

PENNICHUCK ELECTRIC UTILITY, INC.
COMPUTATION OF REVENUE DEFICIENCY
CONSOLIDATED

For The Twelve Months Ended
 December 31, 2004

| | | PRO FORMA ADJUSTMENTS | PRO FORMA TEST YEAR |
|---------------------------------------|---------------|--------------------------|------------------------|
| Consolidated Rate Base (Sch 3) | \$ 10,371,691 | \$ (20,720) | \$ 10,350,971 |
| RATE of Return | 8.30% | | 7.86% |
| Income Required | \$ 860,850 | \$ | \$ 813,586 |
| Adjusted Net Operating Income (Sch 1) | \$ 399,995 | \$ (56,864) | \$ 343,132 |
| Deficiency | \$ 460,855 | \$ | \$ 470,455 |
| Tax Factor | 60.39% | | 60.39% |
| Revenue Deficiency | \$ 763,131 | \$ | \$ 779,027 |
| Water Revenues | \$ 3,116,056 | \$ | \$ 3,116,056 |
| Proposed Revenue Inc | 24.49% | | 24.99% |

PENNICHUCK EAST UTILITY, INC.
OPERATING INCOME STATEMENT
CONSOLIDATED
For The Twelve Months Ended
December 31, 2004

Schedule 1

| | TWELVE MONTHS 12/31/04 | PRO FORMA ADJUSTMENTS | PRO FORMA 12 MONTHS 12/31/04 | TWELVE MONTHS 12/31/03 | TWELVE MONTHS 12/31/02 |
|--|------------------------|-----------------------|------------------------------|------------------------|------------------------|
| <u>OPERATING REVENUES</u> | | | | | |
| Water | 3,116,056 | - | 3,116,056 | 2,946,795 | 3,068,119 |
| Other | 19,792 | - | 19,792 | 32,395 | 29,460 |
| Total Operating Revenues | 3,135,848 | - | 3,135,848 | 2,979,190 | 3,097,579 |
| <u>OPERATING EXPENSES</u> | | | | | |
| O & M Expenses: | | | | | |
| Production | 786,303 | 16,021 | 802,324 | 637,408 | 590,248 |
| Transmission & Distribution | 222,494 | - | 222,494 | 315,349 | 187,707 |
| Customer Accounting | 82,705 | - | 82,705 | 88,230 | 94,416 |
| Administrative & General | 914,350 | - | 914,350 | 675,667 | 692,291 |
| Total O & M Expenses | 2,005,852 | 16,021 | 2,021,873 | 1,716,654 | 1,564,662 |
| Property Taxes | 297,705 | 55,445 | 353,150 | 346,742 | 334,942 |
| Other Taxes | - | - | - | - | 400 |
| Gain from Forgiveness SRF Debt | (479) | - | (479) | - | - |
| Depreciation | 578,899 | 22,695 | 601,594 | 520,526 | 470,474 |
| Amortization of Acquisition Adjustment | (200,445) | - | (200,445) | (191,412) | (195,996) |
| Amortization Expense | 62,852 | - | 62,852 | 60,005 | 63,114 |
| Amortization Expense - CIAC | (70,596) | - | (70,596) | (58,219) | (46,692) |
| Total Operating Expenses | 2,673,788 | 94,161 | 2,767,949 | 2,394,296 | 2,190,904 |
| Net Operating Income Before Income Tax | 462,060 | (94,161) | 367,900 | 584,894 | 906,675 |
| Income Taxes: | | | | | |
| NHBP Taxes | 13,319 | (8,004) | 5,315 | 22,023 | 1,813 |
| Federal Income Taxes-Current | 48,746 | (29,293) | 19,453 | 80,605 | 247,413 |
| Federal Income Taxes-Deferred | - | - | - | - | - |
| Provision for ITC | - | - | - | - | - |
| Total Income Taxes | 62,065 | (37,297) | 24,768 | 102,628 | 249,226 |
| NET OPERATING INCOME | 399,995 | (56,864) | 343,132 | 482,266 | 657,449 |

PENNICHUCK EAST UTILITY, INC.
PROPERTY TAXES
CONSOLIDATED
For The Twelve Months Ended
December 31, 2004

| TOWN | RATE GROUP | TAX YEAR | TEST YEAR | TAX RATE 2004 | TOTAL BILL FOR TAX YEAR 2004 | 1/2 OF DECEMBER 2004 TAX BILL WHICH RELATES TO FIRST QUARTER 2004 | | 1/2 OF DECEMBER 2004 TAX BILL WHICH RELATES TO FOURTH QUARTER 2004 | | PRO FORMA PROPERTY TAX ADJUSTMENTS | PRO FORMA PROPERTY TAX ADJUSTMENT |
|-----------------------|------------|------------------------|------------------------|------------------|------------------------------------|---|------------|--|-----------|--|---|
| | | | | | | AMOUNT PAID JUNE 2004 TAX BILL | 1,165 \$ | 2,294 \$ | 1,566 \$ | | |
| RAYMOND | | 04/01/04 - 03/31/05 | 01/01/04 - 12/31/04 | \$27.21/1,000 | \$ 5,425 | \$ 1,165 | \$ 2,294 | \$ 1,566 | \$ 401 | \$ - | \$ 401 |
| Utility Easement | Customer | | | | \$ 1,219 | \$ 312 | \$ 554 | \$ 333 | | | |
| Green Road | GM-A | | | | \$ 153 | \$ 40 | \$ 69 | \$ 42 | | | |
| Water Plant Equipment | Customer | | | | \$ 11,480 | \$ 1,891 | \$ 5,219 | \$ 3,131 | | | |
| Utility Easement | Customer | | | | \$ 166 | \$ 43 | \$ 76 | \$ 45 | | | |
| Utility Land Easement | Customer | | | | \$ 79 | \$ 20 | \$ 35 | \$ 22 | | | |
| | | | | | \$ 13,097 | \$ 2,305 | \$ 5,953 | \$ 3,572 | \$ 1,267 | \$ - | \$ 1,267 |
| SANDOWN | | 04/01/04 - 03/31/05 | 01/01/04 - 12/31/04 | \$19.73/1,000 | \$ 448 | \$ 225 | \$ 438 | \$ 5 | \$ (220) | \$ - | \$ (220) |
| Bldgs 4 Sweetfern Rd | GM-B | | | | | | | | | | |
| WINDHAM | | 04/01/04 - 03/31/05 | 01/01/04 - 12/31/04 | \$15.01/1,000 | \$ 20,339 | \$ 5,788 | \$ 10,163 | \$ 5,088 | \$ (700) | \$ - | \$ (700) |
| 5647-1452 | Customer | | | | | | | | | | |
| STATE OF NH | Plant | 01/01/04 - 12/31/04 | 01/01/04 - 12/31/04 | \$6.60/1,000 | 47,155 | | | 47,155 | | | |
| | | | | | \$ 313,768 | \$ 58,559 | \$ 118,571 | \$ 121,471 | \$ 15,168 | \$ 540 | \$ 15,708 |

Town of Hooksett adjustment: June 2003 property tax payment created an overpayment on the water lines billing, bill #7829-846. Therefore, the Total Tax for the 2003 tax year of 4/1/03 - 3/31/04 was \$2,161.00. Therefore: \$2,161/12 = \$180. \$180 x 3 = \$540.

Pennichuck East Utility, Inc.
 Taxable Assets
 Summary

| TOWN | RATE GROUP GM-A | RATE GROUP GM-B | RATE GROUP GM-L | CONSOLIDATED |
|-------------|-----------------------|-----------------------|-----------------------|------------------|
| Derry | 72.00 | | | 72.00 |
| Hooksett | 1.00 | | | 1.00 |
| Litchfield | | | 9,253.00 | 9,253.00 |
| Londonderry | 1,080.00 | 3,792.00 | | 4,872.00 |
| Pelham | | 2,119.00 | | 2,119.00 |
| Raymond | 14,331.00 | | | 14,331.00 |
| Sandown | | 1.00 | | 1.00 |
| Windham | 6,065.00 | 3,023.00 | | 9,088.00 |
| | 21,549.00 | 8,935.00 | 9,253.00 | 39,737.00 |

Pennichuck East Utility, Inc.
 Taxable Assets
 Rate Group GM-A
 Derry

Schedule 1A
 Attachment A
 Derry
 1 of 1

| ACCOUNT NUMBER | DESCRIPTION | RATE GROUP | SYSTEM | NEW QUANTITY | RENEWED QUANTITY | WORKORDER NUMBER | ASSET NUMBER | YTD Total |
|----------------|---------------------------------------|------------|-------------|--------------|------------------|------------------|--------------|-----------------|
| 7311-200-001 | Maples Hills Booster Pump Replacement | GM-A | Maple Hills | | | 0402068-01 | 70000-02525 | 1,754.50 |
| 7334-000-001 | 2" Meters | GM-A | Maple Hills | 1 | | | 70000-02554 | 440.85 |
| 7334-000-001 | 5/8" Meters | GM-A | Maple Hills | 3 | | | 70000-02537 | 379.64 |
| 7334-000-001 | Chamber Comps | GM-A | Maple Hills | | | | 70000-02570 | 432.42 |
| | TOTAL COSTS | | | | | | | 3,007.41 |

Tax Rate: 23.94

Total Property Taxes:

72.00

Pennichuck East Utility, Inc.
 Taxable Assets
 Rate Group GM-A
 Hooksett

Schedule 1A
 Attachment A
 Hooksett
 1 of 1

| ACCOUNT NUMBER | DESCRIPTION | RATE GROUP | SYSTEM | NEW QUANTITY | RENEWED QUANTITY | WORKORDER NUMBER | ASSET NUMBER | YTD Total |
|--------------------|---------------------|------------|--------|--------------|------------------|------------------|--------------|--------------|
| 7333-004-001 | Pavements: Services | GM-A | WESCO | | | | 70000-02543 | 46.00 |
| TOTAL COSTS | | | | | | | | <u>46.00</u> |
| | | | | | | | | <u>46.00</u> |

