173
<b>Operating Revenues</b>	<b>390,802</b>	<b>5,969,630</b>
Operation	249,973	2,483,686
Maintenance	62,494	531,815
Deprecation	63,338	932,338
Taxes other Than Income Taxes	60,967	584,916
Current Income Taxes	(33,697)	305,303
Deferred Income Taxes	44,938	18,938
Operating Expenses	448,013	4,856,996
<b>Utility Operating Income</b>	<b>(57,211)</b>	<b>1,112,634</b>
Merchandise, Jobbing and Contract Work	(71)	(29,724)
Interest	(409)	(4,583)
Misc Non-Operating Gain (Loss), Net	-	(95)
Other Income	(480)	(34,402)
Other Income Deductions	(1,959)	(29,267)
Other Deductions	(1,959)	(29,267)
Net Other Income	(2,439)	(63,669)
Income Before Interest Charges	(54,772)	1,176,303
Interest on Long-term Debt	65,208	782,490
Amortization of Debt Discount and Expense	712	8,540
Interest on Debt to Affiliated Companies	-	1,168
Other Interest Charges	129	632
Interest Charges	66,049	792,830
<b>Net Income (Loss)</b>	<b>(120,821)</b>	<b>383,473</b>

**Aquarion Water Company of New Hampshire**  
**Balance Sheets**  
**For the Quarter Ended**  
(Dollars in thousands, except per share amounts)

	12/31/09	03/31/10	06/30/10	09/30/10	12/31/10
<b>Assets:</b>					
<b>Property, plant and equipment:</b>					
Utility plant, net of accumulated depreciation	\$ 25,649	\$ 25,563	\$ 25,909	\$ 25,985	\$ 26,000
Non-utility property and equipment	-	-	-	-	-
	<u>25,649</u>	<u>25,563</u>	<u>25,909</u>	<u>25,985</u>	<u>26,000</u>
<b>Current assets:</b>					
Cash and cash equivalents	50	41	(23)	(32)	36
Accounts receivable, net of allowance	347	338	442	613	348
Accrued unbilled revenue	847	750	864	903	422
Miscellaneous receivables	94	93	93	90	65
Materials and supplies	105	113	127	132	94
Notes receivable from associated companies	(28)	43	(11)	(16)	189
Prepaid expenses	89	26	120	53	116
	<u>1,504</u>	<u>1,404</u>	<u>1,612</u>	<u>1,743</u>	<u>1,270</u>
<b>Other assets:</b>					
Unamortized debt discount and expense	191	189	187	184	182
Regulatory assets	2,075	2,028	1,982	1,942	2,027
	<u>2,266</u>	<u>2,217</u>	<u>2,169</u>	<u>2,126</u>	<u>2,209</u>
<b>Total Assets</b>	<u>\$ 29,419</u>	<u>\$ 29,184</u>	<u>\$ 29,690</u>	<u>\$ 29,854</u>	<u>\$ 29,479</u>
<b>Liabilities and Stockholder's Equity:</b>					
<b>Stockholder's equity:</b>					
Preferred stock, \$100 par value, authorized 5,700 shares - 23 shares of 6% Series issued and outstanding at December 31, 2010 and 2009	\$ 2	\$ 2	\$ 2	\$ 2	2
Common stock, \$25 par value, authorized 100,000 shares; issued and outstanding 87,483 shares at December 31, 2010 and 2009	2,187	2,187	2,187	2,187	2,187
Paid-in-capital	4,038	4,038	4,038	4,038	4,038
Retained earnings	2,329	2,265	2,429	2,485	2,454
Total stockholder's equity	<u>8,556</u>	<u>8,492</u>	<u>8,656</u>	<u>8,712</u>	<u>8,681</u>
<b>Long-term debt</b>	<u>8,900</u>	<u>12,900</u>	<u>12,900</u>	<u>12,900</u>	<u>12,900</u>
<b>Current liabilities:</b>					
Notes payable to associated companies	-	-	-	-	-
Accounts payable and accrued liabilities	272	162	306	238	223
Accrued bond interest	172	138	172	154	234
Payable to associated companies	4,400	200	400	400	100
Accrued taxes	-	-	-	-	-
Other	-	-	-	-	-
	<u>4,844</u>	<u>500</u>	<u>878</u>	<u>792</u>	<u>557</u>
<b>Regulatory and other long-term liabilities:</b>					
Advances for construction	17	17	17	-	2
Deferred income taxes	2,915	2,915	2,929	2,963	2,867
Deferred investment tax credits	-	172	130	283	-
Accrued pension costs	831	859	886	914	983
Accrued postretirement benefit expense	1,025	1,007	978	966	1,173
	<u>4,788</u>	<u>4,970</u>	<u>4,940</u>	<u>5,126</u>	<u>5,025</u>
<b>Commitments and contingencies</b>					
<b>Contributions in aid of construction</b>	<u>2,331</u>	<u>2,322</u>	<u>2,316</u>	<u>2,324</u>	<u>2,316</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u>\$ 29,419</u>	<u>\$ 29,184</u>	<u>\$ 29,690</u>	<u>\$ 29,854</u>	<u>\$ 29,479</u>

**AQUARION WATER COMPANY of NEW HAMPSHIRE**  
**STATEMENT OF INCOME**  
**5 Quarters Prior to the Test Year**

Three Months Ending:

	12/31/09	03/31/10	06/30/10	09/30/10	12/31/10
Residential	844,685	677,398	928,846	1,256,279	734,996
Commercial	230,929	221,984	311,405	381,836	220,105
Industrial	2,652	10,082	8,350	11,372	8,444
Public Authorities	21,244	13,034	29,709	62,094	12,622
Public Fire	166,636	170,852	171,698	175,931	175,931
Private Fire	72,823	70,775	71,800	72,114	71,671
Other Revenues	25,052	24,176	61,583	26,313	28,054
<b>Operating Revenues</b>	<b>1,364,021</b>	<b>1,188,301</b>	<b>1,583,391</b>	<b>1,985,939</b>	<b>1,251,823</b>
Operation	567,602	619,600	614,117	618,584	670,956
Maintenance	120,003	90,519	151,683	130,631	106,354
Deprecation	253,949	246,000	246,000	246,000	195,715
Taxes other Than Income Taxes	134,457	85,244	105,933	116,584	136,200
Current Income Taxes	133,549	(4,000)	101,000	248,000	67,198
Deferred Income Taxes	(85,490)	-	14,000	34,000	(81,562)
Operating Expenses	1,124,070	1,037,363	1,232,733	1,393,799	1,094,861
<b>Utility Operating Income</b>	<b>239,951</b>	<b>150,938</b>	<b>350,658</b>	<b>592,140</b>	<b>156,962</b>
Merchandise, Jobbing and Contract Work	(3,930)	(9,427)	(3,359)	(8,569)	(3,153)
Interest	(4)	(1)	(4,203)	(94)	(277)
Misc Non-Operating Gain (Loss), Net	(29,185)	-	-	-	-
Other Income	(33,119)	(9,428)	(7,562)	(8,663)	(3,430)
Other Income Deductions	(8,800)	(8,355)	(4,116)	(7,227)	(7,877)
Other Deductions	(8,800)	(8,355)	(4,116)	(7,227)	(7,877)
Net Other Income	(41,919)	(17,783)	(11,678)	(15,890)	(11,307)
Income Before Interest Charges	281,870	168,721	362,336	608,030	168,269
Interest on Long-term Debt	149,422	164,823	195,622	195,623	195,622
Amortization of Debt Discount and Expense	2,135	2,135	2,135	2,135	2,135
Interest on Debt to Affiliated Companies	15,364	8,794	913	999	847
Other Interest Charges	144	-	-	-	-
Interest Charges	167,065	175,752	198,670	198,757	198,604
<b>Net Income (Loss)</b>	<b>114,805</b>	<b>(7,031)</b>	<b>163,666</b>	<b>409,273</b>	<b>(30,335)</b>

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 2**

- **Annual reports to stockholders and statistical supplements, if any, for the most recent 5 years.**

**Not Applicable.**

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 3**

- **Federal income tax reconciliation for the test year.**

**Attached.**

**AWC of New Hampshire  
Federal Income Tax Reconciliation**

**12 Months Ended  
12/31/11**

**Current Provision**

	<b>Net Income</b>	<u>\$ 383,473</u>
<b>Add:</b>	Amortization:	
	Tank Painting	<u>\$ -</u>
	Other	3,411
	Business Meals	1,934
	Accrued Bonus	683
	Post Retirement Benefits	87,844
	Insurance	-
	Pension	7,390
	Federal Income Tax Expense	265,301
	State Income Tax Expense	58,940
<b>Less:</b>	Bad Debts	7,361
	Current State Income Taxes	(59,111)
	Tax over Book Depreciation	(120,911)
	Subtotal	<u>\$ 252,842</u>
	Taxable Income	<u>\$ 636,315</u>
	Tax at 35%	<u>222,710</u>
	Current Provision	\$ 222,710
	Deferred FIT	6,688
	American Water - Regulatory Asset	11,915
	Adjustment Related to 2006 Return	23,988
	Tie to Books	-
	FIT Expense Per Books	<u>\$ 265,301</u>

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 4**

- **A detailed computation of New Hampshire and federal income tax factors on the increment of revenue needed to produce a given increment of net operating income.**

**Attached.**

**AQUARION WATER COMPANY of NEW HAMPSHIRE**

**COMPUTATION OF GROSS REVENUE CONVERSION FACTOR**

After Tax Income	100.00
Federal Income Tax ( 35.00%)	<u>53.85</u>
Taxable Income for Federal Income Tax	153.85
State Income Tax ( 8.50%)	<u>14.29</u>
Gross Revenue Conversion Factor	<u><u>168.12</u></u>



**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 5**

- **A detailed list of charitable contributions charged in the test year showing donee and the amount according to the following guidelines:**
  - a. **If the utility's annual gross revenue are less than \$100,000, all contributions shall be reported;**
  - b. **If the utility's annual gross revenue's are \$100,000 or are between \$100,000 and \$10,000,000, all contributions of \$1,000 and more shall be reported;**
  - c. **If the utility's annual gross revenue's are \$10,000,000 or are between \$10,000,000 and \$100,000,000, all contributions of \$2,500 and more shall be reported;**
  - d. **If the utility's annual gross revenue's are \$100,000,000 or are in excess of \$100,000,000, all contributions of \$5,000 and more shall be reported; and**
  - e. **For utilities in categories b., c. and d. above, the reporting thresholds for a particular charity shall be on a cumulative basis, indicating the number of items comprising the total amount of contribution.**

**None.**

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 6**

- **List of advertising charged in the test year above the line showing expenditures by media and by subject matter**
  - a. **If the utility's annual gross revenue are less than \$100,000, all expenditures shall be reported;**
  - b. **If the utility's annual gross revenue's are \$100,000 or are between \$100,000 and \$10,000,000, all expenditures of \$1,000 and more shall be reported;**
  - c. **If the utility's annual gross revenue's are \$10,000,000 or are between \$10,000,000 and \$100,000,000, all expenditures of \$2,500 and more shall be reported;**
  - d. **If the utility's annual gross revenue's are \$100,000,000 or are in excess of \$100,000,000, all expenditures of \$5,000 and more shall be reported.**

**Attached.**

**AWC Of New Hampshire**

**Advertising Expenses by Media and Subject matter for the test year 01/01/2011 - 12/31/2011**

<b><u>Description</u></b>		<b><u>Amount</u></b>
Pyne-Davidison Company	Spring Bill Insert	1,283.53
Pyne-Davidison Company	Water Quality Reports	2,498.94
		<hr/>
		<b><u>3,782.47</u></b>

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 7**

- **The Utility's most recent cost of service study.**

**Attached.**

**(The cost of service study was performed in August of 2005 by Guastella & Associates and was included in Docket DW 05-119)**

AQUARION WATER COMPANY OF NEW HAMPSHIRE

COST OF SERVICE STUDY

August 2005

AQUARION WATER COMPANY OF NEW HAMPSHIRE

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REVENUE COMPARISON	15	

AQUARION WATER COMPANY OF NEW HAMPSHIRE

FUNCTIONAL ALLOCATION TO CUSTOMER CLASSES

Function	Total	Residential	Commercial	Industrial	Public Authority	Seasonal	Fire Service	
							Capacity	Hydrants
Base	\$ 1,428,834	\$ 897,493	\$ 398,273	\$ 7,759	\$ 15,531	\$ 95,489	\$ 14,288	
Extra Capacity: Maximum Day	571,949	309,179	109,763	1,070	2,139	52,636	97,163	
Peak Hour	1,174,264	365,032	161,990	1,574	3,159	48,626	593,884	
Customer: Meters / Services	1,261,276	782,924	87,608	353	7,366	128,247	254,778	
Billing & Accounting	438,086	339,039	38,600	289	3,237	40,562	16,358	
Hydrants	98,167							98,167
Total	\$ 4,972,577	\$ 2,693,667	\$ 796,234	\$ 11,045	\$ 31,432	\$ 365,560	\$ 976,471	\$ 98,167

AQUARION WATER COMPANY OF NEW HAMPSHIRE

ALLOCATION OF PRO FORMA REVENUE REQUIREMENT TO FUNCTIONAL CLASSIFICATIONS

Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
UTILITY OPERATING INCOME	\$ 1,428,575	31	\$ 502,266	\$ 203,956	\$ 417,053	\$ 271,574	\$ 3,143	\$ 30,583
OPERATION & MAINTENANCE	2,011,500	64	449,784	188,507	255,929	652,590	436,490	28,201
DEPRECIATION	757,713	73	218,533	79,540	255,634	182,600	-	21,406
PROPERTY TAXES	315,441	41	104,321	35,947	108,152	59,803	-	7,217
PAYROLL TAXES	51,379	62	7,720	5,621	5,822	21,072	10,048	1,095
FEDERAL INCOME TAX	355,328	31	124,928	50,730	103,733	67,548	782	7,607
STATE INCOME TAX	94,125	31	33,093	13,438	27,478	17,893	207	2,015
DEFERRED FEDERAL INCOME TAX	80,430	73	23,197	8,443	27,135	19,383	-	2,272
DEFERRED STATE INCOME TAX	20,920	73	6,034	2,196	7,058	5,041	-	591
TOTAL OPERATING REVENUE	\$ 5,115,411	21	\$ 1,469,876	\$ 588,378	\$ 1,207,994	\$ 1,297,505	\$ 450,670	\$ 100,987
LESS MISC. REVENUES	(142,834)	21	(41,042)	(16,429)	(33,730)	(36,229)	(12,584)	(2,820)
REVENUE FROM SALES	\$ 4,972,577	21	\$ 1,428,834	\$ 571,949	\$ 1,174,264	\$ 1,261,276	\$ 438,086	\$ 98,167
PERCENTS	100.00%	21	28.73%	11.50%	23.61%	25.36%	8.81%	1.97%



AQUARION WATER COMPANY OF NEW HAMPSHIRE

ALLOCATION OF RATE BASE ELEMENTS TO FUNCTIONAL CLASSIFICATIONS

Description	Total Amount	Code	Base 1	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour 1	Meters and Services	Billing and Accounting	
UTILITY PLANT	\$ 26,942,278	41	\$ 8,910,259	\$ 3,070,316	\$ 9,237,433	\$ 5,107,865	\$ -	\$ 616,405
ACCUMULATED DEPRECIATION	(6,350,845)	51	(1,697,547)	(551,873)	(2,308,272)	(1,580,079)	-	(213,074)
ADVANCES FOR CONSTRUCTION	(826,372)	32	(317,823)	-	(508,549)	-	-	-
CONTRIBUTIONS IN AID OF CONSTRUCTION	(1,747,790)	33	(672,200)	-	(1,075,590)	-	-	-
DEFERRED TAXES	(2,021,873)	73	(583,132)	(212,244)	(682,131)	(487,248)	-	(57,119)
DEFERRED ITC	(121,510)	41	(40,185)	(13,847)	(41,661)	(23,037)	-	(2,780)
MATERIAL & SUPPLIES	115,197	3	44,305	-	70,892	-	-	-
CASH WORKING CAPITAL	164,336	64	36,746	15,401	20,909	53,315	35,660	2,304
PREPAYMENTS - Property tax	53,726	41	17,768	6,123	18,421	10,186	-	1,229
PREPAYMENTS - State Tax	76,953	31	27,056	10,987	22,465	14,629	169	1,647
DEFERRED EXPENSES	542,461	31	190,721	77,446	158,364	103,123	1,194	11,613
TOTALS	\$ 16,826,559	31	\$ 5,915,968	\$ 2,402,308	\$ 4,912,280	\$ 3,198,755	\$ 37,023	\$ 360,225
PERCENTS	100.00%	31	35.16%	14.28%	29.19%	19.01%	0.22%	2.14%

AQUARION WATER COMPANY OF NEW HAMPSHIRE

ALLOCATION OF UTILITY PLANT TO FUNCTIONAL CLASSIFICATIONS

Account No.	Description	Total Amount	Code	Base	Extra - Capacity		Customer	Hydrants
					Maximum Day	Peak Hour	Meters and Services	
	SOURCE OF SUPPLY							
303	Land and land rights	\$ 460,591	2	\$ 266,221	\$ 194,369	\$ -	\$ -	\$ -
304	Structures & Improvements	1,361,639	2	787,027	574,612	-	-	-
307	Wells & Springs	2,819,135	2	1,629,460	1,189,675	-	-	-
309	Supply Mains	182,935	2	105,736	77,198	-	-	-
311	Other Water Source Plant	872,707	2	504,425	368,282	-	-	-
	PUMPING PLANT							
303	Pumping land and land rights	709	4	273	199	237	-	-
310	Pumping Equipment	903,687	4	347,572	253,728	302,388	-	-
	WATER TREATMENT							
304	Structures & Improvements	136,401	2	78,840	57,561	-	-	-
320	Water Treatment Equipment - New	280,567	2	162,168	118,399	-	-	-
	TRANSMISSION & DISTRIBUTION							
330	Distribution Reservoirs & Standpipes	1,274,959	5	-	-	1,274,959	-	-
331	Transmission & Distribution Mains	11,291,733	3	4,342,801	-	6,948,933	-	-
333	Services	3,837,506	6	-	-	-	3,837,506	-
334	Meters	877,256	6	-	-	-	877,256	-
335	Hydrants	568,966	8	-	-	-	-	568,966
	GENERAL							
301	Organization	17,700	41	5,854	2,017	6,069	3,356	405
339	Misc Intangible plant	20,727	41	6,855	2,362	7,106	3,929	474
304	Structures & Improvements	473,697	41	156,660	53,982	162,412	89,806	10,838
340	Office Furniture & Equipment	645,435	41	213,456	73,553	221,294	122,365	14,767
341	Transportation Equipment, Cars	267,408	41	88,436	30,474	91,684	50,697	6,118
342	Stores Equipment	2,437	41	806	278	836	462	56
343	Tools, Shop & Garage Equipment	141,908	41	46,931	16,172	48,655	26,904	3,247
344	Laboratory Equipment	28,066	41	9,282	3,198	9,623	5,321	642
345	Power Operated Equipment	156,190	41	51,655	17,799	53,551	29,611	3,573
346	Communications Equipment	287,006	41	94,918	32,707	98,403	54,412	6,566
347	Miscellaneous Equipment	32,912	41	10,884	3,751	11,284	6,240	753
	TOTALS	\$ 26,942,278	41	\$ 8,910,259	\$ 3,070,316	\$ 9,237,433	\$ 5,107,865	\$ 616,405
	PERCENTS	100%	41	33.07%	11.40%	34.29%	18.96%	2.29%

AQUARION WATER COMPANY OF NEW HAMPSHIRE

ALLOCATION OF ACCUMULATED DEPRECIATION TO FUNCTIONAL CLASSIFICATIONS

Account No.	Description	Total Amount	Code	Base	Extra - Capacity		Customer	Hydrants
					Maximum Day	Peak Hour	Meters and Services	
	SOURCE OF SUPPLY							
304	Structures & Improvements	\$ 300,308	2	\$ 173,578	\$ 126,730	\$ -	\$ -	\$ -
307	Wells & Springs	355,039	2	205,213	149,827	-	-	-
309	Supply Mains	48,330	2	27,934	20,395	-	-	-
311	Other Water Source Plant	16,492	2	9,532	6,959	-	-	-
	PUMPING PLANT							
310	Pumping Equipment	425,945	4	163,825	119,592	142,528	-	-
	WATER TREATMENT							
304	Structures & Improvements	19,427	2	11,229	8,198	-	-	-
320	Water Treatment Equipment - New	135,723	2	78,448	57,275	-	-	-
	TRANSMISSION & DISTRIBUTION							
330	Distribution Reservoirs & Standpipes	567,675	5	-	-	567,675	-	-
331	Transmission & Distribution Mains	2,169,316	3	834,319	-	1,334,997	-	-
333	Services	1,115,475	6	-	-	-	1,115,475	-
334	Meters	284,523	6	-	-	-	284,523	-
335	Hydrants	188,790	8	-	-	-	-	188,790
	GENERAL							
304	Structures & Improvements	65,015	51	17,378	5,650	23,630	16,176	2,181
340	Office Furniture & Equipment	241,684	51	64,601	21,002	87,842	60,131	8,109
341	Transportation Equipment, Cars	68,395	51	18,282	5,943	24,859	17,017	2,295
342	Stores Equipment	1,364	51	365	119	496	339	46
343	Tools, Shop & Garage Equipment	50,018	51	13,369	4,346	18,179	12,444	1,678
344	Laboratory Equipment	14,793	51	3,954	1,285	5,377	3,680	496
345	Power Operated Equipment	18,186	51	4,861	1,580	6,610	4,525	610
346	Communications Equipment	238,852	51	63,844	20,756	86,813	59,426	8,014
347	Miscellaneous Equipment	25,495	51	6,815	2,215	9,266	6,343	855
	TOTAL	\$ 6,350,845	51	\$ 1,697,547	\$ 551,873	\$ 2,308,272	\$ 1,580,079	\$ 213,074
	PERCENTS	100.00%	51	26.73%	8.69%	36.35%	24.88%	3.36%

AQUARION WATER COMPANY OF NEW HAMPSHIRE

ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES TO FUNCTIONAL CLASSIFICATIONS

Account No.	Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
					Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
	<b>SOURCE OF SUPPLY</b>								
601	Operation Labor & Expenses - Labor	\$ 8,243	2	\$ 4,764	\$ 3,478	\$ -	\$ -	\$ -	\$ -
603	Miscellaneous Expenses	8,978	2	5,189	3,789	-	-	-	-
604	Rent Expense	16,008	2	9,253	6,755	-	-	-	-
614	Maintenance of Wells & Springs - Labor	916	2	529	386	-	-	-	-
614	Maint. of Wells & Springs	538	2	311	227	-	-	-	-
	<b>PUMPING PLANT</b>								
623	Purchased Fuel	165,731	1	165,731	-	-	-	-	-
624	Pumping Labor	47,644	4	18,325	13,377	15,943	-	-	-
624	Pumping Labor & Expenses - Vehicle Use	10,257	4	3,945	2,880	3,432	-	-	-
626	Miscellaneous	2,066	4	795	580	691	-	-	-
630	Pumping Maintenance Supervision - Labor	956	4	368	268	320	-	-	-
631	Maintenance of Structures - Labor	5,878	4	2,261	1,650	1,967	-	-	-
631	Maintenance of Structures - Materials	2,013	4	774	565	674	-	-	-
632	Maintenance of Power Prod. Equip.- Labor	3,354	4	1,290	942	1,122	-	-	-
633	Maintenance of Pumping Equipment - Labor	4,436	4	1,706	1,245	1,484	-	-	-
633	Maint. of Pumping Equipment	12,605	4	4,848	3,539	4,218	-	-	-
	<b>WATER TREATMENT</b>								
640	Supervision & Engineering - Labor	12,389	2	7,161	5,228	-	-	-	-
641	Chemicals	24,464	1	24,464	-	-	-	-	-
642	Treatment Labor & Expenses - Labor	24,743	2	14,302	10,442	-	-	-	-
642	Treatment Labor & Expenses	29,691	2	17,161	12,530	-	-	-	-
643	Miscellaneous Treatment Expenses - Labor	32	2	18	13	-	-	-	-
643	Miscellaneous Expense	388	2	224	164	-	-	-	-
644	Miscellaneous Treatment Expenses	3,832	2	2,215	1,617	-	-	-	-
650	Treatment Maint. Supervision - Labor	905	2	523	382	-	-	-	-
651	Maintenance of Structures - Materials	280	2	162	118	-	-	-	-
652	Maint. of Treatment Equip. - Labor	5,618	2	3,247	2,371	-	-	-	-
652	Maint. of Treatment Equip. - Materials	12,006	2	6,940	5,067	-	-	-	-
	<b>TRANSMISSION &amp; DISTRIBUTION</b>								
660	Supervision & Engineering	178	61	0	-	44	129	-	5
662	Operation Labor T & D Lines	1,057	3	407	-	651	-	-	-
662	Operation Expense - T & D Lines	178	3	68	-	109	-	-	-
663	Meter Expenses - Labor	31,806	6	-	-	-	31,806	-	-
663	Meter Expenses	(451)	6	-	-	-	(451)	-	-
664	Services - Labor	23,436	6	-	-	-	23,436	-	-
664	Services - Other	5,440	6	-	-	-	5,440	-	-
665	Miscellaneous T&D Expenses - Labor	78,454	61	158	-	19,443	56,690	-	2,163
665	Miscellaneous T&D Expenses	41,060	61	83	-	10,176	29,670	-	1,132
666	Rent Expense	1,005	61	2	-	249	726	-	28
670	T&D Maintenance Supervision - Labor	(905)	61	(2)	-	(224)	(654)	-	(25)
671	Maintenance of Structures - Labor	706	5	-	-	706	-	-	-
671	Maintenance of Structures - Other	1,935	5	-	-	1,935	-	-	-
672	Tank Painting Amortization	55,171	5	-	-	55,171	-	-	-
673	Valve and Blowoff Repairs - Labor	21,396	6	-	-	-	21,396	-	-
673	Maintenance of T&D Mains	22,632	6	-	-	-	22,632	-	-
675	Maintenance of Services - Labor	26,086	6	-	-	-	26,086	-	-
675	Maintenance of Services	31,826	6	-	-	-	31,826	-	-
676	Maintenance of Meters - Labor	1,175	6	-	-	-	1,175	-	-
676	Maintenance of Meters	7,436	6	-	-	-	7,436	-	-
677	Maintenance of Hydrants - Labor	6,174	8	-	-	-	-	-	6,174
677	Maintenance of Hydrants	343	8	-	-	-	-	-	343

AQUARION WATER COMPANY OF NEW HAMPSHIRE

ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES TO FUNCTIONAL CLASSIFICATIONS

Account No.	Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
					Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
	<b>CUSTOMER ACCOUNTS</b>								
901	Customer Accounts Supervision - Labor	\$ 52,462	7	\$ -	\$ -	\$ -	\$ -	\$ 52,462	\$ -
902	Meter Reading Labor	18,756	7	-	-	-	-	18,756	-
902	Meter Reading Expense	22,400	7	-	-	-	-	22,400	-
903	Customer Records Labor	5,049	7	-	-	-	-	5,049	-
903	Customer Records Expense	30,009	7	-	-	-	-	30,009	-
904	Bad Debt Expense	4,029	7	-	-	-	-	4,029	-
905	Allocated Customer Accounts Expenses	67,901	7	-	-	-	-	67,901	-
	<b>ADMINISTRATION AND GENERAL</b>								
906	Information Technology	61,168	63	8,496	6,161	9,376	20,429	15,925	780
920	Administrative and General Salaries	248,476	62	37,335	27,184	28,158	101,907	48,596	5,297
921	A&G Expenses - Transportation	68,270	63	9,483	6,877	10,465	22,801	17,774	870
923	Outside Services	236,533	63	32,855	23,826	36,257	78,999	61,582	3,015
924	Property Insurance	1,780	63	247	179	273	594	463	23
925	Insurance	37,830	62	5,684	4,139	4,287	15,515	7,398	806
926	Benefits	295,520	62	44,404	32,331	33,489	121,201	57,796	6,300
928	Regulatory Comm Expense	24,440	63	3,395	2,462	3,746	8,163	6,363	312
930	Miscellaneous	27,649	63	3,840	2,785	4,238	9,234	7,198	352
931	Rent Expense	48,698	63	6,764	4,905	7,465	16,264	12,679	621
932	Maintenance of Miscellaneous Equipment	419	63	58	42	64	140	109	5
	<b>TOTAL</b>	<b>\$ 2,011,500</b>	<b>64</b>	<b>\$ 449,784</b>	<b>\$ 188,507</b>	<b>\$ 255,929</b>	<b>\$ 652,590</b>	<b>\$ 436,490</b>	<b>\$ 28,201</b>
	<b>PERCENTS</b>	<b>100.00%</b>	<b>64</b>	<b>22.36%</b>	<b>9.37%</b>	<b>12.72%</b>	<b>32.44%</b>	<b>21.70%</b>	<b>1.40%</b>

AQUARION WATER COMPANY OF NEW HAMPSHIRE

ALLOCATION OF DEPRECIATION EXPENSE TO FUNCTIONAL CLASSIFICATIONS

Account No.	Description	Total Amount	Code	Base	Extra - Capacity		Customer	Hydrants
					Maximum Day	Peak Hour	Meters and Services	
	SOURCE OF SUPPLY							
304	Structures & Improvements	\$ 1,542	2	\$ 891	\$ 651	\$ -	\$ -	\$ -
307	Wells & Springs	46,254	2	26,735	19,519	-	-	-
309	Supply Mains	3,778	2	2,184	1,594	-	-	-
311	Other Water Source Plant	11,645	2	6,731	4,914	-	-	-
	PUMPING PLANT							
310	Pumping Equipment	84,421	4	32,469	23,703	28,248	-	-
	WATER TREATMENT							
304	Structures & Improvements	3,369	2	1,947	1,422	-	-	-
320	Water Treatment Equipment - New	20,372	2	11,775	8,597	-	-	-
	TRANSMISSION & DISTRIBUTION							
330	Distribution Reservoirs & Standpipes	41,384	5	-	-	41,384	-	-
331	Transmission & Distribution Mains	208,671	3	80,255	-	128,416	-	-
333	Services	104,192	6	-	-	-	104,192	-
334	Meters	46,566	6	-	-	-	46,566	-
335	Hydrants	17,563	8	-	-	-	-	17,563
	GENERAL							
304	Structures & Improvements	12,749	41	4,216	1,453	4,371	2,417	292
340	Office Furniture & Equipment	77,787	41	25,725	8,865	26,670	14,747	1,780
341	Transportation Equipment, Cars	26,755	41	8,848	3,049	9,173	5,072	612
342	Stores Equipment	104	41	34	12	36	20	2
343	Tools, Shop & Garage Equipment	6,073	41	2,008	692	2,082	1,151	139
344	Laboratory Equipment	2,172	41	718	247	745	412	50
345	Power Operated Equipment	7,566	41	2,502	862	2,594	1,434	173
346	Communications Equipment	32,642	41	10,795	3,720	11,192	6,189	747
347	Miscellaneous Equipment	2,110	41	698	240	723	400	48
	TOTAL	\$ 757,713	73	\$ 218,533	\$ 79,540	\$ 255,634	\$ 182,600	\$ 21,406
	PERCENTS	100.00%	73	28.84%	10.50%	33.74%	24.10%	2.83%

AQUARION WATER COMPANY OF NEW HAMPSHIRE

SUMMARY OF ALLOCATION FACTORS

Description	Code	Base	Extra - Capacity		Customer		Hydrants
			Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
BASE	1	1.000000					
BASE / MAXIMUM DAY	2	0.578000	0.422000				
BASE / PEAK HOUR	3	0.384600		0.615400			
BASE / MAXIMUM DAY / PEAK HOUR	4	0.384615	0.280769	0.334615			
PEAK HOUR	5			1.000000			
CUSTOMER - METERS & SERVICES	6				1.000000		
CUSTOMER - BILLING & ACCOUNTING	7					1.000000	
HYDRANTS	8						1.000000
TOTAL OPERATING REVENUE	21	0.287343	0.115021	0.236148	0.253646	0.088100	0.019742
RATE BASE	31	0.351585	0.142769	0.291936	0.190102	0.002200	0.021408
ADVANCES	32	0.384600	0.000000	0.615400	0.000000	0.000000	0.000000
CIAC	33	0.384600	0.000000	0.615400	0.000000	0.000000	0.000000
UTILITY PLANT IN SERVICE	41	0.330717	0.113959	0.342860	0.189586	0.000000	0.022879
ACCUMULATED DEPRECIATION	51	0.267295	0.086898	0.363459	0.248798	0.000000	0.033551
OTHER T&D	61	0.002010	0.000000	0.247822	0.722592	0.000000	0.027576
LABOR	62	0.150256	0.109404	0.113323	0.410127	0.195574	0.021317
O&M - EXCL POWER, CHEM & PURCH WATER	63	0.138902	0.100730	0.153286	0.333985	0.260351	0.012746
TOTAL OPERATING EXPENSE	64	0.223606	0.093715	0.127233	0.324430	0.216997	0.014020
DEPRECIATION EXPENSE	73	0.288412	0.104974	0.337376	0.240988	0.000000	0.028250

AQUARION WATER COMPANY OF NEW HAMPSHIRE  
 EXPLANATION OF FUNCTIONAL ALLOCATION FACTORS

1 Applicable to items considered to be related to "Base" or average day system demands, and allocable to all customers. Allocated 100% to base.

2 Applicable to items considered to be related to meeting the maximum day system demands. The calculation of the factors is as follows:

	Ratio	%
Maximum Day Demand	1.73	100.00%
Average Day Demand	1.00	57.80%
Extra Capacity / Maximum Day:	0.73	42.20%

3 Applicable to mains, considered to be related to meeting the peak hour system demands. The calculation of the factors is as follows:

	Ratio	%
Peak Hour Demand	2.60	100.00%
Average Day Demand	1.00	38.46%
Extra Capacity/Peak Hour	1.60	61.54%

4 Applicable to pumping plant, considered to be related to meeting the max day and peak hour system demands. The calculation of the factors is as follows:

	Ratio	%
Peak Hour Demand	2.60	100.00%
Max Day Demand	1.73	
Excess Peak Hour over Max Day	0.87	33.46%
Extra Capacity / Maximum Day:	0.73	28.08%
Average Day Demand	1.00	38.46%

5 Applicable to items considered to be related entirely to meeting peak hour system demands. Allocated 100% to Extra-Capacity/Peak Hour.

6 Applicable to items considered to be related entirely to meters and services. Allocation 100% to "Meters and Services".

7 Applicable to items considered to be entirely related to customer billing and accounting. Allocated 100% to "Billing and Accounts".

8 Applicable to items considered to be related entirely to Company owned fire hydrants. Allocated 100% to "Hydrants".

21 Applicable to the other taxes including Regulatory Fees. Factors are based on the overall weighted allocation of revenue requirement.

31 Applicable to items considered to be related to the Rate Base. Factors are based on the overall weighted allocation of all elements of the rate base.



AQUARION WATER COMPANY OF NEW HAMPSHIRE  
 EXPLANATION OF FUNCTIONAL ALLOCATION FACTORS

32 Applicable to total Advances.

Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
ADVANCES Mains	\$ 826,372	3	\$ 317,823	\$ -	\$ 508,549	\$ -	\$ -	\$ -
TOTAL PERCENT	\$ 826,372 100.00%	32	\$ 317,823 38.46%	\$ - 0.00%	\$ 508,549 61.54%	\$ - 0.00%	\$ - 0.00%	\$ - 0.00%

33 Applicable to total CIAC.

Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
CIAC Mains	1,747,790	3	672,200	-	1,075,590	-	-	-
TOTAL PERCENT	\$ 1,747,790 100.00%	33	\$ 672,200 38.46%	\$ - 0.00%	\$ 1,075,590 61.54%	\$ - 0.00%	\$ - 0.00%	\$ - 0.00%

AQUARION WATER COMPANY OF NEW HAMPSHIRE

EXPLANATION OF FUNCTIONAL ALLOCATION FACTORS

41 Applicable to utility plant considered to be of an overhead nature, and related expenses. Factors are based on the overall weighted allocation of all items of utility plant, also applicable to property taxes, ITC and insurance.

51 Resulting overall weighted factors for accumulated depreciation.

61 Applicable to Other Transmission and Distribution Expense. Factors are based on the overall weighted allocation of Storage, Mains, Meters, Services and Hydrants expense.

Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
T&D - Storage, Mains, Meters Services & Hydrants								
TOTAL	\$ 236,346.95	71	\$ 475.02	\$ -	\$ 58,572.00	\$ 170,782.41	\$ -	\$ 6,517.54
PERCENT	100.00%		0.20%	0.00%	24.78%	72.26%	0.00%	2.76%

62 Applicable to employee benefit and labor administration and general expenses, considered to be of an overhead nature. Factors are based on the overall weighted allocation of all other labor expenses.

Description	Total Amount	Code	Base 1	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour 1	Meters & Services	Billing and Accounting	
TOTAL	\$ 389,968	62	\$ 58,595	\$ 42,664	\$ 44,192	\$ 159,936	\$ 76,268	\$ 8,313
PERCENT	100.00%		15.03%	10.94%	11.33%	41.01%	19.56%	2.13%

AQUARION WATER COMPANY OF NEW HAMPSHIRE  
EXPLANATION OF FUNCTIONAL ALLOCATION FACTORS

63 Applicable to operation and maintenance expenses considered to be of an overhead nature. Factors are based on the overall weighted allocation of all other operation and maintenance expenses except power, chemicals and purchased water.

Description	Total Amount	Code	Base 1	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour 1	Meters & Services	Billing and Accounting	
TOTAL PERCENT	\$ 770,522 100.00%	63	\$ 107,027 13.89%	\$ 77,615 10.07%	\$ 118,110 15.33%	\$ 257,343 33.40%	\$ 200,606 26.04%	\$ 9,821 1.27%

64 Resulting overall weighted allocation of all operation and maintenance expenses. Applicable to cash working capital.

82 Applicable to the depreciation expense of CIAC. Factors are based on the overall weighted allocation of depreciation expense on CIAC, by type of plant.

Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
CIAC - Dep. Expense								
Land	\$ -	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wells	4,612	2	2,666	1,946	-	-	-	-
Pump Stations	5,106	4	1,964	1,434	1,709	-	-	-
Storage	4,911	5	-	-	4,911	-	-	-
Mains	217,845	3	83,783	-	134,062	-	-	-
Services	108,292	6	-	-	-	108,292	-	-
Hydrants	17,845	8	-	-	-	-	-	17,845
TOTAL PERCENT	\$ 358,611 100.00%	82	\$ 88,413 24.65%	\$ 3,380 0.94%	\$ 140,681 39.23%	\$ 108,292 30.20%	\$ - 0.00%	\$ 17,845 4.98%

83 Resulting overall allocation of Depreciation Expense. Applicable to deferred income taxes.

AQUARION WATER COMPANY OF NEW HAMPSHIRE

SUMMARY OF SYSTEM WATER DEMANDS

Description	Factor	Quantity	Unit
Average Day	1.00	2.32	MGD
Maximum Day	1.73	4.02	MGD
Peak Hour	2.60	6.03	MGD
Fire Demand		3,500	GPM
Maximum Day Fire Use		0.630	MG
Max Day Plus Fire Demand		9.06	MGD

AQUARION WATER COMPANY OF NEW HAMPSHIRE

CUSTOMER CLASS ALLOCATION FACTORS

Customer Class	Base Average Consumption			Maximum Day				Peak Hour				Customer				
	Annual (TG)	MGD	%	Ratio	MGD	Extra MGD	%	Ratio	MGD	Extra MGD	%	Meters and Services		Billing and Accounting		
												Number of ERC's	%	Number of Bills	%	
METERED SERVICE:																
Residential	422,030	1.156	<b>62.813</b>	2.25	2.601	1.445	<b>54.057</b>	3.00	3.468	2.3120	<b>31.086</b>	6,845.8	<b>62.074</b>	27,132	<b>77.391</b>	
Commercial	187,345	0.513	<b>27.874</b>	2.00	1.026	0.513	<b>19.191</b>	3.00	1.539	1.0260	<b>13.795</b>	766.0	<b>6.946</b>	3,089	<b>8.811</b>	
Industrial	3,541	0.010	<b>0.543</b>	1.50	0.015	0.005	<b>0.187</b>	2.00	0.020	0.0100	<b>0.134</b>	3.1	<b>0.028</b>	23	<b>0.066</b>	
Public Authority	7,371	0.020	<b>1.087</b>	1.50	0.030	0.010	<b>0.374</b>	2.00	0.040	0.0200	<b>0.269</b>	64.4	<b>0.584</b>	259	<b>0.739</b>	
Seasonal	45,034	0.123	<b>6.683</b>	3.00	0.369	0.246	<b>9.203</b>	3.50	0.431	0.3080	<b>4.141</b>	1,121.4	<b>10.168</b>	3,246	<b>9.259</b>	
		0.000	<b>0.000</b>		0.000	0.000	<b>0.000</b>		0.000	-	<b>0.000</b>		<b>0.000</b>		<b>0.000</b>	
Subtotal	665,322	1.822	<b>99.000</b>		4.041	2.219	<b>83.012</b>		5.498	3.6760	<b>49.425</b>	8,800.7	<b>79.800</b>	33,749	<b>96.266</b>	
FIRE SERVICE		0.018	<b>1.000</b>		0.473	0.454	<b>16.988</b>		3.780	3.7616	<b>50.575</b>	2,227.8	<b>20.200</b>	1,309.00	<b>3.734</b>	
Total		1.840	<b>100.000</b>		4.514	2.673	<b>100.000</b>		9.278	7.4376	<b>100.000</b>	11,028.5	<b>100.000</b>	35,058	<b>100.000</b>	

AQUARION WATER COMPANY OF NEW HAMPSHIRE

CALCULATION OF DESIGNED CUSTOMER CHARGE AND USAGE RATE

Customer Charge Cost Component	ERC's	Allocated Cost	Cost Per ERC
Meters & Services		\$ 870,532	
Billing & Accounting		377,639	
Total	9,827.6	\$ 1,248,171	\$ 127.01

Customer Charge Design:	Size	Ratio	ERC/Quarter	ERC/Month
	5/8" or 1/2"	1.0	\$ 31.75	\$ 10.58
	3/4"	1.5	47.61	15.87
	1"	2.5	79.36	26.45
			-	-
	1-1/2"	5.0	158.73	52.91
	2"	8.0	253.99	84.66
	3"	15.0	476.22	158.74
	4"	25.0	793.81	264.60
	6"	50.0	1,587.63	529.21
	8"	80.0	2,540.20	846.73
	10"	115.0	3,651.54	1,217.18

Usage Charge Design:

Description	Total	Residential	Commercial	Industrial	Public Authority	Seasonal
Revenue Requirement	\$ 3,897,938	\$ 2,693,667	\$ 796,234	\$ 11,045	\$ 31,432	\$ 365,560
Adjusted Revenue Requirement	\$ 4,143,516	\$ 2,693,667	\$ 949,706	\$ 15,141	\$ 48,982	\$ 436,021
Service Charge Revenue	\$ 1,287,244	\$ 893,247	\$ 179,478	\$ 899	\$ 17,964	\$ 195,656
Usage Revenue Required	\$ 2,856,273	\$ 1,800,421	\$ 770,227	\$ 14,242	\$ 31,018	\$ 240,365
Usage - CCF	899,084	570,311	253,170	4,785	9,961	60,857
<b>Usage Rate</b>	<b>\$</b>	<b>\$ 3.1208</b>	<b>\$ 3.1208</b>	<b>\$ 3.1208</b>	<b>\$ 3.1208</b>	<b>\$ 3.9497</b>
Usage Rate Revenue	\$ 2,856,307	\$ 1,779,826	\$ 790,092	\$ 14,934	\$ 31,088	\$ 240,367
Total Revenue From Rates	\$ 4,143,550	\$ 2,673,073	\$ 969,570	\$ 15,834	\$ 49,052	\$ 436,022
Difference in Rev. Rates & Req.	\$ 34	\$ (20,594)	\$ 19,864	\$ 693	\$ 70	\$ 2
Percent	0.00%	-0.77%	2.05%	4.37%	0.14%	0.00%

AQUARION WATER COMPANY OF NEW HAMPSHIRE

ALLOCATION OF FIRE TO PUBLIC AND PRIVATE

**Capacity Allocation:**

Description	Units	Capacity Ratio	Weighted Unit	Allocated Cost	Unit Cost
Private Fire Hydrant	0	1.00	-	\$ -	
Private Fire Service					
3" or Less	54	0.30	16.2	17,392	322.07
4"	54	0.40	21.6	23,189	429.43
6"	103	1.00	103.0	110,578	1,073.57
8"	14	1.80	25.2	27,054	1,932.43
12"	3	4.00	12.0	12,883	4,294.28
12"					
Public Fire Hydrants	479	1.00	479.0	514,240	1,073.57
Total Capacity			657.0	\$ 705,335	

**Summary:**

Fire Allocation Description	Public	Private	Total
Capacity	\$ 514,240	\$ 191,095	\$ 705,335
Services		254,778	254,778
Billing		16,358	16,358
Hydrants	98,167		98,167
Total	\$ 612,407	\$ 462,231	\$ 1,074,638

AQUARION WATER COMPANY OF NEW HAMPSHIRE

DESIGN OF FIRE RATES

Description	Annual		Services			Capacity		Annual Rate Per Hydrant	Total Unadjusted Rate	Total Rate
	Units	Rate	ERC's			Allocated	Rate			
			Ratio	ERC's	Rate					
Public Hydrants	479					\$ 514,240	\$ 1,073.57	\$ 204.94	\$ 1,278.51	\$ 1,278.51
Private Fire Service:										
3" or Less	54	\$ 71.75	0.17	9.2	\$ 253.32	17,392	322.07		647.14	303.32
4"	54	71.75	0.40	21.6	596.04	23,189	429.43		1,097.22	514.28
6"	103	71.75	1.00	103.0	1,490.10	110,578	1,073.57		2,635.42	1,235.25
8"	14	71.75	1.80	25.2	2,682.19	27,054	1,932.43		4,686.37	2,196.55
0	0	71.75		-	-					
12"	3	71.75	4.00	12.0	5,960.42	12,883	4,294.28		10,326.45	4,840.12
Total	228			171.0						



AQUARION WATER COMPANY OF NEW HAMPSHIRE

RATE COMPARISON

Description	Present				Proposed				Percent Change
	Quarterly	Monthly	Annual	Usage	Quarterly	Monthly	Annual	Usage	
Service Charge 5/8" or 1/2"	\$ 28.89	\$ 9.63	\$ 144.45		\$ 31.75	\$ 10.58	\$ 158.75		10%
3/4"	43.32	14.44	216.60		47.61	15.87	238.05		10%
1"	72.21	24.07	361.05		79.36	26.45	396.80		10%
1-1/2"	144.42	48.14	722.10		158.73	52.91	793.65		10%
2"	231.09	77.03	1,155.45		253.99	84.66	1,269.95		10%
3"	433.29	144.43	2,166.45		476.22	158.74	2,381.10		10%
4"	674.76	224.92	3,373.80		793.81	264.60	3,969.05		18%
6"	1,207.38	402.46	6,036.90		1,587.63	529.21	7,938.15		31%
8"	2,216.10	738.70	11,080.50		2,540.20	846.73	12,701.00		15%
10"	3,416.61	1,138.87	17,083.05		3,651.54	1,217.18	18,257.70		7%
Usage - \$/CCF - R,C,I & PA				\$ 2.4817				\$ 3.1208	26%
Usage - \$/CCF - Seasonal				\$ 2.4817				\$ 3.9497	59%

AQUARION WATER COMPANY OF NEW HAMPSHIRE  
REVENUE COMPARISON

Description	Present	Proposed	Percent Increase
Metered Sales to General Customers			
Residential	\$ 2,228,123	\$ 2,673,073	19.97%
Commercial	\$ 791,596	\$ 969,569.90	22.48%
Industrial	\$ 12,694	\$ 15,833.89	24.73%
Other Public Authority	\$ 41,066	\$ 49,051.51	19.44%
Seasonal	\$ 329,058	\$ 436,022	32.51%
Total Metered Sales	\$ 3,402,538	\$ 4,143,550	21.78%
Private Fire	\$ 171,947	\$ 216,653	26.00%
Public Fire	\$ 513,344	\$ 612,406	19.30%
Total Water Revenue from Rates	\$ 4,087,829	\$ 4,972,610	21.64%



Proposed Bill Analysis

	Residential		Commercial		Industrial		PA		Total	
	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
<b>Minimum Charge:</b>										
5/8" Monthly	10.58	- \$	186	\$ 1,967.88	-	\$ -	-	\$ -	186	\$ 1,968
5/8" Quarterly	31.75	26,615 \$	1,276	\$ 40,513.00	-	\$ -	68	\$ 2,159.00	27,959	\$ 887,698
3/4" Monthly	15.87	- \$	-	\$ -	-	\$ -	-	\$ -	-	\$ -
3/4" Quarterly	47.61	- \$	-	\$ -	-	\$ -	-	\$ -	-	\$ -
1" Monthly	26.45	- \$	189	\$ 4,999.05	12	\$ 317.40	12	\$ 317.40	213	\$ 5,634
1" Quarterly	79.36	442 \$	267	\$ 21,189.12	-	\$ -	15	\$ 1,190.40	724	\$ 57,457
1 1/2" Mthly	52.91	- \$	146	\$ 7,724.86	11	\$ 582.01	23	\$ 1,216.93	180	\$ 9,524
1 1/2" Qtrly	158.73	62 \$	51	\$ 8,095.23	-	\$ -	4	\$ 634.92	117	\$ 18,571
2" Monthly	84.66	- \$	900	\$ 76,194.00	-	\$ -	132	\$ 11,175.12	1,032	\$ 87,369
2" Quarterly	253.99	13 \$	74	\$ 18,795.26	-	\$ -	5	\$ 1,269.95	92	\$ 23,367
2-2" Monthly	-	- \$	-	\$ -	-	\$ -	-	\$ -	-	\$ -
2-2" Quarterly	-	- \$	-	\$ -	-	\$ -	-	\$ -	-	\$ -
		<b>27,132 \$</b>	<b>3,089 \$</b>	<b>179,478.40</b>	<b>23 \$</b>	<b>899.41</b>	<b>259 \$</b>	<b>17,963.72</b>	<b>30,503 \$</b>	<b>1,091,588</b>
<b>Volumetric Charges</b>										
<b>Monthly Accounts:</b>										
> Per 100 CCF	3.1208	- \$	171,497	\$ 535,207.84	4,776	\$ 14,904.94	8,537	\$ 26,642.27	184,810	\$ 576,755
<b>Quarterly Accounts</b>										
> Per 100 CCF	3.1208	576,299 \$	88,878	\$ 277,370.46	-	\$ -	1,610	\$ 5,024.49	666,787	\$ 2,080,909
Usage Rev		\$ 1,798,513.92	\$	812,578.30	\$	14,904.94	\$	31,666.76	-	\$ 2,657,664
Subtotal Rev		\$ 2,691,760.42	\$	992,056.70	\$	15,804.35	\$	49,630.48	-	\$ 3,749,252
FAL's and Credits	3.1208	(5,988) \$	(7,205) \$	(22,486.80)	9 \$	29.54	(186) \$	(578.97)	(13,370) \$	(41,724)
Reconcile to Books									- \$	-
Per Bill Analysis		570,311 \$	253,170 \$	969,569.90	4,785 \$	15,833.89	9,961 \$	49,051.51	838,227 \$	3,707,528
TG		422,030	187,345		3,541		7,371		620,288	
Usage Before Adj		570,311	253,170		4,785		9,961		838,227	
Rev Related to Usage Adj		\$ (18,687.87)	\$	(22,486.80)	\$	29.54	\$	(578.97)	\$	(41,724.09)
Other Adjustments		\$ -	\$	-	\$	-	\$	-	\$	-
Adjusted Usage Rate Rev		\$ 1,779,826.05	\$	790,091.50	\$	14,934.48	\$	31,087.79	\$	2,615,939.82
Adjusted Usage Rate Revenue		\$ 1,779,826.05	\$	790,091.50	\$	14,934.48	\$	31,087.79	\$	2,615,939.82
<b>Minimum Charge:</b>										
5/8"	158.75	950 \$	150,812.50	66 \$	10,477.50	\$ -	12 \$	1,905.00	1,028 \$	163,195
3/4"	238.05	1 \$	238.05	- \$	-	\$ -	- \$	-	1 \$	238
1"	396.80	7 \$	2,777.60	26 \$	10,316.80	\$ -	5 \$	1,984.00	38 \$	15,078
1 1/2"	793.65	1 \$	793.65	3 \$	2,380.95	\$ -	- \$	-	4 \$	3,175
2"	1,269.95	1 \$	1,269.95	5 \$	6,349.75	\$ -	5 \$	6,349.75	11 \$	13,969
Subtotal		960	100	-	-	-	22	1,082		
Vol \$ Per 100 CCF	3.950	31,356 \$	22,476 \$	88,773.46	\$ -	\$ -	7,025 \$	27,746.64	60,857 \$	240,367
Total Seasonal		\$ 279,738.54	\$	118,298.46	\$	-	\$	37,985.39	\$	436,022
Bill Correction Adjustments		0	0	0	0	0	0	0	-	-
Total Revenue		\$ 279,738.54	\$	118,298.46	\$	-	\$	37,985.39	\$	436,022
TG		23,203	16,632				5,199		45,034	\$ -
By class Including Seasonal	HCF/\$	601,667 \$	275,646 \$	1,087,868.36	4,785 \$	15,833.89	16,986 \$	87,036.90	899,084 \$	4,143,550
TG		445,233	203,978		3,541		12,570		665,322	\$ -





**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 8**

- **The Utility's most recent construction budget.**

**Attached.**

**Aquarion Water Company of New Hampshire  
2012 Capital Expenditure Budget**

DESCRIPTION	CATEGORY	PUC Account No.	2012
Fleet Vehicles	A&G	341	\$51,000
Radio System Upgrade	A&G	346	\$31,000
Purchase 5kw Generator	A&G	345	\$5,000
<b>Total General Plant</b>			<b>\$87,000</b>
Recurring SCADA	IT	346	\$30,000
Upgrade /Replace SCADA Sensors	IT	346	\$51,000
<b>Total Information Technology</b>			<b>\$81,000</b>
Miscellaneous Main Renewals	Mains	309	\$26,000
Towle Farm Road - Drakeside Road	Mains	309	\$2,000
Atlantic Avenue - Mill Rd to Maple	Mains	309	\$732,000
Rt 101, Tide Mill Road to Church Street	Mains	309	\$10,000
Ocean Blvd, Dumas Ave to Winnacunnet Rd	Mains	309	\$69,000
<b>Total Mains</b>			<b>\$839,000</b>
Periodic Meter Replacements	Meters	334	\$130,000
New Meters	Meters	334	\$70,000
<b>Total Meters</b>			<b>\$200,000</b>
Recurring Pump	Pumping	311	\$14,000
<b>Total Pumping</b>			<b>\$14,000</b>
Source of Supply (Source Exploration)	SOS		
Whites Lane Wells	SOS	307	\$342,000
Redevelop Well 9	SOS	307	\$20,000
<b>Total Source of Supply</b>			<b>\$362,000</b>
Services - New	T&D	333	\$85,600
Services Replacements	T&D	333	\$30,000
Hydrants - New	T&D	335	\$4,400
Hydrants Replacements	T&D	335	\$32,000
Valves Replacements	T&D	309	\$11,000
Blowoffs - Replacements	T&D	331	\$3,000
Repairs to Exeter Rd Tank	T&D	330	\$20,000
<b>Total Transmission &amp; Distribution</b>			<b>\$186,000</b>
Well 7 Station Improvements	Treatment	320	\$62,000
Convert Mill Rd Garage to WTP	Treatment	320	\$51,000
<b>Total Treatment</b>			<b>\$113,000</b>
<b>TOTAL:</b>			<b>\$1,882,000</b>



**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 9**

- **The utility's chart of accounts, if different from the uniform system of accounts established by the commission as part of Puc 300, Puc 400, Puc 500, Puc 600, and Puc 700.**

**Attached.**

**AWC of New Hampshire**  
**Chart of Accounts**

<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
<b><u>Utility Plant in Service</u></b>				
101	301	Organization	101	301
101	303	Miscellaneous Intangible Plant	101	339
101	310	Source Land and Land Rights	101	303
101	311	Source Structures and Improvements	101	304
101	312	Collecting and Impounding Reservoirs	101	305
101	314	Wells and Springs	101	307
101	316	Supply Mains	101	309
101	317	Other Water Source Plant	101	339
101	320	Pumping Land and Land Rights	101	303
101	321	Pumping Structures and Improvements	101	304
101	325	Electric Pumping Equipment	101	311
101	326	Diesel Pumping Equipment	101	311
101	328	Other Pumping Equipment	101	311
101	331	Treatment Structures and Improvements	101	304
101	332	Treatment Equipment	101	320
101	340	T&D Land and Land Rights	101	303
101	341	T&D Structures and Improvements	101	304
101	342	Distribution Reservoirs and Standpipes	101	330
101	343	Transmission and Distribution Mains	101	331
101	345	Services	101	333
101	346	Meters	101	334
101	347	Meter Installations	101	334
101	348	Hydrants	101	335
101	349	Other T&D Plant	101	339
101	390	General Structures and Improvements	101	304
101	391	Office Furniture and Equipment	101	340
101	391H	Computer Equipment - Hardware	101	340
101	391S	Computer Equipment - Software	101	340
101	392	Transportation Equipment	101	341
101	393	Stores Equipment	101	342
101	394	Tools, Shop, and Garage Equipment	101	343
101	395	Laboratory Equipment	101	344
101	396	Power Operated Equipment	101	345
101	397	Communications Equipment	101	346
101	398	Miscellaneous Equipment	101	347
101	399	Other Tangible Property	101	

**Property Held for Future Use**

**AWC of New Hampshire**  
**Chart of Accounts**

<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
105	000	Land Held for Future Use	103	000
		<b><u>Construction Work in Progress</u></b>		
107	311	Source Structures and Improvements	105	000
107	312	Collecting and Impounding Reservoirs	105	000
107	314	Wells and Springs	105	000
107	316	Supply Mains	105	000
107	317	Other Water Source Plant	105	000
107	321	Pumping Structures and Improvements	105	000
107	325	Electric Pumping Equipment	105	000
107	326	Diesel Pumping Equipment	105	000
107	328	Other Pumping Equipment	105	000
107	331	Treatment Structures and Improvements	105	000
107	332	Treatment Equipment	105	000
107	341	T&D Structures and Improvements	105	000
107	342	Distribution Reservoirs and Standpipes	105	000
107	343	Transmission and Distribution Mains	105	000
107	345	Services	105	000
107	346	Meters	105	000
107	347	Meter Installations	105	000
107	348	Hydrants	105	000
107	349	Other T&D Plant	105	000
107	390	General Structures and Improvements	105	000
107	391H	Computer Equipment - Hardware	105	000
107	391S	Computer Equipment - Software	105	000
107	392	Transportation Equipment	105	000
107	393	Stores Equipment	105	000
107	394	Tools, Shop, and Garage Equipment	105	000
107	395	Laboratory Equipment	105	000
107	396	Power Operated Equipment	105	000
107	397	Communications Equipment	105	000
107	398	Miscellaneous Equipment	105	000
107	399	Other Tangible Property	105	000
		<b><u>Accum Prov for Deprec - Util</u></b>		
111	001	Accumulated Depreciation- Utility Plant	108.1	000
111	002	Proceeds from Sale of Equipment	108.1	000
111	003	Cost of Removal of Utility Plant	108.1	000
111	010	Accumulated Depreciation- Retirement	108.1	000

**Non-Utility Property**

**AWC of New Hampshire**  
**Chart of Accounts**

<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
121	000	Non-Utility Property	121	000
		<b><u>Accum Prov for Deprec - N.U.</u></b>		
122	010	Accumulated Depreciation- Non- Utility	122	000
		<b><u>Cash</u></b>		
131	000	Cash- Concentrator Account	131.2	000
131	001	Cash- A/P Account	131.2	000
131	002	Cash- Payroll Account	131.2	000
131	009	AWC of NH State Revolving Fund	131.2	000
131	100	Cash Concentrator Clearing	131.2	000
131	101	Cash- A/P Clearing	131.2	000
131	102	Cash- Payroll Clearing	133	000
131	900	Cash Desk	133	000
131	999	Clarification Account	133	000
		<b><u>Working Funds (Petty Cash)</u></b>		
135	000	Petty Cash	134	000
		<b><u>Customer Accounts Receivable</u></b>		
142	000	Accounts Receivable - Customers	141	000
142	001	Jobbing Receivables	142	000
142	100	Clarification Account	142	000
		<b><u>Other Accounts Receivable</u></b>		
143	000	Miscellaneous Receivables	142	000
143	003	Security Deposit- Chemical Containers	142	000
143	008	Amounts Due from VEBA	142	000
143	011	Neptune Receivable- Aquarion	142	000
		<b><u>Accum Prov for Uncollectibles</u></b>		
144	000	Reserve for Doubtful Accounts - Water	143	000
144	001	Reserve for Doubtful Accounts - Jobbing	143	000
		<b><u>Accounts Receivable from Associated Companies</u></b>		
145	100	Notes Receivable- Aquarion	145	000
		<b><u>Accts Rec from Associates</u></b>		
146	000	Intercompany Receivable (Payable)	145	000
146	210	Intercompany Receivable- AWC of CT	145	000

**AWC of New Hampshire**  
**Chart of Accounts**

<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
146	220	Intercompany Receivable- AWC MA	145	000
146	230	Intercompany Receivable- AWC NH	145	000
146	240	Intercompany Receivable - AWC New York	145	000
<b><u>Materials &amp; Supplies</u></b>				
154	000	Supplies Inventory	151	000
154	002	Supplies Inventory- Chemical Issuances	151	000
<b><u>Prepayments</u></b>				
165	000	Miscellaneous Prepayments	162	000
165	001	Prepaid Pension Costs	162	000
165	002	Prepaid Property Taxes	163	000
165	003	Prepaid Insurance	162	000
165	004	Prepaid Maintenance Contracts	162	000
165	005	Prepaid PURA Assessment	162	000
165	009	Prepaid D&O Assessment	162	000
165	011	Prepaid Bond Trustee Fees	162	000
<b><u>Accrued Utility Revenues</u></b>				
173	000	Accrued Utility Revenues	173	000
173	001	Accrued Utility Revenues- Cross Connections	174	000
173	002	Temporary Rate Recoupment	174	000
<b><u>Unamort Debt Disc &amp; Expenses</u></b>				
181	241	Unamort Debt Disc - \$3.0 M Due 2023- NH	181	000
181	242	Unamort Debt Disc - \$5.9M Due 2035 - NH	181	000
181	341	Unamort Debt Amort - \$3.0M Due 2023 - NH	181	000
181	342	Unamort Debt Amort - \$5.9M Due 2035- NH	181	000
<b><u>Clearing Accounts</u></b>				
184	000	General Overhead	184	000
<b><u>Miscellaneous Deferred Debits</u></b>				
186	015	Deferred Program Maintenance Costs	186.2	000
186	023	Deferred Additional Security Costs	186.2	000
186	032	Deferred Rate Case Costs	186.1	000
186	036	Deferred Water Restriction Costs	186.2	000
186	042	FAS 158 Net (Gain) Loss	186	000
186	043	FAS 158 Prior Service Costs	186	000
186	044	FAS 158 Transition Obligation	186	000

**AWC of New Hampshire**  
**Chart of Accounts**

<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
186	048	Deferred Rate Case Costs - 2008 NH Rate	186.1	000
186	901	Unfund Deferred Asset - FAS 109	186	000
186	904	FAS 158 Tax Effect Asset	186	000
186	905	FAS 158 Regulatory Asset- Recoverable	186	000
186	909	Pre-Acquisition (AW Companies) FAS 109	186	000
186	950	Regulatory Asset - Recov Income Tax	186	000
186	951	Regulatory Asset - Other	186	000
186	952	Liab for Excess Def IT	186	000
186	953	Deficit Def Income Tax	186	000
186	954	Liab for Excess DIT - State	186	000
186	955	Liab for 3% ITC	186	000
186	956	Liab for 4% ITC	186	000
186	957	Liab for 10% ITC	186	000
		<b><u>Common Stock Issued</u></b>		
201	000	Common Stock	201	000
		<b><u>Preferred Stock Issued</u></b>		
204	000	Preferred Stock	204	000
		<b><u>Premium on Capital Stock</u></b>		
207	000	Paid In Capital	207	000
		<b><u>Miscellaneous Paid-in Capital</u></b>		
211	000	Contributed Capital	211	000
		<b><u>Unapprop Retained Earnings</u></b>		
216	000	Retained Earnings	217	000
		<b><u>Bonds</u></b>		
221	241	\$3.0M 7.71% Due 2023 - NH	221	000
221	242	\$5.9M 6.21% Due 2035- NH	221	000
221	243	\$4.0M- 4.62% due 1/1/15	221	000
		<b><u>Accounts Payable</u></b>		
232	000	Accounts Payable	231	000
232	001	Accounts Payable- Inv Recd Not Invoiced		000
232	002	Accrued Accounts Payable		000
232	003	Accrued Medical Claims	241	000
232	004	FASB 106 Deferred Ins Costs		000

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<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
232	007	Accrued Bill Postage/ Processing		000
232	017	Accrued Purchased Power Costs		000
232	022	Accrued Rental Expense		000
232	100	Accounts Payable- Customer Refunds		000
		<b><u>Notes Payable to Associates</u></b>		
233	100	Notes Payable to Associates - Aquarion	234	000
233	110	Notes Payable to Aquarion- Swap Rate	234	000
		<b><u>Customer Deposits - Water</u></b>		
235	000	Customer Deposits Water	235	000
235	002	Miscellaneous Deposits Clearing	235	000
		<b><u>Taxes Accrued</u></b>		
236	101	Federal Income Taxes	236	000
236	102	State Income Taxes	236	000
		<b><u>Interest Accrued</u></b>		
237	241	Accr Interest-\$3.0M 7.71% Due 2023 - NH	237	000
237	242	Accr Interest- \$5.9M 6.21% Due 2035- NH	237	000
237	243	Accr Interest- \$4.0M- 4.62% Due 1/1/15	237	000
		<b><u>Dividends Declared</u></b>		
238	002	Dividends Declared - Preferred Stock	238	000
		<b><u>Tax Collection Payable</u></b>		
241	001	Federal Withholding Taxes Payable	241	000
241	002	FICA Withholding Taxes Payable	241	000
241	005	Payroll Taxes Clearing	241	000
241	006	Union Dues - Clearing	241	000
		<b><u>Misc Current &amp; Accrued Liabs</u></b>		
242	000	Miscellaneous Accrued Liabilities	241	000
242	001	Funded Pension Contribution	241	000
242	002	Bonus Accrual	241	000
242	003	Accrued General Liability Claims	241	000
242	005	Accrued Auto Claims	241	000
242	006	Accrued Payroll	241	000
242	007	Audit Fee	241	000
242	008	Legal Fee	241	000

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**Chart of Accounts**

<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
242	009	United Way	241	000
242	010	Employee Thrift/401(K) Plan	241	000
242	014	401K Loan Payments	241	000
242	015	Flex Spending- Healthcare	241	000
242	019	Unclaimed Property	241	000
242	020	Accrued Trustee Fees	241	000
		<b><u>Customer Advances for Constr</u></b>		
252	000	Customer Advances	252	000
		<b><u>Other Deferred Credits</u></b>		
253	000	Other Deferred Credits	253	000
		<b><u>Pensions and Benefits Reserve</u></b>		
263	003	401(k) SERP	263	000
		<b><u>Contribution in Aid of Constr</u></b>		
271	000	Expired Customer Advances	271	000
		<b><u>Amort Contrib in Aid of Const</u></b>		
272	000	Amortization of CIAC	272	000
		<b><u>Accum Def Inc Tax - Deprec</u></b>		
282	001	Deferred Income Taxes - Flowthrough Dep	282	000
		<b><u>Accum Def Inc Tax - Other</u></b>		
283	004	Deferred Taxes - FAS 109	283	000
283	005	Deferred Taxes- Accelerated Deprec.	283	000
283	009	Current Year Deferred Provision	283	000
283	015	Deferred Taxes- "A" Reserves	283	000
283	016	Deferred ITC	283	000
283	019	Pre-Acquisition (AW Companies) DTL-Flow	283	000
		<b><u>Depreciation Expense</u></b>		
403	000	Depreciation Expense	403	000
		<b><u>Amort of Other Utility Plant</u></b>		
405	000	Amort of Other UP	405	000
		<b><u>Taxes Other Than Income Taxes</u></b>		



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<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
408	001	Payroll Taxes	408.12	000
408	004	Property Taxes - Utility	408.11	000
408	011	PR-OH- PR Taxes		000
408	500	PR-OH- Cap PR Taxes		000
<b><u>Income Taxes</u></b>				
409	001	Federal Income Tax - Utility	409.1	000
409	002	State Income Tax	409.11	000
409	007	FIT- Current PTR		000
409	008	SIT- Current PTR		000
<b><u>Provision for Def Income Taxes</u></b>				
410	001	FIT- Deferred	411.1	000
410	002	FIT Deferred	410.11	000
410	003	FIT - FAS 109		000
410	004	State Income Tax - Utility FAS 109		000
<b><u>Revenues from Merch, Jobbing</u></b>				
415	000	Jobbing Revenue	415	000
415	001	Cross Connections - Testing	415	000
<b><u>Expenses from Merch, Jobbing</u></b>				
416	000	Miscellaneous Jobbing Expense	416	000
416	001	Labor- Jobbing	416	000
416	004	Transportation- Jobbing	416	000
416	201	Cross Connections - Testing	416	000
<b><u>Interest and Dividend Income</u></b>				
419	000	Interest Income	419	000
419	003	Intercompany Interest Income	419	000
<b><u>Revenues from Non-Utility Ops</u></b>				
421	000	Miscellaneous Non-Operating Income	426	000
<b><u>Misc Income Deductions</u></b>				
426	001	Charitable Donations	426	000
<b><u>Interest on Long-Term Debt</u></b>				
427	241	Interest on Long-Term Debt - \$3.0M 7.71 NH	427	000
427	242	Interest on Long-Term Debt - \$5.9M 6.21 NH	427	000

**AWC of New Hampshire**  
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<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
427	243	Interest on Long-Term Debt - \$4.0M 4.62 NH	427	000
		<b><u>Amort of Debt Discount &amp; Exp</u></b>		
428	000	Amortization of Debt Discount Expense	428	000
		<b><u>Interest on Debt to Associates</u></b>		
430	000	Intercompany Interest Expense - Aquarion	427.1	000
430	010	Intercompany Interest Expense - Swap	427.5	000
431	000	Interest Expense- Other	427.5	000
431	002	Interest on Tax Assessment	427.5	000
		<b><u>Dividends Declared - Preferred</u></b>		
437	000	Dividends Declared - Preferred	437	000
		<b><u>Dividends Declared - Common</u></b>		
438	000	Dividends Declared - Common	438	000
		<b><u>Unmetered Sales-General</u></b>		
460	001	Unmetered Sales-General	460	000
460	002	Unmetered Sales-Hydrant Use	460	000
		<b><u>Metered Sales to General Cust</u></b>		
461	001	Residential Revenue	461.1	000
461	003	Commercial Revenue	461.2	000
461	005	Industrial Revenue	461.3	000
		<b><u>Private Fire Protection Serv</u></b>		
462	001	Private Fire Revenue	462.2	000
		<b><u>Public Fire Protection Serv</u></b>		
463	001	Public Fire Revenue	462.1	000
		<b><u>Other Sales to Public Author</u></b>		
464	001	Public Authority Revenue	461.4	000
		<b><u>Misc Service Revenue</u></b>		
471	000	Misc Service Revenue	471	000
471	001	Service Connection Fees	471	000

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<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
471	002	Late Payment Fees	471	000
		<b><u>Rents from Water Property</u></b>		
472	002	Antenna Rental Income	472	000
		<b><u>Operation Labor &amp; Expenses</u></b>		
601	001	Labor- Source of Supply Operations	601	000
		<b><u>Miscellaneous Expenses</u></b>		
603	000	Miscellaneous Expenses - Source of Supply Operations	603	000
603	002	Outside Services- Source of Supply Operations	603	000
603	003	Materials- Source of Supply Operations	603	000
603	004	Transportation- Source of Supply Operations	603	000
603	205	Miscellaneous Building Services	603	000
603	206	Miscellaneous Expense- Security	603	000
		<b><u>Rents</u></b>		
604	000	Rent Expense- SOS Operations	604	000
		<b><u>Maintenance of Structures</u></b>		
611	000	Maintenance of Structures- SOS	611	000
611	001	Maintenance of Structures Labor- SOS	611	000
611	002	Maintenance of Structure O/S Services- SOS	611	000
611	003	Maintenance of Structure Materials- SOS	611	000
611	004	Transportation- SOS Maintenance	611	000
		<b><u>Maint of Wells &amp; Springs</u></b>		
614	000	Maintenance of Wells & Springs	614	000
614	001	Maintenance of Wells Labor	614	000
614	002	Maintenance of Wells O/S Services	614	000
614	003	Maintenance of Wells Materials	614	000
		<b><u>Supervisory Labor</u></b>		
620	000	Supervisory Labor- Pumping Operations	620	000
620	001	Supervisory Labor- Pumping Operations	620	000
		<b><u>Fuel or Power Purch for Pumpng</u></b>		
623	201	Purchased Fuel - Electric	623	000
623	202	Purchased Fuel - Oil	623	000
623	203	Purchased Fuel - Gas	623	000

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<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
		<b><u>Pumping Labor &amp; Expenses</u></b>		
624	000	Pumping Labor and Expenses	624	000
624	001	Labor- Pumping Operations	624	000
		<b><u>Miscellaneous Expenses</u></b>		
626	000	Miscellaneous Expenses - Pumping Op	626	000
626	002	Outside Services- Pumping Operations	626	000
626	003	Materials- Pumping Operations	626	000
626	004	Transportation- Pumping Operations	626	000
		<b><u>Maint Supervision and Engineering</u></b>		
630	000	Supervisory Labor- Pumping Maintenance	630	000
630	001	Supervisory Labor- Pumping Maintenance	631	000
		<b><u>Maint of Structures &amp; Improve</u></b>		
631	000	Maintenance of Structures- Pumping	631	000
631	001	Maint of Structures Labor- Pumping	631	000
631	002	Maint of Structures O/S Services- Pumpi	631	000
631	003	Maint of Structures Materials- Pumping	631	000
		<b><u>Maint of Power Product Equip</u></b>		
632	001	Maint of Power Prod. Labor	632	000
632	002	Maint of Power Prod. O/S Services	632	000
632	003	Maint of Power Prod. Materials	632	000
		<b><u>Maint of Pumping Equipment</u></b>		
633	000	Maintenance of Equipment- Pumping	633	000
633	001	Maint of Equipment Labor- Pumping	633	000
633	002	Maint of Equipment O/S Services- Pumpin	633	000
633	003	Maint of Equipment Materials- Pumping	633	000
633	004	Transportation- Pumping Maintenance	633	000
		<b><u>Operation Superv &amp; Engineerng</u></b>		
640	000	Supervisory Labor- Treatment Operations	640	000
640	001	Supervisory Labor- Treatment Operations	640	000
		<b><u>Chemicals</u></b>		
641	000	Chemicals	641	000

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<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
		<b><u>Operation Labor &amp; Expenses</u></b>		
642	000	Labor- Treatment Operations	642	000
642	001	Labor- Treatment Operations	642	000
642	203	Water Quality Sample Collections	642	000
		<b><u>Miscellaneous Expenses</u></b>		
643	000	Miscellaneous Expenses -Treatment Opera	643	000
643	002	Outside Services- Treatment Operations	643	000
643	003	Materials- Treatment Operations	643	000
643	004	Transportation- Treatment Operation	643	000
643	007	Telecommunications- One Commun- Treatm	643	000
643	009	Telecommunications- Misc- Treatment Op	643	000
		<b><u>Rents</u></b>		
644	000	Rent Expense- Treatment Operation	644	000
		<b><u>Maint of Structures &amp; Improve</u></b>		
651	000	Maintenance of Structures- Treatment	651	000
651	001	Maint of Structures Labor- Treatment	651	000
651	002	Maint of Structures O/S Services- Treat	651	000
651	003	Maint of Structures Materials- Treatmen	651	000
		<b><u>Maint of Water Treat Equipment</u></b>		
652	000	Maintenance of Equipment- Treatment	652	000
652	001	Maint of Equipment Labor- Treatment	652	000
652	002	Maint of Equipment O/S Services- Treatm	652	000
652	003	Maint of Equipment Materials- Treatment	652	000
652	004	Transporation- Treatment Maintenance	652	000
		<b><u>Trans &amp; Distrib Lines Expenses</u></b>		
662	000	Lines Expense	662	000
662	001	T & D Lines Labor	662	000
662	002	T & D Lines Outside Services	662	000
662	003	T & D Lines Materials	662	000
		<b><u>Meter Expenses</u></b>		
663	000	Meter Expenses- T&D Operations	663	000
663	001	Meter Expenses Labor	663	000
663	002	Meter Expenses O/S Services	663	000

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<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
663	003	Meter Expenses Materials	663	000
		<b><u>Customer Installations Expense</u></b>		
664	000	Customer Installations	664	000
664	001	Cust Installations Labor	664	000
		<b><u>Miscellaneous Expenses</u></b>		
665	000	Miscellaneous Expenses- T&D Operations	665	000
665	001	Labor- T&D Opeations	665	000
665	002	Outside Services- T&D Operations	665	000
665	003	Materials- T&D Operations	665	000
665	004	Transportation- T&D Operations	665	000
665	005	Telecommunications- Land Lines- T&D Op	665	000
665	007	Telecommunications- One Commun- T&D Op	665	000
665	008	Telecommunications- Wireless- T&D Opre	665	000
665	201	Misc. T&D Expense - Business Meals	665	000
		<b><u>Rents</u></b>		
666	000	Rent Expense- T&D Operations	666	000
		<b><u>Maint of Structures &amp; Improve</u></b>		
671	000	Maintenance of Structures- T&D	671	000
671	001	Maint of Structures Labor- T&D	671	000
671	002	Maint of Structures O/S Services- T&D	671	000
671	003	Maint of Structures Materials- T&D	671	000
		<b><u>Maint of Distrib Resv &amp; Stndp</u></b>		
672	000	Maintenance of Standpipes	672	000
672	001	Maint of Tanks Labor	672	000
672	002	Maint of Tanks O/S Services	672	000
672	003	Maint of Tank Materials	672	000
672	201	Tank Painting Amortization	672	000
		<b><u>Maint of Trans &amp; Distrib Mains</u></b>		
673	000	Maintenance of Mains	673	000
673	001	Maint of Mains Labor	673	000
673	002	Maint of Mains O/S Services	673	000
673	003	Maint of Mains Materials	673	000
673	004	Transportation- T&D Maintenance	673	000

**AWC of New Hampshire**  
**Chart of Accounts**

<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
		<b><u>Maint of Services</u></b>		
675	000	Maintenance of Services	675	000
675	001	Maint of Services Labor	675	000
675	002	Maint of Services O/S Services	675	000
675	003	Maint of Services Materials	675	000
		<b><u>Maint of Meters</u></b>		
676	000	Maintenance of Meters	676	000
676	001	Maint of Meters Labor	676	000
676	002	Maint of Meters O/S Services	676	000
676	003	Maint of Meters Materials	676	000
		<b><u>Maint of Hydrants</u></b>		
677	000	Maintenance of Hydrants	677	000
677	001	Maint of Hydrants Labor	677	000
677	002	Maint of Hydrants O/S Services	677	000
677	003	Maint of Hydrants Materials	677	000
		<b><u>Maint of Miscellaneous Equipment</u></b>		
678	000	Maintenance of Miscellaneous Plant- T&D	678	000
678	001	Maint of Valves Labor	678	000
678	002	Maint of Valves O/S Services	678	000
678	003	Maint of Valves Materials	678	000
		<b><u>Supervision</u></b>		
901	000	Customer Supervision Labor	901	000
901	001	Exempt Labor- Customer Service	901	000
901	004	Transportation- Customer Service	901	000
		<b><u>Meter Reading Expenses</u></b>		
902	000	Meter Reading Expenses	902	000
902	001	Meter Reading Labor	902	000
902	002	Meter Reading Outside Services	902	000
902	003	Meter Reading Materials	902	000
902	004	Transportation- Meter Reading	902	000
902	201	Proceeds from Sale of Meter Reads	902	000
		<b><u>Customer Records &amp; Coll. Exp</u></b>		
903	000	Customer Records and Collections	903	000
903	201	Records & Collections - Postage	903	000

**AWC of New Hampshire**  
**Chart of Accounts**

<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
903	202	Bill Printing Services	903	000
903	203	Goodwill Credit	903	000
903	204	Leak Concessions	903	000
903	205	Reimbursable Outside Collections	903	000
903	206	Non-Reimbursable Agent Collections Fees	903	000
903	208	Customer Comm's-Reverse 911 Services	903	000
903	209	Bank Fees- FISC	903	000
		<b><u>Bad Debit Expense</u></b>		
904	000	Bad Debit Expense	904	000
		<b><u>Misc Customer Accounts Expense</u></b>		
905	000	Miscellaneous Customer Accounts Expenses	905	000
905	011	Allocation Customer Accounts Expenses	905	000
		<b><u>Information Technology</u></b>		
906	011	Allocated IT Expenses	906	000
		<b><u>Admin &amp; General Salaries</u></b>		
920	000	Payroll Expense	920	000
920	001	Labor Transfer CATS- AWC of CT Empl's	920	000
920	003	Labor Transfer CATS- Non CT Empl's	920	000
920	004	G & A Labor	920	000
920	102	Bonus Expense	920	000
920	103	LTIP Expense	920	000
		<b><u>Office Supplies &amp; Other Exp</u></b>		
921	000	Office Supplies and Materials	921	000
921	003	Office Supplies and Other Expenses	921	000
921	004	Transportation- G&A	921	000
921	005	Telecommunications- G&A	921	000
921	006	Telecommunications- Cell Phones- G&A	921	000
921	007	Telecommunications- One Commun- G&A	921	000
921	201	G&A Business Meals and Entertainment	921	000
921	202	Auto Mileage Reimbursement	921	000
921	203	Individual Dues and Memberships	921	000
921	204	Subscriptions and Publications	921	000
921	205	Postage Expenses	921	000
921	206	Electricity	921	000
921	207	Payroll Computer Expense	921	000



**AWC of New Hampshire**  
**Chart of Accounts**

<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
921	208	Building Services	921	000
921	209	Office Supplies	921	000
921	500	Miscellaneous Inventory Adjustments	921	000
<b><u>Outside Services Employed</u></b>				
923	000	Outside Services	923	000
923	002	Outside Services	923	000
923	011	Allocation from AWC CT	923	000
923	100	Corporate Allocation from Aquarion	923	000
923	201	Outside Services - Auditing	923	000
923	202	Outside Services - Legal	923	000
923	203	Outside Services - Pension	923	000
923	204	Bank Fees - BOA	923	000
923	205	Macquarie Asset Management	923	000
923	208	Other Outside Services and Consulting	923	000
923	210	Trustees Fees - Long-Term Debt	923	000
923	213	Outside Services- HR Consulting Fees	923	000
<b><u>Property Insurance</u></b>				
924	001	Property Insurance	924	000
<b><u>Injuries &amp; Damages</u></b>				
925	001	Insurance Premiums- General Liability	925	000
925	003	Safety and Accident Prevention	925	000
925	004	D & O Liability	925	000
925	005	General Liability Claims	925	000
925	006	Insurance Premiums- Auto Liability	925	000
925	007	Insurance Premiums- Excess Liability	925	000
925	008	Insurance Premiums- Fiduciary	925	000
925	009	Insurance Premiums- Other Liability	925	000
925	010	Insurance Premiums- Admin	925	000
925	011	Workers Compensation Insurance	925	000
<b><u>Employee Pensions &amp; Benefits</u></b>				
926	000	Other Fringe Benefits	926	000
926	011	PR OH- Benefits	926	000
926	201	Benefits - Funded Pension Plan	926	000
926	202	Benefits - Thrift / 401(k) Plan	926	000
926	204	Benefits - FAS 106	926	000
926	206	Benefits- Medical Plan	926	000

**AWC of New Hampshire**  
**Chart of Accounts**

<b><u>AWC OF NH</u></b>		<b><u>Account Description</u></b>	<b><u>NH PUC ACCOUNT</u></b>	
<b><u>ACCOUNT NUMBER</u></b>			<b><u>NUMBER</u></b>	
<b>Main</b>	<b>Sub</b>		<b>Main</b>	<b>Sub</b>
926	207	Employee Contributions - Medical Plan	926	000
926	209	Benefits - Auto Allowance	926	000
926	212	Benefits - Life Insurance	926	000
926	213	Benefits - Long-Term Disability	926	000
926	214	Seminars & Conferences - Non-Labor	926	000
926	215	Benefits - Tuition Reimbursement	926	000
926	216	Compliance Training Costs - Non-Labor	926	000
926	217	Non-Compliance Training - Non-Labor	926	000
926	218	Benefits - Service Awards	926	000
926	219	Company Meetings - Nonpayroll	926	000
926	222	Medical Plan Opt Out Credits	926	000
926	500	PR Overhead- Capitalized Fringe Benefits	926	000
		<b><u>Regulatory Commission Expenses</u></b>		
928	000	Regulatory Expenses - Other	928	000
928	001	Annual Commission Assessment	928	000
		<b><u>Miscellaneous General Expenses</u></b>		
930	000	Misc. G&A Expenses - Other	930	000
930	201	Company Dues and Memberships	930	000
930	202	Industry Conferences	930	000
930	203	Travel Expenses	930	000
930	204	Advisory Boards	930	000
930	207	Customer Relations	930	000
930	211	Public Relations - Publications	930	000
930	218	Bank Reconciliation Expenses	930	000
930	220	Corporate Secretary Filing and Misc Fees	930	000
		<b><u>Rents</u></b>		
931	000	Rent Expense	931	000
931	201	Office Equipment Rental Expense	931	000
932	202	Maintenance of Office Equipment		

Tot

AWC of New Hampshire

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 10**

- **The utility's Securities and Exchange Commission 10K forms and 10Q forms, for the most recent 2 years.**

**Not Applicable.**

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 11**

- **Detailed list of all membership fees, dues, donations for the test year charged above the line showing the trade, technical and professional associations and organizations and amount**
  - a) **If the utility's annual gross revenue are less than \$100,000, all membership fees, dues and donations shall be reported;**
  - b) **If the utility's annual gross revenue's are \$100,000 or are between \$100,000 and \$10,000,000, all membership fees, dues and donations of \$1,000 and more shall be reported;**
  - c) **If the utility's annual gross revenue's are \$10,000,000 or are between \$10,000,000 and \$100,000,000, all membership fees, dues and donations of \$2,500 and more shall be reported;**
  - d) **If the utility's annual gross revenue's are \$100,000,000 or are in excess of \$100,000,000, all membership fees, dues and donations of \$5,000 and more shall be reported.**

**Attached.**

**AWC Of New Hampshire**

**Dues & Subscriptions for the test year 01/01/2011 - 12/31/2011**

<u>Description</u>	<u>Amount</u>
New Hampshire Water Works Association	1,064.40
National Association of Water Companies	5,928.00
American Water Works Association	1,780.00
	<u>8,772.40</u>

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 12**

- **A list of any management audit and depreciation studies performed within the last 5 years, specifying whether same are in file with the commission.**

**Attached.**

**(The depreciation study was performed in August of 2008 by Jay W. Shutt, P.E. & Associates and was included in the last rate case Docket DW 08-098)**

**AQUARION WATER COMPANY OF NEW HAMPSHIRE  
REPORT ON DEPRECIATION RATES**

**AUGUST, 2008**

**JAY W. SHUTT, PE  
FLOYD BROWNE GROUP**

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APPENDIX B – CALCULATED ANNUAL AND ACCRUED DEPRECIATION ANALYSIS

# **AQUARION WATER COMPANY OF NEW HAMPSHIRE**

## **Report on Depreciation Rates**

### **General**

This report contains a description of the depreciation study of the property and plant of the Aquarion Water Company of New Hampshire as of March 31, 2008. The Aquarion Water Company of New Hampshire, an Aquarion subsidiary, is the public water supply company for approximately 8,770 customer accounts in Hampton, North Hampton and Rye.

