

1 Lakes Region Water Co., Inc.
 2 POASI Rate Calculation for 2011
 3 Appendix A - Suissevale (POASI) Special Contract
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 5 Information based on LRW NHPUC 12/31/10 Annual Report
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Volume Rate	\$ 10.6656
2010 volume 100/cf	18,366
Projected Volume Billing	\$ 195,883.67
Projected fixed rate # 1	\$ 160.89
Projected fixed rate #2 (CIAC credit)	\$ (40,948.35)
Projected Total Billing	\$ 155,096.22
Projected monthly payment	\$ 12,925.00

[Fixed Rate #1] [Fixed Rate #2]

Section 1	Acct #	Items Includable Vol Basis	Items Includable Cust # Basis	Items POASI Only	Items Non-POASI Only	Total
Utility Plant in Service:						
Organization Costs	157 301	1				
Franchise	157 302	0				
Land - Source	158 303	2				
Structures Source	160 304	2	109,151			109,151
Wells - Source	160 307	2	42,139			42,139
Pumping Equip - Source	160 311	2	150,996			150,996
Misc Equip - Source (Div)	160 339	2	53,136			53,136
Misc Equip - Source (Alloc)	160 339	2	440			440
Misc Equip - Treatment	160 339	2	367			367
Tanks - Distribution	160 330	3	465			465
Mains - Distribution	160 331	4	441,644			441,644
Services - Distribution	160 333	4	493,942			493,942
Meters - Distribution	160 334	4			32,005	32,005
Hydrants - Distribution	160 335	4		3,495	70,029	73,524
Misc Equip - Dist (Div)	160 339	4	9,234			9,234
Misc Equip - Dist (Alloc)	160 339	4	896			896
Land - Office - General	160 303	5	4,202			4,202
Structures - Off. - General	160 304	5		4,714		4,714
Office Equip - General	160 340	5		27,129		27,129
Transportation - General	160 341	5		2,376		2,376
Shop Equip - General	160 343	5	21,286	26,021		47,307
Laboratory - General	160 344	5		20,606		20,606
Comm. Equip - General	160 346	5		550		550
Computer Equip - General	160 347	5				
Misc Equip - Gen (rounding)	160 348	5		15,112		15,112
Total Utility Plant in Service			1,327,898	96,508	102,034	1,529,935
Accumulated Depreciation F-11			(232,972)	(65,386)	596	(352,805)
Contribution in aid of Construction - per LRW Report		[See Note A]	(8,974)		(176,601)	(489,070)
Amortization of Contribution in Aid per LRW Report		[See Note A]	448		17,128	127,219
Net Plant in Rate Base			1,086,400	31,122	(282,276)	815,278
Working Capital						
Part 1						
Materials & Supplies (LRW Annual Return)			9,193			9,193
Prepaid Expenses			25,960			25,960
Prepaid Property Taxes			1,768			1,768
Deferred Taxes Note B			(21,631)	(1,572)	(1,662)	(24,922)
Sub Total Part 1			15,290	(1,572)	(1,662)	11,999
Part 2						
Operating Expenses from LRW F-48 (Note C)						
Cash working capital 75 days / 365 (bills in arrears)			169,408		3,558	172,966
Cash working capital -75 days / 365 (bills in advance)			20.55%		20.55%	20.55%
Total cash working capital			34,813		731	35,545
Total Working Capital			50,103	(1,572)	(931)	47,543
Rate Base			1,136,503	29,550	(282,333)	862,821
Rate of Return		10.00%	10%	10%	10%	10%
Operating Income Requirement			113,650	2,955	(28,233)	86,282
Add income Tax Requirement		22.22%	25,253	657	(6,273)	19,173
Income Requirement			138,903	3,612	(34,506)	105,455