Tax Rate: 18.49

Total Property Taxes: 1.00

Pennichuck East Utility, Inc.
 Taxable Assets
 Rate Group GM-L
 Litchfield

Schedule 1A
 Attachment A
 Litchfield
 1 of 1

| ACCOUNT NUMBER | DESCRIPTION | RATE GROUP | SYSTEM | NEW QUANTITY | RENEWED QUANTITY | WORKORDER NUMBER | ASSET NUMBER | YTD Total |
|--------------------|--|------------|------------|--------------|------------------|------------------|--------------|-------------------|
| 7304-550-001 | Litchfield Storage Tank | GM-L | Litchfield | | | 0401303-01 | 70000-02573 | 26,088.60 |
| 7331-200-001 | Litchfield Storage Tank | GM-L | Litchfield | | | 0401303-01 | 70000-02530 | 8,548.95 |
| 7331-200-001 | Main Extension at Charles Bancroft Highway | GM-L | Litchfield | | | 0407829-01 | 70000-02602 | 39.32 |
| 7331-200-001 | Main Extension at Tanger Way | GM-L | Litchfield | | | 0407990-01 | 70000-02603 | 256.49 |
| 7331-200-001 | Moose Hollow Main Prep Work | GM-L | Litchfield | | | | 70000-02542 | 1,673.94 |
| 7331-300-001 | 12" Dev. Installed Mains | GM-L | Litchfield | 2350' | | | 70000-02591 | 120,249.50 |
| 7331-300-001 | 6" Dev. Installed Mains | GM-L | Litchfield | 991' | | | 70000-02615 | 38,589.54 |
| 7331-300-001 | 8" Dev. Installed Mains | GM-L | Litchfield | 5066' | | | 70000-02582 | 175,840.86 |
| 7333-004-001 | Pavements: Services | GM-L | Litchfield | | | | 70000-02571 | 467.10 |
| 7333-100-001 | 1" CT Service | GM-L | Litchfield | 3 | | | 70000-02541 | 4,875.21 |
| 7333-230-001 | 1 1/2" Developer Installed Services | GM-L | Litchfield | | | | 70000-02592 | 1,119.21 |
| 7333-230-001 | 1" Developer Installed Service | GM-L | Litchfield | 9 | | | 70000-02490 | 8,789.73 |
| 7333-250-001 | 1 1/2" Developer Installed Services | GM-L | Litchfield | | | | 70000-02593 | 1,135.24 |
| 7333-250-001 | 1" Developer Installed Service | GM-L | Litchfield | 57 | | | 70000-02494 | 21,109.02 |
| 7334-000-001 | 1" Meters | GM-L | Litchfield | 2 | | | 70000-02536 | 410.04 |
| 7334-000-001 | 3" Meters | GM-L | Litchfield | | 1 | | 70000-02605 | 1,956.29 |
| 7334-000-001 | 5/8" Meters | GM-L | Litchfield | 55 | 23 | | 70000-02500 | 10,975.71 |
| 7334-000-001 | Chamber Comps | GM-L | Litchfield | | | | 70000-02549 | 116.30 |
| 7335-100-001 | Dev. Installed Hydrants | GM-L | Litchfield | 10 | | | 70000-02589 | 37,173.70 |
| TOTAL COSTS | | | | | | | | 459,414.75 |

Tax Rate: 20.14

Total Property Taxes:

9,253.00

Pennichuck East Utility, Inc.
Taxable Assets
Rate Group GM-A and GM-B
Londonderry

Schedule 1A
Attachment A
Londonderry
1 of 2

| ACCOUNT NUMBER | DESCRIPTION | RATE GROUP | SYSTEM | NEW QUANTITY | RENEWED QUANTITY | WORKORDER NUMBER | ASSET NUMBER | YTD Total |
|----------------|---|------------|-------------|--------------|------------------|--------------------|--------------|-------------------|
| 7333-250-001 | 1" Developer Installed Service | GM-A/GM-B | Londonderry | 11 | | | 70000-02495 | 6,789.56 |
| 7334-000-001 | 5/8" Meters | GM-A/GM-B | Londonderry | 33 | 12 | | 70000-02499 | 6,518.17 |
| 7334-000-001 | Chamber Comps | GM-A/GM-B | Londonderry | | | | 70000-02507 | 424.54 |
| 7334-000-001 | 1 1/2" Meters | GM-A/GM-B | Londonderry | | 1 | | 70000-02523 | 410.03 |
| 7334-000-001 | 3" Meters | GM-A/GM-B | Londonderry | | 2 | | 70000-02524 | 1,820.66 |
| 7304-100-001 | Conduit Relocation for South Road Genset Installation | GM-A/GM-B | Londonderry | | | | 70000-02535 | 1,325.73 |
| 7333-230-001 | 1" Developer Installed Service | GM-A/GM-B | Londonderry | 13 | | | 70000-02544 | 12,176.05 |
| 7333-230-001 | 6" Developer Installed Service | GM-A/GM-B | Londonderry | 3 | | | 70000-02545 | 16,095.30 |
| 7333-230-001 | 12" Developer Installed Service | GM-A/GM-B | Londonderry | 1 | | | 70000-02546 | 8,276.76 |
| 7333-100-001 | 1" CT Service | GM-A/GM-B | Londonderry | 3 | | | 70000-02557 | 14,796.36 |
| 7334-000-001 | 2" Meters | GM-A/GM-B | Londonderry | 2 | | | 70000-02563 | 314.51 |
| 7334-000-001 | Fire Service | GM-A/GM-B | Londonderry | 1 | | | 70000-02564 | 19.99 |
| 7333-230-001 | 1 1/2" Developer installed Service | GM-A/GM-B | Londonderry | 2 | | | 70000-02567 | 2,698.93 |
| 7333-230-001 | 2" Developer Installed Service | GM-A/GM-B | Londonderry | 3 | | | 70000-02568 | 3,931.93 |
| 7333-004-001 | Pavements: Services | GM-A/GM-B | Londonderry | | | | 70000-02572 | 273.73 |
| 7331-300-001 | 6" Dev. Installed Mains | GM-A/GM-B | Londonderry | 715' | | | 70000-02580 | 27,842.10 |
| 7331-300-001 | 8" Dev. Installed Mains | GM-A/GM-B | Londonderry | 2195' | | | 70000-02581 | 76,188.45 |
| 7331-300-001 | 12" Dev. Installed Mains | GM-A/GM-B | Londonderry | 554' | | | 70000-02583 | 28,348.18 |
| 7334-000-001 | 3/4" Meters | GM-A/GM-B | Londonderry | | 1 | | 70000-02584 | 165.02 |
| 7335-100-000 | Dev. Installed Hydrants | GM-A/GM-B | Londonderry | 5 | | | 70000-02588 | 18,586.85 |
| 7331-250-001 | Distribution Mains: Gates | GM-A/GM-B | Londonderry | | | | 70000-02590 | 11,126.49 |
| 7331-200-001 | Main Extension at Mercury Dr. | GM-A/GM-B | Londonderry | | | 0403019-01 | 70000-02604 | 369.12 |
| 7335-100-001 | Dev. Installed Hydrant Investments | GM-A/GM-B | Londonderry | | 1 | | 70000-02608 | 194.40 |
| | | | | | | TOTAL COSTS | | 238,692.86 |
| | | | | | | GM-A (22%) | | 52,512.00 |
| | | | | | | GM-B (78%) | | 186,181.00 |
| | | | | | | | | 238,693.00 |

| | | | | | | | | |
|--------------|------------------------------------|------|------------|---|--|------------|-------------|----------|
| 7333-230-001 | 1" Developer Installed Services | GM-A | R&B | 2 | | | 70000-02529 | 2,047.86 |
| 7334-000-001 | 5/8" Meters | GM-A | Avery | 2 | | | 70000-02531 | 282.68 |
| 7304-550-001 | Coteville Pump Station Landscaping | GM-A | Springwood | | | 0302566-01 | 70000-02556 | 2,346.08 |

Pennichuck East Utility, Inc.
 Taxable Assets
 Rate Group GM-A and GM-B
 Londonderry

Schedule 1A
 Attachment A
 Londonderry
 2 of 2

| ACCOUNT NUMBER | DESCRIPTION | RATE GROUP | SYSTEM | NEW QUANTITY | RENEWED QUANTITY | WORKORDER NUMBER | ASSET NUMBER | YTD Total |
|----------------|--|------------|------------|--------------|------------------|------------------|--------------|-----------|
| 7334-000-001 | 5/8" Meters | GM-A | R&B | 1 | | | 70000-02565 | 134.73 |
| 7333-250-001 | * Developer Installed Services | GM-A | R&B | | | | 70000-02594 | 1,135.24 |
| 7334-000-001 | 5/8" Meters | GM-A | Springwood | 1 | | | 70000-02606 | 134.73 |
| 7335-100-001 | Dev. Installed Hydrant Investments Londonderry Assets | GM-A | R&B | 3 | | | 70000-02607 | 582.00 |
| | | | | | | | | 52,512.00 |
| | | | | | | | | 59,175.32 |

Tax Rate: 18.25

Total Property Taxes for Rate Group GM-A: 1,080.00

| | | | | | | | | |
|--------------|-------------------------------------|------|---------------------|------|---|--|-------------|----------|
| 7333-230-001 | 2" Developer Installed Service | GM-B | Ministerial Heights | 2 | | | 70000-02492 | 3,249.86 |
| 7334-000-001 | 5/8" Meters | GM-B | Nesenkeag | | 2 | | 70000-02498 | 257.06 |
| 7334-000-001 | 5/8" Meters | GM-B | Ministerial Heights | 3 | | | 70000-02504 | 603.51 |
| 7334-000-001 | 5/8" Meters | GM-B | Brook Park | 11 | 6 | | 70000-02505 | 2,315.51 |
| 7334-000-001 | Chamber Comps | GM-B | Brook Park | | | | 70000-02506 | 399.21 |
| 7331-300-001 | 8" Dev. Installed Mains | GM-B | Ministerial Heights | 156' | | | 70000-02514 | 5,414.76 |
| 7333-230-001 | 1" Developer Installed Services | GM-B | Brook Park | 1 | | | 70000-02515 | 1,023.93 |
| 7333-250-001 | 1" Developer Installed Services | GM-B | Ministerial Heights | 4 | | | 70000-02519 | 1,946.08 |
| 7333-250-001 | 1 1/2" Developer Installed Services | GM-B | Ministerial Heights | 1 | | | 70000-02520 | 691.84 |
| 7333-250-001 | 1" Developer Installed Services | GM-B | Brook Park | 8 | | | 70000-02521 | 5,534.72 |
| 7334-000-001 | Chamber Comps | GM-B | Brook Park | | | | 70000-02540 | 155.93 |

TOTAL COSTS

Londonderry Assets - See breakout above - Rate Group GM-B is 78% of Total

Tax Rate: 18.25

Total Property Taxes for Rate Group GM-B: 3,792.00

Total Property Taxes for Consolidated: 4,872.00

186,181.00

207,773.41

Pennichuck East Utility, Inc.
 Taxable Assets
 Rate Group GM-B
 Pelham

Schedule 1A
 Attachment A
 Pelham
 1 of 1

| ACCOUNT NUMBER | DESCRIPTION | RATE GROUP | SYSTEM | NEW QUANTITY | RENEWED QUANTITY | WORKORDER NUMBER | ASSET NUMBER | YTD Total |
|--------------------|---|------------|--------------|--------------|------------------|------------------|--------------|------------------|
| 7303-250-001 | Gage Hill Easements - Well Head Protection & Access | GM-B | Gage Hill | | | | 70000-02558 | 366.37 |
| 7331-300-001 | 12" Dev. Installed Mains | GM-B | Williamsburg | 897 | | | 70000-02614 | 45,899.49 |
| 7333-004-001 | Pavements: Services | GM-B | Williamsburg | | | | 70000-02575 | 169.83 |
| 7333-100-001 | 1" CT Service | GM-B | Williamsburg | 2 | | | 70000-02569 | 2,915.68 |
| 7333-230-001 | 1" Developer Installed Services | GM-B | Williamsburg | 3 | | | 70000-02516 | 3,953.84 |
| 7333-250-001 | 1 1/2" Developer Installed Service | GM-B | Williamsburg | 9 | | | 70000-02496 | 4,985.96 |
| 7333-250-001 | 1" Developer Installed Services | GM-B | Williamsburg | 7 | | | 70000-02518 | 3,833.34 |
| 7334-000-001 | 4" Meters | GM-B | Williamsburg | 1 | | | 70000-02586 | 1,877.79 |
| 7334-000-001 | 5/8" Meters | GM-B | Williamsburg | 23 | 3 | | 70000-02502 | 3,483.61 |
| 7335-100-001 | Dev. Installed Hydrants | GM-B | Williamsburg | 5 | | | 70000-02576 | 18,586.85 |
| TOTAL COSTS | | | | | | | | <u>86,072.76</u> |