The present depreciation rates were established in the Company's rate proceeding, DW 99-057, based upon a depreciation study applicable to utility plant at December 31, 1998. Table 5 -2 includes a tabulation of the present depreciation rates for each utility plant account.

This depreciation study includes an evaluation of historical service lives experienced by the Company for various types of plant property and equipment, a consideration of the cost of removal and salvage proceeds associated with property retirements, and the preparation of recommended depreciation rates for the various accounts.

Depreciation expenses are a regular and fundamental part of the cost of providing utility services. The annual depreciation expense charged against income over the service life of the property is a mechanism by which the capital investments in physical assets are recovered by water utilities. The depreciation rate also provides recognition of net salvage costs. These costs--salvage proceeds less the cost of retirement--are also

provided for in the annual depreciation expense rate.

In accordance with the policy of the New Hampshire Public Utility Commission, the recommended amortization of the variance between the book and accumulated depreciation and the calculated accrued depreciation is based on a ten-year amortization period for each property group. The calculated accrued depreciation represents that portion of the depreciable cost which will not be allocated to expense through future depreciation accruals, if current forecasts of service life characteristics and net salvage materialize and are used as a basis for depreciation accounting. The calculated accrued depreciation provides a measure of the book accumulated depreciation. The use of this measure is recommended in the amortization of book accumulated depreciation variances to insure complete recovery of capital over the life of the property.

The Company is being subjected to a number of factors which have a direct bearing on depreciation rates and expense. Older pumps, motors, valves, instrumentation and other operating mechanisms are being replaced and modernized. Older style meters are being supplanted with newer and more efficient meters. Switchgear and instrumentation are being upgraded with computerized systems and hydrants and water mains are being replaced. Some of the water plant facilities may be physically sound but may need replacement for a variety of reasons such as requirements of the Safe Drinking Water Act. Thus, a variety of factors may influence the remaining life of a particular piece of equipment. The requirements for improvements in water quality, safety and reliability, including technical and economic obsolescence, all have an impact on the service lives and remaining lives of the Company's property.

The historical retirement experience of the Company has been used as a guide to

the average service life. Wherever possible a statistical analysis of the retirement history of the asset account was performed to provide an estimate of the average service live. For some accounts, insufficient retirement history data was available to support a statistical analysis because total retirements have been only a small portion of the plant in service. In such cases, the service lives proposed have been developed with reference to industry and regulatory authority standards.

Section 2 of the report discusses and defines basic depreciation terms and analysis procedures used for this Study. Section 3 details the service life studies that were used and the depreciation computation procedures. Section 4 provides a discussion of the specific factors which were taken into consideration in developing the depreciation rates for each asset account or subaccount. Section 5 contains a summary of the study results and proposed rates. The Appendix contains printouts of the various information and studies used as a guide in preparing the proposed rates.

## **SECTION 2 DEPRECIATION DEFINITIONS AND PROCEDURES**

For water utility rate making purposes, the principal associated with the cost of capital expenditures which will provide service over a number of years is recovered as an annual charge termed depreciation expense. The annual expense is accumulated in a depreciation reserve. Upon retirement, the cost of the asset is charged to the depreciation reserve thus reducing the original cost and the amount of the reserve by an equal amount. The annual depreciation expense is modified according to whether or not it is expected that the retirement of the asset will result in a positive salvage amount, or if it will result in additional cost to be incurred to effect the retirement, or negative salvage.

Public water utility depreciation practices are typically based on group accounting methods. A single depreciation rate is applied to like items, either an entire account or by subaccount, rather than determining a separate rate for each individual asset. Average service lives, or average remaining lives, are determined for the group for depreciation purposes. The use of groups and averages means that some assets in the group will be retired before the average life and others after the average life.

### **Basis of Study**

The purpose of the depreciation study was to determine the annual depreciation accrual rates applicable to the cost of utility plant in service at March 31, 2008, and to measure the adequacy of Accumulated Depreciation. For most accounts, the straight line whole life method using attained ages and estimated survivor curves was the basis for the calculation of annual and accrued depreciation. For some accounts, the annual and accrued depreciation amounts were based on the age of the property and the selected

amortization period.

### **Simulated Plant-Record Method**

A common method of analysis of past service life history involves the use of the Simulated Plant-Record method (SPR). This method does not require detailed dated retirement information but instead uses gross additions by years, actual plant balances and a set of standard utility mortality curves. The gross addition and plant balance information is almost always available so that the SPR procedure can be used where detailed records are lacking, or where abstracting the detailed data is costly and time consuming.

There are two procedures that can be used under the SPR, one involving the simulated balances and the other the simulated retirements. The simulated retirement method is subject to considerable variations (annual retirements can vary substantially from year to year depending on the construction budget of the utility) and is not used extensively. In the simulated balances method, a mortality or retirement curve is applied to the gross additions to determine the simulated balances. The simulated balances are compared with the actual plant balances (usually for a span of 5, 10 or more years) using the least squares method of computation. Many curves and service lives are applied until the curve(s) with the best fit (smallest least squares total) is determined. As shown in Appendix A of the report, tables are produced which list the various curves ranked according to fit.

The tabulation also shows an Index of Variation which is a measure of how consistently the simulated balances match the actual balances. The following table shows the relative rating of the two indexes:

Index of Variation (IV)	Rating
<13	Excellent
13 to 20	Good
20 to 40	Fair
>40	Poor

Another qualitative measure of the Simulated Plant-Record analysis is the Retirements Experience Index (REI). The REI is the percent of the property retired from the oldest vintage in the test year by the end of the test year. A low REI indicates that the data may not contain enough history to uncover the life characteristics of the property being studied. The following ratings are suggested by depreciation experts:

REI	Rating
>75%	Excellent
50% to 75%	Good
33% to 50%	Fair
17% to 33%	Poor
0% to 17%	Valueless

### **Net Salvage**

Net salvage is defined as the salvage, proceeds realized upon retirement, less any cost of removal incurred. For example, an automobile costing \$24,000 and traded in or sold for \$6,000 would have 25 percent net salvage factor (as there is no cost of removal). Similarly, a building costing \$250,000 and removed upon retirement at a cost of \$25,000 would have a negative 10 percent net salvage. The net salvage costs are related to the

original cost of the plant retired. The net salvage costs are present day costs while the original costs of property retired were frequently incurred 50 or more years ago, at much lower costs levels. For these reasons, it is not uncommon to have the cost of removal (primarily current labor costs) be a significant percentage of the cost of the plant retired. This information was used as a guide for the proposed service lives and remaining lives and net salvage factors.

### **Iowa Survivor Curves**

The Iowa Curves used extensively in the depreciation study practice were developed during the 1930's at Iowa State University. The Curves are a family of retirement patterns and average service lives which collectively reflect the patterns of retirements for utility property.

There are three basic types of curves, R, L and S. The R family of curves designates patterns where the maximum rate of retirements occurs to the right or after the average service life. The S family denotes peak retirements at the average service life and the L set of curves reflect the peak retirements to the left or earlier than the average service life. There are several other types of curves which have been developed to reflect a single one time retirement of the property and the straight line or uniform rate of retirement over the service life history. The curves are designated within each of the three basic sets from zero to six. Where retirements occur at a fairly uniform rate over the service life, the zero curves such as L0 would be indicated. Where retirements occur at a rapid rate with very few retirements during the early and later years of service, the 6 type such as L6 curve would be indicated. Curves are normally designated by the curve type



and the years of service such as an R2-40 year curve.

Assuming an R1-40 year service life, the remaining life of the new property at the end of the year when it is installed would be 39.5 years (at December 31, property installed at a given year is considered to have an age of 0.5 years). At 10.5 years, there would be 92 percent of the original property surviving and a remaining life of 32.5 years. Thus, the total life at that point is 43 years for the surviving property (10.5 plus 32.5 years). At age 50.5, there will be 32.6 percent of the original property surviving and 10 years remaining life for a total of 60.5 years. The utility survivor curves are like human mortality curves. When born, infants may have an expected life of 72 years on the average. At age 60, the remaining expectancy may be 20 years for a total of 80 years. At age 80, the expectancy may be 6 years for a total of 86 years. The humans who live longer than the average offset infant mortality and deaths of people prior to the age 72.

The Iowa Curves used in service life studies using both the retirement rate and simulated plant-record methods, are used to calculate depreciation reserves, and are used to estimate remaining service life. The availability of computers has greatly enhanced the use of the curves in such studies. The original tables developed at Iowa State University in the 1930's required several man-years of mechanical calculator computations. Similar tables can be generated by modern computers in a few minutes or less.

## **SECTION 3 SERVICE LIFE STUDIES AND DEPRECIATION COMPUTATION PROCEDURES**

### **Service Life Study Procedures**

Several procedures were used to determine the service lives as the basis for computing the depreciation accrual rates in this study. The average service life was determined by individual account and was based primarily on three factors:

1. The specific history of additions and plant balances over a select period of years for group properties was studied through the use of actuarial methodologies (simulated plant-record analysis).
2. The depreciation rates used by other water utilities, various properties and the range of rates for several water utilities recommended by the NARUC were considered. The service lives presently used by the Company have also been considered.
3. Specific factors with respect to current and anticipated technological changes, obsolescence, physical condition and other elements unique to the property were evaluated. These included a review of present and prospective construction and replacement programs, consideration of terminal or replacement dates for certain types of property and the net salvage or cost of removal required to take equipment out of service.

### **Simulated Plant-Record Method**

The Simulated Plant-Record Method was applied to accounts where there was adequate retirement experience. The Simulated Plant-Record software allows making a

variety of studies looking at the retirement experience covering different spans of years. Original cost, retirement, transfer and adjustment data used in the depreciation study were obtained from the Company's continuing property records. Data used in the study extended through March 31, 2008. As discussed earlier, standard utility retirement curves known as the Iowa Curves were used for the study.

Tabulations of simulated plant balance studies are included in Appendix A.

### **Estimation of Net Salvage Percents**

The estimates of net salvage were based primarily on judgment which considered a number of factors including a) data compiled for the years 1993 through 1998 and analyzed for a previous depreciation study in 1998, b) comparison of those findings to previous studies of other water companies, c) engineering and operational knowledge of retirement means and methods, and d) environmental regulatory requirements. Net salvage estimates are expressed as a percent of the original cost of plant retired. Recommended net salvage percentages for each plant account are included in Appendix B.

### **Depreciation Computation Procedure**

Proposed depreciation rates were computed after weighing all the facts with respect to the remaining service life, average service life, age and Iowa curves based on historical data, comparison of typical industry rates, determination of net salvage, physical and functional aspects of the property and all other factors, including future expectations, which might also have a bearing on the remaining life of the property.

### **Calculate Annual Depreciation Expense**

Simulated Plant-Record studies and other service life analyses provide the

average years of service life and a representative retirement pattern by means of an Iowa Curve selection. The first step in calculating the annual depreciation expense was to apply a straight line whole life approach. That is, assuming a uniform straight line depreciation percentage over the estimated average service life. After the average service life is determined, the annual depreciation rate can be computed by the following equation:

$$100\% / \text{Average Service Life} = \text{Annual Accrual Rate (percent)}$$

For example, assuming a 20 year average service life:  $100\% / 20 = 5\%$

This annual depreciation percentage was then applied to each vintage year plant balance and summed to arrive at a total for the plant account.

The Net Salvage Adjustment as then added to arrive at the Annual Depreciation for each plant account. This adjustment is calculated by multiplying the Net Salvage Factor expressed as a percent of the original cost times the plant account's calculated total annual depreciation amount.

The calculations of the annual depreciation expense by plant account are included in Appendix B.

### **Calculated Accrued Depreciation**

The Calculated Accrued Depreciation for each depreciable property group represents that portion of the depreciable cost of the group which will not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as a basis for straight line depreciation accounting.

The accrued depreciation calculation consists of applying an appropriate ratio taken from the Iowa Curve table to the surviving original cost of each vintage of each

account, based upon the attained age and the estimated survivor curve of each vintage.

The vintage year accrued depreciation was calculated as follows:

Vintage Year Accrued Depreciation = Ratio (*based on vintage year percent of average age*) x Vintage Year Surviving Balance

The vintage year accruals are added and a net salvage adjustment is added to arrive at the total calculated accrued depreciation for the plant account. The calculations of the accrued depreciation by plant account are included in Appendix B.

## **SECTION 4 WATER SYSTEM REMAINING LIFE AND NET SALVAGE FACTORS**

### **General**

The annual depreciation accrual and the calculated accrued depreciation have been analyzed for each account. An analysis of the retirement history of the major accounts was conducted where there was adequate retirement activity and information available. Since the mathematical analyses are based only on historical data, which is sometimes limited, the results of the retirement analysis are not necessarily considered to be definitive. Judgments were applied considering other factors, including the present lives and lives used for other water systems.

The determination of the proposed depreciation expense is shown in Table 5-1. The annual depreciation expense proposed for the water system is \$938,623 as shown in Table 5-1. This amount represents a composite annual accrual rate of 2.61 percent on the total plant investment of \$32,245,628 plus an additional amortization of \$97,396 to correct the \$973,963 reserve variance.

Following is a brief discussion of the recommended average service and the net salvage factors for each account.

### **Source of Supply**

#### **Account 303 – Miscellaneous Intangible Plant**

There has been limited activity in this account and it is of relatively small dollar value. A 30 year amortization period is proposed for this account.

#### **Account 311 - Structures and Improvements**

Data for all the various utility plant structures and improvement accounts (Accounts

311, 321, 331, and 341) were combined in order to accumulate adequate activity to support the use of statistical analysis. This was possible because the utility plant in these various accounts are very similar in age and general type of construction. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was also referenced for guidance. The Iowa curve of best fit for Structures and Improvements per the statistical analysis is an R5 - 38 year curve. Figure 1 suggests an average service life of 35 – 40 years. An R5-40 Iowa Curve was selected to fall within the suggested range. Net salvage of minus 10 percent is proposed for the account to provide for the removal costs for concrete and other structures and to be consistent with prior practices.

#### **Account 314 - Wells and Springs**

There has been limited activity in this account. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was referenced for guidance. The suggested average service life for Wells and Springs Plant is 25 – 35 years. An R3-30 Iowa Curve was selected to fall within the suggested range. Net salvage of minus 10 percent is proposed for the account to provide for the removal costs for properly sealing the retired wells and to be consistent with prior practices.

#### **Account 316 - Supply Mains**

These lines convey the raw water from the raw water intake to the treatment facilities. The Simulated Plant-Record analysis did not produce meaningful results due to the limited activity in this account. Supply Mains are similar to transmission and

distribution mains so use of the R5-100 Iowa Curve as indicated for transmission and distribution mains is proposed. A net salvage of minus 20 percent is proposed to also consistent with that proposed for transmission and distribution mains.

#### **Account 317 - Other Water Source Plant**

This account contains the costs of various master planning studies. Since such studies typically use a 20 year planning horizon we can expect their value and usefulness to diminish over that time period. Therefore, a 20 year amortization is proposed.

#### **Pumping Plant**

#### **Account 321 - Structures and Improvements**

Data for all the various utility plant structures and improvement accounts (Accounts 311, 321, 331, and 341) were combined in order to accumulate adequate activity to support the use of statistical analysis. This was possible because the utility plant in these various accounts are very similar in age and general type of construction. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was also referenced for guidance. The Iowa curve of best fit for Structures and Improvements per the statistical analysis is an R5 - 38 year curve. Figure 1 suggests an average service life of 35 – 40 years. An R5-40 Iowa Curve was selected to fall within the suggested range. Net salvage of minus 10 percent is proposed for the account to provide for the removal costs for concrete and other structures and to be consistent with prior practices.

#### **Account 325 - Electric Pumping Equipment**

The Simulated Plant-Record analysis was inconclusive but seemed to indicate an average service life higher than the 20 year life suggested by FIGURE 1 of Depreciation



Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979. The R1-35 lowa curve was selected for this account. A minus 20 percent net salvage factor is recommended for this account based on the complexity of removal of the various electrical apparatus, wiring, etc. which are associated with this type of equipment.

#### **Account 326 – Diesel Pumping Equipment**

The Simulated Plant-Record analysis was inconclusive. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was referenced for guidance. The suggested average service life for Pumping Equipment is 20 - 25 years. Indications are, however, that the average life is somewhat longer at this utility. The R1-30 lowa curve was selected for this account. Net salvage of minus 10 percent is proposed for the account.

#### **Account 328 - Other Pumping Equipment**

The Simulated Plant-Record analysis was inconclusive. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was referenced for guidance. The suggested average service life for Other Pumping Equipment is 25 years. The R1-25 lowa curve was selected for this account. Net salvage of minus 10 percent is proposed for the account.

#### **Treatment Plant**

#### **Account 331 - Structures and Improvements**

Data for all the various utility plant structures and improvement accounts (Accounts 311, 321, 331, and 341) were combined in order to accumulate adequate activity to support the use of statistical analysis. This was possible because the utility plant in these

various accounts are very similar in age and general type of construction. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was also referenced for guidance. The Iowa curve of best fit for Structures and Improvements per the statistical analysis is an R5 - 38 year curve. Figure 1 suggests an average service life of 35 – 40 years. An R5-40 Iowa Curve was selected to fall within the suggested range. Net salvage of minus 10 percent is proposed for the account to provide for the removal costs for concrete and other structures and to be consistent with prior practices.

### **Account 332 - Water Treatment Equipment**

The retirement analysis indicates an average age of about 30 years. The Retirement Experience Index (REI) is 100% which is excellent but the Index of Variation score is only in the fair range. Balancing this Index of Variation score is the consistency with which various Iowa Curves indicate an average service life in the 28 to 34 year range. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was also referenced for guidance. Figure 1 suggests a range of 20 – 35 years as the average service life for water treatment equipment. The simulated plant record indicated 28 to 34 year average service life is therefore consistent. Such a range is also indicated because the typical design period used when engineers design water treatment plants is 20 years. The average service life is likely to be somewhat longer than 20 years because after the 20 year design period a WTP is typically upgraded or expanded rather than being completely replaced. In recognition of the above factors a 30 year life is proposed. The R5 - 30 year curve was selected to fall within the range. Net salvage of minus 10 percent is proposed for the

account.

## **Transmission and Distribution Plant**

### **Account 341 - Structures and Improvements**

Data for all the various utility plant structures and improvement accounts (Accounts 311, 321, 331, and 341) were combined in order to accumulate adequate activity to support the use of statistical analysis. This was possible because the utility plant in these various accounts are very similar in age and general type of construction. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was also referenced for guidance. The Iowa curve of best fit for Structures and Improvements per the statistical analysis is an R5 - 38 year curve. Figure 1 suggests an average service life of 35 – 40 years. An R5-40 Iowa Curve was selected to fall within the suggested range. Net salvage of minus 10 percent is proposed for the account to provide for the removal costs for concrete and other structures and to be consistent with prior practices.

### **Account 342 - Distribution Reservoirs and Standpipes**

The retirement analysis indicates the R5-61.4 Iowa Curve is the curve of best fit. The Retirement Experience Index (REI) is 100% which is excellent and the Index of Variation score of 11 is also excellent. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was also referenced for guidance. Figure 1 suggests a range of 30 – 60 years as the average service life. Since Aquarion has a good track record of maintaining their water tanks a 60 year average service life is considered reasonable for the account. Therefore,

an R5-60 Iowa Curve was selected. The net salvage is proposed at minus 20 percent based upon the cost of retirement caused by requirements for lead paint abatement.

### **Account 343 - Transmission and Distribution Mains**

The Simulated Plant-Record analysis was inconclusive, but suggested an average service life in the range of 100 years. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was referenced for guidance. The suggested average service life for Transmission and Distribution Mains is 50 – 75 years. We will use an R3-100 curve. A net salvage factor of minus 20 percent is proposed because many transmission and distribution mains are installed under streets and roads and while the bulk of the length of pipe is abandoned in place it is still necessary to excavate in several locations to disconnect the retired main from the rest of the mains, fire hydrants, and service lines. The bulk of the retirement costs are due to the costs of compacted backfill and pavement repairs at the point of the excavations. Also, due to the relative long life of transmission and distribution mains the cost basis of the retired main is very low in comparison to the current cost basis for the required excavations and pavement repairs.

### **Account 345 - Services**

The Simulated Plant-Balance analysis was inconclusive due to an extremely high index of variation, but did indicate a higher than typical average service life. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was also referenced for guidance. Figure 1 suggests a range of 30 – 50 years as the average service life. An R3-65 Iowa Curve is proposed for this account to be consistent with prior practice and to recognize the indications of a fairly

long average service life. A net salvage factor of minus 20 percent is proposed because of the excavation, backfill and pavement repair costs typically associated with a service retirement as discussed under transmission and distribution mains.

### **Accounts 346 and 347 – Meters and Meter Installations**

Company records provided for this study were not segregated between Accounts 346 and 347, therefore, the two accounts were treated as one for the purposes of this analysis. The Company has adopted a policy of replacing all 5/8-inch, 3/4-inch, 1-inch and 2-inch meters every 10 years. The analysis of data shows an indicated composite average service life between 24 and 30 years. This is longer than the 10 year replacement policy might seem to indicate, but since this account also includes the larger, more expensive meters that are tested and repaired in place rather than being retired after 10 years, and since it also includes meter installations that are not replaced every 10 years it seems appropriate. An R1-25 year Iowa Curve is proposed for use with both Account 346 and 347. Retired meters are sold for scrap metal and consequently there is a positive salvage value. Since the accounts were jointly analyzed, a net salvage factor of 5% is proposed to be applied to both Accounts 346 and 347 even though there is not likely to be a positive salvage value for meter installations.

### **Account 348 - Hydrants**

The simulated plant record analysis indicated a range of 46 to 65 years with the curve of best fit being an S3-49 curve. The Index of Variation was consistent across various Iowa Curves in the fair range. An S3-50 Iowa curve is proposed. A minus 20 percent net salvage factor is proposed for the account since excavation and pavement repair is often required at current cost levels versus the lower cost basis of the original

asset given its relatively long life.

### **Account 349 - Other Transmission and Distribution Plant**

This account contains the costs of various master planning studies. Since such studies typically use a 20 year planning horizon we can expect their value and usefulness to diminish over that time period. Therefore, a 20 year amortization is proposed.

### **General Plant**

#### **Account 390 - Structures and Improvements**

There has not been adequate activity in this account to support the use of statistical analysis. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was referenced for guidance. The suggested average service life for General Plant Structures and Improvements is 35 – 40 years. An R1-35 Iowa Curve was selected to fall within the suggested range and to be consistent with the prior practices. A minus 10 percent net salvage is proposed for this account.

#### **Account 391 - Office Furniture and Equipment**

The Simulated Plant Record Analysis showed a consistent estimated average service life of 13 years although the Index of Variation was very high. Therefore, caution is indicated. However, due to the extreme consistency of results pointing to a 13 year average service life it is proposed to be accepted. An R1-13 Iowa Curve is proposed for this account.

#### **Account 391H/S – Computer Hardware & Software**

Retirements of computer hardware and software are mostly driven by rapid technology change which enables providing the company and its customers with more

and better information in a more timely fashion. As a part of this study data were collected on public utility commission approved computer hardware and software average service lives from five other states (Connecticut, Kentucky, Ohio, Tennessee, Pennsylvania, and Virginia). The approved hardware average service lives from this sample ranged from 4 to 8 years. The norm for non-regulated companies is to depreciate computer hardware and software using a 5 year average service life in accordance with Internal Revenue Service guidelines. A 5 year average service life for computer hardware and software is proposed. Zero net salvage is recommended since retired computers are of little value and there is no significant cost of retirement.

#### **Account 392 - Transportation Equipment**

An Iowa S6-8 curve is indicated as the curve of best fit by a Simulated Plant-Record analysis. Most other competing curves also indicate an 8 year average service life. Again there is a high Index of Variation, but consistency of results. An 8 year life seems reasonable given the mixture of vehicle types included in this account and the Company's vehicle replacement policies. An S6-8 Iowa Curve is proposed for this account. A 10 percent net salvage is recommended for the account to reflect vehicle trade-in values.

#### **Account 393 - Stores Equipment**

There has not been adequate activity in this account to support the use of statistical analysis. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was referenced for guidance. The suggested average service life for Stores Equipment is 20 years. A 20 year straight line amortization was selected to fall within the suggested range and to be

consistent with the prior practices.

#### **Account 394 - Tools, Shop and Garage Equipment**

There has not been adequate activity in this account to support the use of statistical analysis. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was referenced for guidance. The suggested average service life for Tools, Shop & Garage Equipment is 20 years. A 20 year straight line amortization was selected to fall within the suggested range and to be consistent with the prior practices.

#### **Account 395 - Laboratory Equipment**

The Simulated Plant-Record analysis was inconclusive. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was referenced for guidance. The suggested average service life for Laboratory Equipment is 15 – 20 years. A 15 year straight line amortization was selected to fall within the suggested range and to be consistent with the prior practices.

#### **Account 396 - Power Operated Equipment**

Although the Simulated Plant-Record analysis results had poor index of variation scores, they consistently indicated an average service live in the 12 to 14 year range. Based upon that consistency an R3-15 Iowa Curve is proposed for this account.

#### **Account 397 - Communication Equipment**

The Simulated Plant-Record analysis was inconclusive. FIGURE 1 of Depreciation Practices for Small Water Utilities, National Association of Regulatory Utility Commissioners, August 15, 1979 was referenced for guidance. The suggested average



service life for Communication Equipment is 10 years. A 10 year straight line amortization was selected to fall within the suggested range and to be consistent with the prior practices.

**Account 398 - Miscellaneous Equipment**

The Simulated Plant-Record analysis was inconclusive. A 10 year straight line amortization was selected to be consistent with the prior practices.

## **SECTION 5**

### **SUMMARY AND RECOMMENDATIONS**

The goal of a depreciation study is to determine the annual depreciation expense that must be recognized in order to allow the utility to recover its original investment in a plant asset and any cost of retirement of that asset over the life of the asset. The process is fairly straightforward but it does involve a large amount of data and number crunching.

Fundamentally the process is to analyze the past history of a utility's plant additions and retirements to discern a pattern that can be used to predict the average life span that can be expected and the pattern of retirements as the assets reach the end of their used and useful lives.

The type of analysis that is typically used for water utilities is a curve fitting process. Back in the 1930s a series of life curves were developed by researchers at Iowa State. These curves predict what percentage of an asset will be retired in a given year of age. The process is to compare the actual past history of retirements to those predicted by the various Iowa Curves. This is an iterative process facilitated by computer whereby the retirement pattern of each Iowa Curve for every possible average service life is compared to the actual addition and retirement history of a given plant account or sub account. The validity of the Iowa Curve and average service life prediction is tested in essentially two mathematical ways and by engineering judgment. The mathematical tests include a measure of the closeness of the actual annual data points to the standardized curve. This is measured by a statistical test called the sum of the squared differences which can also be reduced to an index called the Index of

Variation.

The second mathematical test is called the Retirement Experience Index. This is a measure of the percent of the predicted total life cycle represented by the actual plant account data. The less of the predicted total life cycle covered by the actual plant account data, the less likely that the true pattern has emerged and been detected.

The final test is one of engineering judgment. Given the nature of the plant in question, what type of retirement pattern makes sense? Some things tend to have relatively high failure rates early on – like computer hard drives – then settle down to a more gradual retirement rate. Other assets tend to have few retirements until well into their life expectancy – like water mains. In other words the blind mathematical analysis must be seasoned with a good dose of engineering knowledge and experience.

Once the most appropriate Iowa Curve and average service life is determined and net salvage value is estimated, the next step is to calculate the annual depreciation accrual and calculated accrued depreciation of the assets in a plant account. This is done by applying the expected life ratios from the selected Iowa Curve and average service life to plant balance and attained ages by vintage years and summing them to arrive at a total.

That last statement introduced one other element of the process and that is the salvage value or retirement cost that is either recovered or incurred at the time an asset is retired from service. If the utility can sell the retired asset it can recover part of its original investment – that is called salvage value. It is not necessary or appropriate to accrue depreciation expenses to cover that portion of the original cost. On the other hand, if additional costs are incurred at the time of retirement, public utility accounting

procedure is to recover that cost over the life of the asset so that those customers who have benefited from the asset pay the cost rather than future customers who will not benefit from the asset. Since the utility plant asset accounting process is based upon the original cost of the asset, the retirement costs or salvage values is expressed in terms of a percentage of the original cost. This can sometimes be confusing because, due to inflation, what appears to be a relatively small dollar amount in today's dollars can represent a significant percentage of the original cost – especially for long lived water utility assets.

The final step is to compare the calculated accrued depreciation to the book depreciation reserve of the account to determine the reserve variance that must be corrected. In accordance with the past policy of the New Hampshire Public Utility Commission, the variance between the book accumulated depreciation and the calculated accrued depreciation is proposed to be amortized over ten years for each plan account.

Revisions are proposed for the depreciation, service lives and net salvage factors for the Company. A schedule of depreciation rates is developed and shown in Table 5-1. The proposed annual depreciation expense, based on plant as of March 31, 2008, is \$938,623 with a composite rate of 2.61 percent of the total utility plant investment plus an additional 0.30 percent to amortize the Reserve Variance.

A comparison of the depreciation expense using the present and proposed rates is shown in Table 5-2.

The proposed rates are recommended as reasonable and necessary for the

Company to recover the costs associated with the investment in water system plant through depreciation expense.

**APPENDIX A**  
**SIMULATED PLANT RECORD ANALYSIS**

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SIMULATED PLANT RECORD ANALYSIS  
SIMULATED BALANCE METHOD

FLOYD BROWNE GROUP  
Jun-26-08

UTILITY - 402 AQUARION WATER COMPANY OF NEW HAMPSHIRE  
ACCOUNT - 311/321/331/341 STRUCTURES & IMPROVEMENTS

ACCOUNT CONTROL INFORMATION
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EARLIEST ADDITION = 1900      LATEST ADDITION = 2007  
EARLIEST BALANCE = 1938      LATEST BALANCE = 2008  
EARLIEST RETIREMENT = 1938      LATEST RETIREMENT = 2006      INPUT = ADD & RET

ANALYSIS BAND = 1938 THRU 2008

INCREMENT = 1

DISP	MEAN	SSD	IV	CI	REI
S4	38.2 YRS.	0.2449E+10	14	71	100.00
S5	38.1 YRS.	0.2357E+10	14	71	100.00
S6	37.9 YRS.	0.2399E+10	14	71	100.00
L4	39.5 YRS.	0.2526E+10	15	66	100.00
L5	38.5 YRS.	0.2406E+10	14	71	100.00
R4	39.3 YRS.	0.2322E+10	14	71	100.00
R5	38.0 YRS.	0.2282E+10	14	71	100.00
O1	157.8 YRS.	0.5839E+10	22	45	34.38
O2	178.0 YRS.	0.5838E+10	22	45	34.28
O3	261.9 YRS.	0.5860E+10	23	43	32.55
O4	353.8 YRS.	0.5870E+10	23	43	31.94

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SIMULATED PLANT RECORD ANALYSIS  
SIMULATED BALANCE METHOD

FLOYD BROWNE GROUP  
Jun-25-08

UTILITY - 402 AQUARION WATER COMPANY OF NEW HAMPSHIRE  
ACCOUNT - 332 WATER TREATMENT PLANT WATER TREATMENT EQUIPMENT

ACCOUNT CONTROL INFORMATION
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EARLIEST ADDITION = 1935      LATEST ADDITION = 2007  
EARLIEST BALANCE = 1969      LATEST BALANCE = 2008  
EARLIEST RETIREMENT = 1969      LATEST RETIREMENT = 2008      INPUT = ADD & RET

ANALYSIS BAND = 1969 THRU 2008

INCREMENT = 1

DISP	MEAN	SSD	IV	CI	REI
S5	29.7 YRS.	0.2516E+09	25	40	100.00
S6	28.7 YRS.	0.2090E+09	23	43	100.00
SQ	31.3 YRS.	0.3193E+09	29	34	100.00
L4	33.3 YRS.	0.3698E+09	31	32	100.00
L5	30.7 YRS.	0.2917E+09	27	37	100.00
R4	33.6 YRS.	0.3900E+09	32	31	100.00
R5	30.1 YRS.	0.2794E+09	27	37	100.00
O1	139.0 YRS.	0.3596E+09	31	32	26.44
O2	156.7 YRS.	0.3597E+09	31	32	26.37
O3	230.6 YRS.	0.3592E+09	31	32	25.52
O4	311.5 YRS.	0.3589E+09	31	32	25.26

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SIMULATED PLANT RECORD ANALYSIS  
SIMULATED BALANCE METHOD

FLOYD BROWNE GROUP  
Jun-25-08

UTILITY - 402 AQUARION WATER COMPANY OF NEW HAMPSHIRE  
ACCOUNT - 342 T & D PLANT DISTRIBUTION RESERVOIRS & STANDPIPES

ACCOUNT CONTROL INFORMATION
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EARLIEST ADDITION = 1900      LATEST ADDITION = 2008  
EARLIEST BALANCE = 1937      LATEST BALANCE = 2008  
EARLIEST RETIREMENT = 1937      LATEST RETIREMENT = 2000      INPUT = ADD & RET

ANALYSIS BAND = 1937 THRU 2008      INCREMENT = 1

DISP	MEAN	SSD	IV	CI	REI
S5	60.7 YRS.	0.2615E+10	12	83	100.00
S6	59.2 YRS.	0.2380E+10	11	90	100.00
SQ	64.5 YRS.	0.4168E+10	15	66	100.00
L4	66.5 YRS.	0.2863E+10	12	83	99.11
L5	62.6 YRS.	0.2656E+10	12	83	99.99
R4	67.3 YRS.	0.3064E+10	13	76	100.00
R5	61.4 YRS.	0.2453E+10	11	90	100.00
O1	470.7 YRS.	0.3385E+10	13	76	11.52
O2	525.6 YRS.	0.3385E+10	13	76	11.60
O3	781.0 YRS.	0.3384E+10	13	76	11.40
O4	***** YRS.	0.3383E+10	13	76	11.42

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SIMULATED PLANT RECORD ANALYSIS  
SIMULATED BALANCE METHOD

FLOYD BROWNE GROUP  
Jun-25-08

UTILITY - 402 AQUARION WATER COMPANY OF NEW HAMPSHIRE  
ACCOUNT - 346 & 347 T & D PLANT METERS & METER INSTALLATIONS

ACCOUNT CONTROL INFORMATION
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EARLIEST ADDITION = 1900      LATEST ADDITION = 2007  
EARLIEST BALANCE = 1913      LATEST BALANCE = 2008  
EARLIEST RETIREMENT = 1913      LATEST RETIREMENT = 2007      INPUT = ADD & RET

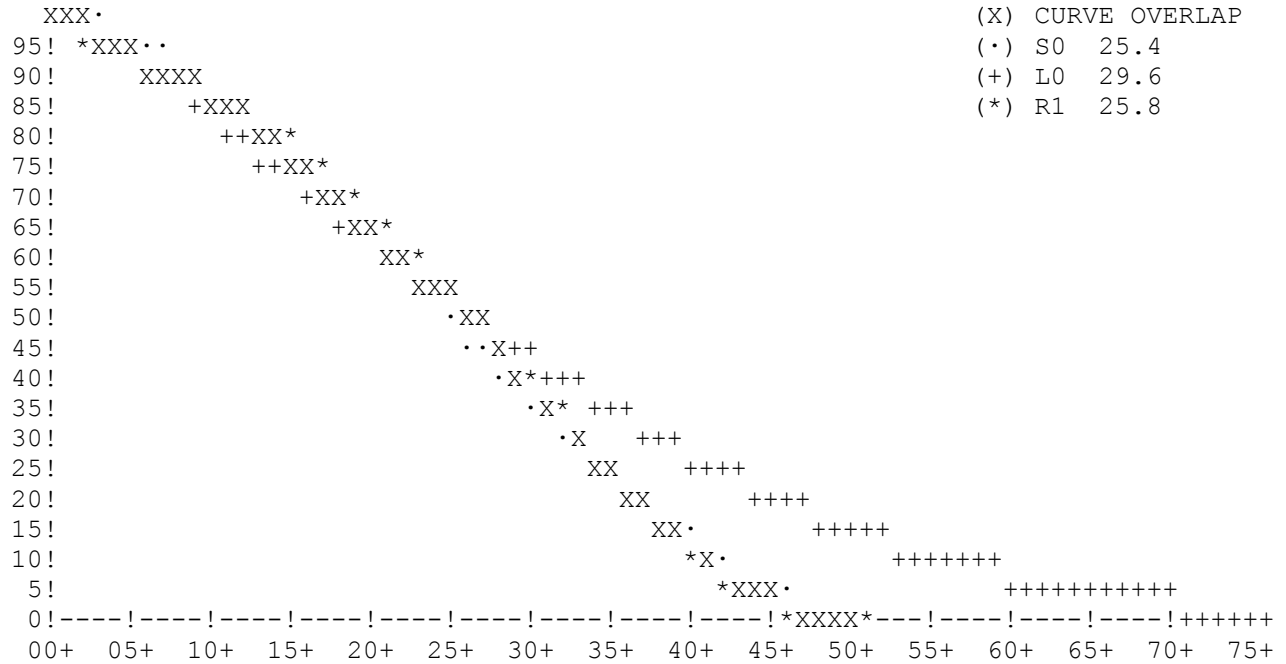
ANALYSIS BAND = 1913 THRU 2008      INCREMENT = 1

DISP	MEAN	SSD	IV	CI	REI
S0	25.4 YRS.	0.4528E+11	113	8	100.00
S0.5	24.4 YRS.	0.5148E+11	120	8	100.00
L0	29.6 YRS.	0.3711E+11	102	9	100.00
L0.5	27.6 YRS.	0.4151E+11	108	9	100.00
R1	25.8 YRS.	0.4282E+11	110	9	100.00
R1.5	24.2 YRS.	0.4972E+11	118	8	100.00
O1	29.7 YRS.	0.3087E+11	93	10	100.00
O2	32.5 YRS.	0.3255E+11	96	10	100.00
O3	42.2 YRS.	0.3115E+11	93	10	91.30
O4	54.3 YRS.	0.3048E+11	92	10	82.81

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Jun-25-08



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SIMULATED PLANT RECORD ANALYSIS  
SIMULATED BALANCE METHOD

FLOYD BROWNE GROUP  
Jun-25-08

UTILITY - 402 AQUARION WATER COMPANY OF NEW HAMPSHIRE  
ACCOUNT - 348 TRANSMISSION & DISTRIBUTION PLANT HYDRANTS

ACCOUNT CONTROL INFORMATION
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EARLIEST ADDITION = 1900      LATEST ADDITION = 2007  
EARLIEST BALANCE = 1914      LATEST BALANCE = 2008  
EARLIEST RETIREMENT = 1914      LATEST RETIREMENT = 2007      INPUT = ADD & RET