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Acct #	Items Includable Vol Basis	[Fixed Rate #1]		[Fixed Rate #2]		Total	
		Items Includable Cust # Basis	Items POASI Only	Items Non-POASI Only			
76 Section 2							
77 Operating Expenses - Schedule F-48)							
78 Source of Supply							
79 Pumping	3,466	-	-	-	-	3,466	
80 Water Treatment	15,983	-	-	-	-	15,983	
81 Distribution	5,446	-	-	-	-	5,446	
82 Customer Account	40,743	-	-	-	-	40,743	
83 Rate Case Expenses	-	-	-	3,558	-	3,558	
84 Administrative:							
85 Payroll- items not capitalized or allocated to above categories							
86 Superintendent (1)							
87 Field Personnel (3)	11,923					11,923	
88 Office (.5) (note D)	14,160					14,160	
89 Office (1.5)	4,539					4,539	
90 Outside Professional Services			10,758			10,758	
91 Property Insurance (note E)			20,436			20,436	
92 Group Insurance (note F)	7,785	9,366	681	25	720	10,791	
93 Payroll Allocation							
94 Source (manual input)	2,244	3.64%					
95 Treatment (manual input)	2,313	3.75%	283			283	
96 Distribution (manual input)	5,877	9.53%	292			292	
97 Customer (manual input)	2,482	4.02%	742			742	
98 Admin - Superintendent	11,923	19.33%			313	313	
99 Admin - Field	14,160	22.96%	1,505			1,505	
100 Admin - Office (note D)	11,923	19.33%	1,787			1,787	
101 Admin - Office	10,758	17.44%	1,505			1,505	
102 Total Payroll	61,680	100.00%	1,358			1,358	
103 Regulatory Expenses							
104 Retirement			693			693	
105 Materials			12,116			12,116	
106 Equipment Leases			146			146	
107 Contracted Services			-			-	
108 Heat/Elec Office			465			465	
109 Memberships			840			840	
110 Telephone			-			-	
111 Office Expense			2,410			2,410	
112 Dig Safe			5,525			5,525	
113 Bank Exp			37			37	
114 Meals			775			775	
115 Operating Permits			71			71	
116			300			300	
117 Administrative & General							
118 Total F-48 Expenses			47,095	55,618	25	1,033	103,770
119			112,733	55,618	25	4,591	172,966
120 Depreciation Expense - LRW Schedule F-12)							
121 Amortization of Contr. In Aid of Constr.LRW			28,950	8,656	175	3,251	41,032
122			-	-	(6,642)	(3,784)	(10,426)
123 Payroll Taxes: 4,998							
124 Payroll Allocation							
125 Source	2244	3.64%					
126 Treatment	2313	3.75%	182			182	
127 Distribution	5877	9.53%	187			187	
128 Customer	2482	4.02%	476			476	
129 Admin - Superintendent	11923	19.33%			201	201	
130 Admin - Field	14160	22.96%	966			966	
131 Admin - Office (note D)	11923	19.33%	1,147			1,147	
132 Admin - Office	10758	17.44%	966			966	
133 Total Payroll	61680	100.00%	872			872	
134							
135 Property Taxes			6,520			6,520	
136							
137							
138							
139 Total Gross Operating Expenses			152,128	65,145	(6,442)	4,259	215,090
140							