Tax Rate: 24.62

Total Property Taxes: 2,119.00

Pennichuck East Utility, Inc.
 Taxable Assets
 Rate Group GM-A
 Raymond

Schedule 1A
 Attachment A
 Raymond
 1 of 1

| ACCOUNT NUMBER | DESCRIPTION | RATE GROUP | SYSTEM | NEW QUANTITY | RENEWED QUANTITY | WORKORDER NUMBER | ASSET NUMBER | YTD Total |
|----------------|--|------------|-------------|---------------|------------------|--------------------|--------------|-------------------|
| 7331-002-001 | Green Hill Water Main Replacement - Paving | GM-A | Green Hills | | | 0400420-01 | 70000-02578 | 2,808.61 |
| 7331-200-001 | Green Hills Water Main Replacement | GM-A | Green Hills | | | 0400420-01 | 70000-02513 | 338,603.01 |
| 7333-200-001 | 1" CT Service | GM-A | Green Hills | 1 | 1 | | 70000-02489 | 2,200.00 |
| 7333-200-001 | 3/4" CT Service | GM-A | Green Hills | 150 | 150 | | 70000-02488 | 123,750.00 |
| 7334-000-001 | 5/8" Meters | GM-A | Green Hills | 7 | 7 | | 70000-02501 | 998.71 |
| 7334-000-001 | 5/8" Meters | GM-A | Green Hills | 2 | 2 | | 70000-02510 | 450.98 |
| 7334-000-001 | Chamber Comps | GM-A | Green Hills | | | | 70000-02509 | 560.68 |
| 7334-000-001 | Chamber Comps | GM-A | Green Hills | | | | 70000-02539 | 297.72 |
| 7334-000-001 | Green Hills Firefly Project | GM-A | Green Hills | 103-M, 103-FF | | 0402085-01 | 70000-02522 | 18,949.69 |
| 7335-100-000 | Dev. Installed Hydrants | GM-A | Green Hills | 11 | | | 70000-02508 | 38,060.00 |
| | | | | | | TOTAL COSTS | | 526,679.40 |

Tax Rate: 27.21

Total Property Taxes:

14,331.00

Pennichuck East Utility, Inc.
 Taxable Assets
 Rate Group GM-B
 Sandown

Schedule 1A
 Attachment A
 Sandown
 1 of 1

| ACCOUNT NUMBER | DESCRIPTION | RATE GROUP | SYSTEM | NEW QUANTITY | RENEWED QUANTITY | WORKORDER NUMBER | ASSET NUMBER | YTD Total |
|--------------------|---------------|------------|---------------|--------------|------------------|------------------|--------------|--------------|
| 7334-000-001 | Chamber Comps | GM-B | Beaver Hollow | | | | 70000-02587 | 66.57 |
| TOTAL COSTS | | | | | | | | <u>66.57</u> |

Tax Rate: 19.73

Total Property Taxes:

1.00

Pennichuck East Utility, Inc.
Taxable Assets
Rate Group GM-A and GM-B
Windham

Schedule 1A
Attachment A
Windham
1 of 2

| ACCOUNT NUMBER | DESCRIPTION | RATE GROUP | SYSTEM | NEW QUANTITY | RENEWED QUANTITY | WORKORDER NUMBER | ASSET NUMBER | YTD Total |
|----------------|---|------------|-------------------|--------------|------------------|------------------|--------------|------------|
| 7333-004-001 | Pavements: Services | GM-A | Oakwood | | | 0300266-01 | 70000-02487 | 3,900.00 |
| 7333-230-001 | 1" Developer Installed Service | GM-A | Lampighter | 2 | | | 70000-02491 | 1,905.98 |
| 7333-230-001 | 1 1/2" Developer Installed Service | GM-A | Fletcher's Corner | 1 | | | 70000-02493 | 1,579.72 |
| 7333-250-001 | 1" Developer Installed Services | GM-A | Castle Reach | 29 | | | 70000-02526 | 18,060.62 |
| 7333-250-001 | 1 1/2" Developer Installed Services | GM-A | Castle Reach | 4 | | | 70000-02527 | 2,491.12 |
| 7333-250-001 | 2" Developer Installed Service | GM-A | Castle Reach | 3 | | | 70000-02528 | 1,868.34 |
| 7334-000-001 | 5/8" Meters | GM-A | Fletcher's Corner | 4 | | | 70000-02534 | 706.73 |
| 7334-000-001 | Chamber Comps | GM-A | Hardwood | | | | 70000-02548 | 39.29 |
| 7334-000-001 | 1" Meters | GM-A | Hardwood | | 1 | | 70000-02553 | 185.49 |
| 7334-000-001 | 5/8" Meters | GM-A | Castle Reach | 3 | | | 70000-02555 | 412.53 |
| 7334-000-001 | Chamber Comps | GM-A | Castle Reach | | | | 70000-02560 | 151.50 |
| 7307-100-001 | Hardwood Well Installation | GM-A | Hardwood | | | 0400470-01 | 70000-02595 | 99,895.98 |
| 7307-100-001 | Hardwood Well Installation | GM-A | Hardwood | | | 0306487-01 | 70000-02596 | 21,966.38 |
| 7304-550-001 | Castle Reach Acquisition - Booster Stations | GM-A | Castle Reach | | | | 70000-02597 | 112,500.00 |
| 7307-100-001 | Castle Reach Acquisition - Wells & Springs | GM-A | Castle Reach | | | | 70000-02598 | 45,000.00 |
| 7311-200-001 | Castle Reach Acquisition - Electric Pumping Equipment | GM-A | Castle Reach | | | | 70000-02599 | 35,000.00 |
| 7320-000-001 | Castle Reach Acquisition - Purification Equipment | GM-A | Castle Reach | | | | 70000-02600 | 7,000.00 |
| 7331-300-001 | 4" Dev. Installed Mains | GM-A | Lampighter | 1335' | | | 70000-02613 | 51,424.20 |
| | | | | | | | | 404,087.88 |

Tax Rate: 15.01

Total Property Taxes Rate Group GM-A: 6,065.00

| | | | | | | | | |
|--------------|---------------------------------|------|------------------|-------|---|------------|-------------|------------|
| 7333-250-001 | 2" Developer Installed Service | GM-B | Whispering Winds | 2 | | | 70000-02497 | 1,329.20 |
| 7334-000-001 | 1 1/2" Meters | GM-B | Whispering Winds | 3 | | | 70000-02503 | 1,097.86 |
| 7334-000-001 | Fire Service | GM-B | Whispering Winds | 1 | | | 70000-02511 | 39.56 |
| 7333-250-001 | 1" Developer Installed Services | GM-B | Whispering Winds | 2 | | | 70000-02517 | 1,398.38 |
| 7334-000-001 | 5/8" Meters | GM-B | W&E | 1 | 2 | | 70000-02538 | 438.45 |
| 7333-230-001 | 1" Developer Installed Service | GM-B | Whispering Winds | 1 | | | 70000-02547 | 1,023.93 |
| 7334-000-001 | Chamber Comps | GM-B | Goldenbrook | | | | 70000-02550 | 15.99 |
| 7334-000-001 | 5/8" Meters | GM-B | Goldenbrook | 1 | 2 | | 70000-02551 | 485.07 |
| 7334-000-001 | 1" Meters | GM-B | Whispering Winds | 1 | | | 70000-02552 | 240.62 |
| 7331-300-001 | 8" Dev. Installed Mains | GM-B | Whispering Winds | 4364' | | | 70000-02574 | 151,474.44 |
| 7307-100-001 | W&E Well Pump Replacement | GM-B | W&E | | | 0404572-01 | 70000-02577 | 10,978.30 |

Pennichuck East Utility, Inc.
 Taxable Assets
 Rate Group GM-A and GM-B
 Windham

Schedule 1A
 Attachment A
 Windham
 2 of 2

| ACCOUNT NUMBER | DESCRIPTION | RATE GROUP | SYSTEM | NEW QUANTITY | RENEWED QUANTITY | WORKORDER NUMBER | ASSET NUMBER | YTD Total |
|----------------|---|------------|---------------|--------------|------------------|------------------|--------------|-------------------|
| 7320-000-001 | Softener Media Replacement | GM-B | W&E | | | 0405032-01 | 70000-02579 | 4,400.00 |
| 7304-550-001 | W&E Booster Upgrade | GM-B | W&E | | | 0409797-01 | 70000-02601 | 27,521.48 |
| 7331-200-001 | 3" PRV for Hidden Valley Water Main Project | | Hidden Valley | 2 | | | 70000-02512 | 961.23 |
| | TOTAL COSTS | | | | | | | <u>201,404.51</u> |

Tax Rate: 15.01

Total Property Taxes Rate Group GM-B: 3,023.00

Total Property Taxes Consolidated: 9,088.00

PENNICHUCK EAST UTILITY, INC.
PAYROLL SUMMARY
CONSOLIDATED
For the Twelve Months Ended
December 31, 2004

| | Twelve Months Ending 12/31/04 | Normalize | Proforma | Total Proforma for Payroll | Total Performed Twelve Months 12/31/04 |
|-----------------------------|-------------------------------|--|---|----------------------------|--|
| | | Union Pro Forma Jan 1, 2004 Feb 15, 2004 | Union Pro Forma Feb 13, 2005 - Dec 31, 2005 | | |
| Operations & Maintenance | | | | | |
| Production Salaried | \$ - | - | - | \$ - | - |
| Production Union | 81,878 | - | - | \$ - | 81,878 |
| Distribution/Meter Salaried | - | - | - | \$ - | - |
| Engineering Salaried | - | - | - | \$ - | - |
| Distribution/Meter Union | 193,820 | - | - | \$ - | 193,820 |
| Admin & General Salaried | - | - | - | \$ - | - |
| Construction | | | | | |
| Production | - | - | - | \$ - | - |
| Distribution | 9,743 | - | - | \$ - | 9,743 |
| Other Accounts: | | | | | |
| Other Labor * | - | - | - | \$ - | - |
| Management Fee Allocation | | | | | |
| Total | \$ 285,441 | \$ - | \$ - | \$ - | \$ 285,441 |