ANALYSIS BAND = 1914 THRU 2008

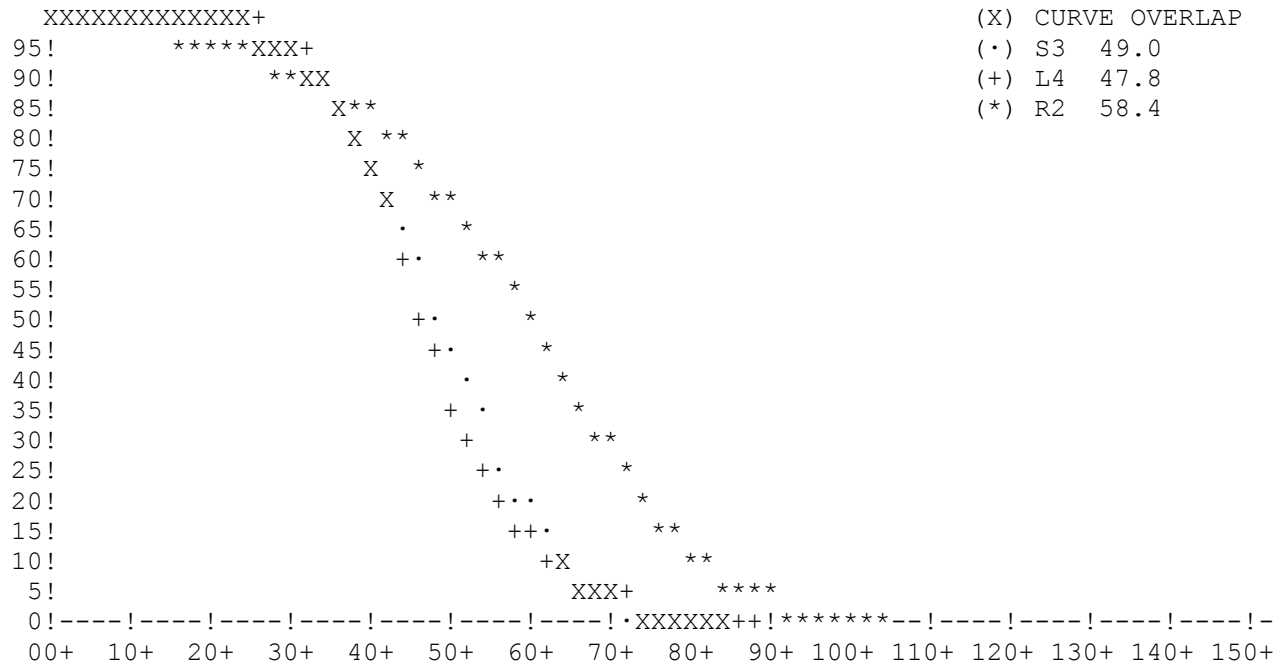
INCREMENT = 1

DISP	MEAN	SSD	IV	CI	REI
S2.5	50.9 YRS.	0.1076E+10	23	43	100.00
S3	49.0 YRS.	0.1040E+10	23	43	100.00
L4	47.8 YRS.	0.1073E+10	23	43	100.00
L5	45.7 YRS.	0.1126E+10	24	41	100.00
R2	64.8 YRS.	0.1076E+10	23	43	98.75
R2.5	58.4 YRS.	0.1017E+10	22	45	100.00
R3	53.2 YRS.	0.1023E+10	22	45	100.00
O1	142.7 YRS.	0.1022E+10	22	45	38.02
O2	159.3 YRS.	0.1023E+10	22	45	38.30
O3	234.4 YRS.	0.1020E+10	22	45	35.95
O4	316.7 YRS.	0.1019E+10	22	45	35.11

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Jun-25-08





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SIMULATED PLANT RECORD ANALYSIS  
SIMULATED BALANCE METHOD

SURFACE TRANSPORTATION BOARD  
Jul-21-08

CARRIERS -  
402 AQUARION WATER COMPANY OF NEW HAMPSHIRE  
ACCOUNT -  
42 GENERAL PLANT COMPUTER HARDWARE

ACCOUNT CONTROL INFORMATION
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EARLIEST ADDITION = 1950      LATEST ADDITION = 2003  
EARLIEST BALANCE = 1965      LATEST BALANCE = 2003  
EARLIEST RETIREMENT = 1965      LATEST RETIREMENT = 1998      INPUT = ADD & RET

ANALYSIS BAND = 1965 THRU 2003

INCREMENT = 1

DISP	MEAN	SSD	IV	CI	REI
S0.5	13.3 YRS.	0.2406E+10	186	5	100.00
S1	13.1 YRS.	0.2401E+10	186	5	100.00
S1.5	13.0 YRS.	0.2468E+10	188	5	100.00
L1.5	13.8 YRS.	0.2222E+10	179	5	100.00
L2	13.5 YRS.	0.2208E+10	178	5	100.00
L2.5	13.2 YRS.	0.2273E+10	181	5	100.00
R1	13.4 YRS.	0.2678E+10	196	5	100.00
R1.5	13.1 YRS.	0.2631E+10	194	5	100.00
R2	12.8 YRS.	0.2647E+10	195	5	100.00
O1	14.9 YRS.	0.2863E+10	203	4	100.00
O2	16.3 YRS.	0.2794E+10	200	5	100.00
O3	21.2 YRS.	0.2848E+10	202	4	90.92
O4	26.7 YRS.	0.2921E+10	205	4	82.86

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Jul-21-08

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(X) CURVE OVERLAP

(.) S1 13.1

(+) L2 13.5

(\*) R1 13.1

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SIMULATED PLANT RECORD ANALYSIS  
SIMULATED BALANCE METHOD

FLOYD BROWNE GROUP  
Jun-25-08

UTILITY - 402 AQUARION WATER COMPANY OF NEW HAMPSHIRE  
ACCOUNT - 392 GENERAL PLANT TRANSPORTATION EQUIPMENT

ACCOUNT CONTROL INFORMATION
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EARLIEST ADDITION = 1931      LATEST ADDITION = 2007  
EARLIEST BALANCE = 1933      LATEST BALANCE = 2008  
EARLIEST RETIREMENT = 1933      LATEST RETIREMENT = 2003      INPUT = ADD & RET

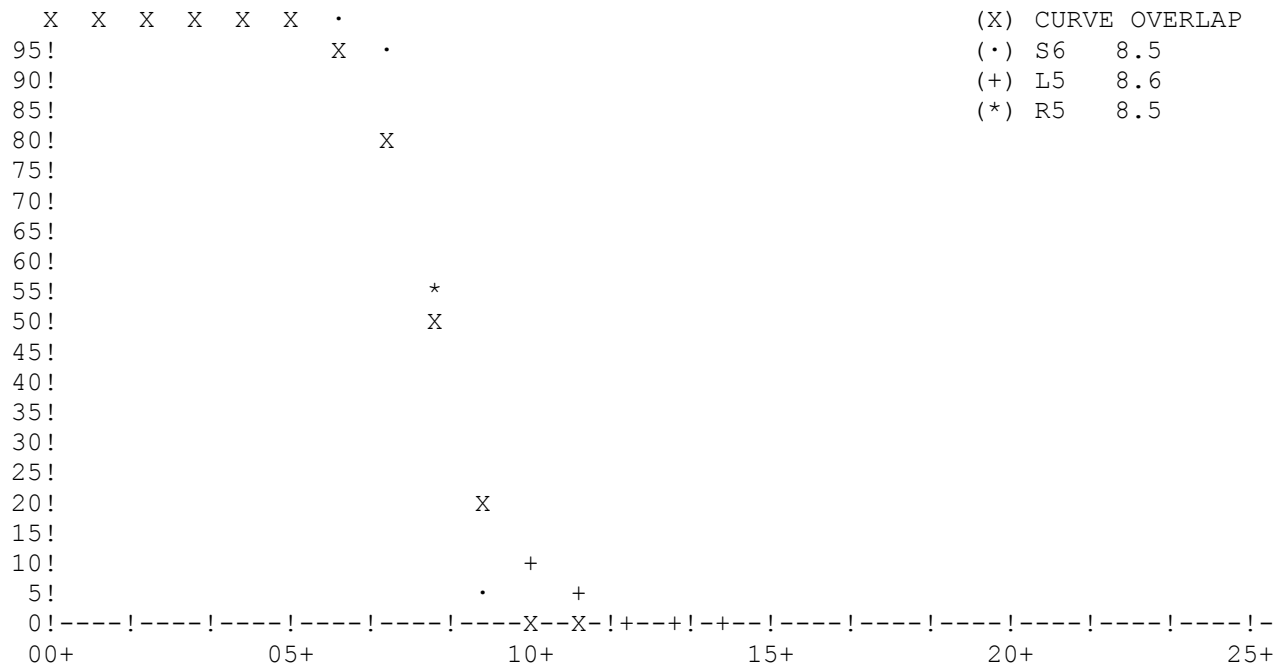
ANALYSIS BAND = 1933 THRU 2008      INCREMENT = 1

DISP	MEAN	SSD	IV	CI	REI
S5	8.6 YRS.	0.1028E+11	354	2	100.00
S6	8.5 YRS.	0.1016E+11	352	2	100.00
SQ	8.4 YRS.	0.1111E+11	368	2	100.00
L4	8.6 YRS.	0.1168E+11	377	2	100.00
L5	8.6 YRS.	0.1068E+11	361	2	100.00
R4	8.5 YRS.	0.1101E+11	366	2	100.00
R5	8.5 YRS.	0.1027E+11	354	2	100.00
O1	9.3 YRS.	0.2960E+11	601	1	100.00
O2	10.4 YRS.	0.3277E+11	632	1	100.00
O3	13.0 YRS.	0.3971E+11	696	1	100.00
O4	15.2 YRS.	0.4364E+11	730	1	100.00

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Jun-25-08



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SIMULATED PLANT RECORD ANALYSIS  
SIMULATED BALANCE METHOD

FLOYD BROWNE GROUP  
Jun-25-08

UTILITY - 402 AQUARION WATER COMPANY OF NEW HAMPSHIRE  
ACCOUNT - 396 GENERAL PLANT POWER OPERATED EQUIPMENT

ACCOUNT CONTROL INFORMATION
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EARLIEST ADDITION = 1900      LATEST ADDITION = 2007  
EARLIEST BALANCE = 1919      LATEST BALANCE = 2008  
EARLIEST RETIREMENT = 1919      LATEST RETIREMENT = 1986      INPUT = ADD & RET

ANALYSIS BAND = 1919 THRU 2008

INCREMENT = 1

DISP	MEAN	SSD	IV	CI	REI
S5	12.6 YRS.	0.1388E+10	235	4	100.00
S6	12.4 YRS.	0.1384E+10	234	4	100.00
SQ	13.4 YRS.	0.1449E+10	240	4	100.00
L4	12.6 YRS.	0.1439E+10	239	4	100.00
L5	12.6 YRS.	0.1396E+10	236	4	100.00
R4	12.7 YRS.	0.1469E+10	242	4	100.00
R5	12.5 YRS.	0.1393E+10	235	4	100.00
O1	17.5 YRS.	0.4314E+10	414	2	100.00
O2	19.1 YRS.	0.4275E+10	412	2	100.00
O3	23.5 YRS.	0.4903E+10	442	2	100.00
O4	28.5 YRS.	0.5377E+10	463	2	96.24

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Jun-25-08

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(X) CURVE OVERLAP

95! X

(.) S6 12.4

90! \*

(+) L5 12.6

85! + .

(\*) R5 12.5

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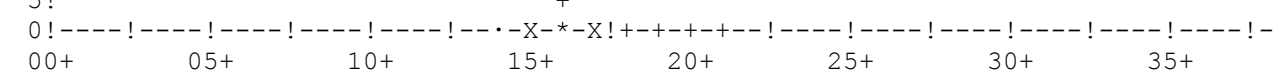
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**APPENDIX B**

**CALCULATED ANNUAL AND ACCRUED DEPRECIATION**

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 303 Misc. Intangible Plant  
 Iowa Curve Type: SQ  
 Avg. Service Life: 30 Years  
 Net Salvage Percent: 0%

	<u>Beg Bal</u>	<u>Add</u>	<u>Ret</u>	<u>Adj/Trans</u>	<u>End Bal</u>	<u>Net Change</u>	<u>Age</u>	<u>Percent of</u>		<u>Annual Depreciation</u>		<u>Accrued Depreciation</u>	
								<u>Avg. Age</u>	<u>Rate</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amt.</u>	
2003	-	20,613			20,613	20,613	5.5	18.33	3.33%	687	0.1750	3607	
2004	20,613	114			20,727	114	4.5	15.00	3.33%	4	0.1450	17	
2005	20,727				20,727	-	3.5	11.67	3.33%	-	0.1050	0	
2006	20,727				20,727	-	2.5	8.33	3.33%	-	0.0750	0	
2007	20,727				20,727	-	1.5	5.00	3.33%	-	0.0450	0	
2008	20,727				20,727	-	0.5	1.67	3.33%	-	0.0050	0	
	-	20,727	-		124,248	20,727				691		3,624	

Net Salvage Adjustment: -  
 Annual Depreciation: 691  
 Accrued Depreciation: 3,624  
 Composit 3.33%



**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 311 SOURCE OF SUPPLY STRUCTURES & IMPROVEMENTS  
 Iowa Curve Type: R5  
 Avg. Service Life: 40 Years  
 Net Salvage Percent: -10%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
2001	-	6,370			6,370	6,370	7.5	18.75	2.50%	159	0.1800	1147	
2002	6,370	3,102			9,472	3,102	6.5	16.25	2.50%	78	0.1600	496	
2003	9,472	514,326			523,798	514,326	5.5	13.75	2.50%	12,858	0.1300	66862	
2004	523,798	21,812			545,610	21,812	4.5	11.25	2.50%	545	0.1100	2399	
2005	545,610	53,933			599,543	53,933	3.5	8.75	2.50%	1,348	0.0800	4315	
2006	599,543	11,920	(23,860)		587,603	(11,940)	2.5	6.25	2.50%	(298)	0.0600	-716	
2007	587,603	23,856			611,459	23,856	1.5	3.75	2.50%	596	0.0300	716	
2008	611,459				611,459	-	0.5	1.25	2.50%	-	0.0100	0	
	-	635,319	(23,860)		3,495,313	611,459				15,286		75,219	

Net Salvage Adjustment: 1,529 7,522  
 Annual Depreciation: **16,815**  
 Accrued Depreciation: **82,740**

Composite Annual Accrual Rate, Percent: **2.75%**

**Aquarion Water Company of New Hampshire**  
Calculated Annual and Accrued Depreciation

Account Number: 314 SOURCE OF SUPPLY WELLS & SPRINGS  
Iowa Curve Type: R3  
Avg. Service Life: 30 Years  
Net Salvage Percent: -10%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of Avg. Age	Annual Depreciation Rate	Annual Depreciation Amount	Accrued Depreciation Ratio	Accrued Depreciation Amt.
1915	-	9,179			9,179	9,179	93.5	311.67	3.33%	306	1.0000	9179
1916	9,179				9,179	-	92.5	308.33	3.33%	-	1.0000	0
1917	9,179				9,179	-	91.5	305.00	3.33%	-	1.0000	0
1918	9,179				9,179	-	90.5	301.67	3.33%	-	1.0000	0
1919	9,179				9,179	-	89.5	298.33	3.33%	-	1.0000	0
1920	9,179				9,179	-	88.5	295.00	3.33%	-	1.0000	0
1921	9,179				9,179	-	87.5	291.67	3.33%	-	1.0000	0
1922	9,179				9,179	-	86.5	288.33	3.33%	-	1.0000	0
1923	9,179				9,179	-	85.5	285.00	3.33%	-	1.0000	0
1924	9,179				9,179	-	84.5	281.67	3.33%	-	1.0000	0
1925	9,179				9,179	-	83.5	278.33	3.33%	-	1.0000	0
1926	9,179				9,179	-	82.5	275.00	3.33%	-	1.0000	0
1927	9,179				9,179	-	81.5	271.67	3.33%	-	1.0000	0
1928	9,179				9,179	-	80.5	268.33	3.33%	-	1.0000	0
1929	9,179				9,179	-	79.5	265.00	3.33%	-	1.0000	0
1930	9,179				9,179	-	78.5	261.67	3.33%	-	1.0000	0
1931	9,179				9,179	-	77.5	258.33	3.33%	-	1.0000	0
1932	9,179				9,179	-	76.5	255.00	3.33%	-	1.0000	0
1933	9,179				9,179	-	75.5	251.67	3.33%	-	1.0000	0
1934	9,179				9,179	-	74.5	248.33	3.33%	-	1.0000	0
1935	9,179				9,179	-	73.5	245.00	3.33%	-	1.0000	0
1936	9,179				9,179	-	72.5	241.67	3.33%	-	1.0000	0
1937	9,179				9,179	-	71.5	238.33	3.33%	-	1.0000	0
1938	9,179				9,179	-	70.5	235.00	3.33%	-	1.0000	0
1939	9,179	25,371	(3,321)		31,229	22,050	69.5	231.67	3.33%	735	1.0000	22050
1940	31,229	6,781			38,009	6,781	68.5	228.33	3.33%	226	1.0000	6781
1941	38,009				38,009	-	67.5	225.00	3.33%	-	1.0000	0
1942	38,009				38,009	-	66.5	221.67	3.33%	-	1.0000	0
1943	38,009				38,009	-	65.5	218.33	3.33%	-	1.0000	0
1944	38,009				38,009	-	64.5	215.00	3.33%	-	1.0000	0
1945	38,009				38,009	-	63.5	211.67	3.33%	-	1.0000	0
1946	38,009				38,009	-	62.5	208.33	3.33%	-	1.0000	0
1947	38,009				38,009	-	61.5	205.00	3.33%	-	1.0000	0
1948	38,009				38,009	-	60.5	201.67	3.33%	-	1.0000	0
1949	38,009				38,009	-	59.5	198.33	3.33%	-	1.0000	0
1950	38,009	8,512			46,521	8,512	58.5	195.00	3.33%	284	1.0000	8512
1951	46,521	288			46,809	288	57.5	191.67	3.33%	10	1.0000	288
1952	46,809				46,809	-	56.5	188.33	3.33%	-	1.0000	0
1953	46,809				46,809	-	55.5	185.00	3.33%	-	1.0000	0
1954	46,809				46,809	-	54.5	181.67	3.33%	-	1.0000	0
1955	46,809				46,809	-	53.5	178.33	3.33%	-	1.0000	0
1956	46,809	112			46,921	112	52.5	175.00	3.33%	4	1.0000	112
1957	46,921		(3,793)		43,127	(3,793)	51.5	171.67	3.33%	(126)	1.0000	-3793
1958	43,127	9,031	(3,307)		48,852	5,724	50.5	168.33	3.33%	191	0.9950	5696
1959	48,852				48,852	-	49.5	165.00	3.33%	-	0.9895	0
1960	48,852				48,852	-	48.5	161.67	3.33%	-	0.9875	0
1961	48,852	165			49,017	165	47.5	158.33	3.33%	6	0.9875	163
1962	49,017				49,017	-	46.5	155.00	3.33%	-	0.9689	0
1963	49,017				49,017	-	45.5	151.67	3.33%	-	0.9556	0
1964	49,017	30,444			79,460	30,444	44.5	148.33	3.33%	1,015	0.9490	28891
1965	79,460				79,460	-	43.5	145.00	3.33%	-	0.9439	0
1966	79,460				79,460	-	42.5	141.67	3.33%	-	0.9310	0
1967	79,460	29,203			108,663	29,203	41.5	138.33	3.33%	973	0.9233	26963
1968	108,663				108,663	-	40.5	135.00	3.33%	-	0.9156	0
1969	108,663		(23,654)		85,009	(23,654)	39.5	131.67	3.33%	(788)	0.9052	-21412
1970	85,009				85,009	-	38.5	128.33	3.33%	-	0.8972	0
1971	85,009	11,008			96,016	11,008	37.5	125.00	3.33%	367	0.8918	9817
1972	96,016		308		96,325	308	36.5	121.67	3.33%	10	0.8775	270
1973	96,325	2,119			98,444	2,119	35.5	118.33	3.33%	71	0.8682	1840
1974	98,444				98,444	-	34.5	115.00	3.33%	-	0.8550	0
1975	98,444				98,444	-	33.5	111.67	3.33%	-	0.8443	0
1976	98,444				98,444	-	32.5	108.33	3.33%	-	0.8328	0
1977	98,444				98,444	-	31.5	105.00	3.33%	-	0.8247	0
1978	98,444	32,088			130,532	32,088	30.5	101.67	3.33%	1,070	0.8029	25763
1979	130,532				130,532	-	29.5	98.33	3.33%	-	0.7887	0
1980	130,532	61,993			192,525	61,993	28.5	95.00	3.33%	2,066	0.7736	47958
1981	192,525				192,525	-	27.5	91.67	3.33%	-	0.7521	0
1982	192,525				192,525	-	26.5	88.33	3.33%	-	0.7351	0
1983	192,525	42,391			234,916	42,391	25.5	85.00	3.33%	1,413	0.7172	30403
1984	234,916				234,916	-	24.5	81.67	3.33%	-	0.6923	0
1985	234,916				234,916	-	23.5	78.33	3.33%	-	0.6727	0
1986	234,916	1,428			236,344	1,428	22.5	75.00	3.33%	48	0.6525	932
1987	236,344	120,516	(200)		356,660	120,316	21.5	71.67	3.33%	4,011	0.6245	75137
1988	356,660				356,660	-	20.5	68.33	3.33%	-	0.6029	0
1989	356,660	115,160	(1,000)		470,820	114,160	19.5	65.00	3.33%	3,805	0.5807	66293
1990	470,820				470,820	-	18.5	61.67	3.33%	-	0.5579	0
1991	470,820				470,820	-	17.5	58.33	3.33%	-	0.5268	0
1992	470,820				470,820	-	16.5	55.00	3.33%	-	0.5029	0
1993	470,820			(38,333)	432,487	(38,333)	15.5	51.67	3.33%	(1,278)	0.4704	-18032
1994	432,487				432,487	-	14.5	48.33	3.33%	-	0.4454	0
1995	432,487		(314)		432,173	(314)	13.5	45.00	3.33%	(10)	0.4200	-132
1996	432,173				432,173	-	12.5	41.67	3.33%	-	0.3855	0
1997	432,173	956,093			1,388,266	956,093	11.5	38.33	3.33%	31,870	0.3591	343333
1998	1,388,266	431,708			1,819,974	431,708	10.5	35.00	3.33%	14,390	0.3324	143500
1999	1,819,974	198,043			2,018,017	198,043	9.5	31.67	3.33%	6,601	0.2962	58660
2000	2,018,017	867		134,745	2,153,629	135,612	8.5	28.33	3.33%	4,520	0.2687	36439
2001	2,153,629	41,032			2,194,661	41,032	7.5	25.00	3.33%	1,368	0.2408	9881
2002	2,194,661				2,194,661	-	6.5	21.67	3.33%	-	0.2033	0
2003	2,194,661	155,804			2,350,465	155,804	5.5	18.33	3.33%	5,193	0.1748	27235
2004	2,350,465	5,837	(9,000)		2,347,302	(3,163)	4.5	15.00	3.33%	(105)	0.1461	-462
2005	2,347,302	3,390			2,350,692	3,390	3.5	11.67	3.33%	113	0.1075	364
2006	2,350,692	2,782	(15,424)		2,338,050	(12,642)	2.5	8.33	3.33%	(421)	0.0784	-991
2007	2,338,050	83,052			2,421,102	83,052	1.5	5.00	3.33%	2,768	0.0491	4078
2008	2,421,102	353,930			2,775,031	353,930	0.5	1.67	3.33%	11,798	0.0098	3469
<hr/>												
	-	2,738,325	(59,706)	96,412	35,063,610	2,775,031				92,501		949,182
<hr/>												

Net Salvage Adjustment: 9,250  
Annual Depreciation: 101,751  
Accrued Depreciation: 1,044,100

Composite Annual Accrual Rate, Percent: 3.67%

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 316 SOURCE OF SUPPLY SUPPLY MAINS  
 Iowa Curve Type: R3  
 Avg. Service Life: 100 Years  
 Net Salvage Percent: -20%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1915	-	2,528			2,528	2,528	93.5	93.50	1.00%	25	0.7630	1929	
1916	2,528				2,528	-	92.5	92.50	1.00%	-	0.7576	0	
1917	2,528	18,969			21,497	18,969	91.5	91.50	1.00%	190	0.7521	14267	
1918	21,497	694			22,191	694	90.5	90.50	1.00%	7	0.7465	518	
1919	22,191	3,903			26,094	3,903	89.5	89.50	1.00%	39	0.7409	2892	
1920	26,094	5,451			31,545	5,451	88.5	88.50	1.00%	55	0.7351	4007	
1921	31,545				31,545	-	87.5	87.50	1.00%	-	0.7292	0	
1922	31,545	2,542			34,087	2,542	86.5	86.50	1.00%	25	0.7233	1839	
1923	34,087	3,835			37,922	3,835	85.5	85.50	1.00%	38	0.7172	2750	
1924	37,922	55,117			93,039	55,117	84.5	84.50	1.00%	551	0.7111	39193	
1925	93,039	11,172			104,211	11,172	83.5	83.50	1.00%	112	0.7049	7875	
1926	104,211				104,211	-	82.5	82.50	1.00%	-	0.6986	0	
1927	104,211	3,587			107,798	3,587	81.5	81.50	1.00%	36	0.6923	2483	
1928	107,798	1,014			108,812	1,014	80.5	80.50	1.00%	10	0.6858	695	
1929	108,812	4,768			113,580	4,768	79.5	79.50	1.00%	48	0.6793	3239	
1930	113,580				113,580	-	78.5	78.50	1.00%	-	0.6727	0	
1931	113,580				113,580	-	77.5	77.50	1.00%	-	0.6660	0	
1932	113,580				113,580	-	76.5	76.50	1.00%	-	0.6593	0	
1933	113,580				113,580	-	75.5	75.50	1.00%	-	0.6525	0	
1934	113,580	(113,580)			0	(113,580)	74.5	74.50	1.00%	(1,136)	0.6456	-73327	
1935	0				0	-	73.5	73.50	1.00%	-	0.6387	0	
1936	0				0	-	72.5	72.50	1.00%	-	0.6316	0	
1937	0				0	-	71.5	71.50	1.00%	-	0.6245	0	
1938	0				0	-	70.5	70.50	1.00%	-	0.6174	0	
1939	0				0	-	69.5	69.50	1.00%	-	0.6102	0	
1940	0				0	-	68.5	68.50	1.00%	-	0.6029	0	
1941	0				0	-	67.5	67.50	1.00%	-	0.5956	0	
1942	0				0	-	66.5	66.50	1.00%	-	0.5882	0	
1943	0				0	-	65.5	65.50	1.00%	-	0.5807	0	
1944	0				0	-	64.5	64.50	1.00%	-	0.5732	0	
1945	0				0	-	63.5	63.50	1.00%	-	0.5656	0	
1946	0				0	-	62.5	62.50	1.00%	-	0.5579	0	
1947	0	7,476			7,476	7,476	61.5	61.50	1.00%	75	0.5579	4171	
1948	7,476	3,156			10,633	3,156	60.5	60.50	1.00%	32	0.5425	1712	
1949	10,633				10,633	-	59.5	59.50	1.00%	-	0.5347	0	
1950	10,633	5,320			15,953	5,320	58.5	58.50	1.00%	53	0.5268	2803	
1951	15,953	99			16,052	99	57.5	57.50	1.00%	1	0.5189	51	
1952	16,052				16,052	-	56.5	56.50	1.00%	-	0.5110	0	
1953	16,052				16,052	-	55.5	55.50	1.00%	-	0.5029	0	
1954	16,052				16,052	-	54.5	54.50	1.00%	-	0.4949	0	
1955	16,052				16,052	-	53.5	53.50	1.00%	-	0.4867	0	
1956	16,052				16,052	-	52.5	52.50	1.00%	-	0.4786	0	
1957	16,052				16,052	-	51.5	51.50	1.00%	-	0.4704	0	
1958	16,052	3,612	(238)		19,425	3,373	50.5	50.50	1.00%	34	0.4621	1559	
1959	19,425				19,425	-	49.5	49.50	1.00%	-	0.4538	0	
1960	19,425	(610)			18,815	(610)	48.5	48.50	1.00%	(6)	0.4454	-272	
1961	18,815		(40)		18,775	(40)	47.5	47.50	1.00%	(0)	0.4370	-17	
1962	18,775				18,775	-	46.5	46.50	1.00%	-	0.4285	0	
1963	18,775				18,775	-	45.5	45.50	1.00%	-	0.4200	0	
1964	18,775		278		19,053	278	44.5	44.50	1.00%	3	0.4114	115	
1965	19,053				19,053	-	43.5	43.50	1.00%	-	0.4028	0	
1966	19,053				19,053	-	42.5	42.50	1.00%	-	0.3942	0	
1967	19,053	61,226			80,279	61,226	41.5	41.50	1.00%	612	0.3855	23603	
1968	80,279				80,279	-	40.5	40.50	1.00%	-	0.3767	0	
1969	80,279				80,279	-	39.5	39.50	1.00%	-	0.3679	0	
1970	80,279				80,279	-	38.5	38.50	1.00%	-	0.3591	0	
1971	80,279				80,279	-	37.5	37.50	1.00%	-	0.3503	0	
1972	80,279				80,279	-	36.5	36.50	1.00%	-	0.3413	0	
1973	80,279				80,279	-	35.5	35.50	1.00%	-	0.3324	0	
1974	80,279				80,279	-	34.5	34.50	1.00%	-	0.3234	0	
1975	80,279				80,279	-	33.5	33.50	1.00%	-	0.3144	0	
1976	80,279				80,279	-	32.5	32.50	1.00%	-	0.3053	0	
1977	80,279				80,279	-	31.5	31.50	1.00%	-	0.2962	0	
1978	80,279		(56,902)		23,377	(56,902)	30.5	30.50	1.00%	(569)	0.2871	-16337	
1979	23,377				23,377	-	29.5	29.50	1.00%	-	0.2779	0	
1980	23,377				23,377	-	28.5	28.50	1.00%	-	0.2687	0	
1981	23,377				23,377	-	27.5	27.50	1.00%	-	0.2594	0	
1982	23,377	28,778			52,155	28,778	26.5	26.50	1.00%	288	0.2501	7197	
1983	52,155	6,841	(536)		58,460	6,305	25.5	25.50	1.00%	63	0.2408	1518	
1984	58,460	57	536		59,053	593	24.5	24.50	1.00%	6	0.2315	137	
1985	59,053				59,053	-	23.5	23.50	1.00%	-	0.2221	0	
1986	59,053				59,053	-	22.5	22.50	1.00%	-	0.2127	0	
1987	59,053				59,053	-	21.5	21.50	1.00%	-	0.2033	0	
1988	59,053				59,053	-	20.5	20.50	1.00%	-	0.1938	0	
1989	59,053	121,199			180,252	121,199	19.5	19.50	1.00%	1,212	0.1843	22337	
1990	180,252	2,555	(75)		182,732	2,480	18.5	18.50	1.00%	25	0.1748	434	
1991	182,732		(97)		182,635	(97)	17.5	17.50	1.00%	(1)	0.1653	-16	
1992	182,635				182,635	-	16.5	16.50	1.00%	-	0.1557	0	
1993	182,635	1,634	(1,334)		182,935	300	15.5	15.50	1.00%	3	0.1461	44	
1994	182,935				182,935	-	14.5	14.50	1.00%	-	0.1365	0	
1995	182,935				182,935	-	13.5	13.50	1.00%	-	0.1269	0	
1996	182,935				182,935	-	12.5	12.50	1.00%	-	0.1172	0	
1997	182,935				182,935	-	11.5	11.50	1.00%	-	0.1075	0	
1998	182,935				182,935	-	10.5	10.50	1.00%	-	0.0978	0	
1999	182,935				182,935	-	9.5	9.50	1.00%	-	0.0881	0	
2000	182,935				182,935	-	8.5	8.50	1.00%	-	0.0784	0	
2001	182,935				182,935	-	7.5	7.50	1.00%	-	0.0686	0	
2002	182,935				182,935	-	6.5	6.50	1.00%	-	0.0589	0	
2003	182,935				182,935	-	5.5	5.50	1.00%	-	0.0491	0	
2004	182,935				182,935	-	4.5	4.50	1.00%	-	0.0393	0	
2005	182,935				182,935	-	3.5	3.50	1.00%	-	0.0295	0	
2006	182,935				182,935	-	2.5	2.50	1.00%	-	0.0197	0	
2007	182,935				182,935	-	1.5	1.50	1.00%	-	0.0098	0	
2008	182,935				182,935	-	0.5	0.50	1.00%	-	0.0000	0	
										<hr/>			<hr/>
		241,343	(58,408)	6,661,786		182,935				1,829	57,399		

Net Salvage Adjustment: 366 11,480  
 Annual Depreciation: 2,195  
**Accrued Depreciation: 68,879**

Composite Annual Accrual Rate, Percent: 1.20%

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 317 SOURCE OF SUPPLY OTHER WATER SOURCE PLANT  
 Iowa Curve Type: SQ  
 Avg. Service Life: 20 Years  
 Net Salvage Percent: 0%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1990	-	10,512			10,512	10,512	18.5	92.50	5.00%	526	0.9150	9618	
1991	10,512				10,512	-	17.5	87.50	5.00%	-	0.8550	0	
1992	10,512				10,512	-	16.5	82.50	5.00%	-	0.8150	0	
1993	10,512				10,512	-	15.5	77.50	5.00%	-	0.7650	0	
1994	10,512				10,512	-	14.5	72.50	5.00%	-	0.7150	0	
1995	10,512				10,512	-	13.5	67.50	5.00%	-	0.6650	0	
1996	10,512				10,512	-	12.5	62.50	5.00%	-	0.6150	0	
1997	10,512				10,512	-	11.5	57.50	5.00%	-	0.5550	0	
1998	10,512				10,512	-	10.5	52.50	5.00%	-	0.5150	0	
1999	10,512				10,512	-	9.5	47.50	5.00%	-	0.4650	0	
2000	10,512				10,512	-	8.5	42.50	5.00%	-	0.4150	0	
2001	10,512				10,512	-	7.5	37.50	5.00%	-	0.3650	0	
2002	10,512				10,512	-	6.5	32.50	5.00%	-	0.3150	0	
2003	10,512	705,158			715,670	705,158	5.5	27.50	5.00%	35,258	0.2650	186867	
2004	715,670	113,808	(3,300)		826,178	110,508	4.5	22.50	5.00%	5,525	0.2150	23759	
2005	826,178	171,281		3,300	1,000,759	174,581	3.5	17.50	5.00%	8,729	0.1650	28806	
2006	1,000,759	78,775			1,079,534	78,775	2.5	12.50	5.00%	3,939	0.1150	9059	
2007	1,079,534	419,566			1,499,100	419,566	1.5	7.50	5.00%	20,978	0.0650	27272	
2008	1,499,100				1,499,100	-	0.5	2.50	5.00%	-	0.0150	0	
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	-	1,499,100	(3,300)		6,756,997	1,499,100				74,955		285,381	

Net Salvage Adjustment: -  
 Annual Depreciation: 74,955  
 Accrued Depreciation: 285,381

Composite Annual Accrual Rate, Percent: 5.00%

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

**Account Number:** 321 **PUMPING PLANT STRUCTURES & IMPROVEMENTS**  
**lowa Curve Type:** R5  
**Avg. Service Life:** 40 **Years**  
**Net Salvage Percent:** -10%

	<u>Beg Bal</u>	<u>Add</u>	<u>Ret</u>	<u>Adj/Trans</u>	<u>End Bal</u>	<u>Net Change</u>	<u>Net Change</u>	<u>Age</u>	<u>Percent of Avg. Age</u>	<u>Annual Depreciation Rate</u>	<u>Amount</u>	<u>Accrued Depreciation Ratio</u>	<u>Amt.</u>
1915		5,423			5,423	5,423	5,423	93.5	233.75	2.50%	136	1.0000	5423
1916	5,423				5,423	-	-	92.5	231.25	2.50%	-	1.0000	0
1917	5,423				5,423	-	-	91.5	228.75	2.50%	-	1.0000	0
1918	5,423				5,423	-	-	90.5	226.25	2.50%	-	1.0000	0
1919	5,423				5,423	-	-	89.5	223.75	2.50%	-	1.0000	0
1920	5,423				5,423	-	-	88.5	221.25	2.50%	-	1.0000	0
1921	5,423				5,423	-	-	87.5	218.75	2.50%	-	1.0000	0
1922	5,423				5,423	-	-	86.5	216.25	2.50%	-	1.0000	0
1923	5,423				5,423	-	-	85.5	213.75	2.50%	-	1.0000	0
1924	5,423				5,423	-	-	84.5	211.25	2.50%	-	1.0000	0
1925	5,423				5,423	-	-	83.5	208.75	2.50%	-	1.0000	0
1926	5,423				5,423	-	-	82.5	206.25	2.50%	-	1.0000	0
1927	5,423				5,423	-	-	81.5	203.75	2.50%	-	1.0000	0
1928	5,423				5,423	-	-	80.5	201.25	2.50%	-	1.0000	0
1929	5,423				5,423	-	-	79.5	198.75	2.50%	-	1.0000	0
1930	5,423				5,423	-	-	78.5	196.25	2.50%	-	1.0000	0
1931	5,423				5,423	-	-	77.5	193.75	2.50%	-	1.0000	0
1932	5,423				5,423	-	-	76.5	191.25	2.50%	-	1.0000	0
1933	5,423				5,423	-	-	75.5	188.75	2.50%	-	1.0000	0
1934	5,423				5,423	-	-	74.5	186.25	2.50%	-	1.0000	0
1935	5,423				5,423	-	-	73.5	183.75	2.50%	-	1.0000	0
1936	5,423				5,423	-	-	72.5	181.25	2.50%	-	1.0000	0
1937	5,423	1,153			6,575	1,153	1,153	71.5	178.75	2.50%	29	1.0000	1153
1938	6,575		(17)		6,558	(17)	(17)	70.5	176.25	2.50%	(0)	1.0000	-17
1939	6,558	5,448			12,006	5,448	5,448	69.5	173.75	2.50%	136	1.0000	5448
1940	12,006	83			12,089	83	83	68.5	171.25	2.50%	2	1.0000	83
1941	12,089				12,089	-	-	67.5	168.75	2.50%	-	1.0000	0
1942	12,089				12,089	-	-	66.5	166.25	2.50%	-	1.0000	0
1943	12,089				12,089	-	-	65.5	163.75	2.50%	-	1.0000	0
1944	12,089				12,089	-	-	64.5	161.25	2.50%	-	1.0000	0
1945	12,089				12,089	-	-	63.5	158.75	2.50%	-	1.0000	0
1946	12,089				12,089	-	-	62.5	156.25	2.50%	-	1.0000	0
1947	12,089				12,089	-	-	61.5	153.75	2.50%	-	1.0000	0
1948	12,089	1,492			13,582	1,492	1,492	60.5	151.25	2.50%	37	1.0000	1492
1949	13,582				13,582	-	-	59.5	148.75	2.50%	-	1.0000	0
1950	13,582				13,582	-	-	58.5	146.25	2.50%	-	1.0000	0
1951	13,582				13,582	-	-	57.5	143.75	2.50%	-	1.0000	0
1952	13,582	355			13,937	355	355	56.5	141.25	2.50%	9	1.0000	355
1953	13,937				13,937	-	-	55.5	138.75	2.50%	-	1.0000	0
1954	13,937				13,937	-	-	54.5	136.25	2.50%	-	0.9950	0
1955	13,937	530	(290)		14,177	240	240	53.5	133.75	2.50%	6	0.9898	238
1956	14,177				14,177	-	-	52.5	131.25	2.50%	-	0.9854	0
1957	14,177	221	349		14,747	570	570	51.5	128.75	2.50%	14	0.9783	558
1958	14,747	6,512			21,259	6,512	6,512	50.5	126.25	2.50%	163	0.9734	6338
1959	21,259				21,259	-	-	49.5	123.75	2.50%	-	0.9660	0
1960	21,259	149	(125)		21,283	24	24	48.5	121.25	2.50%	1	0.9617	23
1961	21,283		(10,387)		10,896	(10,387)	(10,387)	47.5	118.75	2.50%	(260)	0.9558	-9928
1962	10,896	68	(1,295)		9,670	(1,226)	(1,226)	46.5	116.25	2.50%	(31)	0.9518	-1167
1963	9,670	1,429			11,099	1,429	1,429	45.5	113.75	2.50%	36	0.9451	1350
1964	11,099	14,754	(26)		25,827	14,728	14,728	44.5	111.25	2.50%	368	0.9400	13845
1965	25,827				25,827	-	-	43.5	108.75	2.50%	-	0.9312	0
1966	25,827	110			25,937	110	110	42.5	106.25	2.50%	3	0.9245	102
1967	25,937	24,616	(200)		50,353	24,416	24,416	41.5	103.75	2.50%	610	0.9134	22301
1968	50,353	437			50,790	437	437	40.5	101.25	2.50%	11	0.9051	396
1969	50,790	155	3,091		54,036	3,246	3,246	39.5	98.75	2.50%	81	0.8914	2893
1970	54,036	900	(764)		54,172	136	136	38.5	96.25	2.50%	3	0.8814	120
1971	54,172				54,172	-	-	37.5	93.75	2.50%	-	0.8650	0
1972	54,172				54,172	-	-	36.5	91.25	2.50%	-	0.8531	0
1973	54,172	68			54,240	68	68	35.5	88.75	2.50%	2	0.8340	57
1974	54,240				54,240	-	-	34.5	86.25	2.50%	-	0.8203	0
1975	54,240	534	(853)		53,921	(319)	(319)	33.5	83.75	2.50%	(8)	0.7987	-255
1976	53,921				53,921	-	-	32.5	81.25	2.50%	-	0.7834	0
1977	53,921	114	(68)		53,967	46	46	31.5	78.75	2.50%	1	0.7595	35
1978	53,967	27,181			81,148	27,181	27,181	30.5	76.25	2.50%	680	0.7430	20195
1979	81,148	(165)			80,983	(165)	(165)	29.5	73.75	2.50%	(4)	0.7174	-118
1980	80,983				80,983	-	-	28.5	71.25	2.50%	-	0.6998	0
1981	80,983	27,503	(80)		108,406	27,423	27,423	27.5	68.75	2.50%	686	0.6728	18450
1982	108,406	1,515	(114)		109,807	1,401	1,401	26.5	66.25	2.50%	35	0.6544	917
1983	109,807				109,807	-	-	25.5	63.75	2.50%	-	0.6263	0
1984	109,807	1,853			111,660	1,853	1,853	24.5	61.25	2.50%	46	0.6073	1125
1985	111,660	653	(300)		112,013	353	353	23.5	58.75	2.50%	9	0.5784	204
1986	112,013	1,009			113,022	1,009	1,009	22.5	56.25	2.50%	25	0.5589	564
1987	113,022				113,022	-	-	21.5	53.75	2.50%	-	0.5295	0
1988	113,022		2,700		115,722	2,700	2,700	20.5	51.25	2.50%	68	0.5097	1376
1989	115,722	248,037	(1,266)		362,493	246,771	246,771	19.5	48.75	2.50%	6,169	0.4799	118425
1990	362,493		(28)		362,465	(28)	(28)	18.5	46.25	2.50%	(1)	0.4599	-13
1991	362,465		(900)		361,565	(900)	(900)	17.5	43.75	2.50%	(23)	0.4300	-387
1992	361,565	18,184	(214)		379,535	17,970	17,970	16.5	41.25	2.50%	449	0.4100	7368
1993	379,535	9,707	(1,029)	38,333	426,546	47,011	47,011	15.5	38.75	2.50%	1,175	0.3800	17864
1994	426,546				426,546	-	-	14.5	36.25	2.50%	-	0.3600	0
1995	426,546	2,908	(198)		429,256	2,710	2,710	13.5	33.75	2.50%	68	0.3300	894
1996	429,256	2,769	(550)		431,475	2,219	2,219	12.5	31.25	2.50%	55	0.3100	688
1997	431,475	154,234	(107)		585,602	154,127	154,127	11.5	28.75	2.50%	3,853	0.2800	43156
1998	585,602	501,997	(5,000)		1,082,599	496,997	496,997	10.5	26.25	2.50%	12,425	0.2600	129219
1999	1,082,599	91,712			1,174,311	91,712	91,712	9.5	23.75	2.50%	2,293	0.2300	21094
2000	1,174,311	55,499		(37,904)	1,191,906	17,595	17,595	8.5	21.25	2.50%	440	0.2100	3695
2001	1,191,906	34,193	(9,145)		1,216,954	25,048	25,048	7.5	18.75	2.50%	626	0.1800	4509
2002	1,216,954	(299)			1,216,655	(299)	(299)	6.5	16.25	2.50%	(7)	0.1600	-48
2003	1,216,655	(9,473)			1,207,182	(9,473)	(9,473)	5.5	13.75	2.50%	(237)	0.1300	-1231
2004	1,207,182	9,674	(2,303)		1,214,553	7,371	7,371	4.5	11.25	2.50%	184	0.1100	811
2005	1,214,553	41,606			1,256,159	41,606	41,606	3.5	8.75	2.50%	1,040	0.0800	3328
2006	1,256,159	19,163			1,275,322	19,163	19,163	2.5	6.25	2.50%	479	0.0600	1150
2007	1,275,322				1,275,322	-	-	1.5	3.75	2.50%	-	0.0300	0
2008	1,275,322				1,275,322	-	-	0.5	1.25	2.50%	-	0.0100	0
	1,304,012	(29,119)			19,429,768	1,275,322	1,275,322				31,883		444,078