1	Lakes Region Water Co., Inc.	Volume Rate	\$	10.6656	
2	POASI Rate Calculation for 2011	2010 volume 100/cf		18,366	
3	Appendix A - Suissevale (POASI) Special Contract	Projected Volume Billing		\$ 195,883.67	
4		Projected fixed rate # 1		\$ 160.89	
5	Information based on LRW NHPUC 12/31/10 Annual Report	Projected fixed rate #2 (CIAC credit)		\$ (40,948.35)	
6		Projected Total Billing		\$ 155,096.22	
7		Projected monthly payment		\$ 12,925.00	
8					
9					
10		[Fixed Rate #1]	[Fixed Rate #2]		
11		Items	Items	Items	Items
12	Acct #	Includable	Includable	POASI	Non-POASI
13		Vol Basis	Cust # Basis	Only	Only
14					Total
141	Section 3				
142	Less Non water usage income:				
143	Rate Case Surcharge				
144	Disconnect /Reconnects				-
145	House Transfers				3,420
146	Payment Pickups				895
147	Meter Maintenance				20
148	Maintenance on Customer Property				112
149	Bad Check Charges				231
150	Outside Contractor - work				40
151	Rental Income - Office		6,764		6,764
152	Rental Income - Equipment		142		142
153	Rate Case Recovery		69		69
154	Total non-water usage income				-
155			6,975		4,718
156	Section 4				
157	Required to be raised by water rates:				
158	Income Requirement	138,903	3,612	(34,506)	(2,554)
159	Gross Operating Expenses	152,128	65,145	(6,442)	4,259
160	Less - Non-water usage income		(6,975)		(4,718)
161					(11,693)
162	To Be Raised by Water Rates				
163		291,031	61,782	(40,948)	(3,013)
164	Section 5				
165	Summary :				
166	Net Plant in Rate Base	1,086,400	31,122	(282,276)	n/a
167	Working Capital Requirement	50,103	(1,572)	(57)	n/a
168	Rate Base	1,136,503	29,550	(282,333)	n/a
169	Rate of Return	10.00%	10.00%	10.00%	n/a
170	Operating Income Requirement	113,650	2,955	(28,233)	n/a
171	Income Tax Requirement	25,253	657	(6,273)	n/a
172	Total Income Requirement	138,903	3,612	(34,506)	n/a
173					108,009
174	Add: Gross Operating Expenses	152,128	65,145	(6,442)	n/a
175	Less: Non Water Usage Income		(6,975)		n/a
176					210,831
177	Net to be Raised by Water Usage Rates	\$ 291,031	\$ 61,782	\$ (40,948)	n/a
178	(for this POASI supply agreement only)				311,865
179					
180	Billable Volume in 100cf & # of Customers	Volume 100/cf	Fixed Rate (1)	Fixed Rate (2)	
181	Suissevale	67.31%	18,366	1	1
182	All other Paradise Shores Customers	32.69%	8,921	383	-
183	Total Volume	100.00%	27,287	384	1
184					
185	Rate per 100 cf or fixed rate per customer (all customers)	\$ 10.66556	\$ 160.89	\$ (40,948.35)	
186					
187					
188					
189					
190	Calculated amount to be raised in dollars:	Volume	Fixed Rate (1)	Fixed Rate (2)	
191	Suissevale	\$ 195,884	\$ 161		\$ 196,045
192	All other Paradise Shores Customers	\$ 95,147	\$ 61,621	\$ (40,948)	\$ 115,820
193	Total	\$ 291,031	\$ 61,782	\$ (40,948)	\$ 311,865
194					
195					

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248 Statistical Information required for above Allocations:

Customers:			
Div (02) Paradise Shores (including POASI as 1 customer)	384	%	23.62%
All Divisions	1626		

Volume in 100 Cubic Feet: (2010)			
	Total Division	POASI Only	
Qtr 1	4,827	3,141	
Qtr 2	5,860	3,918	
Qtr 3	11,416	7,775	
Qtr 4	5,184	3,532	
Total Year	27287	18366	

Percentage -- POASI divided by Total Division	67.31%
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265 **NOTES**

266 **Note A:**

267 Contribution in Aid of Construction consists POASI contributions of \$210,000 for tank \$90,000 for mains and \$3,495 for meter.
 268 Contributions from non POASI customers are \$176,604 for mains and \$8,974 for hydrants
 269

270 **Note B:**

271 Deferred Taxes: The total Lakes Region deferred tax amount is 1st allocated to Div 02 based on Customers then
 272 Deferred Taxes is allocated between the 4 columns based on each column's total utility plant in service to the total
 273 (ex: LRW total (105510 X Cust % 23.53= (24827) || POASI = 3435 / 677537 = .00507 X (24827) = (128)
 274

275 **Note C:**

276 Operating expenses used for the working capital calculation come from the supplemental schedule to the PUC f-48 Report.
 277 Total operating expenses for Div 02 are being used. For calculation simplicity the amount is only split between 2 columns.
 278 The div total expenses for customer account expenses is shown in the non-POASI customer column and the balance
 279 is shown in the volume base column
 280

281 **Note D:**

282 1/2 of Taryn Zambouras salary is to be considered as volume base
 283 Salary \$38,440 * Div 02 % for distribution (23.62%) * 50% = \$4,539
 284 The balance of office personnel that is allocated to Div 02 is Cust# Basis
 285

286 **Note E:**

287 Casualty Insurance is allocated to columns based on the percentage derived from the Utility Plant in Service for each to total.
 288 Example - Volume base = 1,327,898 div 1,529,935 times ins exp 10,791 equals 9,366
 289

290 **Note F:**

291 Group Insurance allocation is based on the payroll throughout the F-48 operating expenses.
 292 The amounts are listed in the description column in order to arrive at an allocation % of each payroll item to the total payroll.
 293 The distribution of the insurance is then calculated by multiplying the group ins amt by the percent shown.
 294
 295