**Pennichuck East Utility
PEU Purchased Water Proforma
27-Apr-05**

| Water System | Rate Group | 2004 - Actual Billings | | 2005 MWW Charges | | | 2005 Proforma | | | Increased Cost over Test Year |
|------------------------|------------|------------------------|--------------------|----------------------|---------------------------|---------------------|-------------------|---------------------|---------------|-------------------------------|
| | | Total Water Charges | Total Volume (CCF) | Monthly Meter Charge | Volumetric Charge per CCF | Annual Meter Charge | Volumetric Charge | Total Water Charges | | |
| Springwood | GM-A | \$ 12,671.34 | 11,839 | \$ 57.34 | \$ 1.145 | \$ 688.08 | \$ 13,555.66 | \$ 14,243.74 | \$ 1,572.40 | |
| Smythe Woods | GM-B | \$ 6,104.48 | 7,280 | \$ 40.32 | \$ 0.876 | \$ 483.84 | \$ 6,377.28 | \$ 6,861.12 | \$ 756.64 | |
| Brook Park | GM-B | \$ 38,795.72 | 37,030 | \$ 95.33 | \$ 1.145 | \$ 1,143.96 | \$ 42,399.35 | \$ 43,543.31 | \$ 4,747.59 | |
| Cohas | GM-B | \$ 153,888.12 | 149,900 | \$ 95.33 | \$ 1.145 | \$ 1,143.96 | \$ 171,635.50 | \$ 172,779.46 | \$ 18,891.34 | |
| Subtotal | | \$ 211,459.66 | 206,049 | | | \$ 3,459.84 | \$ 233,967.79 | \$ 237,427.63 | \$ 25,967.97 | |
| Green Hills | GM-A | \$ 61,947.44 | 21,812 | | | | \$ 52,000.00 | \$ 52,000.00 | \$ (9,947.44) | |
| Consolidated | | \$ 273,407.10 | 227,861 | | | \$ 3,459.84 | \$ 181,967.79 | \$ 185,427.63 | \$ 16,020.53 | |
| TOTAL PROFORMA: | | | | | | | | | | |
| | | | | \$ (8,375.00) | | | | | | |
| | | | | \$ 24,396.00 | | | | | | |
| | | | | \$ 16,021.00 | | | | | | |

PENNICHUCK EAST UTILITY, INC.
INCOME TAXES
CONSOLIDATED
For the Twelve Months Ended December 31, 2004

Schedule 1D

INCOME TAXES

A. To reflect the pro forma adjustment to record the income tax effect of the pro forma adjustments for the twelve months ended December 31, 2004.

Therefore:

| | | | |
|-------|--------------------------|--------|--------------------|
| | Operating Revenues | \$ | - |
| Less: | Expenses | | |
| | Production | | 16,021 |
| | Distribution | | - |
| | Administration | | - |
| | Property Taxes | 55,445 | |
| | Other Taxes | - | |
| | Total Prop & Other Taxes | | 55,445 |
| | Depreciation | | 22,695 |
| | Amortization | | - |
| | Total | | <u>\$ (94,161)</u> |

Pro Forma NHBP Tax @ 8.5%

Therefore:

| | | | | | |
|--|-------------|------|-----------|--------------------|------------|
| | \$ (94,161) | 8.5% | | \$ (8,004) | \$ (8,004) |
| | | | Sub Total | <u>\$ (86,157)</u> | |

Pro Forma FIT Tax 34%

Therefore:

| | | | | | |
|--|-------------|-----|-----------|--------------------|-------------|
| | \$ (86,157) | 34% | | \$ (29,293) | |
| | | | Sub Total | <u>\$ (29,293)</u> | \$ (29,293) |

TOTAL PRO FORMA INCOME TAXES:

| | | |
|--|--------------|--------------------|
| | NHBPT | <u>\$ (8,004)</u> |
| | FIT | <u>\$ (29,293)</u> |

PENNICHUCK EAST UTILITY, INC.
BALANCE SHEET
ASSETS AND DEFERRED CHARGES
CONSOLIDATED
For The Twelve Months Ended
December 31, 2004

Schedule 2

| | 12/31/2004 | 13 MONTH TEST YR AVERAGE | 12/31/2003 | 12/31/2002 |
|--|-----------------------------|--------------------------------|-----------------------------|----------------------------|
| <u>WATER PLANT</u> | | | | |
| In Service | \$ 29,807,083 | \$ 28,373,891 | \$ 27,801,851 | \$24,465,952 |
| Construction Work in Progress | 259,635 | 66,962 | 49,092 | 200,294 |
| Add Acquisition Adjustments | (9,878,468) | (9,493,291) | (9,444,568) | (9,444,047) |
| Add Accum Amort of Acquisition Adjustments | 1,340,153 | 1,236,075 | 1,139,707 | 947,774 |
| Less Accumulated Depreciation | 4,338,487 | 4,070,138 | 3,834,904 | 3,311,689 |
| Total Water Plant | 17,189,916 | 16,113,499 | 15,711,178 | 12,858,284 |
| <u>CURRENT ASSETS</u> | | | | |
| Cash | - | - | - | - |
| Restricted Cash | - | - | - | - |
| Intercompany Cash | - | 714,133 | - | - |
| Accounts Receivable - Unbilled Water Revenue | 238,784 | 243,419 | 226,631 | 162,505 |
| Accounts Receivable - Other | 126,739 | 159,468 | 133,453 | 246,767 |
| Interdivisional Receivable | - | - | - | - |
| Materials and Supplies | 9,467 | 4,253 | (824) | 1,877 |
| Prepaid Expenses | 243 | 1,695 | 170 | - |
| Temporary Cash Investments | - | - | - | - |
| Total Current Assets | 375,233 | 1,122,968 | 359,430 | 411,149 |
| <u>DEFERRED CHARGES</u> | | | | |
| Unamortized Debt Expense | 13,931 | 10,227 | 11,255 | 19,787 |
| Abandoned Property | 16,399 | 17,878 | 19,357 | 9,705 |
| Other Deferred Charges | 447,711 | 449,650 | 463,682 | 428,104 |
| Total Deferred Charges | 478,041 | 477,755 | 494,294 | 457,596 |
| TOTAL ASSETS AND DEFERRED CHARGES | <u>\$ 18,043,190</u> | <u>\$ 17,714,222</u> | <u>\$ 16,564,902</u> | <u>\$13,727,029</u> |

PENNICHUCK EAST UTILITY, INC.
BALANCE SHEET
STOCKHOLDERS EQUITY AND LIABILITIES
CONSOLIDATED
For The Twelve Months Ended
December 31, 2004

Schedule 2A

| | 12/31/2004 | 13 MONTH TEST YR AVERAGE | 12/31/2003 | 12/31/2002 |
|--|-----------------------------|--------------------------------|-----------------------------|-----------------------------|
| <u>STOCKHOLDERS' EQUITY</u> | | | | |
| Common Stock | \$ 100 | \$ 100 | \$ 100 | \$ 100 |
| Additional Paid in Capital | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Other Comprehensive Income | (30,205) | (15,927) | - | - |
| Retained Earnings | <u>1,579,299</u> | <u>1,536,591</u> | <u>1,484,484</u> | <u>1,375,844</u> |
| Total Stockholders' Equity | 4,549,194 | 4,520,764 | 4,484,584 | 4,375,944 |
| <u>LONG TERM DEBT</u> | | | | |
| Bonds and Notes | - | 2,423,077 | 4,500,000 | 4,500,000 |
| Long Term Debt: SRF | 328,212 | 444,696 | 398,961 | - |
| Interco Advance From Parent | 1,429,213 | 992,143 | 955,721 | 11,836 |
| <u>CURRENT AND ACCRUED LIABILITIES</u> | | | | |
| Current Portion of Long Term Debt | 4,517,325 | 2,078,256 | - | - |
| Accounts Payable | (8,182) | 122,024 | 87,202 | 72,997 |
| Intercompany Payable | - | 715,096 | - | - |
| Customer Accounts | 2,828 | 3,207 | 3,389 | 4,670 |
| NH Business Profits Tax Payable | - | - | - | - |
| Other Taxes Payable | - | - | - | - |
| Total Current & Accrued Liabilities | <u>4,511,971</u> | <u>2,918,583</u> | <u>90,591</u> | <u>77,667</u> |
| <u>DEFERRED CREDITS</u> | | | | |
| Unamortized Investment Tax Credits | - | - | - | - |
| Accrued Liability: Pension | - | - | - | - |
| Deferred Income Taxes | 2,137,081 | 2,101,599 | 2,067,217 | 1,333,181 |
| Regulatory Liability | - | - | - | - |
| Total Deferred Credits | <u>2,137,081</u> | <u>2,101,599</u> | <u>2,067,217</u> | <u>1,333,181</u> |
| OTHER LONG TERM LIABILITY: DERIVATIVE | 50,341 | 26,544 | - | - |
| DEFERRED GAIN ON SRF LOANS | 114,539 | 8,811 | - | - |
| CUSTOMER ADVANCES FOR CONSTRUCTION | - | 135 | 1,760 | 2,040 |
| CONTRIBUTIONS IN AID OF CONSTRUCTION | 5,149,324 | 4,467,156 | 4,222,157 | 3,524,231 |
| RESERVE FOR AMORT OF CIAC | 226,685 | 189,286 | 156,089 | 97,870 |
| TOTAL STOCKHOLDERS EQUITY AND LIABILITY | <u>\$ 18,043,190</u> | <u>\$ 17,714,222</u> | <u>\$ 16,564,902</u> | <u>\$ 13,727,029</u> |

PENNICHUCK EAST UTILITY, INC.
DETAIL OF ACCUMULATED DEPRECIATION
For the Twelve Months Ended
December 31, 2004

Schedule 2
Attachment A

| <u>ACCOUNT CLASSIFICATION</u> | 12/31/2004 | 12/31/2003 |
|-------------------------------------|----------------------------|----------------------------|
| Structures | \$ 431,409 | \$ 343,217 |
| Transmission and Distribution Mains | 2,608,200 | 2,367,283 |
| Pumping and Distribution Equipment | 413,558 | 337,740 |
| Services | 421,255 | 359,872 |
| Meters | 356,865 | 285,403 |
| Hydrants | 80,219 | 68,528 |
| Miscellaneous Adjustment | - | 6,579 |
| Other Equipment | <u>110,410</u> | <u>87,584</u> |
| TOTAL | <u>\$ 4,421,915</u> | <u>\$ 3,856,205</u> |
| Accumulated Depreciation - Loss | \$ 83,428 | \$ 21,301 |
| Amortization Reserve | \$ - | \$ - |
| GRAND TOTAL | <u>\$ 4,338,487</u> | <u>\$ 3,834,904</u> |

PENNICHUCK EAST UTILITY, INC.
MATERIALS AND SUPPLIES
CONSOLIDATED
For The Twelve Months Ended
December 31, 2004