**Net Salvage Adjustment:** 3,188  
**Annual Depreciation:** 35,071  
**Accrued Depreciation:** 488,486  
**Composite Annual Accrual Rate, Percent:** 2.75%

**Aquarion Water Company of New Hampshire**  
Calculated Annual and Accrued Depreciation

Account Number: **325 PUMPING PLANT ELECTRIC PUMPING EQUIPMENT**  
Iowa Curve Type: **R1**  
Avg. Service Life: **35 Years**  
Net Salvage Percent: **-20%**

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Annual Depreciation			Accrued Depreciation	
								Percent of	Rate	Amount	Ratio	Amt.
								Avg. Age				
1915	-	5,159			5,159	5,159	93.5	267.14	2.86%	147	1.0000	5159
1916	5,159				5,159	-	92.5	264.29	2.86%	-	1.0000	0
1917	5,159				5,159	-	91.5	261.43	2.86%	-	1.0000	0
1918	5,159				5,159	-	90.5	258.57	2.86%	-	1.0000	0
1919	5,159				5,159	-	89.5	255.71	2.86%	-	1.0000	0
1920	5,159				5,159	-	88.5	252.86	2.86%	-	1.0000	0
1921	5,159				5,159	-	87.5	250.00	2.86%	-	1.0000	0
1922	5,159				5,159	-	86.5	247.14	2.86%	-	1.0000	0
1923	5,159				5,159	-	85.5	244.29	2.86%	-	1.0000	0
1924	5,159				5,159	-	84.5	241.43	2.86%	-	1.0000	0
1925	5,159				5,159	-	83.5	238.57	2.86%	-	1.0000	0
1926	5,159				5,159	-	82.5	235.71	2.86%	-	1.0000	0
1927	5,159				5,159	-	81.5	232.86	2.86%	-	1.0000	0
1928	5,159				5,159	-	80.5	230.00	2.86%	-	1.0000	0
1929	5,159				5,159	-	79.5	227.14	2.86%	-	1.0000	0
1930	5,159				5,159	-	78.5	224.29	2.86%	-	1.0000	0
1931	5,159				5,159	-	77.5	221.43	2.86%	-	1.0000	0
1932	5,159				5,159	-	76.5	218.57	2.86%	-	1.0000	0
1933	5,159				5,159	-	75.5	215.71	2.86%	-	1.0000	0
1934	5,159				5,159	-	74.5	212.86	2.86%	-	1.0000	0
1935	5,159				5,159	-	73.5	210.00	2.86%	-	1.0000	0
1936	5,159	27			5,186	27	72.5	207.14	2.86%	1	1.0000	27
1937	5,186	768			5,953	768	71.5	204.29	2.86%	22	1.0000	768
1938	5,953				5,953	-	70.5	201.43	2.86%	-	1.0000	0
1939	5,953	2,590			8,543	2,590	69.5	198.57	2.86%	74	0.9896	2563
1940	8,543	1,770			10,313	1,770	68.5	195.71	2.86%	51	0.9801	1735
1941	10,313				10,313	-	67.5	192.86	2.86%	-	0.9701	0
1942	10,313	10			10,324	10	66.5	190.00	2.86%	0	0.9634	10
1943	10,324				10,324	-	65.5	187.14	2.86%	-	0.9533	0
1944	10,324				10,324	-	64.5	184.29	2.86%	-	0.9435	0
1945	10,324		(2,337)		7,987	(2,337)	63.5	181.43	2.86%	(67)	0.9342	-2183
1946	7,987				7,987	-	62.5	178.57	2.86%	-	0.9252	0
1947	7,987				7,987	-	61.5	175.71	2.86%	-	0.9163	0
1948	7,987	1,486			9,473	1,486	60.5	172.86	2.86%	42	0.9074	1349
1949	9,473				9,473	-	59.5	170.00	2.86%	-	0.9014	0
1950	9,473	7,407			16,880	7,407	58.5	167.14	2.86%	212	0.8924	6610
1951	16,880	183			17,064	183	57.5	164.29	2.86%	5	0.8831	162
1952	17,064				17,064	-	56.5	161.43	2.86%	-	0.8737	0
1953	17,064	5,167	(900)		21,330	4,267	55.5	158.57	2.86%	122	0.8641	3687
1954	21,330	1,831			23,161	1,831	54.5	155.71	2.86%	52	0.8543	1564
1955	23,161	112			23,273	112	53.5	152.86	2.86%	3	0.8443	95
1956	23,273				23,273	-	52.5	150.00	2.86%	-	0.8376	0
1957	23,273				23,273	-	51.5	147.14	2.86%	-	0.8272	0
1958	23,273	10,934	(2,526)		31,681	8,408	50.5	144.29	2.86%	240	0.8166	6866
1959	31,681	246			31,927	246	49.5	141.43	2.86%	7	0.8058	198
1960	31,927	216			32,143	216	48.5	138.57	2.86%	6	0.7948	171
1961	32,143		(38)		32,105	(38)	47.5	135.71	2.86%	(1)	0.7835	-30
1962	32,105	2,414	(1,183)		33,336	1,231	46.5	132.86	2.86%	35	0.7720	951
1963	33,336				33,336	-	45.5	130.00	2.86%	-	0.7642	0
1964	33,336	4,273	(264)		37,345	4,009	44.5	127.14	2.86%	115	0.7523	3016
1965	37,345	738			38,084	738	43.5	124.29	2.86%	21	0.7401	546
1966	38,084	1,480	(815)		38,749	665	42.5	121.43	2.86%	19	0.7276	484
1967	38,749	14,057	(325)		52,480	13,732	41.5	118.57	2.86%	392	0.7149	9817
1968	52,480	1,165			53,645	1,165	40.5	115.71	2.86%	33	0.7019	818
1969	53,645	75	(2,048)		51,672	(1,973)	39.5	112.86	2.86%	(56)	0.6887	-1359
1970	51,672		(75)		51,597	(75)	38.5	110.00	2.86%	(2)	0.6797	-51
1971	51,597	264	(36)		51,826	229	37.5	107.14	2.86%	7	0.6659	152
1972	51,826				51,826	-	36.5	104.29	2.86%	-	0.6519	0
1973	51,826				51,826	-	35.5	101.43	2.86%	-	0.6376	0
1974	51,826	293			52,119	293	34.5	98.57	2.86%	8	0.6230	183
1975	52,119				52,119	-	33.5	95.71	2.86%	-	0.6080	0
1976	52,119				52,119	-	32.5	92.86	2.86%	-	0.5928	0
1977	52,119	462	(97)		52,484	365	31.5	90.00	2.86%	10	0.5824	213
1978	52,484	38,941	(292)		91,133	38,649	30.5	87.14	2.86%	1,104	0.5667	21902
1979	91,133	17,568	(4,932)		103,769	12,636	29.5	84.29	2.86%	361	0.5506	6957
1980	103,769	13,807			117,576	13,807	28.5	81.43	2.86%	394	0.5342	7376
1981	117,576	55,827			173,403	55,827	27.5	78.57	2.86%	1,595	0.5174	28885
1982	173,403	71,048	(4,050)		240,401	66,998	26.5	75.71	2.86%	1,914	0.5004	33526
1983	240,401	22,856			263,257	22,856	25.5	72.86	2.86%	653	0.4831	11042
1984	263,257	1,551	(536)		264,272	1,015	24.5	70.00	2.86%	29	0.4714	478
1985	264,272	13,069	(275)		277,066	12,794	23.5	67.14	2.86%	366	0.4535	5802
1986	277,066	11,828	(7,248)		281,646	4,580	22.5	64.29	2.86%	131	0.4354	1994
1987	281,646	15,295			296,941	15,295	21.5	61.43	2.86%	437	0.4170	6378
1988	296,941				296,941	-	20.5	58.57	2.86%	-	0.3983	0
1989	296,941	252,614	(2,844)		546,711	249,770	19.5	55.71	2.86%	7,136	0.3794	94763
1990	546,711	12,410	(3,140)		555,981	9,270	18.5	52.86	2.86%	265	0.3602	3339
1991	555,981	36,226	(22,329)		569,878	13,897	17.5	50.00	2.86%	397	0.3473	4827
1992	569,878	4,419	(1,237)		573,060	3,182	16.5	47.14	2.86%	91	0.3278	1043
1993	573,060	8,278	(18,734)		562,604	(10,456)	15.5	44.29	2.86%	(299)	0.3080	-3220
1994	562,604	23,732	(294)		586,042	23,438	14.5	41.43	2.86%	670	0.2881	6752
1995	586,042	29,160	(4,535)		610,667	24,625	13.5	38.57	2.86%	704	0.2680	6600
1996	610,667	8,982	(6,009)		613,641	2,973	12.5	35.71	2.86%	85	0.2477	737
1997	613,641	70,023	(1,898)		681,766	68,125	11.5	32.86	2.86%	1,946	0.2273	15485
1998	681,766	40,855	(4,495)		718,126	36,360	10.5	30.00	2.86%	1,039	0.2136	7766
1999	718,126	42,936			761,062	42,936	9.5	27.14	2.86%	1,227	0.1930	8287
2000	761,062	1,276	(319)	(2,360)	759,659	(1,403)	8.5	24.29	2.86%	(40)	0.1722	-242
2001	759,659	575	(710)		759,524	(135)	7.5	21.43	2.86%	(4)	0.1513	-20
2002	759,524	12,140			771,664	12,140	6.5	18.57	2.86%	347	0.1302	1581
2003	771,664	71,425			843,089	71,425	5.5	15.71	2.86%	2,041	0.1090	7785
2004	843,089		(34,543)		808,546	(34,543)	4.5	12.86	2.86%	(987)	0.0876	-3026
2005	808,546	45,892		(3,300)	851,138	42,592	3.5	10.00	2.86%	1,217	0.0732	3118
2006	851,138	10,572			861,710	10,572	2.5	7.14	2.86%	302	0.0515	544
2007	861,710	21,587			883,297	21,587	1.5	4.29	2.86%	617	0.0295	637
2008	883,297	6,532	(9,157)	24	880,695	(2,601)	0.5	1.43	2.86%	(74)	0.0074	-19
	-	1,024,551	(138,219)		17,881,465	880,695				25,163		324,595

**Net Salvage Adjustment:** 5,033  
**Annual Depreciation:** 30,195  
**Accrued Depreciation:** 389,514

**Composite Annual Accrual Rate, Percent:** 3.43%

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 326 PUMPING PLANT DIESEL PUMPING EQUIPMENT  
 Iowa Curve Type: R1  
 Avg. Service Life: 30 Years  
 Net Salvage Percent: -10%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1991	-	32,297			32,297	32,297	17.5	58.33	3.33%	1,077	0.3983	12864	
1992	32,297				32,297	-	16.5	55.00	3.33%	-	0.3794	0	
1993	32,297				32,297	-	15.5	51.67	3.33%	-	0.3538	0	
1994	32,297				32,297	-	14.5	48.33	3.33%	-	0.3343	0	
1995	32,297				32,297	-	13.5	45.00	3.33%	-	0.3146	0	
1996	32,297				32,297	-	12.5	41.67	3.33%	-	0.2881	0	
1997	32,297				32,297	-	11.5	38.33	3.33%	-	0.2680	0	
1998	32,297				32,297	-	10.5	35.00	3.33%	-	0.2477	0	
1999	32,297				32,297	-	9.5	31.67	3.33%	-	0.2205	0	
2000	32,297				32,297	-	8.5	28.33	3.33%	-	0.1999	0	
2001	32,297				32,297	-	7.5	25.00	3.33%	-	0.1792	0	
2002	32,297				32,297	-	6.5	21.67	3.33%	-	0.1513	0	
2003	32,297				32,297	-	5.5	18.33	3.33%	-	0.1302	0	
2004	32,297				32,297	-	4.5	15.00	3.33%	-	0.1090	0	
2005	32,297				32,297	-	3.5	11.67	3.33%	-	0.0804	0	
2006	32,297				32,297	-	2.5	8.33	3.33%	-	0.0587	0	
2007	32,297				32,297	-	1.5	5.00	3.33%	-	0.0369	0	
2008	32,297				32,297	-	0.5	1.67	3.33%	-	0.0074	0	
	-	32,297	-		581,346	32,297				1,077		12,864	

Net Salvage Adjustment: 108 1,286  
 Annual Depreciation: 1,184  
 Accrued Depreciation: 14,150

Composite Annual Accrual Rate, Percent: 3.67%

**Aquarion Water Company of New Hampshire**  
Calculated Annual and Accrued Depreciation

Account Number: 328 PUMPING PLANT OTHER PUMPING EQUIPMENT  
Iowa Curve Type: R1  
Avg. Service Life: 25 Years  
Net Salvage Percent: -10%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of Avg. Age	Annual Depreciation		Accrued Depreciation	
									Rate	Amount	Ratio	Amt.
1915	-	2,330			2,330	2,330	93.5	374.00	4.00%	93	1.0000	2330
1916	2,330				2,330	-	92.5	370.00	4.00%	-	1.0000	0
1917	2,330				2,330	-	91.5	366.00	4.00%	-	1.0000	0
1918	2,330				2,330	-	90.5	362.00	4.00%	-	1.0000	0
1919	2,330				2,330	-	89.5	358.00	4.00%	-	1.0000	0
1920	2,330				2,330	-	88.5	354.00	4.00%	-	1.0000	0
1921	2,330				2,330	-	87.5	350.00	4.00%	-	1.0000	0
1922	2,330				2,330	-	86.5	346.00	4.00%	-	1.0000	0
1923	2,330				2,330	-	85.5	342.00	4.00%	-	1.0000	0
1924	2,330				2,330	-	84.5	338.00	4.00%	-	1.0000	0
1925	2,330				2,330	-	83.5	334.00	4.00%	-	1.0000	0
1926	2,330				2,330	-	82.5	330.00	4.00%	-	1.0000	0
1927	2,330				2,330	-	81.5	326.00	4.00%	-	1.0000	0
1928	2,330				2,330	-	80.5	322.00	4.00%	-	1.0000	0
1929	2,330				2,330	-	79.5	318.00	4.00%	-	1.0000	0
1930	2,330				2,330	-	78.5	314.00	4.00%	-	1.0000	0
1931	2,330				2,330	-	77.5	310.00	4.00%	-	1.0000	0
1932	2,330	256			2,586	256	76.5	306.00	4.00%	10	1.0000	256
1933	2,586	15			2,601	15	75.5	302.00	4.00%	1	1.0000	15
1934	2,601				2,601	-	74.5	298.00	4.00%	-	1.0000	0
1935	2,601				2,601	-	73.5	294.00	4.00%	-	1.0000	0
1936	2,601				2,601	-	72.5	290.00	4.00%	-	1.0000	0
1937	2,601	3,498	(256)		5,843	3,242	71.5	286.00	4.00%	130	1.0000	3242
1938	5,843				5,843	-	70.5	282.00	4.00%	-	1.0000	0
1939	5,843	12,224			18,067	12,224	69.5	278.00	4.00%	489	1.0000	12224
1940	18,067	(1,458)			16,609	(1,458)	68.5	274.00	4.00%	(58)	1.0000	-1458
1941	16,609				16,609	-	67.5	270.00	4.00%	-	1.0000	0
1942	16,609				16,609	-	66.5	266.00	4.00%	-	1.0000	0
1943	16,609				16,609	-	65.5	262.00	4.00%	-	1.0000	0
1944	16,609				16,609	-	64.5	258.00	4.00%	-	1.0000	0
1945	16,609				16,609	-	63.5	254.00	4.00%	-	1.0000	0
1946	16,609				16,609	-	62.5	250.00	4.00%	-	1.0000	0
1947	16,609				16,609	-	61.5	246.00	4.00%	-	1.0000	0
1948	16,609				16,609	-	60.5	242.00	4.00%	-	1.0000	0
1949	16,609				16,609	-	59.5	238.00	4.00%	-	1.0000	0
1950	16,609				16,609	-	58.5	234.00	4.00%	-	1.0000	0
1951	16,609				16,609	-	57.5	230.00	4.00%	-	1.0000	0
1952	16,609				16,609	-	56.5	226.00	4.00%	-	1.0000	0
1953	16,609				16,609	-	55.5	222.00	4.00%	-	1.0000	0
1954	16,609				16,609	-	54.5	218.00	4.00%	-	1.0000	0
1955	16,609				16,609	-	53.5	214.00	4.00%	-	1.0000	0
1956	16,609				16,609	-	52.5	210.00	4.00%	-	1.0000	0
1957	16,609		(2,337)		14,272	(2,337)	51.5	206.00	4.00%	(93)	1.0000	-2337
1958	14,272		(1,590)		12,682	(1,590)	50.5	202.00	4.00%	(64)	1.0000	-1590
1959	12,682				12,682	-	49.5	198.00	4.00%	-	0.9896	0
1960	12,682				12,682	-	48.5	194.00	4.00%	-	0.9768	0
1961	12,682		(12,682)		-	(12,682)	47.5	190.00	4.00%	(507)	0.9634	-12218
1962	-	5,999			5,999	5,999	46.5	186.00	4.00%	240	0.9499	5699
1963	5,999				5,999	-	45.5	182.00	4.00%	-	0.9372	0
1964	5,999	2,231			8,231	2,231	44.5	178.00	4.00%	89	0.9252	2065
1965	8,231	385			8,616	385	43.5	174.00	4.00%	15	0.9134	352
1966	8,616				8,616	-	42.5	170.00	4.00%	-	0.9014	0
1967	8,616	17,163			25,778	17,163	41.5	166.00	4.00%	687	0.8893	15263
1968	25,778				25,778	-	40.5	162.00	4.00%	-	0.8769	0
1969	25,778				25,778	-	39.5	158.00	4.00%	-	0.8641	0
1970	25,778				25,778	-	38.5	154.00	4.00%	-	0.8510	0
1971	25,778				25,778	-	37.5	150.00	4.00%	-	0.8376	0
1972	25,778				25,778	-	36.5	146.00	4.00%	-	0.8237	0
1973	25,778				25,778	-	35.5	142.00	4.00%	-	0.8094	0
1974	25,778				25,778	-	34.5	138.00	4.00%	-	0.7948	0
1975	25,778				25,778	-	33.5	134.00	4.00%	-	0.7797	0
1976	25,778				25,778	-	32.5	130.00	4.00%	-	0.7642	0
1977	25,778				25,778	-	31.5	126.00	4.00%	-	0.7482	0
1978	25,778				25,778	-	30.5	122.00	4.00%	-	0.7318	0
1979	25,778				25,778	-	29.5	118.00	4.00%	-	0.7149	0
1980	25,778				25,778	-	28.5	114.00	4.00%	-	0.6931	0
1981	25,778				25,778	-	27.5	110.00	4.00%	-	0.6797	0
1982	25,778				25,778	-	26.5	106.00	4.00%	-	0.6613	0
1983	25,778				25,778	-	25.5	102.00	4.00%	-	0.6424	0
1984	25,778				25,778	-	24.5	98.00	4.00%	-	0.6230	0
1985	25,778				25,778	-	23.5	94.00	4.00%	-	0.6030	0
1986	25,778				25,778	-	22.5	90.00	4.00%	-	0.5824	0
1987	25,778	4,528			30,306	4,528	21.5	86.00	4.00%	181	0.5613	2542
1988	30,306				30,306	-	20.5	82.00	4.00%	-	0.5397	0
1989	30,306		(3,200)		27,106	(3,200)	19.5	78.00	4.00%	(128)	0.5174	-1656
1990	27,106		(2,500)		24,606	(2,500)	18.5	74.00	4.00%	(100)	0.4947	-1237
1991	24,606		(3,100)		21,506	(3,100)	17.5	70.00	4.00%	(124)	0.4714	-1462
1992	21,506				21,506	-	16.5	66.00	4.00%	-	0.4475	0
1993	21,506				21,506	-	15.5	62.00	4.00%	-	0.4232	0
1994	21,506				21,506	-	14.5	58.00	4.00%	-	0.3920	0
1995	21,506				21,506	-	13.5	54.00	4.00%	-	0.3730	0
1996	21,506	17,817	(5,734)		33,589	12,083	12.5	50.00	4.00%	483	0.3473	4196
1997	33,589				33,589	-	11.5	46.00	4.00%	-	0.3212	0
1998	33,589				33,589	-	10.5	42.00	4.00%	-	0.2947	0
1999	33,589				33,589	-	9.5	38.00	4.00%	-	0.2680	0
2000	33,589	1,297	(122)		34,764	1,175	8.5	34.00	4.00%	47	0.2409	283
2001	34,764				34,764	-	7.5	30.00	4.00%	-	0.2136	0
2002	34,764				34,764	-	6.5	26.00	4.00%	-	0.1861	0
2003	34,764				34,764	-	5.5	22.00	4.00%	-	0.1583	0
2004	34,764				34,764	-	4.5	18.00	4.00%	-	0.1302	0
2005	34,764				34,764	-	3.5	14.00	4.00%	-	0.1019	0
2006	34,764				34,764	-	2.5	10.00	4.00%	-	0.0732	0
2007	34,764				34,764	-	1.5	6.00	4.00%	-	0.0442	0
2008	34,764				34,764	-	0.5	2.00	4.00%	-	0.0148	0
	-	66,285	(31,521)		1,637,135	34,764				1,391		26,509

Net Salvage Adjustment: 139  
Annual Depreciation: 1,530

Accrued Depreciation: 29,160

Composite Annual Accrual Rate, Percent: 4.40%



**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 331 WATER TREATMENT PLANT STRUCTURES & IMPROVEMENTS  
 Iowa Curve Type: R5  
 Avg. Service Life: 40 Years  
 Net Salvage Percent: -10%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1939	-	400			400	400	69.5	173.75	2.50%	10	1.0000	400	
1940	400	-			400	-	68.5	171.25	2.50%	-	1.0000	0	
1941	400				400	-	67.5	168.75	2.50%	-	1.0000	0	
1942	400				400	-	66.5	166.25	2.50%	-	1.0000	0	
1943	400				400	-	65.5	163.75	2.50%	-	1.0000	0	
1944	400				400	-	64.5	161.25	2.50%	-	1.0000	0	
1945	400				400	-	63.5	158.75	2.50%	-	1.0000	0	
1946	400				400	-	62.5	156.25	2.50%	-	1.0000	0	
1947	400	(400)			-	(400)	61.5	153.75	2.50%	(10)	1.0000	-400	
1948	-				-	-	60.5	151.25	2.50%	-	1.0000	0	
1949	-				-	-	59.5	148.75	2.50%	-	1.0000	0	
1950	-				-	-	58.5	146.25	2.50%	-	1.0000	0	
1951	-				-	-	57.5	143.75	2.50%	-	1.0000	0	
1952	-				-	-	56.5	141.25	2.50%	-	1.0000	0	
1953	-				-	-	55.5	138.75	2.50%	-	1.0000	0	
1954	-				-	-	54.5	136.25	2.50%	-	0.9950	0	
1955	-				-	-	53.5	133.75	2.50%	-	0.9898	0	
1956	-				-	-	52.5	131.25	2.50%	-	0.9854	0	
1957	-				-	-	51.5	128.75	2.50%	-	0.9783	0	
1958	-				-	-	50.5	126.25	2.50%	-	0.9734	0	
1959	-				-	-	49.5	123.75	2.50%	-	0.9660	0	
1960	-				-	-	48.5	121.25	2.50%	-	0.9617	0	
1961	-				-	-	47.5	118.75	2.50%	-	0.9558	0	
1962	-				-	-	46.5	116.25	2.50%	-	0.9518	0	
1963	-				-	-	45.5	113.75	2.50%	-	0.9451	0	
1964	-				-	-	44.5	111.25	2.50%	-	0.9400	0	
1965	-	1,740			1,740	1,740	43.5	108.75	2.50%	44	0.9312	1620	
1966	1,740				1,740	-	42.5	106.25	2.50%	-	0.9245	0	
1967	1,740				1,740	-	41.5	103.75	2.50%	-	0.9134	0	
1968	1,740				1,740	-	40.5	101.25	2.50%	-	0.9051	0	
1969	1,740		(1,740)		-	(1,740)	39.5	98.75	2.50%	(44)	0.8914	-1551	
1970	-				-	-	38.5	96.25	2.50%	-	0.8814	0	
1971	-				-	-	37.5	93.75	2.50%	-	0.8650	0	
1972	-				-	-	36.5	91.25	2.50%	-	0.8531	0	
1973	-				-	-	35.5	88.75	2.50%	-	0.8340	0	
1974	-				-	-	34.5	86.25	2.50%	-	0.8203	0	
1975	-				-	-	33.5	83.75	2.50%	-	0.7987	0	
1976	-				-	-	32.5	81.25	2.50%	-	0.7834	0	
1977	-				-	-	31.5	78.75	2.50%	-	0.7595	0	
1978	-				-	-	30.5	76.25	2.50%	-	0.7430	0	
1979	-				-	-	29.5	73.75	2.50%	-	0.7174	0	
1980	-				-	-	28.5	71.25	2.50%	-	0.6998	0	
1981	-				-	-	27.5	68.75	2.50%	-	0.6728	0	
1982	-				-	-	26.5	66.25	2.50%	-	0.6544	0	
1983	-				-	-	25.5	63.75	2.50%	-	0.6263	0	
1984	-				-	-	24.5	61.25	2.50%	-	0.6073	0	
1985	-				-	-	23.5	58.75	2.50%	-	0.5784	0	
1986	-				-	-	22.5	56.25	2.50%	-	0.5589	0	
1987	-				-	-	21.5	53.75	2.50%	-	0.5295	0	
1988	-				-	-	20.5	51.25	2.50%	-	0.5097	0	
1989	-				-	-	19.5	48.75	2.50%	-	0.4799	0	
1990	-				-	-	18.5	46.25	2.50%	-	0.4599	0	
1991	-				-	-	17.5	43.75	2.50%	-	0.4300	0	
1992	-				-	-	16.5	41.25	2.50%	-	0.4100	0	
1993	-				-	-	15.5	38.75	2.50%	-	0.3800	0	
1994	-				-	-	14.5	36.25	2.50%	-	0.3600	0	
1995	-				-	-	13.5	33.75	2.50%	-	0.3300	0	
1996	-				-	-	12.5	31.25	2.50%	-	0.3100	0	
1997	-				-	-	11.5	28.75	2.50%	-	0.2800	0	
1998	-				-	-	10.5	26.25	2.50%	-	0.2600	0	
1999	-	108,204			108,204	108,204	9.5	23.75	2.50%	2,705	0.2300	24887	
2000	108,204	19,401			127,605	19,401	8.5	21.25	2.50%	485	0.2100	4074	
2001	127,605	2,521			130,126	2,521	7.5	18.75	2.50%	63	0.1800	454	
2002	130,126	1,012			131,138	1,012	6.5	16.25	2.50%	25	0.1600	162	
2003	131,138				131,138	-	5.5	13.75	2.50%	-	0.1300	0	
2004	131,138	518			131,656	518	4.5	11.25	2.50%	13	0.1100	57	
2005	131,656	4,746			136,402	4,746	3.5	8.75	2.50%	119	0.0800	380	
2006	136,402				136,402	-	2.5	6.25	2.50%	-	0.0600	0	
2007	136,402	39,762			176,164	39,762	1.5	3.75	2.50%	994	0.0300	1193	
2008	176,164				176,164	-	0.5	1.25	2.50%	-	0.0100	0	
	-	177,904	(1,740)		1,395,159	176,164				4,404		31,276	

Net Salvage Adjustment: 440 3,128  
 Annual Depreciation: 4,845  
 Accrued Depreciation: 34,403

Composite Annual Accrual Rate, Percent: 2.75%

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 332 WATER TREATMENT PLANT WATER TREATMENT EQUIPMENT  
Iowa Curve Type: R5  
Avg. Service Life: 30 Years  
Net Salvage Percent: -10%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1947	-	927			927	927	61.5	205.00	3.33%	31	1.0000	927	
1948	927	115			1,042	115	60.5	201.67	3.33%	4	1.0000	115	
1949	1,042				1,042	-	59.5	198.33	3.33%	-	1.0000	0	
1950	1,042				1,042	-	58.5	195.00	3.33%	-	1.0000	0	
1951	1,042				1,042	-	57.5	191.67	3.33%	-	1.0000	0	
1952	1,042				1,042	-	56.5	188.33	3.33%	-	1.0000	0	
1953	1,042				1,042	-	55.5	185.00	3.33%	-	1.0000	0	
1954	1,042				1,042	-	54.5	181.67	3.33%	-	1.0000	0	
1955	1,042				1,042	-	53.5	178.33	3.33%	-	1.0000	0	
1956	1,042				1,042	-	52.5	175.00	3.33%	-	1.0000	0	
1957	1,042	345			1,386	345	51.5	171.67	3.33%	11	1.0000	345	
1958	1,386	53			1,439	53	50.5	168.33	3.33%	2	1.0000	53	
1959	1,439				1,439	-	49.5	165.00	3.33%	-	1.0000	0	
1960	1,439				1,439	-	48.5	161.67	3.33%	-	1.0000	0	
1961	1,439	2,933			4,373	2,933	47.5	158.33	3.33%	98	1.0000	2933	
1962	4,373				4,373	-	46.5	155.00	3.33%	-	1.0000	0	
1963	4,373				4,373	-	45.5	151.67	3.33%	-	1.0000	0	
1964	4,373	1,000			5,372	1,000	44.5	148.33	3.33%	33	1.0000	1000	
1965	5,372	6			5,378	6	43.5	145.00	3.33%	0	1.0000	6	
1966	5,378				5,378	-	42.5	141.67	3.33%	-	1.0000	0	
1967	5,378	863			6,241	863	41.5	138.33	3.33%	29	1.0000	863	
1968	6,241	207			6,448	207	40.5	135.00	3.33%	7	0.9937	205	
1969	6,448	113	(440)		6,120	(328)	39.5	131.67	3.33%	(11)	0.9854	-323	
1970	6,120	69	(48)		6,142	22	38.5	128.33	3.33%	1	0.9783	21	
1971	6,142	263			6,405	263	37.5	125.00	3.33%	9	0.9709	256	
1972	6,405				6,405	-	36.5	121.67	3.33%	-	0.9617	0	
1973	6,405				6,405	-	35.5	118.33	3.33%	-	0.9558	0	
1974	6,405				6,405	-	34.5	115.00	3.33%	-	0.9475	0	
1975	6,405				6,405	-	33.5	111.67	3.33%	-	0.9400	0	
1976	6,405	448	(324)		6,529	124	32.5	108.33	3.33%	4	0.9312	115	
1977	6,529				6,529	-	31.5	105.00	3.33%	-	0.9210	0	
1978	6,529				6,529	-	30.5	101.67	3.33%	-	0.9051	0	
1979	6,529	4,379			10,908	4,379	29.5	98.33	3.33%	146	0.8914	3903	
1980	10,908	790			11,698	790	28.5	95.00	3.33%	26	0.8761	692	
1981	11,698	1,334			13,032	1,334	27.5	91.67	3.33%	44	0.8531	1138	
1982	13,032	22,477			35,509	22,477	26.5	88.33	3.33%	749	0.8340	18746	
1983	35,509	(3,729)			31,780	(3,729)	25.5	85.00	3.33%	(124)	0.8133	-3033	
1984	31,780	1,461			33,241	1,461	24.5	81.67	3.33%	49	0.7834	1145	
1985	33,241	1,308			34,549	1,308	23.5	78.33	3.33%	44	0.7595	993	
1986	34,549	21,772			56,321	21,772	22.5	75.00	3.33%	726	0.7345	15992	
1987	56,321	1,561			57,882	1,561	21.5	71.67	3.33%	52	0.6998	1092	
1988	57,882	1,912	(2,600)		57,194	(688)	20.5	68.33	3.33%	(23)	0.6728	-463	
1989	57,194	33,952	(467)		90,679	33,485	19.5	65.00	3.33%	1,116	0.6451	21601	
1990	90,679				90,679	-	18.5	61.67	3.33%	-	0.6073	0	
1991	90,679				90,679	-	17.5	58.33	3.33%	-	0.5784	0	
1992	90,679	5,154			95,833	5,154	16.5	55.00	3.33%	172	0.5491	2830	
1993	95,833	5,656	(836)		100,653	4,820	15.5	51.67	3.33%	161	0.5097	2457	
1994	100,653	3,816			104,469	3,816	14.5	48.33	3.33%	127	0.4799	1831	
1995	104,469	2,890			107,359	2,890	13.5	45.00	3.33%	96	0.4500	1301	
1996	107,359				107,359	-	12.5	41.67	3.33%	-	0.4100	0	
1997	107,359				107,359	-	11.5	38.33	3.33%	-	0.3800	0	
1998	107,359				107,359	-	10.5	35.00	3.33%	-	0.3500	0	
1999	107,359	25,540			132,899	25,540	9.5	31.67	3.33%	851	0.3100	7917	
2000	132,899	96,662		(1,000)	228,561	95,662	8.5	28.33	3.33%	3,189	0.2800	26785	
2001	228,561	1,780			230,341	1,780	7.5	25.00	3.33%	59	0.2500	445	
2002	230,341				230,341	-	6.5	21.67	3.33%	-	0.2100	0	
2003	230,341	23,041			253,382	23,041	5.5	18.33	3.33%	768	0.1800	4147	
2004	253,382	8,290			261,672	8,290	4.5	15.00	3.33%	276	0.1500	1244	
2005	261,672	19,074			280,746	19,074	3.5	11.67	3.33%	636	0.1100	2098	
2006	280,746				280,746	-	2.5	8.33	3.33%	-	0.0800	0	
2007	280,746	4,193			284,939	4,193	1.5	5.00	3.33%	140	0.0500	210	
2008	284,939		-2528		282,411	(2,528)	0.5	1.67	3.33%	(84)	0.0100	-25	
	-	290,654	(7,243)		3,932,415	282,411				9,414		119,563	

Net Salvage Adjustment: 941 11,956  
Annual Depreciation: 10,355  
Accrued Depreciation: 131,519

Composite Annual Accrual Rate, Percent: 3.67%

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 341 TRANSMISSION & DISTRIBUTION PLANT STRUCTURES & IMPROVEMENTS  
 Iowa Curve Type: R5  
 Avg. Service Life: 40 Years  
 Net Salvage Percent: -10%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1991	-	2,850			2,850	2,850	17.5	43.75	2.50%	71	0.4300	1226	
1992	2,850				2,850	-	16.5	41.25	2.50%	-	0.4100	0	
1993	2,850				2,850	-	15.5	38.75	2.50%	-	0.3800	0	
1994	2,850	13,100			15,950	13,100	14.5	36.25	2.50%	328	0.3600	4716	
1995	15,950	8,760			24,710	8,760	13.5	33.75	2.50%	219	0.3300	2891	
1996	24,710	7,994			32,704	7,994	12.5	31.25	2.50%	200	0.3100	2478	
1997	32,704				32,704	-	11.5	28.75	2.50%	-	0.2800	0	
1998	32,704				32,704	-	10.5	26.25	2.50%	-	0.2600	0	
1999	32,704				32,704	-	9.5	23.75	2.50%	-	0.2300	0	
2000	32,704			(32,704)	-	(32,704)	8.5	21.25	2.50%	(818)	0.2100	-6868	
2001	-				-	-	7.5	18.75	2.50%	-	0.1800	0	
2002	-				-	-	6.5	16.25	2.50%	-	0.1600	0	
2003	-	39,158		227,648	266,806	266,806	5.5	13.75	2.50%	6,670	0.1300	34685	
2004	266,806	1,733			268,539	1,733	4.5	11.25	2.50%	43	0.1100	191	
2005	268,539	6,464			275,003	6,464	3.5	8.75	2.50%	162	0.0800	517	
2006	275,003	14,411			289,414	14,411	2.5	6.25	2.50%	360	0.0600	865	
2007	289,414	26			289,440	26	1.5	3.75	2.50%	1	0.0300	1	
2008	289,440				289,440	-	0.5	1.25	2.50%	-	0.0100	0	
	-	94,496	-		1,858,668	289,440				7,236		40,701	

Net Salvage Adjustment: 724 4,070  
 Annual Depreciation: 7,960  
 Accrued Depreciation: 44,771

Composite Annual Accrual Rate, Percent: 2.75%













**Aquarion Water Company of New Hampshire**  
 Calculated Annual and Accrued Depreciation

Account Number: 349 TRANSMISSION & DISTRIBUTION PLANT OTHER T & D PLANT  
 Iowa Curve Type: SQ  
 Avg. Service Life: 20 Years  
 Net Salvage Percent: 0%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
2002	-	5,777			5,777	5,777	6.5	32.50	5.00%	289	0.3150	1820	
2003	5,777	30,293			36,070	30,293	5.5	27.50	5.00%	1,515	0.2650	8028	
2004	36,070	333			36,403	333	4.5	22.50	5.00%	17	0.2150	72	
2005	36,403	14,983			51,386	14,983	3.5	17.50	5.00%	749	0.1650	2472	
2006	51,386	21,299			72,685	21,299	2.5	12.50	5.00%	1,065	0.1150	2449	
2007	72,685	26,019			98,704	26,019	1.5	7.50	5.00%	1,301	0.0650	1691	
2008	98,704				98,704	-	0.5	2.50	5.00%	-	0.0150	0	
	-	98,704	-		399,729	98,704				4,935		16,532	

Net Salvage Adjustment: -  
 Annual Depreciation: 4,935  
 Accrued Depreciation: 16,532  
 Composite Annual Accrual Rate, Percent: 5.00%