Schedule 2
Attachment B

| | <u>12/31/2004</u> | <u>13 Month Average</u> | <u>12/31/2003</u> | <u>12/31/2002</u> |
|--------------------|---------------------|-----------------------------|---------------------|---------------------|
| Chemical Inventory | <u>9,467</u> | <u>4,253</u> | <u>(824)</u> | <u>1,877</u> |
| | <u><u>9,467</u></u> | <u><u>4,253</u></u> | <u><u>(824)</u></u> | <u><u>1,877</u></u> |

PENNICHUCK EAST UTILITY, INC.
DETAIL OF OTHER DEFERRED DEBITS
CONSOLIDATED
For The Twelve Months Ended
December 31, 2004

Schedule 2
Attachment C

| Account Number | Account Description | 12/31/2004 | 12/31/2003 | 12/31/2002 |
|----------------|---|----------------|----------------|----------------|
| 7182-200-001 | Abandoned Property - 8" Main - Range Road | 7,662 | 8,683 | 9,705 |
| 7182-250-001 | Sawmill Well/Pump Abandonment | 2,692 | 3,290 | 3,889 |
| 7182-300-001 | 31 Page Road Service Abandonment | 3,043 | 3,867 | - |
| 7182-400-001 | Abandoned Pump Station - Springwood Hills | 3,002 | 3,516 | - |
| 7186-150-001 | Establish Property Records | - | - | 1,176 |
| 7186-175-001 | Lamplighter Village Acquisition | 15,384 | 4,874 | 899 |
| 7186-180-001 | Fletcher's Corner Acquisition | 1,427 | - | - |
| 7186-220-001 | Thurston Woods, Lee Acquisition | 6,289 | - | - |
| 7186-240-001 | Sarbanes-Oxley | 25,182 | 23,196 | - |
| 7186-270-001 | Londonderry Vulnerability Study | 8,248 | - | - |
| 7186-280-001 | Litchfield Vulnerability Study | 8,076 | - | - |
| 7186-325-001 | Beaver Hollow Tank Cleaning | 7,667 | - | - |
| 7186-350-001 | W & E Well Failure | - | 920 | 2,761 |
| 7186-360-001 | W & E Water Supply Study | 535 | - | - |
| 7186-450-001 | Castle Reach Windham Acquisition | - | 3,881 | 12,124 |
| 7186-475-001 | Chesterbrook, Chester NH Acquisition | 1,787 | - | - |
| 7186-500-001 | Manchester Source Development Charge: Londonderry | 6,542 | 8,177 | 9,812 |
| 7186-550-001 | W & E Pump Station Upgrade Study | 18,479 | 30,799 | 43,118 |
| 7186-600-001 | Manchester Source Development Charge: Derry | 331,517 | 366,474 | 351,251 |
| 7186-618-001 | MSDC Charges - Tariff Changes 2004 | 1,253 | - | - |
| 7186-620-001 | MSDC Charges - 2003 Costs | 5,369 | 5,598 | - |
| 7186-650-001 | White Rock Senior Center Acquisition | - | 12,180 | 3,074 |
| 7186-660-001 | Shaker Heights - Chester NH Acquisition | 1,040 | - | - |
| 7186-690-001 | Phase II & V Waiver | 4,334 | 7,584 | - |
| 7186-700-001 | Wood Hill, Bow NH Acquisition | 88 | - | - |
| 7186-710-001 | Pines of Bow Acquisition | 4,494 | - | - |
| | Total | 464,110 | 483,039 | 437,809 |
| | Total 7182 accounts | 16,399 | | |
| | Total 7186 less 7182 accounts | 447,711 | | |

PENNICHUCK EAST UTILITY, INC.
CONTRIBUTIONS IN AID OF CONSTRUCTION
CONSOLIDATED
December 31, 2004

| Rate Group | 1) Customer Advances: | | Total Customer Advances |
|--------------|-----------------------|--------------|-------------------------|
| | GM-A | GM-B | |
| 2000 | - | - | - |
| 2001 | 1,050 | - | 1,050 |
| 2002 | - | 2,040 | 2,040 |
| 2003 | - | 1,760 | 1,760 |
| 2004 | - | - | - |
| Total | 1,050 | 3,800 | 4,850 |

| Rate Group | Contributions in Aid of Construction | | CIAC: Wescos | | CIAC: Seasons Lane | | CIAC: Pelham | | CIAC: Litchfield | | CIAC: Meadowbrook Pump Station | | Sub Total to Carry |
|--------------|--------------------------------------|------------------|---------------|---------------|--------------------|---------------|---------------|------------------|------------------|----------|--------------------------------|-----------|--------------------|
| | GM-B | GM-A | 7271-270 | 7271-300 | 7271-302 | 7271-303 | 7271-325 | 7271-302 | 7271-303 | 7271-325 | | | |
| 2000 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2001 | 730,301 | 502,952 | 14,212 | 15,400 | - | - | - | - | - | - | 18,900 | 1,281,765 | |
| 2002 | 851,306 | 603,000 | - | 15,400 | - | - | - | - | - | - | 18,900 | 1,488,606 | |
| 2003 | 922,140 | 603,000 | - | 15,400 | 32,495 | 8,610 | 18,900 | - | - | - | 18,900 | 1,600,545 | |
| 2004 | 990,013 | 603,000 | - | 15,400 | 62,670 | 42,743 | 18,900 | - | - | - | 18,900 | 1,732,726 | |
| Total | 3,493,760 | 2,311,952 | 14,212 | 61,600 | 95,165 | 51,353 | 75,600 | 6,103,642 | | | | | |

| Rate Group | Sub Total Carried Forward | | CIAC: Oakwood | | CIAC: Smythe Woods-Hooksett | | CIAC: W & E | | CIAC: Developer Installed | | Sub Total of CIAC | | Reserve for Amort of CIAC | | Sub Total of CIAC and Reserve for Amort of CIAC | | Grand Total of CIAC and Customer Advances |
|--------------|---------------------------|----------------|---------------|---------------|-----------------------------|-------------------|----------------|-------------------|---------------------------|-----------|-------------------|-----------|---------------------------|-----------|---|---|---|
| | GM-A | GM-B | 7271-350 | 7271-360 | 7271-370 | 7271-400 | 7271-400 | 7271-101 | 7271-101 | 7271-101 | 7271-101 | 7271-101 | 7271-101 | 7271-101 | | | |
| 2000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2001 | 1,281,765 | 36,000 | - | - | - | 1,351,088 | - | - | - | - | 2,668,853 | 51,698 | 2,617,155 | 2,618,205 | | | |
| 2002 | 1,488,606 | 36,000 | 8,349 | - | 15,000 | 1,976,277 | - | - | - | 3,524,232 | 97,870 | 3,426,362 | 3,428,402 | | | | |
| 2003 | 1,600,545 | 36,000 | 20,690 | - | 28,227 | 2,536,695 | - | - | - | 4,222,157 | 156,088 | 4,066,069 | 4,067,829 | | | | |
| 2004 | 1,732,726 | 36,000 | 20,690 | - | 26,454 | 3,333,454 | - | - | - | 5,149,324 | 226,685 | 4,922,639 | 4,922,639 | | | | |
| Total | 6,103,642 | 144,000 | 49,729 | 69,681 | 9,197,514 | 15,564,566 | 532,341 | 15,037,075 | | | | | | | | | |

1) Advances received are net of refunds made to customers during the year.

PENNICHUCK EAST UTILITY, INC.
COMPUTATION OF RATE BASE
CONSOLIDATED
For the Twelve Months Ended
December 31, 2004

Schedule 3

| Description | Test Year Average (Sch 3B) 1) | Year End Rate Base | Pro Forma Adjustments Permanent Rates | Pro Forma Test Year |
|------------------------|-------------------------------------|-----------------------|---|------------------------|
| Plant in Service | 28,373,891 | 29,807,083 | - | 28,373,891 |
| Accum Deprec | 4,131,820 | 4,421,915 | 22,695 | 4,154,515 |
| Accum Deprec: Loss | 61,682 | 83,428 | - | 61,682 |
| Acquisition Adjustment | (9,493,291) | (9,878,468) | - | (9,493,291) |
| Accum Amort of Acq Adj | 1,236,075 | 1,340,153 | - | 1,236,075 |
| CIAC | 4,467,156 | 5,149,324 | - | 4,467,156 |
| Amort of CIAC | 189,286 | 226,685 | - | 189,286 |
| | 11,768,667 | 12,007,642 | (22,695) | 11,745,972 |
| ADD: | | | | |
| Working Cap | 234,489 | 247,322 | 1,975 | 236,464 |
| Materials & Supplies | 4,253 | 9,467 | - | 4,253 |
| Prepayments | 1,695 | 243 | - | 1,695 |
| Unamrt/Defi/Chg | 467,528 | 464,110 | - | 467,528 |
| | 707,965 | 721,142 | 1,975 | 709,940 |
| DEDUCT: | | | | |
| Customer Advances | 135 | - | - | 135 |
| Customer Deposits | 3,207 | 2,828 | - | 3,207 |
| Deferred Income Tax | 2,101,599 | 2,137,081 | - | 2,101,599 |
| Regulatory Liability | - | - | - | - |
| Unamort ITC | - | - | - | - |
| | 2,104,941 | 2,139,909 | - | 2,104,941 |
| TOTAL Rate Base | 10,371,691 | 10,588,875 | (20,720) | 10,350,971 |

PENNICHUCK EAST UTILITY, INC.
2004 CAPITAL ADDITIONS
CONSOLIDATED
For the Twelve Months Ended December 31, 2004

Schedule 3
Attachment A
Exhibit 1
Page 1 of 2

| Account Number | Description | System | Rate Group | Additions | Rate | Half Year Charge |
|----------------|---|-------------------|------------|-----------|-------|------------------|
| 7334-000-001 | 5/8" Meters | Avery | GM-A | 283 | 4.75% | 7 |
| 7304-550-001 | Castle Reach Acquisition - Booster Stations | Castle Reach | GM-A | 112,500 | 2.59% | 1,457 |
| 7307-100-001 | Castle Reach Acquisition - Wells & Springs | Castle Reach | GM-A | 45,000 | 2.00% | 450 |
| 7311-200-001 | Castle Reach Acquisition - Electric Pumping Equipment | Castle Reach | GM-A | 35,000 | 6.11% | 1,069 |
| 7320-000-001 | Castle Reach Acquisition - Purification Equipment | Castle Reach | GM-A | 7,000 | 6.67% | 233 |
| 7333-250-001 | 1 1/2" Developer Installed Services | Castle Reach | GM-A | 2,491 | 2.48% | 31 |
| 7333-250-001 | 1" Developer Installed Services | Castle Reach | GM-A | 18,061 | 2.48% | 224 |
| 7333-250-001 | 2" Developer Installed Service | Castle Reach | GM-A | 1,868 | 2.48% | 23 |
| 7334-000-001 | 5/8" Meters | Castle Reach | GM-A | 413 | 4.75% | 10 |
| 7334-000-001 | Chamber Comps | Castle Reach | GM-A | 152 | 4.75% | 4 |
| 7333-230-001 | 1 1/2" Developer Installed Service | Fletcher's Comer | GM-A | 1,580 | 2.48% | 20 |
| 7334-000-001 | 5/8" Meters | Fletcher's Corner | GM-A | 707 | 4.75% | 17 |
| 7331-002-001 | Green Hill Water Main Replacement - Paving | Green Hills | GM-A | 2,809 | 1.27% | 18 |
| 7331-200-001 | Green Hills Water Main Replacement | Green Hills | GM-A | 338,603 | 1.38% | 2,336 |
| 7333-200-001 | 1" CT Service | Green Hills | GM-A | 2,200 | 2.48% | 27 |
| 7333-200-001 | 3/4" CT Service | Green Hills | GM-A | 123,750 | 2.48% | 1,535 |
| 7334-000-001 | 5/8" Meters | Green Hills | GM-A | 999 | 4.75% | 24 |
| 7334-000-001 | 5/8" Meters | Green Hills | GM-A | 451 | 4.75% | 11 |
| 7334-000-001 | Chamber Comps | Green Hills | GM-A | 561 | 4.75% | 13 |
| 7334-000-001 | Chamber Comps | Green Hills | GM-A | 298 | 4.75% | 7 |
| 7334-000-001 | Green Hills Firefly Project | Green Hills | GM-A | 18,950 | 4.75% | 450 |
| 7335-100-000 | Dev. Installed Hydrants | Green Hills | GM-A | 38,060 | 2.00% | 381 |
| 7307-100-001 | Hardwood Well Installation | Hardwood | GM-A | 99,896 | 2.00% | 999 |
| 7307-100-001 | Hardwood Well Installation | Hardwood | GM-A | 21,966 | 2.00% | 220 |
| 7334-000-001 | 1" Meters | Hardwood | GM-A | 185 | 4.75% | 4 |
| 7334-000-001 | Chamber Comps | Hardwood | GM-A | 39 | 4.75% | 1 |
| 7346-000-001 | Upgrade Station to New SCADA System | Hardwood | GM-A | 14,350 | 5.00% | 359 |
| 7331-200-001 | 3" PRV for Hidden Valley Water Main Project | Hidden Valley | GM-A | 961 | 1.38% | 7 |
| 7331-300-001 | 4" Dev. Installed Mains | Lampighter | GM-A | 51,424 | 1.38% | 355 |
| 7333-230-001 | 1" Developer Installed Service | Lampighter | GM-A | 1,906 | 2.48% | 24 |
| 7311-200-001 | Maples Hills Booster Pump Replacement | Maple Hills | GM-A | 1,755 | 6.11% | 54 |
| 7334-000-001 | 2" Meters | Maple Hills | GM-A | 441 | 4.75% | 10 |
| 7334-000-001 | 5/8" Meters | Maple Hills | GM-A | 380 | 4.75% | 9 |
| 7334-000-001 | Chamber Comps | Maple Hills | GM-A | 432 | 4.75% | 10 |
| 7333-004-001 | Pavements: Services | Oakwood | GM-A | 3,900 | 2.44% | 48 |
| 7333-230-001 | 1" Developer Installed Services | R&B | GM-A | 2,048 | 2.48% | 25 |
| 7333-250-001 | " Developer Installed Services | R&B | GM-A | 1,135 | 2.48% | 14 |
| 7334-000-001 | 5/8" Meters | R&B | GM-A | 135 | 4.75% | 3 |
| 7335-100-001 | Dev. Installed Hydrant Investments | R&B | GM-A | 582 | 2.00% | 6 |
| 7304-550-001 | Coteville Pump Station Landscaping | Springwood | GM-A | 2,346 | 2.59% | 30 |
| 7334-000-001 | 5/8" Meters | Springwood | GM-A | 135 | 4.75% | 3 |
| 7333-004-001 | Pavements: Services | WESCO | GM-A | 46 | 2.44% | 1 |
| 7334-000-001 | Chamber Comps | Beaver Hollow | GM-B | 67 | 4.75% | 2 |
| 7333-230-001 | 1" Developer Installed Services | Brook Park | GM-B | 1,024 | 2.48% | 13 |
| 7333-250-001 | 1" Developer Installed Services | Brook Park | GM-B | 5,535 | 2.48% | 69 |
| 7334-000-001 | 5/8" Meters | Brook Park | GM-B | 2,316 | 4.75% | 55 |
| 7334-000-001 | Chamber Comps | Brook Park | GM-B | 399 | 4.75% | 9 |
| 7334-000-001 | Chamber Comps | Brook Park | GM-B | 156 | 4.75% | 4 |
| 7303-250-001 | Gage Hill Easements - Well Head Protection & Access | Gage Hill | GM-B | 366 | 0.00% | - |
| 7334-000-001 | 5/8" Meters | Goldenbrook | GM-B | 485 | 4.75% | 12 |
| 7334-000-001 | Chamber Comps | Goldenbrook | GM-B | 16 | 4.75% | - |
| 7304-100-001 | Conduit Relocation for South Road Genset Installation | Londonderry | GM-B | 1,326 | 2.00% | 13 |
| 7331-200-001 | Main Extension at Mercury Dr. | Londonderry | GM-B | 369 | 1.38% | 3 |
| 7331-250-001 | Distribution Mains: Gates | Londonderry | GM-A/GM-B | 11,126 | 1.38% | 77 |
| 7331-300-001 | 12" Dev. Installed Mains | Londonderry | GM-A/GM-B | 28,348 | 1.38% | 196 |
| 7331-300-001 | 6" Dev. Installed Mains | Londonderry | GM-A/GM-B | 27,842 | 1.38% | 192 |
| 7331-300-001 | 8" Dev. Installed Mains | Londonderry | GM-A/GM-B | 76,188 | 1.38% | 526 |
| 7333-004-001 | Pavements: Services | Londonderry | GM-A/GM-B | 274 | 2.44% | 3 |
| 7333-100-001 | 1" CT Service | Londonderry | GM-A/GM-B | 14,796 | 2.48% | 183 |
| 7333-230-001 | 1 1/2" Developer installed Service | Londonderry | GM-A/GM-B | 2,699 | 2.48% | 33 |
| 7333-230-001 | 1" Developer Installed Service | Londonderry | GM-A/GM-B | 12,176 | 2.48% | 151 |
| 7333-230-001 | 12" Developer Installed Service | Londonderry | GM-A/GM-B | 8,277 | 2.48% | 103 |
| 7333-230-001 | 2" Developer Installed Service | Londonderry | GM-A/GM-B | 3,932 | 2.48% | 49 |
| 7333-230-001 | 6" Developer Installed Service | Londonderry | GM-A/GM-B | 16,095 | 2.48% | 200 |
| 7333-250-001 | 1" Developer Installed Service | Londonderry | GM-A/GM-B | 6,790 | 2.48% | 84 |
| 7334-000-001 | 1 1/2" Meters | Londonderry | GM-A/GM-B | 410 | 4.75% | 10 |
| 7334-000-001 | 2" Meters | Londonderry | GM-A/GM-B | 315 | 4.75% | 7 |
| 7334-000-001 | 3" Meters | Londonderry | GM-A/GM-B | 1,821 | 4.75% | 43 |
| 7334-000-001 | 3/4" Meters | Londonderry | GM-A/GM-B | 165 | 4.75% | 4 |
| 7334-000-001 | 5/8" Meters | Londonderry | GM-A/GM-B | 6,518 | 4.75% | 155 |
| 7334-000-001 | Chamber Comps | Londonderry | GM-A/GM-B | 425 | 4.75% | 10 |

PENNICHUCK EAST UTILITY, INC.
2004 CAPITAL ADDITIONS
CONSOLIDATED
For the Twelve Months Ended December 31, 2004