**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 391 GENERAL PLANT OFFICE FURNITURE & EQUIPMENT  
Iowa Curve Type: R1  
Avg. Service Life: 13 Years  
Net Salvage Percent: 0%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1950	-	188			188	188	58.5	450.00	7.69%	14	1.0000	188	
1951	188	277			465	277	57.5	442.31	7.69%	21	1.0000	277	
1952	465	158			623	158	56.5	434.62	7.69%	12	1.0000	158	
1953	623				623	-	55.5	426.92	7.69%	-	1.0000	0	
1954	623				623	-	54.5	419.23	7.69%	-	1.0000	0	
1955	623	60			683	60	53.5	411.54	7.69%	5	1.0000	60	
1956	683	220			903	220	52.5	403.85	7.69%	17	1.0000	220	
1957	903				903	-	51.5	396.15	7.69%	-	1.0000	0	
1958	903	175			1,079	175	50.5	388.46	7.69%	13	1.0000	175	
1959	1,079	157			1,236	157	49.5	380.77	7.69%	12	1.0000	157	
1960	1,236	280			1,516	280	48.5	373.08	7.69%	22	1.0000	280	
1961	1,516	734			2,250	734	47.5	365.38	7.69%	56	1.0000	734	
1962	2,250	1,739			3,989	1,739	46.5	357.69	7.69%	134	1.0000	1739	
1963	3,989	1,038			5,027	1,038	45.5	350.00	7.69%	80	1.0000	1038	
1964	5,027	748			5,774	748	44.5	342.31	7.69%	58	1.0000	748	
1965	5,774	478	(220)		6,032	258	43.5	334.62	7.69%	20	1.0000	258	
1966	6,032	738	(218)		6,552	520	42.5	326.92	7.69%	40	1.0000	520	
1967	6,552	822	(96)		7,279	726	41.5	319.23	7.69%	56	1.0000	726	
1968	7,279	530			7,808	530	40.5	311.54	7.69%	41	1.0000	530	
1969	7,808	218	(70)		7,957	148	39.5	303.85	7.69%	11	1.0000	148	
1970	7,957	996	(239)		8,713	756	38.5	296.15	7.69%	58	1.0000	756	
1971	8,713	295			9,008	295	37.5	288.46	7.69%	23	1.0000	295	
1972	9,008	167			9,175	167	36.5	280.77	7.69%	13	1.0000	167	
1973	9,175	90			9,265	90	35.5	273.08	7.69%	7	1.0000	90	
1974	9,265				9,265	-	34.5	265.38	7.69%	-	1.0000	0	
1975	9,265				9,265	-	33.5	257.69	7.69%	-	1.0000	0	
1976	9,265				9,265	-	32.5	250.00	7.69%	-	1.0000	0	
1977	9,265				9,265	-	31.5	242.31	7.69%	-	1.0000	0	
1978	9,265	1,375	(505)		10,135	870	30.5	234.62	7.69%	67	1.0000	870	
1979	10,135	759	(983)		9,911	(224)	29.5	226.92	7.69%	(17)	1.0000	-224	
1980	9,911	4,527	(644)		13,794	3,883	28.5	219.23	7.69%	299	1.0000	3883	
1981	13,794	1,211	(478)		14,527	733	27.5	211.54	7.69%	56	1.0000	733	
1982	14,527	525	(102)		14,950	423	26.5	203.85	7.69%	33	1.0000	423	
1983	14,950	1,678			16,628	1,678	25.5	196.15	7.69%	129	0.9833	1650	
1984	16,628	8,503	(795)		24,336	7,708	24.5	188.46	7.69%	593	0.9567	7374	
1985	24,336	2,281	(617)		26,000	1,664	23.5	180.77	7.69%	128	0.9312	1550	
1986	26,000	38,138	(390)		63,748	37,748	22.5	173.08	7.69%	2,904	0.9104	34366	
1987	63,748	5,014			68,762	5,014	21.5	165.38	7.69%	386	0.8862	4443	
1988	68,762	2,550			71,312	2,550	20.5	157.69	7.69%	196	0.8609	2195	
1989	71,312	1,862	(520)		72,654	1,342	19.5	150.00	7.69%	103	0.8376	1124	
1990	72,654	8,566			81,220	8,566	18.5	142.31	7.69%	659	0.8094	6934	
1991	81,220	8,297	(4,920)		84,597	3,377	17.5	134.62	7.69%	260	0.7797	2633	
1992	84,597	13,075	(7,452)		90,220	5,622	16.5	126.92	7.69%	432	0.7482	4207	
1993	90,220	12,341			102,561	12,341	15.5	119.23	7.69%	949	0.7192	8876	
1994	102,561	2,767	(1,413)		103,915	1,354	14.5	111.54	7.69%	104	0.6842	927	
1995	103,915	2,592	(778)		105,729	1,814	13.5	103.85	7.69%	140	0.6472	1174	
1996	105,729	-	(39,566)		66,163	(39,566)	12.5	96.15	7.69%	(3,044)	0.6130	-24254	
1997	66,163	6,266	(270)		72,159	5,996	11.5	88.46	7.69%	461	0.5719	3429	
1998	72,159	-	(8,612)		63,548	(8,612)	10.5	80.77	7.69%	(662)	0.5286	-4552	
1999	63,548	4,842			68,390	4,842	9.5	73.08	7.69%	372	0.4889	2367	
2000	68,390	1,258			69,648	1,258	8.5	65.38	7.69%	97	0.4415	555	
2001	69,648				69,648	-	7.5	57.69	7.69%	-	0.3920	0	
2002	69,648				69,648	-	6.5	50.00	7.69%	-	0.3473	0	
2003	69,648	10,749			80,397	10,749	5.5	42.31	7.69%	827	0.2947	3168	
2004	80,397				80,397	-	4.5	34.62	7.69%	-	0.2409	0	
2005	80,397				80,397	-	3.5	26.92	7.69%	-	0.1861	0	
2006	80,397				80,397	-	2.5	19.23	7.69%	-	0.1373	0	
2007	80,397				80,397	-	1.5	11.54	7.69%	-	0.0804	0	
2008	80,397				80,397	-	0.5	3.85	7.69%	-	0.0222	0	
	-	149,283	(68,886)		2,071,318	80,397				6,184		73,116	

Net Salvage Adjustment: -  
Annual Depreciation: 6,184  
Accrued Depreciation: 73,116  
Composite Annual Accrual Rate, Percent: 7.69%

**Aquarion Water Company of New Hampshire**

Account Number: 391H Computer Hardware & Software  
 Iowa Curve Type: SQ  
 Avg. Service Life: 5 Years  
 Net Salvage Percent: 0%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of	Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.
1984	(100)	9,055	(1)	-	8,954	9,054	24.5	490.00	20.00%	1,811	1.0000	9054
1985	8,954	5,527	(6,317)	-	8,164	(790)	23.5	470.00	20.00%	(158)	1.0000	-790
1986	8,164	3,948	390	-	12,501	4,338	22.5	450.00	20.00%	868	1.0000	4338
1987	12,501	117,310	-	-	129,812	117,310	21.5	430.00	20.00%	23,462	1.0000	117310
1988	129,812	8,359	(533)	-	137,638	7,826	20.5	410.00	20.00%	1,565	1.0000	7826
1989	137,638	7,839	(360)	-	145,117	7,479	19.5	390.00	20.00%	1,496	1.0000	7479
1990	145,117	15,674	(1,192)	-	159,598	14,482	18.5	370.00	20.00%	2,896	1.0000	14482
1991	159,598	1,115	1,925	-	162,638	3,040	17.5	350.00	20.00%	608	1.0000	3040
1992	162,638	3,402	4,191	-	170,232	7,594	16.5	330.00	20.00%	1,519	1.0000	7594
1993	170,232	18,021	(13,833)	-	174,420	4,188	15.5	310.00	20.00%	838	1.0000	4188
1994	174,420	4,322	1,413	-	180,154	5,735	14.5	290.00	20.00%	1,147	1.0000	5735
1995	180,154	12,750	(21,196)	-	171,708	(8,446)	13.5	270.00	20.00%	(1,689)	1.0000	-8446
1996	171,708	8,061	(22,200)	-	157,570	(14,139)	12.5	250.00	20.00%	(2,828)	1.0000	-14139
1997	157,570	8,686	(71,448)	2,282	97,090	(60,480)	11.5	230.00	20.00%	(12,096)	1.0000	-60480
1998	97,090	78,767	7,495	-	183,351	86,262	10.5	210.00	20.00%	17,252	1.0000	86262
1999	183,351	111,256	-	-	294,607	111,256	9.5	190.00	20.00%	22,251	1.0000	111256
2000	294,607	9,765	(24,534)	-	279,838	(14,769)	8.5	170.00	20.00%	(2,954)	1.0000	-14769
2001	279,838	45,726	(250)	-	325,314	45,476	7.5	150.00	20.00%	9,095	1.0000	45476
2002	325,314	34,382	(173,527)	-	186,169	(139,145)	6.5	130.00	20.00%	(27,829)	1.0000	-139145
2003	186,169	357,180	(32,323)	-	511,026	324,857	5.5	110.00	20.00%	64,971	1.0000	324857
2004	511,026	15,727	-	-	526,753	15,727	4.5	90.00	20.00%	3,145	0.8950	14076
2005	526,753	40,547	-	-	567,300	40,547	3.5	70.00	20.00%	8,109	0.6950	28180
2006	567,300	8,726	-	-	576,026	8,726	2.5	50.00	20.00%	1,745	0.4950	4319
2007	576,026	14,239	-	-	590,265	14,239	1.5	30.00	20.00%	2,848	0.2950	4201
2008	590,265	-	(21,705)	-	568,560	(21,705)	0.5	10.00	20.00%	(4,341)	0.0950	-2062
	-	940,850	(374,572)	-	6,362,662	568,560				113,712		559,740

Net Salvage Adjustment: -  
 Annual Depreciation: 113,712  
 Accrued Depreciation: 559,740  
 Composite Annual Accrual Rate, Percent: 20.00%



**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 393 GENERAL PLANT STORES EQUIPMENT  
 Iowa Curve Type: SQ  
 Avg. Service Life: 20 Years  
 Net Salvage Percent: 0%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1958	-	185			185	185	50.5	252.50	5.00%	9	1.0000	185	
1959	185				185	-	49.5	247.50	5.00%	-	1.0000	0	
1960	185				185	-	48.5	242.50	5.00%	-	1.0000	0	
1961	185				185	-	47.5	237.50	5.00%	-	1.0000	0	
1962	185				185	-	46.5	232.50	5.00%	-	1.0000	0	
1963	185				185	-	45.5	227.50	5.00%	-	1.0000	0	
1964	185				185	-	44.5	222.50	5.00%	-	1.0000	0	
1965	185				185	-	43.5	217.50	5.00%	-	1.0000	0	
1966	185				185	-	42.5	212.50	5.00%	-	1.0000	0	
1967	185				185	-	41.5	207.50	5.00%	-	1.0000	0	
1968	185				185	-	40.5	202.50	5.00%	-	1.0000	0	
1969	185		159		344	159	39.5	197.50	5.00%	8	1.0000	159	
1970	344				344	-	38.5	192.50	5.00%	-	1.0000	0	
1971	344				344	-	37.5	187.50	5.00%	-	1.0000	0	
1972	344				344	-	36.5	182.50	5.00%	-	1.0000	0	
1973	344				344	-	35.5	177.50	5.00%	-	1.0000	0	
1974	344				344	-	34.5	172.50	5.00%	-	1.0000	0	
1975	344				344	-	33.5	167.50	5.00%	-	1.0000	0	
1976	344				344	-	32.5	162.50	5.00%	-	1.0000	0	
1977	344				344	-	31.5	157.50	5.00%	-	1.0000	0	
1978	344				344	-	30.5	152.50	5.00%	-	1.0000	0	
1979	344				344	-	29.5	147.50	5.00%	-	1.0000	0	
1980	344				344	-	28.5	142.50	5.00%	-	1.0000	0	
1981	344				344	-	27.5	137.50	5.00%	-	1.0000	0	
1982	344				344	-	26.5	132.50	5.00%	-	1.0000	0	
1983	344				344	-	25.5	127.50	5.00%	-	1.0000	0	
1984	344				344	-	24.5	122.50	5.00%	-	1.0000	0	
1985	344				344	-	23.5	117.50	5.00%	-	1.0000	0	
1986	344				344	-	22.5	112.50	5.00%	-	1.0000	0	
1987	344				344	-	21.5	107.50	5.00%	-	1.0000	0	
1988	344	2,094			2,438	2,094	20.5	102.50	5.00%	105	1.0000	2094	
1989	2,438				2,438	-	19.5	97.50	5.00%	-	0.9650	0	
1990	2,438				2,438	-	18.5	92.50	5.00%	-	0.9150	0	
1991	2,438				2,438	-	17.5	87.50	5.00%	-	0.8550	0	
1992	2,438				2,438	-	16.5	82.50	5.00%	-	0.8150	0	
1993	2,438				2,438	-	15.5	77.50	5.00%	-	0.7650	0	
1994	2,438				2,438	-	14.5	72.50	5.00%	-	0.7150	0	
1995	2,438				2,438	-	13.5	67.50	5.00%	-	0.6650	0	
1996	2,438				2,438	-	12.5	62.50	5.00%	-	0.6150	0	
1997	2,438				2,438	-	11.5	57.50	5.00%	-	0.5550	0	
1998	2,438				2,438	-	10.5	52.50	5.00%	-	0.5150	0	
1999	2,438				2,438	-	9.5	47.50	5.00%	-	0.4650	0	
2000	2,438				2,438	-	8.5	42.50	5.00%	-	0.4150	0	
2001	2,438				2,438	-	7.5	37.50	5.00%	-	0.3650	0	
2002	2,438				2,438	-	6.5	32.50	5.00%	-	0.3150	0	
2003	2,438				2,438	-	5.5	27.50	5.00%	-	0.2650	0	
2004	2,438				2,438	-	4.5	22.50	5.00%	-	0.2150	0	
2005	2,438				2,438	-	3.5	17.50	5.00%	-	0.1650	0	
2006	2,438	15,454			17,892	15,454	2.5	12.50	5.00%	773	0.1150	1777	
2007	17,892				17,892	-	1.5	7.50	5.00%	-	0.0650	0	
2008	17,892				17,892	-	0.5	2.50	5.00%	-	0.0150	0	
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	-	17,733	159		106,119	17,892				895		4,215	

Net Salvage Adjustment: -  
 Annual Depreciation: 895  
 Accrued Depreciation: 4,215  
 Composite Annual Accrual Rate, Percent: 5.00%

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 394 GENERAL PLANT TOOLS, SHOP & GARAGE EQUIPMENT  
 Iowa Curve Type: SQ  
 Avg. Service Life: 20 Years  
 Net Salvage Percent: 0%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1962	-	1,599			1,599	1,599	46.5	232.50	5.00%	80	1.0000	1599	
1963	1,599				1,599	-	45.5	227.50	5.00%	-	1.0000	0	
1964	1,599	67	(194)		1,472	(128)	44.5	222.50	5.00%	(6)	1.0000	-128	
1965	1,472	781	(30)		2,223	751	43.5	217.50	5.00%	38	1.0000	751	
1966	2,223		(500)		1,722	(500)	42.5	212.50	5.00%	(25)	1.0000	-500	
1967	1,722				1,722	-	41.5	207.50	5.00%	-	1.0000	0	
1968	1,722				1,722	-	40.5	202.50	5.00%	-	1.0000	0	
1969	1,722	331	1,443		3,496	1,774	39.5	197.50	5.00%	89	1.0000	1774	
1970	3,496	578	(568)		3,506	10	38.5	192.50	5.00%	1	1.0000	10	
1971	3,506		13,322		16,828	13,322	37.5	187.50	5.00%	666	1.0000	13322	
1972	16,828	775	(589)		17,014	185	36.5	182.50	5.00%	9	1.0000	185	
1973	17,014	1,836	(1,238)		17,612	598	35.5	177.50	5.00%	30	1.0000	598	
1974	17,612		(695)		16,917	(695)	34.5	172.50	5.00%	(35)	1.0000	-695	
1975	16,917	401			17,318	401	33.5	167.50	5.00%	20	1.0000	401	
1976	17,318	811	(270)		17,859	541	32.5	162.50	5.00%	27	1.0000	541	
1977	17,859	638	(401)		18,096	237	31.5	157.50	5.00%	12	1.0000	237	
1978	18,096				18,096	-	30.5	152.50	5.00%	-	1.0000	0	
1979	18,096	11,189	(4,455)		24,830	6,734	29.5	147.50	5.00%	337	1.0000	6734	
1980	24,830	2,662	(615)		26,877	2,047	28.5	142.50	5.00%	102	1.0000	2047	
1981	26,877	2,101			28,978	2,101	27.5	137.50	5.00%	105	1.0000	2101	
1982	28,978				28,978	-	26.5	132.50	5.00%	-	1.0000	0	
1983	28,978	6,375	(1,233)		34,120	5,142	25.5	127.50	5.00%	257	1.0000	5142	
1984	34,120	(589)	(137)		33,394	(726)	24.5	122.50	5.00%	(36)	1.0000	-726	
1985	33,394	979			34,373	979	23.5	117.50	5.00%	49	1.0000	979	
1986	34,373	2,092			36,465	2,092	22.5	112.50	5.00%	105	1.0000	2092	
1987	36,465	1,192			37,657	1,192	21.5	107.50	5.00%	60	1.0000	1192	
1988	37,657	967	506		39,130	1,473	20.5	102.50	5.00%	74	1.0000	1473	
1989	39,130	2,450	(900)		40,680	1,550	19.5	97.50	5.00%	78	0.9650	1496	
1990	40,680	5,657			46,337	5,657	18.5	92.50	5.00%	283	0.9150	5176	
1991	46,337	6,780			53,117	6,780	17.5	87.50	5.00%	339	0.8550	5797	
1992	53,117	1,646	(157)		54,606	1,489	16.5	82.50	5.00%	74	0.8150	1214	
1993	54,606	3,111	(700)		57,017	2,411	15.5	77.50	5.00%	121	0.7650	1844	
1994	57,017	6,097			63,114	6,097	14.5	72.50	5.00%	305	0.7150	4359	
1995	63,114	5,001			68,115	5,001	13.5	67.50	5.00%	250	0.6650	3326	
1996	68,115	2,487			70,602	2,487	12.5	62.50	5.00%	124	0.6150	1530	
1997	70,602	2,896			73,498	2,896	11.5	57.50	5.00%	145	0.5550	1607	
1998	73,498				73,498	-	10.5	52.50	5.00%	-	0.5150	0	
1999	73,498	7,252			80,750	7,252	9.5	47.50	5.00%	363	0.4650	3372	
2000	80,750	238			80,988	238	8.5	42.50	5.00%	12	0.4150	99	
2001	80,988				80,988	-	7.5	37.50	5.00%	-	0.3650	0	
2002	80,988				80,988	-	6.5	32.50	5.00%	-	0.3150	0	
2003	80,988	37,339			118,327	37,339	5.5	27.50	5.00%	1,867	0.2650	9895	
2004	118,327				118,327	-	4.5	22.50	5.00%	-	0.2150	0	
2005	118,327	24,494			142,821	24,494	3.5	17.50	5.00%	1,225	0.1650	4042	
2006	142,821				142,821	-	2.5	12.50	5.00%	-	0.1150	0	
2007	142,821				142,821	-	1.5	7.50	5.00%	-	0.0650	0	
2008	142,821			-50	142,771	(50)	0.5	2.50	5.00%	(3)	0.0150	-1	
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	-	140,232	2,589		2,215,780	142,771				7,139		82,885	

Net Salvage Adjustment: -  
 Annual Depreciation: 7,139  
 Accrued Depreciation: 82,885  
 Composite Annual Accrual Rate, Percent: 5.00%

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 395 GENERAL PLANT LABORATORY EQUIPMENT  
 Iowa Curve Type: SQ  
 Avg. Service Life: 15 Years  
 Net Salvage Percent: 0%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1964	-	1,443			1,443	1,443	44.5	296.67	6.67%	96	1.0000	1443	
1965	1,443				1,443	-	43.5	290.00	6.67%	-	1.0000	0	
1966	1,443				1,443	-	42.5	283.33	6.67%	-	1.0000	0	
1967	1,443				1,443	-	41.5	276.67	6.67%	-	1.0000	0	
1968	1,443				1,443	-	40.5	270.00	6.67%	-	1.0000	0	
1969	1,443		(1,443)		-	(1,443)	39.5	263.33	6.67%	(96)	1.0000	-1443	
1970	-				-	-	38.5	256.67	6.67%	-	1.0000	0	
1971	-				-	-	37.5	250.00	6.67%	-	1.0000	0	
1972	-				-	-	36.5	243.33	6.67%	-	1.0000	0	
1973	-				-	-	35.5	236.67	6.67%	-	1.0000	0	
1974	-				-	-	34.5	230.00	6.67%	-	1.0000	0	
1975	-				-	-	33.5	223.33	6.67%	-	1.0000	0	
1976	-				-	-	32.5	216.67	6.67%	-	1.0000	0	
1977	-				-	-	31.5	210.00	6.67%	-	1.0000	0	
1978	-				-	-	30.5	203.33	6.67%	-	1.0000	0	
1979	-				-	-	29.5	196.67	6.67%	-	1.0000	0	
1980	-				-	-	28.5	190.00	6.67%	-	1.0000	0	
1981	-				-	-	27.5	183.33	6.67%	-	1.0000	0	
1982	-				-	-	26.5	176.67	6.67%	-	1.0000	0	
1983	-				-	-	25.5	170.00	6.67%	-	1.0000	0	
1984	-				-	-	24.5	163.33	6.67%	-	1.0000	0	
1985	-				-	-	23.5	156.67	6.67%	-	1.0000	0	
1986	-	11,387			11,387	11,387	22.5	150.00	6.67%	759	1.0000	11387	
1987	11,387	17			11,404	17	21.5	143.33	6.67%	1	1.0000	17	
1988	11,404	1,707			13,111	1,707	20.5	136.67	6.67%	114	1.0000	1707	
1989	13,111				13,111	-	19.5	130.00	6.67%	-	1.0000	0	
1990	13,111	713			13,824	713	18.5	123.33	6.67%	48	1.0000	713	
1991	13,824				13,824	-	17.5	116.67	6.67%	-	1.0000	0	
1992	13,824	591			14,415	591	16.5	110.00	6.67%	39	1.0000	591	
1993	14,415				14,415	-	15.5	103.33	6.67%	-	1.0000	0	
1994	14,415				14,415	-	14.5	96.67	6.67%	-	0.9550	0	
1995	14,415	2,531			16,946	2,531	13.5	90.00	6.67%	169	0.8950	2265	
1996	16,946		(3,345)		13,601	(3,345)	12.5	83.33	6.67%	(223)	0.8250	-2760	
1997	13,601	2,437			16,038	2,437	11.5	76.67	6.67%	162	0.7550	1840	
1998	16,038	763			16,801	763	10.5	70.00	6.67%	51	0.6950	530	
1999	16,801				16,801	-	9.5	63.33	6.67%	-	0.6250	0	
2000	16,801				16,801	-	8.5	56.67	6.67%	-	0.5550	0	
2001	16,801	236			17,037	236	7.5	50.00	6.67%	16	0.4950	117	
2002	17,037				17,037	-	6.5	43.33	6.67%	-	0.4250	0	
2003	17,037	4,905	(1,951)		19,991	2,954	5.5	36.67	6.67%	197	0.3550	1049	
2004	19,991				19,991	-	4.5	30.00	6.67%	-	0.2950	0	
2005	19,991	8,075			28,066	8,075	3.5	23.33	6.67%	538	0.2250	1817	
2006	28,066				28,066	-	2.5	16.67	6.67%	-	0.1550	0	
2007	28,066				28,066	-	1.5	10.00	6.67%	-	0.0950	0	
2008	28,066		-4159		23,907	(4,159)	0.5	3.33	6.67%	(277)	0.0250	-104	
<hr/>													
	-	34,805	(10,898)		406,268	23,907				1,594		19,169	

Net Salvage Adjustment: -  
 Annual Depreciation: 1,594  
 Accrued Depreciation: 19,169

Composite Annual Accrual Rate, Percent: 6.67%



**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 396 GENERAL PLANT POWER OPERATED EQUIPMENT  
 Iowa Curve Type: R3  
 Avg. Service Life: 15 Years  
 Net Salvage Percent: 0%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1915	-	200			200	200	93.5	623.33	6.67%	13	1.0000	200	
1916	200				200	-	92.5	616.67	6.67%	-	1.0000	0	
1917	200	741			941	741	91.5	610.00	6.67%	49	1.0000	741	
1918	941				941	-	90.5	603.33	6.67%	-	1.0000	0	
1919	941	565	(100)		1,406	465	89.5	596.67	6.67%	31	1.0000	465	
1920	1,406	17	(165)		1,258	(148)	88.5	590.00	6.67%	(10)	1.0000	-148	
1921	1,258	989	(250)		1,997	739	87.5	583.33	6.67%	49	1.0000	739	
1922	1,997	1,019	(1,124)		1,892	(105)	86.5	576.67	6.67%	(7)	1.0000	-105	
1923	1,892	1,074			2,966	1,074	85.5	570.00	6.67%	72	1.0000	1074	
1924	2,966	386			3,352	386	84.5	563.33	6.67%	26	1.0000	386	
1925	3,352	18			3,370	18	83.5	556.67	6.67%	1	1.0000	18	
1926	3,370	1,270	(813)		3,827	457	82.5	550.00	6.67%	30	1.0000	457	
1927	3,827	174			4,001	174	81.5	543.33	6.67%	12	1.0000	174	
1928	4,001				4,001	-	80.5	536.67	6.67%	-	1.0000	0	
1929	4,001	574	(490)		4,085	84	79.5	530.00	6.67%	6	1.0000	84	
1930	4,085	40			4,125	40	78.5	523.33	6.67%	3	1.0000	40	
1931	4,125				4,125	-	77.5	516.67	6.67%	-	1.0000	0	
1932	4,125		(643)		3,483	(643)	76.5	510.00	6.67%	(43)	1.0000	-643	
1933	3,483				3,483	-	75.5	503.33	6.67%	-	1.0000	0	
1934	3,483		(738)		2,745	(738)	74.5	496.67	6.67%	(49)	1.0000	-738	
1935	2,745	74			2,819	74	73.5	490.00	6.67%	5	1.0000	74	
1936	2,819	64			2,883	64	72.5	483.33	6.67%	4	1.0000	64	
1937	2,883	256	(15)		3,125	241	71.5	476.67	6.67%	16	1.0000	241	
1938	3,125				3,125	-	70.5	470.00	6.67%	-	1.0000	0	
1939	3,125	127	(74)		3,177	53	69.5	463.33	6.67%	4	1.0000	53	
1940	3,177	187			3,365	187	68.5	456.67	6.67%	12	1.0000	187	
1941	3,365	508			3,872	508	67.5	450.00	6.67%	34	1.0000	508	
1942	3,872	10		(629)	3,254	(619)	66.5	443.33	6.67%	(41)	1.0000	-619	
1943	3,254				3,254	-	65.5	436.67	6.67%	-	1.0000	0	
1944	3,254				3,254	-	64.5	430.00	6.67%	-	1.0000	0	
1945	3,254	1,688			4,941	1,688	63.5	423.33	6.67%	113	1.0000	1688	
1946	4,941	126			5,067	126	62.5	416.67	6.67%	8	1.0000	126	
1947	5,067	589	(705)		4,950	(117)	61.5	410.00	6.67%	(8)	1.0000	-117	
1948	4,950	150			5,100	150	60.5	403.33	6.67%	10	1.0000	150	
1949	5,100	254			5,354	254	59.5	396.67	6.67%	17	1.0000	254	
1950	5,354	188			5,542	188	58.5	390.00	6.67%	13	1.0000	188	
1951	5,542				5,542	-	57.5	383.33	6.67%	-	1.0000	0	
1952	5,542	41			5,583	41	56.5	376.67	6.67%	3	1.0000	41	
1953	5,583	123	(524)		5,182	(401)	55.5	370.00	6.67%	(27)	1.0000	-401	
1954	5,182	29			5,211	29	54.5	363.33	6.67%	2	1.0000	29	
1955	5,211	477	(148)		5,541	329	53.5	356.67	6.67%	22	1.0000	329	
1956	5,541	2,002	(169)		7,374	1,833	52.5	350.00	6.67%	122	1.0000	1833	
1957	7,374	1,535	(67)		8,843	1,468	51.5	343.33	6.67%	98	1.0000	1468	
1958	8,843	370	(217)		8,996	153	50.5	336.67	6.67%	10	1.0000	153	
1959	8,996	5,009	(1,151)		12,854	3,858	49.5	330.00	6.67%	257	1.0000	3858	
1960	12,854	1,042	(1,063)		12,833	(21)	48.5	323.33	6.67%	(1)	1.0000	-21	
1961	12,833	424	(29)		13,229	396	47.5	316.67	6.67%	26	1.0000	396	
1962	13,229	510	(150)		13,588	360	46.5	310.00	6.67%	24	1.0000	360	
1963	13,588	829	(75)		14,343	754	45.5	303.33	6.67%	50	1.0000	754	
1964	14,343	1,079	(153)		15,268	925	44.5	296.67	6.67%	62	1.0000	925	
1965	15,268				15,268	-	43.5	290.00	6.67%	-	1.0000	0	
1966	15,268	1,257	380		16,905	1,637	42.5	283.33	6.67%	109	1.0000	1637	
1967	16,905	550	(429)		17,026	121	41.5	276.67	6.67%	8	1.0000	121	
1968	17,026	106			17,131	106	40.5	270.00	6.67%	7	1.0000	106	
1969	17,131	406	(2,697)		14,840	(2,291)	39.5	263.33	6.67%	(153)	1.0000	-2291	
1970	14,840	1,315	(701)		15,454	614	38.5	256.67	6.67%	41	1.0000	614	
1971	15,454	595	(14,844)		1,205	(14,249)	37.5	250.00	6.67%	(950)	1.0000	-14249	
1972	1,205				1,205	-	36.5	243.33	6.67%	-	1.0000	0	
1973	1,205		(695)		510	(695)	35.5	236.67	6.67%	(46)	1.0000	-695	
1974	510		695		1,205	695	34.5	230.00	6.67%	46	1.0000	695	
1975	1,205				1,205	-	33.5	223.33	6.67%	-	1.0000	0	
1976	1,205				1,205	-	32.5	216.67	6.67%	-	1.0000	0	
1977	1,205				1,205	-	31.5	210.00	6.67%	-	1.0000	0	
1978	1,205				1,205	-	30.5	203.33	6.67%	-	1.0000	0	
1979	1,205				1,205	-	29.5	196.67	6.67%	-	1.0000	0	
1980	1,205	3,834	(1,315)		3,724	2,519	28.5	190.00	6.67%	168	1.0000	2519	
1981	3,724				3,724	-	27.5	183.33	6.67%	-	1.0000	0	
1982	3,724				3,724	-	26.5	176.67	6.67%	-	1.0000	0	
1983	3,724				3,724	-	25.5	170.00	6.67%	-	1.0000	0	
1984	3,724		(595)		3,129	(595)	24.5	163.33	6.67%	(40)	0.9875	-588	
1985	3,129				3,129	-	23.5	156.67	6.67%	-	0.9875	0	
1986	3,129		(557)		2,572	(557)	22.5	150.00	6.67%	(37)	0.9541	-531	
1987	2,572				2,572	-	21.5	143.33	6.67%	-	0.9352	0	
1988	2,572				2,572	-	20.5	136.67	6.67%	-	0.9182	0	
1989	2,572				2,572	-	19.5	130.00	6.67%	-	0.9026	0	
1990	2,572			400	2,972	400	18.5	123.33	6.67%	27	0.8833	353	
1991	2,972	1,993			4,965	1,993	17.5	116.67	6.67%	133	0.8518	1698	
1992	4,965	5,982	157		11,104	6,139	16.5	110.00	6.67%	409	0.8405	5160	
1993	11,104				11,104	-	15.5	103.33	6.67%	-	0.8119	0	
1994	11,104				11,104	-	14.5	96.67	6.67%	-	0.7787	0	
1995	11,104				11,104	-	13.5	90.00	6.67%	-	0.7465	0	
1996	11,104				11,104	-	12.5	83.33	6.67%	-	0.7049	0	
1997	11,104				11,104	-	11.5	76.67	6.67%	-	0.6593	0	
1998	11,104				11,104	-	10.5	70.00	6.67%	-	0.6174	0	
1999	11,104				11,104	-	9.5	63.33	6.67%	-	0.5656	0	
2000	11,104				11,104	-	8.5	56.67	6.67%	-	0.5110	0	
2001	11,104				11,104	-	7.5	50.00	6.67%	-	0.4621	0	
2002	11,104				11,104	-	6.5	43.33	6.67%	-	0.4028	0	
2003	11,104	115,228			126,332	115,228	5.5	36.67	6.67%	7,682	0.3413	39327	
2004	126,332	20,401			146,733	20,401	4.5	30.00	6.67%	1,360	0.2871	5857	
2005	146,733	12,614			159,347	12,614	3.5	23.33	6.67%	841	0.2221	2802	
2006	159,347				159,347	-	2.5	16.67	6.67%	-	0.1557	0	
2007	159,347	3,600			162,947	3,600	1.5	10.00	6.67%	240	0.0978	352	
2008	162,947				162,947	-	0.5	3.33	6.67%	-	0.0295	0	
	-	192,639	(29,464)		1,435,802	162,947				10,863		58,154	

**Net Salvage Adjustment:** -  
**Annual Depreciation:** 10,863  
**Accrued Depreciation:** 58,154  
**Composite Annual Accrual Rate, Percent:** 6.67%

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 397 GENERAL PLANT COMMUNICATIONS EQUIPMENT  
 Iowa Curve Type: SQ  
 Avg. Service Life: 10 Years  
 Net Salvage Percent: 0%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1965	-	4,444			4,444	4,444	43.5	435.00	10.00%	444	1.0000	4444	
1966	4,444				4,444	-	42.5	425.00	10.00%	-	1.0000	0	
1967	4,444	948			5,391	948	41.5	415.00	10.00%	95	1.0000	948	
1968	5,391	1,028			6,420	1,028	40.5	405.00	10.00%	103	1.0000	1028	
1969	6,420				6,420	-	39.5	395.00	10.00%	-	1.0000	0	
1970	6,420				6,420	-	38.5	385.00	10.00%	-	1.0000	0	
1971	6,420				6,420	-	37.5	375.00	10.00%	-	1.0000	0	
1972	6,420				6,420	-	36.5	365.00	10.00%	-	1.0000	0	
1973	6,420				6,420	-	35.5	355.00	10.00%	-	1.0000	0	
1974	6,420				6,420	-	34.5	345.00	10.00%	-	1.0000	0	
1975	6,420				6,420	-	33.5	335.00	10.00%	-	1.0000	0	
1976	6,420				6,420	-	32.5	325.00	10.00%	-	1.0000	0	
1977	6,420				6,420	-	31.5	315.00	10.00%	-	1.0000	0	
1978	6,420	1,200	(1,028)		6,592	172	30.5	305.00	10.00%	17	1.0000	172	
1979	6,592				6,592	-	29.5	295.00	10.00%	-	1.0000	0	
1980	6,592				6,592	-	28.5	285.00	10.00%	-	1.0000	0	
1981	6,592				6,592	-	27.5	275.00	10.00%	-	1.0000	0	
1982	6,592				6,592	-	26.5	265.00	10.00%	-	1.0000	0	
1983	6,592				6,592	-	25.5	255.00	10.00%	-	1.0000	0	
1984	6,592				6,592	-	24.5	245.00	10.00%	-	1.0000	0	
1985	6,592				6,592	-	23.5	235.00	10.00%	-	1.0000	0	
1986	6,592				6,592	-	22.5	225.00	10.00%	-	1.0000	0	
1987	6,592	3,613			10,205	3,613	21.5	215.00	10.00%	361	1.0000	3613	
1988	10,205	3,793			13,998	3,793	20.5	205.00	10.00%	379	1.0000	3793	
1989	13,998	3,350	(4,614)		12,734	(1,264)	19.5	195.00	10.00%	(126)	1.0000	-1264	
1990	12,734	2,924	(2,368)		13,290	556	18.5	185.00	10.00%	56	1.0000	556	
1991	13,290	30,996	(13,290)		30,996	17,706	17.5	175.00	10.00%	1,771	1.0000	17706	
1992	30,996				30,996	-	16.5	165.00	10.00%	-	1.0000	0	
1993	30,996	197,522			228,518	197,522	15.5	155.00	10.00%	19,752	1.0000	197522	
1994	228,518	1,907			230,425	1,907	14.5	145.00	10.00%	191	1.0000	1907	
1995	230,425				230,425	-	13.5	135.00	10.00%	-	1.0000	0	
1996	230,425	11,224			241,649	11,224	12.5	125.00	10.00%	1,122	1.0000	11224	
1997	241,649				241,649	-	11.5	115.00	10.00%	-	1.0000	0	
1998	241,649	9,796	(21,980)		229,465	(12,184)	10.5	105.00	10.00%	(1,218)	1.0000	-12184	
1999	229,465	3,870			233,335	3,870	9.5	95.00	10.00%	387	0.9450	3657	
2000	233,335	962			234,297	962	8.5	85.00	10.00%	96	0.8550	823	
2001	234,297	4,093			238,390	4,093	7.5	75.00	10.00%	409	0.7450	3049	
2002	238,390				238,390	-	6.5	65.00	10.00%	-	0.5450	0	
2003	238,390	35,938	(2,000)		272,328	33,938	5.5	55.00	10.00%	3,394	0.5450	18496	
2004	272,328	1,422			273,750	1,422	4.5	45.00	10.00%	142	0.4450	633	
2005	273,750	13,256			287,006	13,256	3.5	35.00	10.00%	1,326	0.3550	4706	
2006	287,006				287,006	-	2.5	25.00	10.00%	-	0.2450	0	
2007	287,006				287,006	-	1.5	15.00	10.00%	-	0.1450	0	
2008	287,006		-399.98		286,606	(400)	0.5	5.00	10.00%	(40)	0.0450	-18	
	-	332,286	(45,680)		4,290,253	286,606				28,661		260,810	

Net Salvage Adjustment: -  
 Annual Depreciation: 28,661  
 Accrued Depreciation: 260,810

Composite Annual Accrual Rate, Percent: 10.00%

**Aquarion Water Company of New Hampshire**  
**Calculated Annual and Accrued Depreciation**

Account Number: 398 MISCELLANEOUS EQUIPMENT  
 Iowa Curve Type: SQ  
 Avg. Service Life: 15 Years  
 Net Salvage Percent: 0%

	Beg Bal	Add	Ret	Adj/Trans	End Bal	Net Change	Age	Percent of		Annual Depreciation		Accrued Depreciation	
								Avg. Age	Rate	Amount	Ratio	Amt.	
1971	-		200		200	200	37.5	250.00	6.67%	13	1.0000	200	
1972	200				200	-	36.5	243.33	6.67%	-	1.0000	0	
1973	200				200	-	35.5	236.67	6.67%	-	1.0000	0	
1974	200				200	-	34.5	230.00	6.67%	-	1.0000	0	
1975	200				200	-	33.5	223.33	6.67%	-	1.0000	0	
1976	200				200	-	32.5	216.67	6.67%	-	1.0000	0	
1977	200				200	-	31.5	210.00	6.67%	-	1.0000	0	
1978	200				200	-	30.5	203.33	6.67%	-	1.0000	0	
1979	200				200	-	29.5	196.67	6.67%	-	1.0000	0	
1980	200				200	-	28.5	190.00	6.67%	-	1.0000	0	
1981	200				200	-	27.5	183.33	6.67%	-	1.0000	0	
1982	200				200	-	26.5	176.67	6.67%	-	1.0000	0	
1983	200				200	-	25.5	170.00	6.67%	-	1.0000	0	
1984	200				200	-	24.5	163.33	6.67%	-	1.0000	0	
1985	200				200	-	23.5	156.67	6.67%	-	1.0000	0	
1986	200	279			479	279	22.5	150.00	6.67%	19	1.0000	279	
1987	479				479	-	21.5	143.33	6.67%	-	1.0000	0	
1988	479				479	-	20.5	136.67	6.67%	-	1.0000	0	
1989	479				479	-	19.5	130.00	6.67%	-	1.0000	0	
1990	479				479	-	18.5	123.33	6.67%	-	1.0000	0	
1991	479	792			1,271	792	17.5	116.67	6.67%	53	1.0000	792	
1992	1,271	588			1,859	588	16.5	110.00	6.67%	39	1.0000	588	
1993	1,859				1,859	-	15.5	103.33	6.67%	-	1.0000	0	
1994	1,859				1,859	-	14.5	96.67	6.67%	-	0.9550	0	
1995	1,859	1,075			2,934	1,075	13.5	90.00	6.67%	72	0.8950	962	
1996	2,934				2,934	-	12.5	83.33	6.67%	-	0.8250	0	
1997	2,934				2,934	-	11.5	76.67	6.67%	-	0.7550	0	
1998	2,934	380			3,314	380	10.5	70.00	6.67%	25	0.6950	264	
1999	3,314				3,314	-	9.5	63.33	6.67%	-	0.6250	0	
2000	3,314	6,959			10,273	6,959	8.5	56.67	6.67%	464	0.5550	3862	
2001	10,273	1,429			11,702	1,429	7.5	50.00	6.67%	95	0.4950	707	
2002	11,702				11,702	-	6.5	43.33	6.67%	-	0.4250	0	
2003	11,702	14,713			26,415	14,713	5.5	36.67	6.67%	981	0.3550	5223	
2004	26,415	4,298			30,713	4,298	4.5	30.00	6.67%	287	0.2950	1268	
2005	30,713	2,840			33,553	2,840	3.5	23.33	6.67%	189	0.2250	639	
2006	33,553				33,553	-	2.5	16.67	6.67%	-	0.1550	0	
2007	33,553				33,553	-	1.5	10.00	6.67%	-	0.0950	0	
2008	33,553		(6,773)		26,780	(6,773)	0.5	3.33	6.67%	(452)	0.0250	-169	
<hr/>													
	-	33,750	(6,971)		246,692	26,780				1,785		14,615	

Net Salvage Adjustment: -  
 Annual Depreciation: 1,785  
 Accrued Depreciation: 14,615

Composite Annual Accrual Rate, Percent: 6.67%

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 13**

- **Copies of any audits or studies referred to in (12) which the utility has not submitted to the commission.**

**Not Applicable.**

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 14**

- **List of officers and director of the utility and their compensation for last 2 years.**

**Attached.**

**A-4 LIST OF OFFICERS 2011**

Line No.	Title of Officer	Name	Residence	* Compensation
1	President and Chief Executive Officer	Charles V. Firlotte	1182 Prospect Dr. Stratford, CT 06615	\$726,295
2	Vice President, Operations	Harry C. Hibbard	85 Bay St., Hull, MA 02045	\$161,902
3	Vice President, Treasurer and Secretary	Donald J. Morrissey	16 Merlins Ln. Newtown, CT 06470	\$406,698
4	Vice President	Howard J. Dunn	215 Carrington Road, Bethany, CT 06524	\$318,370
5	Vice President, Corporate Communications	Bruce Silverstone	121 Whitney Ave., Trumbull, CT 06611	\$162,200

**LIST OF DIRECTORS 2011**

Line No.	Name	Residence	Length of Term	Term Expires	No. of Meetings Attended	Annual Fees
6	Charles V. Firlotte	1182 Prospect Dr. Stratford, CT 06615	1 yr	07/12	3	\$0
7	Donald J. Morrissey	16 Merlins Ln. Newtown, CT 06470	1 yr	07/12	3	\$0
8	Howard J. Dunn	121 Whitney Ave., Trumbull, CT 06611	1 yr	07/12	3	\$0

**A-4 LIST OF OFFICERS 2010**

Line No.	Title of Officer	Name	Residence	* Compensation
1	Chairman of the Board & President	Charles V. Firlotte	1182 Prospect Dr. Stratford, CT 06615	\$693,805
2	Vice President and Secretary	Harry C. Hibbard	85 Bay St., Hull, MA 02045	\$157,297
3	Vice President and Treasurer	Donald J. Morrissey	16 Merlins Ln. Newtown, CT 06470	\$377,008
4	Vice President	Howard J. Dunn	215 Carrington Road, Bethany, CT 06524	\$308,854
5	Vice President, Corporate Communications	Bruce Silverstone	121 Whitney Ave., Trumbull, CT 06611	\$155,250

**LIST OF DIRECTORS 2010**

Line No.	Name	Residence	Length of Term	Term Expires	No. of Meetings Attended	Annual Fees
6	Charles V. Firlotte	1182 Prospect Dr. Stratford, CT 06615	1 yr	07/11	3	\$0
7	Donald J. Morrissey	16 Merlins Ln. Newtown, CT 06470	1 yr	07/11	3	\$0
8	Howard Dunn	121 Whitney Ave., Trumbull, CT 06611	1 yr	07/11	3	\$0

\*Compensation is charged/allocated between Aquarion Water Company of New Hampshire, Aquarion Water Company of Massachusetts, Aquarion Water Company of Connecticut, Aquarion Company and Homeowner Safety Valve.