Schedule 3
Attachment A
Exhibit 1
Page 2 of 2

| Account Number | Description | System | Rate Group | Additions | Rate | Half Year Charge |
|----------------|--|---------------------|------------|------------------|-------|------------------|
| 7334-000-001 | Fire Service | Londonderry | GM-A/GM-B | 20 | 4.75% | - |
| 7335-100-000 | Dev. Installed Hydrants | Londonderry | GM-A/GM-B | 18,587 | 2.00% | 186 |
| 7335-100-001 | Dev. Installed Hydrant Investments | Londonderry | GM-A/GM-B | 194 | 2.00% | 2 |
| 7331-300-001 | 8" Dev. Installed Mains | Ministerial Heights | GM-B | 5,415 | 1.38% | 37 |
| 7333-230-001 | 2" Developer Installed Service | Ministerial Heights | GM-B | 3,250 | 2.48% | 40 |
| 7333-250-001 | 1 1/2" Developer Installed Services | Ministerial Heights | GM-B | 692 | 2.48% | 9 |
| 7333-250-001 | 1" Developer Installed Services | Ministerial Heights | GM-B | 1,946 | 2.48% | 24 |
| 7334-000-001 | 5/8" Meters | Ministerial Heights | GM-B | 604 | 4.75% | 14 |
| 7346-000-001 | Ministerial Radio | Ministerial Heights | GM-B | 4,139 | 5.00% | 103 |
| 7334-000-001 | 5/8" Meters | Nesenkeag | GM-B | 257 | 4.75% | 6 |
| 7304-550-001 | W&E Booster Upgrade | W&E | GM-B | 27,521 | 2.59% | 356 |
| 7307-100-001 | W&E Well Pump Replacement | W&E | GM-B | 10,978 | 2.00% | 110 |
| 7320-000-001 | Softener Media Replacement | W&E | GM-B | 4,400 | 6.67% | 147 |
| 7334-000-001 | 5/8" Meters | W&E | GM-B | 438 | 4.75% | 10 |
| 7331-300-001 | 8" Dev. Installed Mains | Whispering Winds | GM-B | 151,474 | 1.38% | 1,045 |
| 7333-230-001 | 1" Developer Installed Service | Whispering Winds | GM-B | 1,024 | 2.48% | 13 |
| 7333-250-001 | 1" Developer Installed Services | Whispering Winds | GM-B | 1,398 | 2.48% | 17 |
| 7333-250-001 | 2" Developer Installed Service | Whispering Winds | GM-B | 1,329 | 2.48% | 16 |
| 7334-000-001 | 1 1/2" Meters | Whispering Winds | GM-B | 1,098 | 4.75% | 26 |
| 7334-000-001 | 1" Meters | Whispering Winds | GM-B | 241 | 4.75% | 6 |
| 7334-000-001 | Fire Service | Whispering Winds | GM-B | 40 | 4.75% | 1 |
| 7304-100-001 | Acquisition of White Rock Sr.Living Center - Pumps Stations | White Rock | GM-B | 162,000 | 2.00% | 1,620 |
| 7307-100-001 | Acquisition of White Rock Sr.Living Center - Wells & Springs | White Rock | GM-B | 55,000 | 2.00% | 550 |
| 7311-200-001 | Acquisition of White Rock Sr.Living Center -Electric Pumping Equipment | White Rock | GM-B | 12,900 | 6.11% | 394 |
| 7320-000-001 | Acquisition of White Rock Sr.Living Center -Purification Equipment | White Rock | GM-B | 4,500 | 6.67% | 150 |
| 7333-250-001 | Dev. Install Services-Purchase Price/Investment Credit (\$208X116 units) | White Rock | GM-B | 23,647 | 2.48% | 293 |
| 7334-000-001 | 1 1/2" Meters | White Rock | GM-B | 284 | 4.75% | 7 |
| 7334-000-001 | 1" Meters | White Rock | GM-B | 633 | 4.75% | 15 |
| 7334-000-001 | 2" Meters | White Rock | GM-B | 944 | 4.75% | 22 |
| 7346-000-001 | Add Communication to System | White Rock | GM-B | 1,432 | 5.00% | 36 |
| 7331-300-001 | 12" Dev. Installed Mains | Williamsburg | GM-B | 45,899 | 1.38% | 317 |
| 7333-004-001 | Pavements: Services | Williamsburg | GM-B | 170 | 2.44% | 2 |
| 7333-100-001 | 1" CT Service | Williamsburg | GM-B | 2,916 | 2.48% | 36 |
| 7333-230-001 | 1" Developer Installed Services | Williamsburg | GM-B | 3,954 | 2.48% | 49 |
| 7333-250-001 | 1 1/2" Developer Installed Service | Williamsburg | GM-B | 4,986 | 2.48% | 62 |
| 7333-250-001 | 1" Developer Installed Services | Williamsburg | GM-B | 3,833 | 2.48% | 48 |
| 7334-000-001 | 4" Meters | Williamsburg | GM-B | 1,878 | 4.75% | 45 |
| 7334-000-001 | 5/8" Meters | Williamsburg | GM-B | 3,484 | 4.75% | 83 |
| 7335-100-001 | Dev. Installed Hydrants | Williamsburg | GM-B | 18,587 | 2.00% | 186 |
| 7304-550-001 | Litchfield Storage Tank | Litchfield | GM-L | 26,089 | 2.59% | 338 |
| 7331-200-001 | Litchfield Storage Tank | Litchfield | GM-L | 8,549 | 1.38% | 59 |
| 7331-200-001 | Main Extension at Charles Bancroft Highway | Litchfield | GM-L | 39 | 1.38% | - |
| 7331-200-001 | Main Extension at Tanger Way | Litchfield | GM-L | 256 | 1.38% | 2 |
| 7331-200-001 | Moose Hollow Main Prep Work | Litchfield | GM-L | 1,674 | 1.38% | 12 |
| 7331-300-001 | 12" Dev. Installed Mains | Litchfield | GM-L | 120,250 | 1.38% | 830 |
| 7331-300-001 | 6" Dev. Installed Mains | Litchfield | GM-L | 38,590 | 1.38% | 266 |
| 7331-300-001 | 8" Dev. Installed Mains | Litchfield | GM-L | 175,841 | 1.38% | 1,213 |
| 7333-004-001 | Pavements: Services | Litchfield | GM-L | 467 | 2.44% | 6 |
| 7333-100-001 | 1" CT Service | Litchfield | GM-L | 4,875 | 2.48% | 60 |
| 7333-230-001 | 1 1/2" Developer Installed Services | Litchfield | GM-L | 1,119 | 2.48% | 14 |
| 7333-230-001 | 1" Developer Installed Service | Litchfield | GM-L | 8,790 | 2.48% | 109 |
| 7333-250-001 | 1 1/2" Developer Installed Services | Litchfield | GM-L | 1,135 | 2.48% | 14 |
| 7333-250-001 | 1" Developer Installed Service | Litchfield | GM-L | 21,109 | 2.48% | 262 |
| 7334-000-001 | 1" Meters | Litchfield | GM-L | 410 | 4.75% | 10 |
| 7334-000-001 | 3" Meters | Litchfield | GM-L | 1,956 | 4.75% | 46 |
| 7334-000-001 | 5/8" Meters | Litchfield | GM-L | 10,976 | 4.75% | 261 |
| 7334-000-001 | Chamber Comps | Litchfield | GM-L | 116 | 4.75% | 3 |
| 7335-100-001 | Dev. Installed Hydrants | Litchfield | GM-L | 37,174 | 2.00% | 372 |
| | Grand Total | | | 2,227,556 | | 22,695 |

| | | | | | | | | | | | | 12/03 | | | | | | | | | | | | | | | |
|-----|-----------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|---------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|---------|
| | | | | | | | | | | | WORKING | CAPITAL | | | | | | | | | | | | | | | |
| PEU | 1,229,950 | Jan-03 | 111,295 | Feb-03 | 124,341 | Mar-03 | 124,341 | Apr-03 | 124,577 | May-03 | 186,202 | 156,045 | Jun-03 | 147,486 | Jul-03 | 148,604 | 131,749 | Sep-03 | 131,640 | Oct-03 | 141,988 | Nov-03 | 182,774 | Dec-03 | 182,774 | 2,816,651 | 347,293 |
| | | | | | | | | | | | | 1/04 | | | | | | | | | | | | | | | |
| | | | | | | | | | | | WORKING | CAPITAL | | | | | | | | | | | | | | | |
| PEU | 111,295 | Feb-03 | 124,341 | Mar-03 | 124,341 | Apr-03 | 186,202 | May-03 | 186,202 | Jun-03 | 156,045 | 147,486 | Jul-03 | 148,604 | 131,749 | Sep-03 | 131,640 | Oct-03 | 141,988 | Nov-03 | 182,774 | Dec-03 | 128,121 | Jan-04 | 128,121 | 1,714,822 | 211,438 |
| | | | | | | | | | | | | 2/04 | | | | | | | | | | | | | | | |
| | | | | | | | | | | | WORKING | CAPITAL | | | | | | | | | | | | | | | |
| PEU | 124,341 | Mar-03 | 124,577 | Apr-03 | 186,202 | May-03 | 186,202 | Jun-03 | 156,045 | Jul-03 | 147,486 | 148,604 | Aug-03 | 131,749 | Sep-03 | 131,640 | Oct-03 | 141,988 | Nov-03 | 182,774 | Dec-03 | 128,121 | Jan-04 | 128,787 | 1,732,314 | 213,594 | |
| | | | | | | | | | | | | 3/04 | | | | | | | | | | | | | | | |
| | | | | | | | | | | | WORKING | CAPITAL | | | | | | | | | | | | | | | |
| PEU | 124,577 | Apr-03 | 186,202 | May-03 | 156,045 | Jun-03 | 147,486 | Jul-03 | 148,604 | Aug-03 | 131,749 | 131,640 | Sep-03 | 182,774 | Oct-03 | 141,988 | Nov-03 | 182,774 | Dec-03 | 128,121 | Jan-04 | 128,787 | 169,564 | 1,777,537 | 219,170 | | |
| | | | | | | | | | | | | 4/04 | | | | | | | | | | | | | | | |
| | | | | | | | | | | | WORKING | CAPITAL | | | | | | | | | | | | | | | |
| PEU | 186,202 | May-03 | 147,486 | Jun-03 | 148,604 | Jul-03 | 131,749 | Aug-03 | 131,640 | Sep-03 | 128,121 | 128,787 | Oct-03 | 139,081 | Nov-03 | 139,081 | Dec-03 | 139,081 | Jan-04 | 139,081 | Feb-04 | 139,081 | 1,792,041 | 220,959 | | | |
| | | | | | | | | | | | | 5/04 | | | | | | | | | | | | | | | |
| | | | | | | | | | | | WORKING | CAPITAL | | | | | | | | | | | | | | | |
| PEU | 156,045 | Jun-03 | 147,486 | Jul-03 | 148,604 | Aug-03 | 131,640 | Sep-03 | 131,640 | Oct-03 | 141,988 | 182,774 | Nov-03 | 128,121 | Dec-03 | 128,787 | Jan-04 | 169,564 | Feb-04 | 139,081 | Mar-04 | 134,485 | 1,740,324 | 214,582 | | | |
| | | | | | | | | | | | | 6/04 | | | | | | | | | | | | | | | |
| | | | | | | | | | | | WORKING | CAPITAL | | | | | | | | | | | | | | | |
| PEU | 147,486 | Jul-03 | 148,604 | Aug-03 | 131,640 | Sep-03 | 131,640 | Oct-03 | 141,988 | Nov-03 | 182,774 | 128,121 | Dec-03 | 128,787 | Jan-04 | 169,564 | Mar-04 | 134,485 | Apr-04 | 134,485 | May-04 | 186,071 | 1,770,350 | 218,284 | | | |

Pennichuck East Utilities, Inc.
 Computation of Working Capital 2004
 CONSOLIDATED

| | | 7/04 | | | | | | | | | | | | WORKING CAPITAL | |
|-----|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------------|---------|
| | | Aug-03 | Sep-03 | Oct-03 | Nov-03 | Dec-03 | Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 | Jun-04 | Jul-04 | TOTAL | |
| PEU | | 148,604 | 131,749 | 131,640 | 141,988 | 182,774 | 128,121 | 128,787 | 169,564 | 139,081 | 134,485 | 186,071 | 166,709 | 1,789,573 | 220,654 |
| | | 8/04 | | | | | | | | | | | | WORKING CAPITAL | |
| | | Sep-03 | Oct-03 | Nov-03 | Dec-03 | Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 | Jun-04 | Jul-04 | Aug-04 | TOTAL | |
| PEU | | 131,749 | 131,640 | 141,988 | 182,774 | 128,121 | 128,787 | 169,564 | 139,081 | 134,485 | 186,071 | 166,709 | 178,594 | 1,819,563 | 224,352 |
| | | 9/04 | | | | | | | | | | | | WORKING CAPITAL | |
| | | Oct-03 | Nov-03 | Dec-03 | Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 | Jun-04 | Jul-04 | Aug-04 | Sep-04 | TOTAL | |
| PEU | | 131,640 | 141,988 | 182,774 | 128,121 | 128,787 | 169,564 | 139,081 | 134,485 | 186,071 | 166,709 | 178,594 | 214,115 | 1,901,929 | 234,508 |
| | | 10/04 | | | | | | | | | | | | WORKING CAPITAL | |
| | | Nov-03 | Dec-03 | Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 | Jun-04 | Jul-04 | Aug-04 | Sep-04 | Oct-04 | TOTAL | |
| PEU | | 141,988 | 182,774 | 128,121 | 128,787 | 169,564 | 139,081 | 134,485 | 186,071 | 166,709 | 178,594 | 214,115 | 152,883 | 1,923,172 | 237,127 |
| | | 11/04 | | | | | | | | | | | | WORKING CAPITAL | |
| | | Dec-03 | Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 | Jun-04 | Jul-04 | Aug-04 | Sep-04 | Oct-04 | Nov-04 | TOTAL | |
| PEU | | 182,774 | 128,121 | 128,787 | 169,564 | 139,081 | 134,485 | 186,071 | 166,709 | 178,594 | 214,115 | 152,883 | 157,791 | 1,938,975 | 239,076 |
| | | 12/04 | | | | | | | | | | | | WORKING CAPITAL | |
| | | Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 | Jun-04 | Jul-04 | Aug-04 | Sep-04 | Oct-04 | Nov-04 | Dec-04 | TOTAL | |
| PEU | | 128,121 | 128,787 | 169,564 | 139,081 | 134,485 | 186,071 | 178,594 | 214,115 | 152,883 | 157,791 | 249,651 | 2,005,852 | 247,322 | |

PENNICHUCK EAST UTILITY, INC.
WORKING CAPITAL
CONSOLIDATED
For the Twelve Months Ended December 31, 2004

Schedule 3A
Attachment A

I WORKING CAPITAL

- A. A pro forma adjustment for working capital is calculated at 45 days divided by 365 days or 12.33%. Total pro forma operation and maintenance expenses (Schedule 1) are \$1,975 for the twelve months ended 12/31/04.