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 15**

- **Lists of the amount of voting stock of the utility categorized as follows:**
  - a) **Owned by an officer or director individually;**
  - b) **Owned by the spouse or minor child of an officer or director; or**
  - c) **Controlled by the officer or director directly or indirectly.**

**None.**

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 16**

- **A list of all payments to individuals or corporations for contractual services in the test year with a description of the purpose of the contractual services, as follows:**
  - a) **If the utility's annual gross revenue are less than \$100,000, all payments shall be reported;**
  - b) **If the utility's annual gross revenue's are \$100,000 or are between \$100,000 and \$10,000,000, all payments of \$1,000 and more shall be reported;**
  - c) **If the utility's annual gross revenue's are \$10,000,000 or are between \$10,000,000 and \$100,000,000, all payments of \$2,500 and more shall be reported;**
  - d) **If the utility's annual gross revenue's are \$100,000,000 or are in excess of \$100,000,000, all payments of \$5,000 and more shall be reported**
  - e) **For utilities in categories b., c. and d. above, the reporting thresholds for a particular charity shall be on a cumulative basis, indicating the number of items comprising the total amount of expenditure.**

**Attached.**



AWC of New Hampshire

Vendor Payments in excess of \$10,000 made during the test year 01/01/2011 - 12/31/2012

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
GENWORTH LIFE INSURANCE	Annual interest payment on long term debt issue	366,390.00
RH WHITE CONSTRUCTION COMPANY	Construction Cost	342,322.45
ROBERT PIKE CONSTRUCTION INC	Construction Cost	292,035.86
TOWN OF HAMPTON	Tax, Police Detail & Other Miscellaneous Payments	266,879.19
FIRST COLONY LIFE INSURANCE	Annual interest payment on long term debt issue	231,300.00
TUFTS ASSOCIATED HEALTH MAINTENANCE	Benefits Cost	194,121.28
AQUARION	Annual interest payment on long term debt issue	184,800.00
NEPTUNE TECHNOLOGY GROUP INC	Equipment Cost- Meters	184,629.00
FERGUSON WATERWORKS	Construction Cost	174,130.33
STATE OF NEW HAMPSHIRE	Tax Payments	155,837.47
UNITIL EXETER & HAMPTON ELECTRIC CO	Electricity Payments	124,347.85
TOWN OF NORTH HAMPTON	Tax, Police Detail & Other Miscellaneous Payments	114,662.40
TATA & HOWARD INC	Construction Cost	110,288.81
PUBLIC SERVICE OF NEW HAMPSHIRE	Electricity Payments	104,909.85
RELCO KOLHASE COMPANY, INC.	Electrical Services	94,000.00
RESULTS ENGINEERING	SCADA Support	87,470.83
THE TRAVELERS INDEMNITY COMPANY	Insurance Cost	54,395.00
E.H. WACHS COMPANY	Equipment Supplier	52,283.03
TCS COMMUNICATIONS CORP	Communication Support	51,377.27
BORDEN & REMINGTON CO	Chemical cost	50,181.88
DENIS L. MAHER CO., LLC.	Well/Pump Maintenance	48,715.60
DWORKEN,HILLMAN,LaMORTE & STERCZALA	Audit Services	47,100.00
GEOSPHERE ENVIRONMENTAL	Construction Cost	40,143.24
FLEET SERVICES	Purchased Fuel for Vehicles	32,376.89
TOWLE OFFICE PARK PROPERTIES LLC	Lease Expense	31,687.50
FISC SOLUTIONS	Billing Cost	27,790.97
WILLIS OF NEW YORK INC	Insurance Cost	25,775.60
VELLANO BROTHERS	Construction Cost	21,604.54
TOWN OF STRATHAM	Tax, Police Detail & Other Miscellaneous Payments	20,453.00
TOWN OF RYE	Tax, Police Detail & Other Miscellaneous Payments	20,449.09
HARVARD PILGRIM HEALTH CARE	Benefits Cost	20,389.70
NEW HAMPSHIRE PUBLIC UTILITIES COMM	Public Utility Assessment	19,407.00
MCLANE,GRAF,RAULERSON,& MIDDLETON	Legal Services	18,779.98
NORTHEAST DIRECTIONAL DRILLING, LLC	Construction Cost	17,397.25
THE CENTER FOR RESEARCH, INC.	Customer Survey	16,000.00
EASTERN ANALYTICAL, INC.	Water Quality Sampling	15,670.50
WHITewater INC	Cross Connection Testing	13,936.00
MB TRACTOR & EQUIPMENT	Equipment Supplier	11,845.00
Q-MATION	Software equipment	10,285.77
MARJORIE MULCAHY	Rental payment	10,174.09
		3,706,344.22

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 17**

- **For non-utility operations, the amount of assets and costs allocated thereto and justification for such allocations.**

**None.**

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 18**

- **Balance sheets and income statements for the previous 3 years.**

**Attached.**

## Aquarion Water Company of New Hampshire

### Balance Sheets

(Dollars in thousands, except per share amounts)

	2011	December 31, 2010	2009
<b>Assets:</b>			
<b>Property, plant and equipment:</b>			
Utility plant, net of accumulated depreciation	\$ 26,534	\$ 26,000	\$ 25,649
<b>Current assets:</b>			
Cash and cash equivalents	17	44	68
Accounts receivable, net of allowance (2011, \$41; 2010, \$34; 2009, \$23)	322	348	347
Accrued unbilled revenue	445	422	846
Miscellaneous receivables	34	65	94
Materials and supplies	133	94	105
Notes receivable from associated companies	91	200	-
Prepaid expenses	152	116	89
	1,194	1,289	1,549
<b>Other assets:</b>			
Unamortized debt discount and expense	174	182	191
Regulatory assets	2,720	2,027	2,075
	2,894	2,209	2,266
<b>Total Assets</b>	\$ 30,622	\$ 29,498	\$ 29,464
<b>Liabilities and Stockholder's Equity:</b>			
<b>Stockholder's equity:</b>			
Preferred stock, \$100 par value, authorized 5,700 shares - 23 shares of 6% Series issued and outstanding at December 31, 2011, 2010 and 2009	\$ 2	\$ 2	\$ 2
Common stock, \$25 par value, authorized 100,000 shares; issued and outstanding 87,483 shares at December 31, 2010 and 2009	2,187	2,187	2,187
Paid-in-capital	4,038	4,038	4,038
Retained earnings	2,838	2,455	2,329
Total stockholder's equity	9,065	8,682	8,556
<b>Long-term debt</b>	12,900	12,900	8,900
<b>Current liabilities:</b>			
Notes payable to associated companies	-	100	4,400
Accounts payable and accrued liabilities	326	230	289
Accrued bond interest	234	234	172
Payable to associated companies	-	11	28
	560	575	4,889
<b>Regulatory and other long-term liabilities:</b>			
Advances for construction	6	2	16
Deferred income taxes	2,869	2,867	2,915
Accrued pension costs	1,357	1,173	832
Accrued postretirement benefit expense	1,582	983	1,025
	5,814	5,025	4,788
<b>Commitments and contingencies</b>			
<b>Contributions in aid of construction</b>	2,283	2,316	2,331
<b>Total Liabilities and Stockholder's Equity</b>	\$ 30,622	\$ 29,498	\$ 29,464

**Aquarion Water Company of New Hampshire**  
**Statement of Income**  
**Year Ending December 31,**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b><u>Operating Revenues:</u></b>			
Residential	3,514,767	3,597,519	3,437,549
Commercial	1,164,835	1,135,330	1,072,322
Industrial	24,174	38,248	17,059
Public Authorities	102,600	117,459	85,905
Public Fire	704,273	694,412	649,121
Private Fire	299,808	286,360	271,803
Other	159,173	140,126	89,157
Total Revenues	5,969,630	6,009,454	5,622,916
<b><u>Operating Expenses:</u></b>			
Source of Supply	127,522	89,815	52,630
Pumping	363,730	351,703	329,941
Water Treatment	142,293	162,731	186,487
Transmission and Distribution	584,817	510,645	529,702
Customer Accounting	133,783	137,022	129,272
Information Technology	229,970	232,907	242,853
Administrative and General	1,433,387	1,517,621	1,279,956
Operating Expenses	3,015,502	3,002,444	2,750,841
Depreciation	932,338	933,715	928,949
Taxes Other than Income Taxes	584,916	443,961	497,038
Depreciation & Other Taxes	1,517,254	1,377,676	1,425,987
Total Operating Expenses	4,532,756	4,380,120	4,176,828
<b>Operating Income</b>	1,436,874	1,629,334	1,446,088
Other Income and Expense	59,087	52,082	89,045
AFUDC	-	-	-
Interco Interest Income	4,583	372	-
<b>Income Before Interest &amp; Taxes</b>	1,500,544	1,681,788	1,535,133
Interest Expense, Outside	791,661	756,027	606,370
Interest Expense, Inside	1,168	11,553	60,268
Income before Income Taxes	707,715	914,208	868,495
State Income Tax - Current	58,605	85,242	19,908
Federal Income Tax - Current	246,698	326,956	367,641
State Income Tax - Deferred	335	(10,440)	(12,440)
Federal Income Tax - Deferred	18,603	(23,122)	(38,050)
<b>Net Income</b>	383,474	535,572	531,436

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 19**

- **Quarterly income statements for the previous 5 years.**

**Attached.**

**AQUARION WATER COMPANY of NEW HAMPSHIRE**  
**STATEMENT OF INCOME**  
**2007 QUARTERLY FINANCIALS**

Three Months Ending:

	03/31/07	06/30/07	09/30/07	12/31/07	Year-End
Residential	596,879	854,330	885,360	776,819	3,113,388
Commercial	209,318	264,050	288,811	277,745	1,039,924
Industrial	4,777	6,094	5,002	3,848	19,721
Public Authorities	11,883	19,190	19,839	29,854	80,766
Public Fire	156,199	164,518	159,886	161,285	641,888
Private Fire	59,503	59,643	59,261	60,510	238,917
Other Revenues	21,007	36,351	3,712	18,016	79,086
<b>Operating Revenues</b>	<b>1,059,566</b>	<b>1,404,176</b>	<b>1,421,871</b>	<b>1,328,077</b>	<b>5,213,690</b>
Operation	544,477	514,372	545,397	461,014	2,065,260
Maintenance	82,013	71,907	68,521	83,682	306,123
Deprecation	209,556	208,671	208,671	195,232	822,130
Taxes other Than Income Taxes	99,601	92,555	93,270	94,858	380,284
Current Income Taxes	(12,000)	121,000	142,000	233,249	484,249
Deferred Income Taxes	(1,000)	22,000	-	(35,562)	(14,562)
Operating Expenses	922,647	1,030,505	1,057,859	1,032,473	4,043,484
<b>Utility Operating Income</b>	<b>136,919</b>	<b>373,671</b>	<b>364,012</b>	<b>295,604</b>	<b>1,170,206</b>
Merchandise, Jobbing and Contract Work	(4,457)	(4,358)	(11,451)	(6,586)	(26,852)
Interest	-	-	-	(13,700)	(13,700)
Other Income	(4,457)	(4,358)	(11,451)	(20,286)	(40,552)
Other Income Deductions	(7,615)	(3,720)	(8,090)	(12,115)	(31,540)
Other Deductions	(7,615)	(3,720)	(8,090)	(12,115)	(31,540)
Net Other Income	(12,072)	(8,078)	(19,541)	(32,401)	(72,092)
Income Before Interest Charges	148,991	381,749	383,553	328,005	1,242,298
Interest on Long-term Debt	149,423	149,422	149,423	149,422	597,690
Amortization of Debt Discount and Expense	2,135	2,135	2,135	2,135	8,540
Interest on Debt to Affiliated Companies	17,812	23,001	27,027	24,320	92,160
Other Interest Charges	-	-	-	-	-
Interest Charges	169,370	174,558	178,585	175,877	698,390
<b>Net Income (Loss)</b>	<b>(20,379)</b>	<b>207,191</b>	<b>204,968</b>	<b>152,128</b>	<b>543,908</b>

**AQUARION WATER COMPANY of NEW HAMPSHIRE**  
**STATEMENT OF INCOME**  
**2008 QUARTERLY FINANCIALS**

**Three Months Ending:**

	<b>03/31/08</b>	<b>06/30/08</b>	<b>09/30/08</b>	<b>12/31/08</b>	<b>Year-End</b>
Residential	558,537	853,951	827,740	639,196	2,879,424
Commercial	194,466	265,300	270,269	264,329	994,364
Industrial	4,220	5,974	4,592	4,355	19,141
Public Authorities	13,275	23,371	14,020	24,833	75,499
Public Fire	150,644	150,645	150,645	150,644	602,578
Private Fire	55,571	56,589	58,102	60,833	231,095
Other Revenues	13,036	12,074	26,764	22,294	74,168
<b>Operating Revenues</b>	<b>989,749</b>	<b>1,367,904</b>	<b>1,352,132</b>	<b>1,166,484</b>	<b>4,876,269</b>
Operation	533,798	514,766	546,123	530,791	2,125,478
Maintenance	93,909	116,686	112,142	105,235	427,972
Deprecation	211,132	217,251	217,251	185,486	831,120
Taxes other Than Income Taxes	88,219	90,463	89,235	135,012	402,929
Current Income Taxes	(38,000)	92,000	79,000	(86,000)	47,000
Deferred Income Taxes	(5,000)	13,000	11,000	104,398	123,398
Operating Expenses	884,058	1,044,166	1,054,751	974,922	3,957,897
<b>Utility Operating Income</b>	<b>105,691</b>	<b>323,738</b>	<b>297,381</b>	<b>191,562</b>	<b>918,372</b>
Merchandise, Jobbing and Contract Work	(1,431)	312	(10,834)	(7,320)	(19,273)
Interest	-	-	-	-	-
Other Income	(1,431)	312	(10,834)	(7,320)	(19,273)
Other Income Deductions	(8,035)	(7,975)	(6,550)	(8,900)	(31,460)
Other Deductions	(8,035)	(7,975)	(6,550)	(8,900)	(31,460)
Net Other Income	(9,466)	(7,663)	(17,384)	(16,220)	(50,733)
Income Before Interest Charges	115,157	331,401	314,765	207,782	969,105
Interest on Long-term Debt	149,423	149,422	149,423	149,422	597,690
Amortization of Debt Discount and Expense	2,135	2,135	2,135	2,135	8,540
Interest on Debt to Affiliated Companies	26,933	27,337	34,298	37,830	126,398
Other Interest Charges	-	-	-	-	-
Interest Charges	178,491	178,894	185,856	189,387	732,628
<b>Net Income (Loss)</b>	<b>(63,334)</b>	<b>152,507</b>	<b>128,909</b>	<b>18,395</b>	<b>236,477</b>



**AQUARION WATER COMPANY of NEW HAMPSHIRE**  
**STATEMENT OF INCOME**  
**2009 QUARTERLY FINANCIALS**

Three Months Ending:

	03/31/09	06/30/09	09/30/09	12/31/09	Year-End
Residential	589,200	877,128	1,126,536	844,685	3,437,549
Commercial	184,513	271,162	385,718	230,929	1,072,322
Industrial	3,987	4,690	5,730	2,652	17,059
Public Authorities	13,214	21,856	29,591	21,244	85,905
Public Fire	150,644	150,645	181,196	166,636	649,121
Private Fire	57,388	61,461	80,131	72,823	271,803
Other Revenues	20,933	20,307	22,865	25,052	89,157
<b>Operating Revenues</b>	<b>1,019,879</b>	<b>1,407,249</b>	<b>1,831,767</b>	<b>1,364,021</b>	<b>5,622,916</b>
Operation	579,327	573,166	614,017	567,602	2,334,112
Maintenance	86,733	110,787	99,205	120,003	416,728
Deprecation	225,000	225,000	225,000	253,949	928,949
Taxes other Than Income Taxes	136,488	116,860	109,233	134,457	497,038
Current Income Taxes	(61,000)	88,000	227,000	133,549	387,549
Deferred Income Taxes	(9,000)	13,000	31,000	(85,490)	(50,490)
Operating Expenses	957,548	1,126,813	1,305,455	1,124,070	4,513,886
<b>Utility Operating Income</b>	<b>62,331</b>	<b>280,436</b>	<b>526,312</b>	<b>239,951</b>	<b>1,109,030</b>
Merchandise, Jobbing and Contract Work	2,099	(10,723)	(4,478)	(3,930)	(17,032)
Interest	-	-	-	(4)	(4)
Misc Non-Operating Gain (Loss), Net	-	(10,908)	-	(29,185)	(40,093)
Other Income	2,099	(21,631)	(4,478)	(33,119)	(57,129)
Other Income Deductions	(7,885)	(8,285)	(6,950)	(8,800)	(31,920)
Other Deductions	(7,885)	(8,285)	(6,950)	(8,800)	(31,920)
Net Other Income	(5,786)	(29,916)	(11,428)	(41,919)	(89,049)
Income Before Interest Charges	68,117	310,352	537,740	281,870	1,198,079
Interest on Long-term Debt	149,423	149,422	149,423	149,422	597,690
Amortization of Debt Discount and Expense	2,135	2,135	2,135	2,135	8,540
Interest on Debt to Affiliated Companies	16,193	14,906	13,805	15,364	60,268
Other Interest Charges	-	-	-	144	144
Interest Charges	167,751	166,463	165,363	167,065	666,642
<b>Net Income (Loss)</b>	<b>(99,634)</b>	<b>143,889</b>	<b>372,377</b>	<b>114,805</b>	<b>531,437</b>

**AQUARION WATER COMPANY of NEW HAMPSHIRE**  
**STATEMENT OF INCOME**  
**2010 QUARTERLY FINANCIALS**

**Three Months Ending:**

	<b>03/31/10</b>	<b>06/30/10</b>	<b>09/30/10</b>	<b>12/31/10</b>	<b>Year-End</b>
Residential	677,398	928,846	1,256,279	734,996	3,597,519
Commercial	221,984	311,405	381,836	220,105	1,135,330
Industrial	10,082	8,350	11,372	8,444	38,248
Public Authorities	13,034	29,709	62,094	12,622	117,459
Public Fire	170,852	171,698	175,931	175,931	694,412
Private Fire	70,775	71,800	72,114	71,671	286,360
Other Revenues	24,176	61,583	26,313	28,054	140,126
<b>Operating Revenues</b>	<b>1,188,301</b>	<b>1,583,391</b>	<b>1,985,939</b>	<b>1,251,823</b>	<b>6,009,454</b>
Operation	619,600	614,117	618,584	670,956	2,523,257
Maintenance	90,519	151,683	130,631	106,354	479,187
Deprecation	246,000	246,000	246,000	195,715	933,715
Taxes other Than Income Taxes	85,244	105,933	116,584	136,200	443,961
Current Income Taxes	(4,000)	101,000	248,000	67,198	412,198
Deferred Income Taxes	-	14,000	34,000	(81,562)	(33,562)
Operating Expenses	1,037,363	1,232,733	1,393,799	1,094,861	4,758,756
<b>Utility Operating Income</b>	<b>150,938</b>	<b>350,658</b>	<b>592,140</b>	<b>156,962</b>	<b>1,250,698</b>
Merchandise, Jobbing and Contract Work	(9,427)	(3,359)	(8,569)	(3,153)	(24,508)
Interest	(1)	(4,203)	(94)	(277)	(4,575)
Other Income	(9,428)	(7,562)	(8,663)	(3,430)	(29,083)
Other Income Deductions	(8,355)	(4,116)	(7,227)	(7,877)	(27,575)
Other Deductions	(8,355)	(4,116)	(7,227)	(7,877)	(27,575)
Net Other Income	(17,783)	(11,678)	(15,890)	(11,307)	(56,658)
Income Before Interest Charges	168,721	362,336	608,030	168,269	1,307,356
Interest on Long-term Debt	164,823	195,622	195,623	195,622	751,690
Amortization of Debt Discount and Expense	2,135	2,135	2,135	2,135	8,540
Interest on Debt to Affiliated Companies	8,794	913	999	847	11,553
Other Interest Charges	-	-	-	-	-
Interest Charges	175,752	198,670	198,757	198,604	771,783
<b>Net Income (Loss)</b>	<b>(7,031)</b>	<b>163,666</b>	<b>409,273</b>	<b>(30,335)</b>	<b>535,573</b>

**AQUARION WATER COMPANY of NEW HAMPSHIRE**  
**STATEMENT OF INCOME**  
**2011 QUARTERLY FINANCIALS**

Three Months Ending:

	03/31/11	06/30/11	09/30/11	12/31/11	Year-End
Residential	690,486	965,520	1,160,395	698,366	3,514,767
Commercial	216,281	302,558	386,859	259,137	1,164,835
Industrial	6,151	5,603	6,240	6,180	24,174
Public Authorities	13,417	28,943	37,887	22,353	102,600
Public Fire	177,094	171,698	177,741	177,740	704,273
Private Fire	75,171	73,653	75,234	75,750	299,808
Other Revenues	23,458	63,675	26,559	45,481	159,173
<b>Operating Revenues</b>	<b>1,202,058</b>	<b>1,611,650</b>	<b>1,870,915</b>	<b>1,285,007</b>	<b>5,969,630</b>
Operation	570,930	591,210	635,307	686,239	2,483,686
Maintenance	97,123	145,922	147,031	141,739	531,815
Deprecation	237,000	237,000	237,000	221,338	932,338
Taxes other Than Income Taxes	125,217	117,029	125,297	217,373	584,916
Current Income Taxes	(3,000)	140,000	228,000	(59,697)	305,303
Deferred Income Taxes	-	(10,000)	(18,000)	46,938	18,938
Operating Expenses	1,027,270	1,221,161	1,354,635	1,253,930	4,856,996
<b>Utility Operating Income</b>	<b>174,788</b>	<b>390,489</b>	<b>516,280</b>	<b>31,077</b>	<b>1,112,634</b>
Merchandise, Jobbing and Contract Work	(11,014)	(5,451)	(12,448)	(811)	(29,724)
Interest	(1,013)	(1,411)	(836)	(1,323)	(4,583)
Misc Non-Operating Gain (Loss), Net	-	-	-	(95)	(95)
Other Income	(12,027)	(6,862)	(13,284)	(2,229)	(34,402)
Other Income Deductions	(7,616)	(7,450)	(7,826)	(6,375)	(29,267)
Other Deductions	(7,616)	(7,450)	(7,826)	(6,375)	(29,267)
Net Other Income	(19,643)	(14,312)	(21,110)	(8,604)	(63,669)
Income Before Interest Charges	194,431	404,801	537,390	39,681	1,176,303
Interest on Long-term Debt	195,623	195,622	195,623	195,622	782,490
Amortization of Debt Discount and Expense	2,135	2,135	2,135	2,135	8,540
Interest on Debt to Affiliated Companies	651	434	83	-	1,168
Other Interest Charges	-	498	-	134	632
Interest Charges	198,409	198,689	197,841	197,891	792,830
<b>Net Income (Loss)</b>	<b>(3,978)</b>	<b>206,112</b>	<b>339,549</b>	<b>(158,210)</b>	<b>383,473</b>

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 20**

- **Quarterly sales volumes for the previous 5 years, itemized for residential and other classifications of service.**

**Attached.**

**Aquarion Water Company of New Hampshire**  
**5 Year Quarter Sales Volume by Customer Class**  
**(In Thousand Gallons)**

Quarterly Ending	Year	Quarterly Volume Ending:				Total
		Residential	Commercial	Industrial	Public Authorities	
March	2007	84,661	35,906	676	1,446	122,689
June	2007	89,661	41,975	1,524	1,989	135,149
September	2007	159,620	58,151	1,331	2,000	221,102
December	2007	148,678	52,376	699	5,140	206,893
				2007 Annual Sales Volume		685,833
March	2008	81,965	37,905	939	2,031	122,840
June	2008	95,526	48,604	1,692	2,042	147,864
September	2008	137,912	52,198	1,014	2,047	193,171
December	2008	124,664	49,643	629	5,102	180,038
				2008 Annual Sales Volume		643,913
March	2009	84,261	34,950	907	1,320	121,438
June	2009	87,228	32,076	1,023	1,682	122,009
September	2009	117,442	53,935	939	2,945	175,261
December	2009	122,334	53,022	949	5,152	181,457
				2009 Annual Sales Volume		600,165
March	2010	78,341	31,753	1,089	1,501	112,684
June	2010	87,942	31,204	773	1,955	121,874
September	2010	155,676	66,892	1,741	6,236	230,545
December	2010	129,940	44,755	724	2,955	178,374
				2010 Annual Sales Volume		643,477
March	2011	79,011	38,568	1,452	1,907	120,938
June	2011	84,454	36,681	1,044	2,026	124,205
September	2011	150,335	55,283	1,166	2,940	209,724
December	2011	114,961	44,517	895	3,064	163,437
				2011 Annual Sales Volume		618,304

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 21**

- **A description of the utility's need for external capital for the 2 year period immediately following the test year.**

**Attached.**

### **Summary of Need for External Capital**

As shown in Standard Filing Requirement Response #22, the Company can generally finance its capital improvement program through internally generated funds. At a very high level, net income plus depreciation less dividends will create enough source of funds for typical spending.

Aquarion has filed an application with PUC, in docket DW 12-098, to issue \$5 million General Mortgage Bonds to refinance a \$4 million note and fund additional capital expenditures relating to WICA eligible projects and source development investments.

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 22**

- **The utility's capital budget with a statement of the source and uses of funds for the 2 years immediately subsequent to the test year.**

**Attached.**



**Aquarion Water Company of New Hampshire**  
Sources and Uses of Funds

Page 1

	<u>2012</u>	<u>2013</u>
<u>Sources of Funds</u>		
Net Income <sup>1</sup>	281	655
Depreciation	956	979
Dividends	-	-
Refinancing per DW 12-098 <sup>2</sup>	700	300
Total Sources of Funds	<u>1,937</u>	<u>1,934</u>
<u>Uses of Funds</u>		
Gross Construction <sup>3</sup>	(1,882)	(1,869)
Total Uses of Funds	<u>(1,882)</u>	<u>(1,869)</u>
Net Surplus(Deficit)	<u>55</u>	<u>65</u>

Notes:

- 1) Reflects the pro forma adjustments made during this case. Assumes temporary rates of 65% for first quarter of 2013 and permanent rates for the remainder of 2013.
- 2) Additional debt required to fund WICA eligible projects and source development investments such as White Lanes well in 2012 for \$342k.
- 3) Capital Budget attached

**Aquarion Water Company of New Hampshire  
Two Year Capital Expenditure Budget**

DEPARTMENT	PUC ACCOUNT NO.	DESCRIPTION	CATEGORY	2012	2013
Admin & Gen	341	Fleet Vehicles	A&G	\$51,000	\$51,000
Admin & Gen	346	Radio System Upgrade	A&G	\$31,000	
Admin & Gen	345	Purchase 5kw Generator	A&G	\$5,000	
Admin & Gen		Recurring General Plant	A&G	\$0	\$25,000
		<b>Total General Plant</b>		<b>\$87,000</b>	<b>\$76,000</b>
Information Technology	346	Recurring SCADA	IT	\$30,000	\$40,000
Information Technology	346	Upgrade /Replace SCADA Sensors	IT	\$51,000	
		<b>Total Information Technology</b>		<b>\$81,000</b>	<b>\$40,000</b>
Trans & Distr	309	Miscellaneous Main Renewals	Mains	\$26,000	\$26,000
Trans & Distr	309	Towle Farm Road - Drakeside Road	Mains	\$2,000	\$2,000
Trans & Distr	309	Atlantic Avenue - Mill Rd to Maple	Mains	\$732,000	
Trans & Distr	309	Rt 101, Tide Mill Road to Church Street	Mains	\$10,000	\$74,000
Trans & Distr	309	Ocean Blvd, Dumas Ave to Winnacunnet Rd	Mains	\$69,000	\$626,000
		<b>Total Mains</b>		<b>\$839,000</b>	<b>\$728,000</b>
Customer Accounting	334	Periodic Meter Replacements	Meters	\$130,000	\$80,000
Customer Accounting	334	New Meters	Meters	\$70,000	\$70,000
		<b>Total Meters</b>		<b>\$200,000</b>	<b>\$150,000</b>
Pumping	311	Recurring Pump	Pumping	\$14,000	\$10,000
		<b>Total Pumping</b>		<b>\$14,000</b>	<b>\$10,000</b>
Source of Supply		Source of Supply (Source Exploration)	SOS		
Source of Supply	307	Whites Lane Wells	SOS	\$342,000	\$223,000
Source of Supply	307	Purchase Shel-A Well	SOS		\$75,000
Source of Supply	307	Purchase Foss Well	SOS		\$75,000
Source of Supply	307	Redevelop Well 9	SOS	\$20,000	
Source of Supply	307	Redevelop Well 21	SOS		\$20,000
		<b>Total Source of Supply</b>		<b>\$362,000</b>	<b>\$393,000</b>
Trans & Distr	333	Services - New	T&D	\$85,600	\$85,600
Trans & Distr	333	Services Replacements	T&D	\$30,000	\$30,000
Trans & Distr	335	Hydrants - New	T&D	\$4,400	\$4,400
Trans & Distr	335	Hydrants Replacements	T&D	\$32,000	\$32,000
Trans & Distr	330	Valves Replacements	T&D	\$11,000	\$11,000
Trans & Distr	331	Blowoffs - Replacements	T&D	\$3,000	\$3,000
Trans & Distr	330	Repairs to Exeter Rd Tank	T&D	\$20,000	
Trans & Distr	330	Repairs to Jenness Beach Tank	T&D		\$6,000
		<b>Total Transmission &amp; Distribution</b>		<b>\$186,000</b>	<b>\$172,000</b>
Treatment	320	Well 7 Station Improvements	Treatment	\$62,000	
Treatment	320	Convert Mill Rd Garage to WTP	Treatment	\$51,000	\$300,000
		<b>Total Treatment</b>		<b>\$113,000</b>	<b>\$300,000</b>
		<b>TOTAL:</b>		<b>\$1,882,000</b>	<b>\$1,869,000</b>

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 23**

- **The provisions of any sinking funds associated with senior capital and a description of the rate at which any respective issues of senior capital will be retired, consistent with such sinking fund(s).**

**Not Applicable.**

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 24**

- **If the short-term debt component of total invested capital is volatile, the amount outstanding, on a monthly basis, during the test period, for each short-term indebtedness.**

**Attached.**

**AWC of New Hampshire**

<b>Month in Test year</b>		<b>Outstanding Short term debt (Intercompany Notes Payable)</b>	
January	2011	\$	100,000
February	2011	\$	100,000
March	2011	\$	100,000
April	2011	\$	100,000
May	2011	\$	100,000
June	2011	\$	200,000
July	2011	\$	-
August	2011	\$	-
September	2011	\$	-
October	2011	\$	-
November	2011	\$	-
December	2011	\$	-

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 25**

- **If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26).**

**Attached.**

**AUDITED FINANCIAL STATEMENTS**

Aquarion Company and Subsidiaries

Years ended December 31, 2011 and 2010

with Report of Independent Auditors

Aquarion Company and Subsidiaries

Audited Financial Statements

Years ended December 31, 2011 and 2010

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## Report of Independent Auditors

To Aquarion Company:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income, common stockholder's equity, and cash flows present fairly, in all material respects, the financial position of Aquarion Company and Subsidiaries at December 31, 2011 and 2010 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
March 20, 2012

Aquarion Company and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2011 and 2010  
(Dollars in thousands)

<u>Assets and Other Debits</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities and Stockholder's Equity</u>	<u>2011</u>	<u>2010</u>
<b><u>Property, Plant and Equipment</u></b>			<b><u>Stockholder's Equity</u></b>		
Utility Plant	\$ 1,120,805	\$ 1,072,123	Common stock - \$0.01 par value, 100 shares outstanding, 1,000 authorized	\$ -	\$ -
Less: Accumulated depreciation	(348,091)	(325,841)	Capital in excess of stated value	220,568	220,568
Net utility plant	<u>772,714</u>	<u>746,282</u>	Accumulated other comprehensive loss	(1,957)	(1,041)
Non-utility property and equipment	40,780	40,611	Retained earnings	129,741	125,511
Less: Accumulated depreciation	(11,326)	(10,619)	Noncontrolling interest	2	2
Net non-utility property and equipment	<u>29,454</u>	<u>29,992</u>	Total stockholder's equity	<u>348,354</u>	<u>345,040</u>
				<u>283,871</u>	<u>256,302</u>
<b><u>Current Assets</u></b>			<b><u>Long-Term Debt</u></b>		
Cash and cash equivalents	789	2,665	<b><u>Current and Accrued Liabilities</u></b>		
Restricted cash	3,714	3,208	Accounts payable and accrued liabilities	21,143	18,902
Accounts receivables, net of reserves of \$2,567 and \$2,387 as of December 31, 2011 and 2010, respectively	12,807	13,667	Current maturities of long-term debt	20,710	671
Other receivables	2,733	2,878	Amount due parent company	18,104	58,657
Accrued revenues	19,731	19,342	Accrued interest	3,723	3,890
Materials and supplies, at cost	1,690	1,357	Total	<u>63,680</u>	<u>82,120</u>
Prepayments	1,915	2,679			
Other	878	894	<b><u>Commitments and Contingencies</u></b>		
Total	<u>44,257</u>	<u>46,690</u>	<b><u>Other Liabilities and Deferred Credits</u></b>		
			Deferred taxes	89,859	91,280
<b><u>Other Assets</u></b>			Contributions in aid of and customers' advances for construction	143,182	137,069
Goodwill	62,789	62,789	Deferred pension and OPEB	94,815	64,961
Unfunded deferred taxes	31,861	34,378	Derivative liability	319	-
Deferred pension and OPEB	72,948	46,263	Other long-term liabilities	10,144	9,740
Unamortized debt discount and expense	12,030	11,882	Total	<u>338,319</u>	<u>303,050</u>
Other assets	8,171	8,236			
Total	<u>187,799</u>	<u>163,548</u>	<b>Total Liabilities and Stockholder's Equity</b>	<u>\$ 1,034,224</u>	<u>\$ 986,512</u>
<b>Total Assets and Other Debits</b>	<u>\$ 1,034,224</u>	<u>\$ 986,512</u>			

See accompanying notes.

Aquarion Company and Subsidiaries  
Consolidated Statements of Operations  
Years Ended December 31, 2011 and 2010  
(Dollars in thousands)

	<b>For the Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Revenues</b>	\$ 172,606	\$ 167,586
<b>Costs and expenses:</b>		
Operating	34,670	34,251
General and administrative	33,037	32,719
Depreciation	31,222	30,103
Taxes other than income	12,795	12,550
<b>Total costs and expenses</b>	111,724	109,623
Operating income	60,882	57,963
Interest expense	18,411	17,034
Allowance for funds used during construction	(1,584)	(1,121)
Income before income taxes	44,055	42,050
Income tax expense	18,459	18,523
<b>Net income</b>	<b>\$ 25,596</b>	<b>\$ 23,527</b>

*See accompanying notes.*

Aquarion Company and Subsidiaries  
Consolidated Statements of Common Stockholder's Equity  
Years ended December 31, 2011 and 2010  
(Dollars in thousands)

	<u>Common Stock</u>		<u>Capital in Excess of Stated Value</u>	<u>Accumulated</u>		<u>Noncontrolling Interest</u>		<u>Stockholder's Equity</u>
	<u>Shares</u>	<u>Par Value</u>		<u>Earnings</u>	<u>Other Comprehensive (Loss)</u>	<u>Shares</u>	<u>Par Value</u>	
Balance at December 31, 2009	100	\$ -	\$ 220,568	\$ 124,721	\$ (840)	28	\$ 3	\$ 344,452
Net income	-	-	-	23,527	-	-	-	23,527
Common stock dividends	-	-	-	(22,737)	-	-	-	(22,737)
Other comprehensive loss	-	-	-	-	(201)	(5)	(1)	(202)
Balance at December 31, 2010	100	-	220,568	125,511	(1,041)	23	2	345,040
Net Income	-	-	-	25,596	-	-	-	25,596
Common stock dividends	-	-	-	(21,366)	-	-	-	(21,366)
Other comprehensive loss	-	-	-	-	(916)	-	-	(916)
<b>Balance at December 31, 2011</b>	<b>100</b>	<b>\$ -</b>	<b>\$ 220,568</b>	<b>\$ 129,741</b>	<b>\$ (1,957)</b>	<b>23</b>	<b>\$ 2</b>	<b>\$ 348,354</b>

*See accompanying notes.*

Aquarion Company and Subsidiaries  
 Consolidated Statements of Comprehensive Income  
 Years ended December 31, 2011 and 2010  
 (Dollars in thousands)

	<b>For the Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
Net income	\$ 25,596	\$ 23,527
Unrealized gain on investments	5	10
Unrealized (loss) on post-retirement benefits	(603)	(211)
Unrealized loss on swap agreement	(318)	-
Total comprehensive income	<u>\$ 24,680</u>	<u>\$ 23,326</u>

*See accompanying notes.*

Aquarion Company and Subsidiaries  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2011 and 2010  
(Dollars in thousands)

	<b>For the Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
Cash flows from operating activities:		
Net income	\$ 25,596	\$ 23,527
Adjustments reconciling net loss to net cash provided by operating activities:		
Depreciation and amortization	36,712	31,689
Allowance for funds used during construction (AFUDC)	(838)	(593)
Provision for losses on accounts receivable	1,005	948
Deferred income taxes	1,498	2,628
Gain on sale of property	-	(198)
Changes in assets and liabilities	1,400	2,494
Net cash provided by operating activities	65,373	60,495
Cash flows from investing activities:		
Capital additions, excluding AFUDC	(45,904)	(39,248)
Acquisition of assets	(2,747)	-
Proceeds from sale of property	-	350
AFUDC	(745)	(528)
(Increase) decrease in restricted cash	(506)	443
Other	16	35
Net cash used in investing activities	(49,886)	(38,948)
Cash flows from financing activities:		
Proceeds from issuance of debt	49,000	-
Advances and contributions in aid of construction	1,414	242
Refunds on advances for construction	(197)	(1,202)
Proceeds from note with parent, net of payments	(40,553)	3,011
Principal payments on long-term debt	(1,392)	(1,498)
Common dividends paid	(21,366)	(22,737)
Bond financing charges	(4,269)	-
Net cash used in financing activities	(17,363)	(22,184)
Net decrease in cash and cash equivalents	(1,876)	(637)
Cash and cash equivalents at beginning of year	2,665	3,302
Cash and cash equivalents at end of year	\$ 789	\$ 2,665

*See accompanying notes.*

Aquarion Company and Subsidiaries  
Notes to Audited Financial Statements  
(Dollars in thousands)

**1. Organization and Operation**

Aquarion Company (“Aquarion” or the “Company”) is a wholly owned subsidiary of Aquarion Holdings, LLC (“Holdings”), which is a wholly owned subsidiary of Macquarie Utilities Inc. (“MUI”). The Company owns all the outstanding stock of Aquarion Water Company (“AWC”) which is an intermediate holding company of the Company and owns the regulated public water utility operating subsidiaries of the Company. Aquarion also owns a non-regulated warranty services business, Homeowner Safety Valve Company (“HSV”) and a non-regulated subsidiary located in Massachusetts (Aquarion Water Capital of Massachusetts, Inc. (“AWC-MA Cap”)).

**Utilities**

The Company, through its wholly-owned subsidiary AWC, operates regulated water utilities in Connecticut (“AWC-CT”), Massachusetts (“AWC-MA”) and New Hampshire (“AWC-NH”). These subsidiaries (collectively, the “Utilities”) collect, treat and distribute water to residential, commercial and industrial customers, to other utilities for resale, and for private and municipal fire protection. The Utilities provide water to customers in forty-two cities and towns in Connecticut, five in Massachusetts and three in New Hampshire. The Utilities are regulated by several state agencies (“Regulatory Authorities”). As of December 31, 2011, the Utilities had approximately 212,000 customers.

During the year ended December 31, 2011, AWC-CT completed asset acquisitions of small water systems in the Fairfield County and Middlesex County areas of Connecticut. The total cost of these acquisitions was approximately \$2,700, which added approximately 1,900 customers.

During the fiscal years ended December 31, 2011 and 2010, the Utilities contributed approximately 98% Aquarion’s revenues.

**Non-Regulated**

The Company offers water service line and sewer line warranty protection programs through its HSV subsidiary. In addition, the Company owns a non-regulated subsidiary located in Massachusetts (AWC-MA Cap), which leases a water treatment plant to AWC-MA. The transactions between AWC-MA Cap and AWC-MA are eliminated in consolidation.

**2. Summary of Significant Accounting Policies**

The Company’s accounting policies conform to accounting principles generally accepted in the United States and, as applied in the case of rate-regulated public utilities,

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include those policies contained in the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) Section 980, *Regulated Operations* (“ASC 980”) and comply with the Uniform System of Accounts and ratemaking practices prescribed by the Regulatory Authorities. A description of the Company’s principal accounting policies follows.

**Regulation**

The Company’s regulated subsidiaries have incurred various costs and recorded certain credits, which have been reflected as regulatory assets and liabilities on the Company’s consolidated balance sheet. Accounting for such costs and credits as regulatory assets and liabilities is in accordance with ASC 980, which sets forth the application of generally accepted accounting principles for those companies whose rates are established by or are subject to approval by an independent third-party regulator. Under ASC 980, regulated companies defer costs and credits on the balance sheet as regulatory assets and liabilities when it is probable that those costs and credits will be recognized in the rate setting process in a period different from the period in which they would have been reflected in income by an unregulated company. These deferred regulatory assets and liabilities are then reflected in the statement of operations in the period in which the same amounts are reflected in rates charged for service.

Regulatory assets consist of the following at December 31:

	<u>2011</u>	<u>2010</u>
Pension and OPEB costs	\$ 72,948	\$ 46,263
Unfunded deferred taxes	31,861	34,378
Deferred tank painting costs (included in other assets)	3,802	3,800
Rate case expenses (included in other assets)	1,335	1,652
Other regulatory assets (included in other assets)	<u>2,976</u>	<u>2,645</u>
Total regulatory assets	<u>\$ 112,922</u>	<u>\$ 88,738</u>

The Company believes, based on current regulatory circumstances, that the regulatory assets recorded are likely to be recovered and that its use of regulatory accounting is appropriate. Material regulatory assets are earning a return.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated.



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**Property, Plant and Equipment**

Property, plant and equipment is stated at cost. The cost of additions to and replacements of retired property are capitalized. Costs include charges for direct material, labor and services, and indirect charges related to construction, such as engineering, supervision, payroll taxes and employee benefits. The Utilities also capitalize an allowance for funds used during construction (“AFUDC”) equivalent to the cost of funds devoted to plant under construction. Property modifications and improvements are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

At the time depreciable utility property is retired or disposed of, the carrying amount together with the related costs of removal, less salvage, is charged to accumulated depreciation in accordance with the Uniform System of Accounts prescribed by the Regulatory Authorities. Upon disposal or retirement of depreciable non-utility property, the appropriate plant and equipment and accumulated depreciation are reduced, with any resulting gain or loss recognized in the consolidated statements of operations.

For financial reporting purposes, depreciation is provided for using the straight-line method over the estimated service lives of the respective assets.

The Company had no material asset retirement obligations at December 31, 2011 or 2010.

**Cash, Cash Equivalents and Restricted Cash**

The Company considers all highly liquid investments that have a maturity of three months or less when purchased to be cash equivalents.

Certain cash balances within restricted cash are not available for general corporate purposes. See *Note 5(i)*.

**Concentration of Credit Risk**

The Company performs periodic credit evaluations of its customers’ financial condition and generally does not require collateral. Credit losses consistently have been within management’s expectations.

The Company maintains an estimated allowance for uncollectible trade receivables based on a percentage factor applied to each aging category of such receivables. The Company monitors the aging of receivables, sends a 30-day reminder notice and a 60-day shut-off notice on delinquent accounts. The Company is allowed to terminate water service to

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non-paying single-family, commercial and industrial customers per regulation and commences shut-off at 75 days past due. The Company is allowed to pursue receivership action in the courts for multi-family accounts. Final billed and non-water accounts that cannot be collected after notice are placed with a collection agency. If the agency is unsuccessful, the account is written off against the reserve.

The Company limits its risk exposure for cash equivalents by investing in investment grade debt instruments and using multiple, highly rated financial institutions as trustees.

**Allowance for Funds Used During Construction (“AFUDC”)**

AFUDC, as defined in the Uniform System of Accounts and permitted by the Regulatory Authorities, represents the net cost of borrowed funds used for construction during the construction period and a reasonable rate of return on other funds when used. AFUDC represents a noncash addition to income and utility plant. AFUDC is recognized by applying the last approved rate of return on rate base to construction projects exceeding \$10 and requiring more than one month to complete.

Utility plant under construction is not recognized as part of the Company’s rate base for ratemaking purposes until such facilities are placed in service. Accordingly, the utilities capitalize AFUDC as a portion of the construction cost of utility plant until it is completed. Capitalized AFUDC is recovered through water service rates over the service lives of the facilities.

**Revenue Recognition**

The Utilities recognize revenue as customers are billed periodically for water consumed and accrue revenue for the estimated amount of water consumed but not billed at the end of each period. Such amount is included in accrued revenues in the consolidated balance sheet. HSV revenues are recognized ratably over the contract period.

**Material and Supplies**

Utility materials and supplies inventories are valued at average cost.

**Other Assets**

Other assets include rate case and other expenses to be amortized over periods allowed by the Regulatory Authorities, generally one to three years, and deferred financing charges to be amortized over the lives of the related debt issues, ranging from 5 to 40 years.

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**Fair Value of Financial Instruments**

Under the Disclosures topic of ASC 820, *Fair Value Measurements and Disclosures*, the Company is required to disclose: (i) how fair value is determined for certain assets and liabilities, and (ii) a hierarchy (for which these assets and liabilities must be grouped), based on significant levels of inputs, as follows:

- Level 1**      quoted prices in active markets for identical assets or liabilities;
- Level 2**      quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liabilities; or
- Level 3**      unobservable inputs for the asset or liability, such as discounted cash flow models or valuations.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings approximate their fair values due to their short-term nature (considered Level 1).

The fair value of long-term debt is based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities (considered Level 2).

The carrying amounts and fair value of the Company's Level 2 financial instruments as of December 31 are as follows:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	\$ 304,581	\$ 374,732	\$ 256,973	\$ 232,549
Interest rate swap - net loss	319	319	-	-

**Long-Lived Assets**

If facts and circumstances indicate that the carrying amounts of long-lived assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down may be required. If this review indicates that the assets will not be recoverable, the carrying value of the Company's assets

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would be reduced to their estimated realizable value. There were no impairments of long-lived assets in 2011 or 2010.

**Goodwill**

Pursuant to the provisions ASC Section 350, *Intangibles – Goodwill and Other* (“ASC 350”), goodwill is not amortized and is subject to an annual impairment test, which the Company performs at the end of each year. ASC 350 requires the Company to perform a two-step impairment test. In the first step, the Company compares the fair value of each reporting unit to its carrying value. The Company determines the fair value of its reporting units based on discounted cash flows. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the second step of the impairment test is performed in order to determine the implied fair value of the reporting unit’s goodwill. If the carrying value of a reporting unit’s goodwill exceeds its implied fair value, then the Company records an impairment loss equal to the difference. There was no impairment of goodwill in 2011 or 2010. Goodwill is not deductible for tax purposes.

**Customer Advances for Construction/Contributions in Aid of Construction**

The Utilities receive cash advances from developers and customers to finance construction of new water main extensions. These advances are partially refunded over a ten-year period as water revenues are earned from those new customers. Any remaining unrefunded balances are reclassified to contributions in aid of construction or as a reduction to utility plant in the consolidated balance sheet and are no longer refundable.

**Transactions with Affiliated Companies**

MUI charged the Company management fees of \$781 and \$807 in 2011 and 2010, respectively. The Company also recorded dividends to its parent, Holdings, of \$21,366 and \$22,737 in 2011 and 2010, respectively. The Company has intercompany balances of \$18,104 and \$58,657 due to Holdings on the consolidated balance sheet under Amount Due Parent Company as of December 31, 2011 and 2010, respectively. The 2011 and 2010 amounts relate to draw-downs from Holdings’ credit facility, along with income taxes payable, partially offset by payments to MUI stockholders on behalf of Holdings. The Company recorded interest expense of \$1,191 and \$1,511 on inter company borrowings for the years ended December 31, 2011 and 2010, respectively.

**Income Taxes**

The Company and its subsidiaries (“Consolidated Group”) file a consolidated Federal income tax return. Federal income tax expense for financial reporting purposes is provided on

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a separate return basis, except that the Federal income tax rate applicable to the Consolidated Group is applied to separate company taxable income and is recognized currently. The Company provides deferred taxes for all temporary book-tax differences using the liability method. The liability method requires that deferred tax balances be adjusted to reflect enacted future tax rates that are anticipated to be in effect when the temporary differences reverse. In accordance with accounting principles generally accepted in the United States for regulated industries, the Company reflects as income tax expense the amount of tax currently payable, except for accelerated depreciation since 1981 and the tax effect of post-1986 contributions in aid of construction, for which deferred income taxes have been provided on an annual basis. This method, known as the flow-through method of accounting, is consistent with ratemaking policies of the Regulatory Authorities in the states in which it operates. The Company has established assets and liabilities that reflect anticipated future ratemaking effects of deferred tax provisions arising from the implementation of the liability method. Deferred investment tax credits are amortized ratably over the book life of property.

**Estimates**

The accompanying consolidated financial statements reflect judgments and estimates made in preparation of these statements and in the application of its accounting policies. Actual results may differ from these estimates.

**Employee Benefits**

The Company and certain of its subsidiaries have certain noncontributory defined benefit pension plans and other post-employment medical plans. These plans are accounted for in accordance with ASC 715, *Compensation Retirement Benefits* (“ASC 715”).

**Recent Accounting Pronouncements**

During May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (“ASU 2011-04”). ASU 2011-04 clarifies that the concept that the fair value of an asset is based on its highest and best use is only relevant when measuring the fair value of nonfinancial assets (and therefore would not apply to financial assets or any liabilities) since financial assets have no alternative use. The new guidance specifies that financial assets are measured based on the fair value of an individual security unless an entity manages its market risks and/or counterparty credit risk exposure within a group (portfolio) of financial instruments on a net basis. ASU 2011-04 requires the following disclosures related to the Company’s assets and liabilities that are measured at and/or disclosed at fair value: (1) the categorization in the fair value hierarchy of all assets and liabilities that are not measured at fair value on the balance sheet but for which the fair value is required to be disclosed (such as the

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disclosure of the fair value of long-term debt that is recorded at amortized cost on the balance sheet); (2) all, not just significant, transfers between Level 1 and Level 2 fair value measurements; (3) the reason(s), if applicable, why the current use of a nonfinancial asset, that is recorded or disclosed at fair value, differs from its highest and best use; and (4) certain quantitative and qualitative disclosures related to Level 3 fair value measurements. The new requirements are effective for the Company beginning on or after January 1, 2012 and will be required prospectively upon adoption. Assets and liabilities of the Company's defined pension plan (see Note 7) are not subject to any of these new disclosure requirements. Company does not expect the adoption of ASU 2011-04 will have a material effect on its financial position, results of operations or cash flows.

During June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* ("ASU 2011-05"). ASU 2011-05 requires the Company to present items of net income and other comprehensive income in a Statement of Comprehensive Income; either in one continuous statement or in two separate, but consecutive, statements of equal prominence. Presentation of components of comprehensive income in the Statement of Common Stockholders' Equity will no longer be allowed. The Company will be required to present on the face of the financial statements reclassification adjustments for the items that are reclassified from other comprehensive income to net income in the statement where the components of net income and the components of other comprehensive income are presented. Components of other comprehensive income will be required to be presented either net of the related tax effects or before the related tax effects with one amount reported for the tax effects of all other comprehensive income items. The Company will also be required to present parenthetically on the face of the statement, or to disclosure in the footnotes, the tax allocated to each component of other comprehensive income. ASU 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* (issued in January 2012), delayed the effective date of these amendments for the Company until fiscal years ending after December 15, 2012, and interim and annual periods thereafter. Comparative financial statements of prior periods will be presented to conform to the new guidance. The Company does not expect the adoption of ASU 2011-05 to have an impact on the consolidated financial results as this guidance only relates to additional disclosures.

During September 2011, the FASB issued ASU 2011-08 (see **Goodwill** above). ASU 2011-08 is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to first perform a "qualitative" assessment to determine whether further quantitative impairment testing is necessary. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not (a likelihood of more than 50%) that the fair value of a reporting unit is less than its carry amount, the quantitative impairment test is required. Otherwise, no further testing is required. An entity can choose to perform the qualitative assessment on none, some or all

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of its reporting units. Moreover, an entity can bypass the qualitative assessment for any reporting unit in any period and proceed directly to step one of the impairment test, and then resume performing the qualitative assessment in any subsequent period. ASU 2011-08 is effective for interim and annual goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company does not expect the adoption of ASU 2011-08 will have a material effect on its financial position, results of operations or cash flows.

### 3. Regulatory Matters

As necessary, the Utilities apply to their respective state regulator for changes in the rates charged for water service. Such rate requests are based on an historic test year, selected by the Company as the base period, adjusted for known changes, such as changes in customer base and/or consumption patterns; planned changes in operating and maintenance expenses; and planned changes in tax rates.

In connection with the AWC-NH 2008 rate case, the NH PUC approved a pilot program for water infrastructure and conservation adjustment (“WICA”) similar to the CT WICA program. On December 22, 2010, the Company received approval to implement a surcharge of 1.5715% for all services rendered on or after January 1, 2011. On December 30, 2011, the Company received permission to increase the surcharge to 3.7269% for all services rendered on or after January 1, 2012. The surcharge will produce annual revenues of \$222 on \$1,657 of WICA-related capital investment.

On March 5, 2010, the Company filed its rate application with the Connecticut Public Utilities Regulatory Authority (“CT PURA”) (formerly known as the Department of Public Utility Control (“DPUC”)) for a \$23,470, or 17.6%, increase in annual water service revenues. On September 8, 2010, AWC-CT received approval from the CT PURA for a 11.3% water service rate increase designed to provide a \$15,246 increase in water service revenues. On September 7, 2011, AWC-CT filed its reopener application with the CT PURA for an increase of approximately \$3,300 (2.2%) to cover approximately \$22,100 in the Putnam Water Treatment facility capital investment. The Company received a decision on February 8, 2012 granting the application in its entirety.

On April 26, 2011, in compliance with the established requirements set forth by the CT WICA program, the Company received approval for a \$395, or 0.27%, increase in water revenue. In addition, the Company received approval for an additional \$835, or 0.58%, increase in water revenue on December 28, 2011 in conjunction with the CT WICA program. The revised surcharge reflects \$9,497 of WICA approved capital investment.

On May 13, 2011, the Company filed its rate application with the Massachusetts Department of Public Utilities (“MA DPU”) for a \$2,800, or 18.7%, increase in annual

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water service revenues. A final rate increase decision is expected to be rendered in April 2012.

**4. Income Taxes**

Income tax expense for the years ended December 31 consisted of the following:

	<b>For the Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
Current		
Federal	\$ 15,733	\$ 14,915
State	1,230	980
Total current	<u>16,963</u>	<u>15,895</u>
Deferred		
Federal	374	1,227
State	1,122	1,401
Total deferred	<u>1,496</u>	<u>2,628</u>
Total income tax expense	<u>\$ 18,459</u>	<u>\$ 18,523</u>

A reconciliation of income tax expense at the statutory federal income tax rate to the actual income tax expense for the years ended December 31, 2011 and 2010 is as follows:

	<b>For the Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
Tax at statutory rate	35.00 %	35.00 %
Increase (reductions) in taxes resulting from:		
State taxes, net of federal income tax benefit	5.80	5.90
Tax credits	(2.20)	(1.90)
Excess depreciation and cost of removal	1.60	1.60
Pension and retiree medical	1.90	4.20
Other	(0.10)	(0.80)
Income tax expense	<u>42.00 %</u>	<u>44.00 %</u>

Deferred tax liabilities (assets) at December 31 are comprised of the following:



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	<b>For the Year Ended December 31,</b>	
	<b>2011</b>	2010
Utility temporary difference	\$ 10,811	\$ 12,699
Depreciation	82,100	80,246
Other	1,758	3,109
Total deferred tax liabilities	94,669	96,054
Land donation credit	24,536	24,536
State tax credit	898	1,555
Prepaid taxes	5,770	5,229
Total deferred tax assets	31,204	31,320
Valuation allowance for deferred tax assets	(24,536)	(24,536)
Deferred tax assets, net of allowance	6,668	6,784
Net deferred tax liabilities	88,001	89,270
ITC	1,858	2,010
Total net deferred tax liabilities	89,859	91,280
Current portion (net deferred tax asset)	863	780
Net deferred tax liabilities (non-current)	\$ 90,722	\$ 92,060

The Company elected to file its Connecticut Corporate Business tax return on a unitary basis effective with tax year 2007. As such, all prior year state credits are no longer available for carryforward on the Connecticut return. However, per the Tax Sharing Agreement in place these credits would be available on a stand alone basis for the Regulated entity.

Effective with the tax year 2009 the State of Connecticut Department of Revenue had imposed a 10% surtax which expires at the end of 2011. A new 20% surcharge is effective for tax years 2012 and 2013. The Connecticut tax rate will increase from 8.25% to 9% beginning in 2012.

The Company has no positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will materially increase or decrease within the next year.

The Company and its subsidiaries have no current IRS audits outstanding as of December 31, 2011. The IRS completed an audit of the tax year 2009 consolidated tax return in November 2011 which resulted in a “no change filing.” Tax years 2008 and 2010 remain open as of December 31, 2011. Tax years 2008-2010 remain open with the Connecticut, Massachusetts and New Hampshire Departments of Revenue as of December 31, 2011.

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**5. Long-Term Debt**

Long-term debt as of December 31 consisted of the following:

	<b>2011</b>	2010
<b>Notes payable – unsecured:</b>		
6.58% senior notes due August 15, 2012 (a)	20,000	20,000
6.43% senior notes due June 29, 2034 (a)	8,500	8,500
5.00% note due July 1, 2032 (b)	6,765	6,845
4.50% note due August 1, 2035 (c) (d)	15,705	15,890
4.40% note due August 1, 2029 (c) (d)	21,205	21,456
4.55% note due August 1, 2035 (c) (d)	9,360	9,565
6.15% note due April 1, 2035 (e)	30,000	30,000
5.10% note due September 1, 2037 (c) (f)	29,415	29,415
5.00% note due July 1, 2038 (c) (e)	18,000	18,000
4.70% note due September 1, 2036 (c) (g)	25,000	25,000
5.50% note due April 1, 2021	40,000	-
4.11% State of Connecticut Revolving Fund	193	214
0.00% MWPAT Drinking Water Fund	2,233	2,383
<b>Notes payable – secured:</b>		
7.33% series due December 1, 2027 (a)	14,000	14,000
8.04% series due February 1, 2030 (h)	3,500	3,500
9.29% series due April 1, 2031 (a)	4,500	4,500
7.71% series due June 1, 2023 (a)	7,000	7,000
9.64% series due September 1, 2021 (a)	1,400	1,400
4.11% series due November 1, 2021 (a)	9,000	-
7.71% series due June 1, 2023 (a)	3,000	3,000
6.21% series due August 1, 2035 (a)	5,900	5,900
6.60% series due December 1, 2015 (i)	2,350	2,850
6.75% series due December 1, 2020 (i)	3,925	3,925
6.75% series due December 1, 2025 (i)	5,450	5,450
6.90% series due December 1, 2029 (i)	5,850	5,850
6.95% series due December 1, 2035 (i)	12,330	12,330
	304,581	256,973
Less: current maturities of long-term debt	20,710	671
Long-Term Debt	\$ 283,871	\$ 256,302

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- (a) Callable on any interest payment date subject to make-whole premium.
- (b) Callable at a redemption price ranging from 101% on July 1, 2010 to 100% on July 1, 2011 and thereafter. Insured as to the payment of principal and interest by the Ambac Financial Group, Inc.
- (c) These financings are insured as to the payment of principal and interest by Syncora Guarantee Inc. (SGI, formerly XL Capital Assurance Inc.)
- (d) Callable at a redemption price ranging from 102% on August 1, 2012 to 100% on August 1, 2014 and thereafter.
- (e) Callable at a redemption price of 100%. Paid off on February 21, 2012 in connection with the issuance of new debt.
- (f) Callable at a redemption price of 100% on September 1, 2017 and thereafter.
- (g) Callable at a redemption price of 100% on July 1, 2016 and thereafter.
- (h) Callable at 100%, if through condemnation or purchase of Company assets by a municipal or other governmental entity.
- (i) Represents debt of AWC MA Cap. As of December 31, 2011 and 2010, approximately \$3,501 and \$3,016, respectively, of cash was held in various bank accounts for payment of interest and principal on those obligations. This cash is reflected as restricted cash in the accompanying balance sheets.

Aggregate maturities or sinking fund requirements on long-term debt for each of the five years succeeding December 31, 2011 is as follows:

<u>Year ended December 31</u>	
2012	\$ 20,710
2013	745
2014	796
2015	831
2016	881
Thereafter	280,618
	<u>\$ 304,581</u>

The Company's debt agreements contain certain covenants typical of such agreements, the most restrictive of which is under the 6.58% unsecured senior notes which require the maintenance of total funded debt to total capital, as defined, of no more than 66.67%. The Company was in compliance with these covenants at December 31, 2011 and 2010.

## 6. Short-Term Borrowings

At December 31, 2011 and 2010, Aquarion had one letter of credit with Bank of America in the amount of \$910 and \$960, respectively. This letter of credit renews annually and is related to the Company's annual business insurance.

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**7. Employee Benefit Plans**

*Retirement Plan.* The Company and certain of its subsidiaries has a noncontributory defined retirement pension plan (“Pension Plan”) covering qualified employees. In general, the Company’s policy is to fund accrued pension costs. The Pension Plan’s assets are primarily invested in U.S. and foreign equities and debt securities issued by the U.S. government and corporations.

*Postretirement Health Care Benefits.* The Company and certain of its subsidiaries provide health benefits for substantially all retired employees (“Postretirement Plans”) and life insurance for a small group of retired individuals. Postretirement health benefits are not provided to employees hired after July 1, 1996. Only those employees hired prior to July 1, 1996 who remain until retirement age are eligible. Both active and retired employees contribute a portion of the cost of medical benefits. The Company is funding its postretirement health care benefits through contributions to a Voluntary Employee Beneficiary Association Trust (“VEBA”). The Company’s tax-deductible contribution to the VEBA for calendar year ended December 31, 2011 and 2010 was \$1,910 and \$1,825, respectively. The Postretirement Plans assets are primarily invested in short-term investments.

The Company follows the provisions of ASC 715, which requires the Company to recognize in its consolidated balance sheet the funded status of a benefit plan. For the Pension Plan, this is measured as the difference between plan assets at fair value and the projected benefit obligation. For the Postretirement Plans, this is measured as the difference between the plan assets at fair value and the accumulated benefit obligation. In addition, ASC 715 requires the Company to recognize the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost. Under ASC 980, the amounts associated with the Utilities are recorded as a regulatory asset of \$72,948 and \$46,263 at December 31, 2011 and 2010, respectively, as the Regulatory Authorities have provided for full recovery of these costs in rates. The amount recognized in Accumulated Other Comprehensive Income for the non-regulated entities was \$1,401 and \$740, net of taxes, as of December 31, 2011 and 2010.

**Pension Benefits**

Based on an actuarial valuation as of December 31, the following table sets forth the funded status of the Company’s qualified Pension Plan and Postretirement Plans as of December 31:

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	<u>Pension Plan</u>		<u>Postretirement Plans</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Change In Benefit Obligation</u></b>				
<b>Benefit Obligation at Beginning of Year</b>	<b>\$ 96,091</b>	<b>\$ 86,752</b>	<b>\$ 44,421</b>	<b>\$ 41,667</b>
Service Cost	2,084	1,766	671	582
Interest Cost	4,984	5,016	2,362	2,294
Actuarial Loss	17,047	6,720	8,989	1,861
Estimated Medicare Part D Subsidy	-	-	162	162
Benefits Paid	(4,268)	(4,163)	(2,272)	(2,145)
<b>Benefit Obligation at End of Year</b>	<b>\$ 115,938</b>	<b>\$ 96,091</b>	<b>\$ 54,333</b>	<b>\$ 44,421</b>
<b><u>Change In Plan Assets</u></b>				
<b>Fair Value Of Plan Assets At Beginning Of Year</b>	<b>\$ 64,164</b>	<b>\$ 60,353</b>	<b>\$ 11,385</b>	<b>\$ 9,928</b>
Actual return on assets	558	7,974	117	1,525
Employer Contributions	3,734	-	2,013	1,935
Claims Adjustment	-	-	(57)	57
Tax Reimbursement	-	-	(80)	(77)
Estimated Medicare Part D Subsidy	-	-	162	162
Benefits Paid	(4,268)	(4,163)	(2,272)	(2,145)
<b>Fair Value of Plan Assets at End of Year</b>	<b>\$ 64,188</b>	<b>\$ 64,164</b>	<b>\$ 11,268</b>	<b>\$ 11,385</b>
<b><u>Net Amount Recognized</u></b>				
Funded Status	<b>\$ (51,750)</b>	<b>\$ (31,927)</b>	<b>\$ (43,065)</b>	<b>\$ (33,036)</b>
<b><u>Amounts recognized in Balance Sheet consist of:</u></b>				
Noncurrent Liabilities	<b>\$ 51,750</b>	<b>\$ 31,927</b>	<b>\$ 43,065</b>	<b>\$ 33,036</b>

The accumulated benefit obligation for the Pension Plan was \$100,399 and \$83,977 at December 31, 2011 and 2010, respectively.

Aquarion Company and Subsidiaries  
Notes to Audited Financial Statements  
(Dollars in thousands)

	<u>Pension Plan</u>		<u>Postretirement Plans</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Amounts recognized in Regulatory Assets consist of:</u></b>				
Net Loss	\$ 51,740	\$ 33,195	\$ 18,321	\$ 9,164
Prior Service Cost	1,974	2,292	-	-
Transition Obligation	-	-	790	1,505
<b><u>Amounts recognized in Accumulated Other Comprehensive Income consist of:</u></b>				
Net Loss	\$ 1,639	\$ 945	\$ 253	\$ 151
Prior Service Cost	111	124	-	-
Transition Obligation	-	-	20	40
<b><u>Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income:</u></b>				
Net (Gain)/Loss	\$ 694	\$ (65)	\$ 102	\$ 53
Prior Service Cost	5	-	-	-
Amortization of Prior Service Cost	(19)	(20)	-	-
Amortization of Transition Obligation	-	-	(20)	(20)
<b>Total recognized in other comprehensive income</b>	<b>\$ 680</b>	<b>\$ (85)</b>	<b>\$ 82</b>	<b>\$ 33</b>
<b>Total recognized in net periodic benefit cost and other comprehensive income (loss)</b>	<b>\$ 544</b>	<b>\$ (164)</b>	<b>\$ 160</b>	<b>\$ 110</b>
<b><u>Other Changes in Plan Assets and Benefit Obligations Recognized in Regulatory Assets:</u></b>				
Net Loss	\$ 18,545	\$ 1,175	\$ 9,157	\$ 671
Prior Service Cost	(5)	-	-	-
Amortization of Prior Service Cost	(313)	(317)	-	-
Amortization of Transition Obligation	-	-	(714)	(714)
<b>Total recognized in regulatory asset</b>	<b>\$ 18,227</b>	<b>\$ 858</b>	<b>\$ 8,443</b>	<b>\$ (43)</b>
<b>Total recognized in net periodic benefit cost and regulatory asset</b>	<b>\$ 23,012</b>	<b>\$ 5,692</b>	<b>\$ 11,883</b>	<b>\$ 3,122</b>

The components of the net periodic benefit cost and the weighted average assumptions for the Pension Plan for the years ended December 31 were as follows:

	<u>Pension Plan</u>		<u>Postretirement Plans</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Components Of Net Periodic Benefit Cost</u></b>				
Service Cost	\$ 2,084	\$ 1,766	\$ 671	\$ 582
Interest Cost	4,984	5,016	2,362	2,294
Expected Return on Plan Assets	(4,773)	(4,370)	(742)	(534)
Amortizations				
Transition Obligation	-	-	735	735
Prior Service Cost	331	337	-	-
Net Loss	2,023	2,005	492	165
<b>Net Periodic Benefit Cost</b>	<b>\$ 4,649</b>	<b>\$ 4,754</b>	<b>\$ 3,518</b>	<b>\$ 3,242</b>

Aquarion Company and Subsidiaries  
Notes to Audited Financial Statements  
(Dollars in thousands)

	<u>Pension Plan</u>		<u>Postretirement Plans</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Weighted Average Assumptions:</b>				
Discount Rate for projected benefit obligation	4.60%	5.40%	4.55%	5.40%
Discount Rate for net periodic benefit cost	5.40%	5.90%	5.40%	5.90%
Expected Return on Plan Assets	7.50%	7.50%	7.5%/4.75%	7.50%/4.75%
Rate of Compensation Increase	4.00%	4.00%	4.00%	4.00%

The fair values of Pension Plan assets at December 31 by asset category are as follows:

Asset Category	<u>As of December 31, 2011</u>				<u>As of December 31, 2010</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Equity Funds	\$ 26,583	\$ -	\$ -	\$ 26,583	\$ 27,149	\$ -	\$ -	\$ 27,149
International Equity Funds	8,345	-	-	8,345	10,152	-	-	10,152
Fixed Income Mutual Funds	29,260	-	-	29,260	26,863	-	-	26,863
<b>Total</b>	<u>\$ 64,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,188</u>	<u>\$ 64,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,164</u>

The fair values of Postretirement Plan assets at December 31 by asset category are as follows:

Asset Category	<u>As of December 31, 2011</u>				<u>As of December 31, 2010</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ -	\$ -	\$ -	\$ -	\$ 162	\$ -	\$ -	\$ 162
U.S. Equity Funds	4,672	-	-	4,672	4,754	-	-	4,754
International Equity Funds	1,353	-	-	1,353	1,552	-	-	1,552
Fixed Income Mutual Funds	5,243	-	-	5,243	4,917	-	-	4,917
<b>Total</b>	<u>\$ 11,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,268</u>	<u>\$ 11,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,385</u>

The components of equity funds consist of U.S. equity of large, medium, and small capitalization companies and international equity. The components of fixed income mutual funds consist of long-term fixed income investments in high yield instruments. The long-term objectives are to invest in vehicles that provide a return that both limits the risk of plan assets failing to meet associated liabilities and minimizes long-term expense.

The expected long-term rate of return is based on target allocations of investments. The target allocation for Pension Plan assets was 55% to equity securities and 45% to debt securities for the plan years of 2011 and 2010. The long-term rate of return is developed based on a capital markets model that was developed by investment consultants. This model considers expectations of future returns for investments and historical returns on comparable equity, debt and other investments.

Aquarion expects to contribute \$6,256 (including non-qualified pension plans) and \$2,059 to the Pension Plan and the Postretirement Plans, respectively, for 2012.

Aquarion Company and Subsidiaries  
Notes to Audited Financial Statements  
(Dollars in thousands)

Future benefit payments and subsidy receipts are expected to be (including the nonqualified plans):

	<u>Pension Plans</u>	<u>Postretirement Plans</u>	
		<u>Gross payment</u>	<u>Subsidy Receipt</u>
2012	\$ 4,666	\$ 2,059	\$ 240
2013	4,762	2,108	255
2014	4,932	2,210	268
2015	5,127	2,244	287
2016	5,406	2,340	298
2017-2021	32,980	13,651	1,659

For measurement purposes, the weighted average annual assumed rate of increase in the per capita cost of covered benefits (health care trend rate) related to the Postretirement Plans for December 31 is as follows:

	<u>2011</u>	<u>2010</u>
Health care cost trend rate assumed next year:		
Pre-65	8.00%	8.33%
Post-65	8.00%	8.33%
Rate at which the trend rate is assumed to decline (the ultimate rate)	5.0%	5.0%
Year at which the trend rate reaches the ultimate rate	2017	2017

The estimated net loss and prior service cost for the Pension Plan that will be amortized from accumulated other comprehensive income and regulatory assets and into net periodic benefit cost over the next fiscal year are \$3,662 and \$331, respectively.

The estimated net loss, prior service cost, and initial transition obligation for the Postretirement Plans that will be amortized from regulatory assets into net periodic benefit cost over the next fiscal year are \$1,224, \$0 and \$735, respectively.



Aquarion Company and Subsidiaries  
Notes to Audited Financial Statements  
(Dollars in thousands)

A one-percentage point change in assumed health care cost trend rates would have the following effects:

	<u>One Percentage Point Increase</u>	<u>One Percentage Point Decrease</u>
Effect on total of service and interest cost components	\$ 659	\$ (508)
Effect on health care component of the accumulated postretirement benefit obligation	\$ 9,173	\$ (7,244)

In addition to the above qualified Pension Plan, the Company has unqualified plans for certain executives and former Board of Directors for a few individuals. Total expense under these plans was approximately \$407 and \$380 in 2011 and 2010, respectively. The plans were unfunded as of December 31, 2011 and 2010. As of December 31, 2011 and 2010, \$4,932 and \$4,732, respectively, was reflected in long term liabilities and \$441 and \$435, respectively, was reflected in accrued liabilities.

**Savings Plan for Employees**

Aquarion sponsors a 401(k) Savings Plan for employees of the Company (the "Savings Plan"). All employees can make contributions that are invested at their discretion in one or more funds. The Company matches 75% of the first 6% of each employee's wage contributed to the Savings Plan for both union and non-union employees. The Company expensed matching contributions to the Savings Plan totaling \$850 and \$936 for 2011 and 2010, respectively. These amounts were recognized in the statements of operations as operating expense.

**8. Property, Plant and Equipment**

Net property, plant and equipment at December 31 consisted of the following components:

Aquarion Company and Subsidiaries  
Notes to Audited Financial Statements  
(Dollars in thousands)

	<u>2011</u>	<u>2010</u>
Source of supply	\$ 98,096	\$ 95,626
Pumping	61,654	57,760
Water treatment	229,822	212,332
Transmission and distribution	630,564	607,106
General structures and improvements	81,207	78,419
Construction work in progress	18,425	20,261
Non-utility plant	40,780	40,611
Other	1,037	619
	<u>1,161,585</u>	<u>1,112,734</u>
Less: accumulated depreciation	<u>359,417</u>	<u>336,460</u>
Property, plant and equipment, net	<u>\$ 802,168</u>	<u>\$ 776,274</u>

Non-utility property includes \$37,400 for a water treatment plant in Hingham, Massachusetts. This facility, which is owned by AWC-MA Cap, a non-regulated subsidiary, is leased to AWC-MA. All intercompany transactions associated with this lease are eliminated in consolidation.

**9. Statement of Cash Flows**

Changes in assets and liabilities and supplemental cash flow information for the years ended December 31 are set forth below:

Aquarion Company and Subsidiaries  
Notes to Audited Financial Statements  
(Dollars in thousands)

	<b>For the Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
Increase in accounts receivable and accrued revenues	\$ (389)	\$ (2,575)
(Increase) decrease in materials and supplies	(333)	128
Decrease in prepayments	764	83
Increase in accounts payable and accrued liabilities	1,492	1,269
(Decrease) increase in accrued interest	(167)	44
Change in other current accounts	(999)	(199)
Net changes in other noncurrent balance sheet items	1,032	3,744
	<u>\$ 1,400</u>	<u>\$ 2,494</u>
 Cash paid for:		
Interest	<u>\$ 18,578</u>	<u>\$ 16,990</u>
Income taxes	<u>16,963</u>	<u>15,895</u>
 Supplemental non-cash contributed property	<u>\$ 1,740</u>	<u>\$ 8,441</u>
 Accounts payable for purchase of fixed assets	<u>\$ 749</u>	<u>\$ 4,285</u>

### 10. Operating Leases

Rental expense was \$522 and \$423 for the year ended December 31, 2011 and 2010, respectively. The Company is party to operating leases involving certain land, facilities and equipment, which expire through 2062.

Future minimum lease payments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

2012	\$	299	
2013		280	
2014		277	
2015		229	
2016		133	
Thereafter		700	
Total	<u>\$</u>	<u>1,918</u>	

### 11. Noncontrolling Interest

AWC-NH's shares of outstanding preferred stock have voting rights at the AWC – NH

Aquarion Company and Subsidiaries  
Notes to Audited Financial Statements  
(Dollars in thousands)

operating company level in the event that dividends are not paid for a period of one year, but no voting rights if all dividends in arrears have been fully paid. The preferred stock pays a dividend at a rate of 6% per share.

## **12. Contingencies**

The Company is subject to various litigation in the normal course of business, none of which, in management's opinion, would be material to the Company's consolidated financial statements.

On May 6, 2009, the town of Oxford, Massachusetts voted to pursue taking over the Company's Oxford system. The town approved \$6,700 as a purchase price. A court proceeding is currently underway which will determine the value of the Oxford system as prescribed by the Town Charter. A court ruling determined that capital expenditures incurred after the town vote will not be included in the purchase price.

Since approximately 1950, in accordance with past accepted practices, AWC-CT's Southern Division (formerly known as Connecticut American Water Company ("CAWC")) discharged sedimentation basin residuals and spent filter backwash water from the Putnam Treatment Plant to the Putnam Reservoir. Prior to the acquisition of CAWC in 2002, CAWC entered into a Consent Order with the Department of Energy and Environmental Protection ("DEEP"), formerly known as the Department of Environmental Protection, that required these discharges cease and CAWC investigate the fate of the residuals that have accumulated in Putnam Lake and evaluate the need, if any, for remediation or removal of the residuals. CAWC stopped discharging sedimentation basin residuals in 1993 and untreated backwash water in December 1999. Extensive work has been done to investigate the impact of the residuals deposit in the reservoir and evaluate remediation alternatives. The Company currently disagrees with the DEEP regarding the most appropriate remediation alternative for the reservoir and is developing a plan for further investigation.

At December 31, 2011 and 2010, AWC-CT maintained a remediation reserve of approximately \$4,000 related to the Putnam Reservoir, which is reflected in other long-term liabilities in the accompanying, consolidated balance sheet. The amount was the Company's best estimate of the cost to fully remove the residuals via dredging of the reservoir, which corresponded to the DEEP's originally favored remediation option. AWC-CT continues to provide the DEEP monthly status reports on the matter and has not been required to execute on the dredge option.

## **13. Subsequent Events**

Management has evaluated subsequent events through March 20, 2012, the date which the financial statements were available for issue.

Aquarion Company and Subsidiaries  
Notes to Audited Financial Statements  
(Dollars in thousands)

On February 23, 2012, AWC-CT announced it had entered into a definitive agreement to purchase United Water Connecticut, Inc., which serves customers in the Fairfield County and Litchfield County areas of Connecticut, for \$38,000. The transaction is subject to approval from CT PURA and is expected to take six months to complete.

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 26**

- **As to a subsidiary as referred to in (25), in lieu of duplicate copies of documentation required by Puc 1604.02 (a)(5), (6), (11), and (17), a certificate of an appropriate official of the subsidiary detailing any expense of the parent company which was included in the subsidiary's cost of service.**

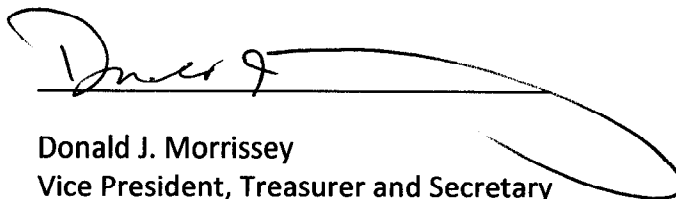
**Corporate Allocation from Aquarion Inc., and  
Macquarie Utilities attached**

**Puc 1604.01(a)(26) Certification**

I certify, based on my personal knowledge, information and belief that the following table reflects the annual operating costs included in Aquarion Water Company of New Hampshire's cost of service attributable to: Aquarion Water Company of Connecticut (AWC-CT), Aquarion Water Company of Massachusetts (AWC-MA) and Aquarion Company. The table includes the nature of the expenditure, service provider and test year and pro forma amounts along with references to Schedules within the filing that provide additional information on the respective charge.

	<b>2011 Actual</b>	<b>2011 Pro Forma</b>	<b>Service Provider</b>	<b>Schedule Reference</b>
Affiliate Company Wages	\$ 132,075	\$ 136,037	AWC-CT, AWC-MA	Schedule 1C
Allocations from Aquarion Company	55,168	55,168	Aquarion Company	Schedule 1R
Shared Customer Service	41,865	43,055	AWC-CT	Schedule 1S
Shared IT	229,970	229,463	AWC-CT	Schedule 1T
Shared Facilities	46,522	46,724	AWC-CT	Schedule 1Q
Total	<u>\$ 505,600</u>	<u>\$ 510,447</u>		

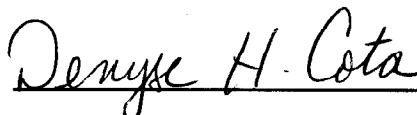
Dated: May 10, 2012

  
Donald J. Morrissey  
Vice President, Treasurer and Secretary

STATE OF: Connecticut

COUNTY OF: Fairfield

Sworn to and subscribed before me this 10<sup>th</sup> day of May, 2012.

  
Denyse H. Cota

Justice of the Peace / Notary Public

My Commission Expires: 3/31/2016

Denyse H. Cota  
A Notary Public of Connecticut  
My Commission Expires March 31, 2016

**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 27**

- **For gas utilities, as defined in Puc 500, and for electric utilities, as defined in Puc 300, the uniform statistical report to the American Gas Association-Edison Electric Institute for the last 2 years.**

**Not Applicable.**



**AQUARION WATER COMPANY OF NEW HAMPSHIRE**

**PUC 1604.01- Section 28**

- **Support for the figures appearing on written testimony and/or in accompanying exhibits.**

**Attached.**

- **Lead/Lag Study to compute the cash working capital allowance percentage.**
- **Wages and Salaries taken to expense percentage computations.**

**Aquarion Water Company of New Hampshire  
Working Capital Percentage Calculation**

<b>Revenue Classification</b>	<b>(A)</b>	<b>(B)</b>	<b>(C)=(A)*(B)</b>
	<u>Revenue</u>	<u>Days</u> <u>(Lead)/Lag</u>	<u>(Lead)/Lag</u> <u>Dollar-Days</u>
<b><u>Billed in Advance</u></b>			
<u>Year Round Monthly</u>			
Residential	2,285	-15	(34,268)
Commercial	110,652	-15	(1,659,775)
Industrial	1,195	-15	(17,930)
Other Public Authority	16,018	-15	(240,275)
	-		
<u>Year Round Quarterly</u>			
Residential	1,185,468	-45	(53,346,040)
Commercial	127,637	-45	(5,743,655)
Industrial	159	-45	(7,170)
Other Public Authority	9,442	-45	(424,889)
<u>Seasonal</u>			
Residential	163,707	-60	(9,822,394)
Commercial	24,997	-60	(1,499,810)
Other Public Authority	11,455	-60	(687,274)
Private Fire	305,420	-45	(13,743,905)
Public Fire	712,387	-90	(64,114,835)
Subtotal Advance	<u>2,670,821</u>		<u>(151,342,218)</u>
<b><u>Billed in Arrears</u></b>			
<u>Year Round Monthly</u>			
Residential	17,299	15	259,486
Commercial	532,956	15	7,994,339
Industrial	23,478	15	352,176
Other Public Authority	31,777	15	476,651
			-
<u>Year Round Quarterly</u>			
Residential	2,097,920	45	94,406,410
Commercial	288,546	45	12,984,555
Industrial	31	45	1,389
Other Public Authority	10,120	45	455,403
<u>Seasonal</u>			
Residential	120,224	15	1,803,364
Commercial	101,202	15	1,518,033
Other Public Authority	11,615	15	174,225
Subtotal in Arrears	<u>3,235,168</u>		<u>120,426,033</u>
	<u>5,905,989</u>		<u>(30,916,185)</u>
		Average Days	(5.43)
		Average Days to Pay	30
		Total Average Days	24.57
		Total Days	<u>360</u>
			<u>6.83%</u>

**Aqurion Water Company of New Hampshire**  
**Payroll to Expense Percentage**

Labor Charged to Capital	83,606.55
Labor Charged to General Overhead	21,237.48
Labor Charged to Expense	665,874.48
Total Wages	<u><u>770,718.51</u></u>
Percent of Labor Charged to Expense	86.4%