Therefore:

| Total O & M Expenses | Working Capital Rate | |
|----------------------|-------------------------|----------|
| \$ 16,021 | 12.33% | \$ 1,975 |

TOTAL PRO FORMA WORKING CAPITAL:

\$ 1,975

PENNICHUCK EAST UTILITY, INC.
 COMPUTATION OF THIRTEEN MONTH AVERAGE BALANCES
 CONSOLIDATED

For The Twelve Months Ended December 31, 2004

| DESCRIPTION | Dec-03 | Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 | Jun-04 | Jul-04 | Aug-04 | Sep-04 | Oct-04 | Nov-04 | Dec-04 | Average |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Plt in Service | 27,801,851 | 27,810,503 | 27,810,003 | 27,897,490 | 27,988,522 | 28,074,885 | 28,189,065 | 28,227,445 | 28,467,206 | 28,768,730 | 28,772,131 | 29,245,673 | 29,807,083 | 28,373,891 |
| Accum Deprec | 3,856,205 | 3,898,344 | 3,945,144 | 3,991,366 | 4,036,692 | 4,088,336 | 4,128,273 | 4,175,081 | 4,223,917 | 4,267,275 | 4,315,179 | 4,365,935 | 4,421,915 | 4,131,820 |
| Acquisition Adjustment | (9,444,568) | (9,444,568) | (9,444,568) | (9,444,568) | (9,444,568) | (9,444,568) | (9,444,568) | (9,444,568) | (9,444,568) | (9,444,568) | (9,444,568) | (9,644,068) | (9,878,468) | (9,493,291) |
| Accum Deprec: Loss | 21,301 | 27,429 | 27,429 | 28,084 | 59,647 | 59,647 | 81,541 | 81,541 | 81,541 | 83,428 | 83,428 | 83,428 | 83,428 | 61,682 |
| Accum Amort of Acq Adj | 1,139,707 | 1,155,652 | 1,171,596 | 1,187,540 | 1,203,484 | 1,219,429 | 1,235,374 | 1,251,318 | 1,267,263 | 1,283,207 | 1,299,151 | 1,315,096 | 1,340,153 | 1,236,075 |
| Cust Advance | 1,760 | - | - | - | - | - | - | - | - | - | - | - | - | 135 |
| CIAC | 4,222,157 | 4,230,310 | 4,238,134 | 4,251,692 | 4,251,198 | 4,258,103 | 4,278,063 | 4,289,947 | 4,482,433 | 4,760,124 | 4,760,739 | 4,900,807 | 5,149,324 | 4,467,156 |
| Reserve of CIAC Amort | 156,089 | 161,395 | 166,700 | 172,052 | 177,374 | 182,695 | 188,160 | 193,568 | 199,872 | 205,344 | 212,565 | 218,217 | 226,685 | 189,286 |
| Customer Accounts | 3,389 | 3,396 | 3,396 | 3,396 | 3,396 | 3,396 | 3,331 | 3,332 | 3,332 | 2,832 | 2,835 | 2,837 | 2,828 | 3,207 |
| Deferred Income Tax | 2,067,217 | 2,074,717 | 2,082,217 | 2,089,717 | 2,097,217 | 2,104,717 | 2,112,217 | 2,119,717 | 2,127,217 | 2,095,419 | 2,102,919 | 2,110,419 | 2,137,081 | 2,101,599 |
| Unamortized ITC | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Regulatory Liability | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Unamort/Def/Chg | 483,039 | 479,801 | 477,289 | 473,455 | 472,975 | 467,682 | 460,918 | 460,393 | 461,328 | 458,739 | 457,967 | 460,166 | 464,110 | 467,528 |
| Materials & Supplies | (824) | (1,568) | (2,920) | (726) | (2,838) | 5,762 | 6,830 | 8,716 | 7,926 | 7,758 | 8,580 | 9,131 | 9,467 | 4,253 |
| Prepayments | 170 | (195) | 3,711 | 3,347 | 2,966 | 2,617 | 2,441 | 2,076 | 1,711 | 1,355 | 982 | 608 | 243 | 1,695 |
| O&M Allowance | 347,293 | 211,438 | 213,594 | 219,170 | 220,959 | 214,582 | 218,284 | 220,654 | 224,352 | 234,508 | 237,127 | 239,076 | 247,322 | 234,489 |
| | 10,353,330 | 10,193,120 | 10,153,943 | 10,199,673 | 10,200,038 | 10,328,179 | 10,416,161 | 10,413,066 | 10,429,732 | 10,472,851 | 10,445,691 | 10,547,329 | 10,588,875 | 10,371,691 |

Pennichuck East Utility, Inc.
 Calculation of Embedded Cost of Long-term Debt
 As of December 31, 2004

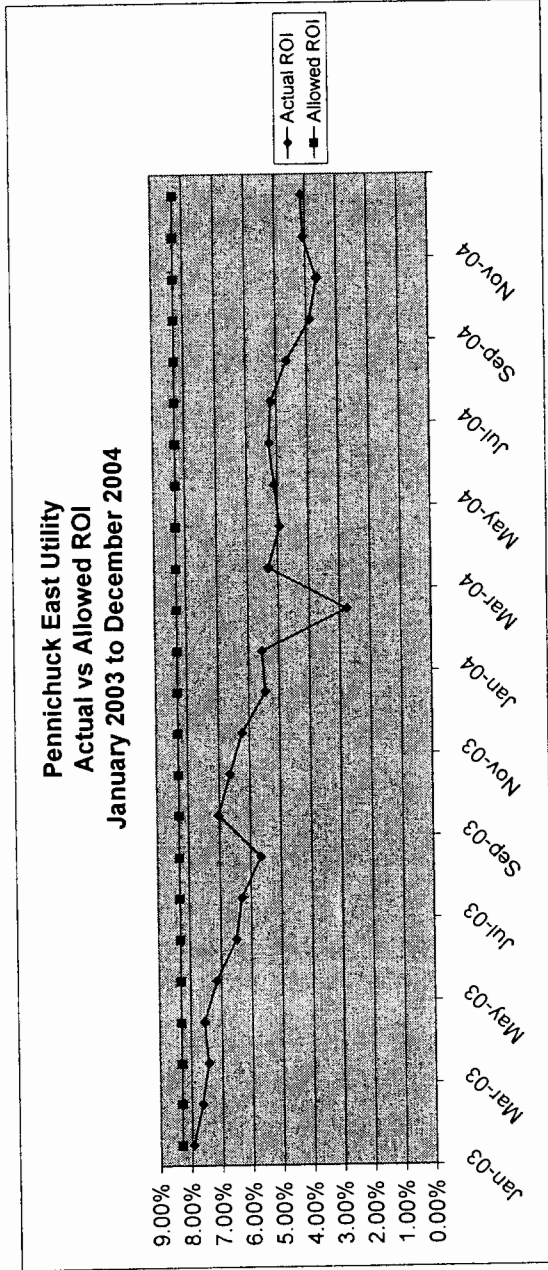
Schedule 4

| <u>Holder</u> | <u>Term</u> | <u>Maturity</u> | <u>Rate</u> | <u>Outstanding Balance</u> | <u>Annual Interest</u> | <u>Annual Amortization</u> | <u>All In Annual Cost</u> | <u>Effective Rate</u> |
|----------------------------|-------------|----------------------|-------------|----------------------------|------------------------|----------------------------|---------------------------|-----------------------|
| <u>Debt</u> | | | | | | | | |
| Bank of America | 15 | 8-Apr-05 | 6.00% | \$ 4,500,000 | \$270,000 | \$ 10,933 | \$ 280,933 | 6.24% |
| NHSRF | 22 | 1-Jan-25 | 3.98% | 345,538 | 13,752 | - | 13,752 | 3.98% |
| Business Finance Authority | 20 | 1-Jan-25 | 4.50% | 1,170,000 | 52,650 | 7,189 | 59,839 | 5.11% |
| | | Total Long Term Debt | | 6,015,538 | | | 354,525 | 5.89% |
| <u>Equity</u> | | | | | | | | |
| | | Equity | 10.45% | 4,549,004 | 475,371 | - | 475,371 | 10.45% |
| | | Totals: | | 10,564,542 | \$811,773 | \$ 18,123 | 829,896 | 7.86% |

Pennihuck East Utility, Inc.
Historical Trending of Return on Investment
Individual Water Utilities
2003 Through 2004

| Month | Actual ROI | Allowed ROI |
|--------|------------|-------------|
| Jan-03 | 7.94% | 8.30% |
| Feb-03 | 7.64% | 8.30% |
| Mar-03 | 7.43% | 8.30% |
| Apr-03 | 7.54% | 8.30% |
| May-03 | 7.14% | 8.30% |
| Jun-03 | 6.48% | 8.30% |
| Jul-03 | 6.29% | 8.30% |
| Aug-03 | 5.65% | 8.30% |
| Sep-03 | 7.03% | 8.30% |
| Oct-03 | 6.63% | 8.30% |
| Nov-03 | 6.23% | 8.30% |
| Dec-03 | 5.44% | 8.30% |
| Jan-04 | 5.54% | 8.30% |
| Feb-04 | 2.76% | 8.30% |
| Mar-04 | 5.30% | 8.30% |
| Apr-04 | 4.92% | 8.30% |
| May-04 | 5.09% | 8.30% |
| Jun-04 | 5.24% | 8.30% |
| Jul-04 | 5.17% | 8.30% |
| Aug-04 | 4.65% | 8.30% |
| Sep-04 | 3.87% | 8.30% |
| Oct-04 | 3.63% | 8.30% |
| Nov-04 | 4.06% | 8.30% |
| Dec-04 | 4.12% | 8.30% |

Actual ROI
Allowed ROI



**Pennichuck East Utility, Inc.
Median Water Utility Industry Debt/Equity Ratios
As of December 31, 2004**

**Schedule 4
Attachment B**

Source: Edward Jones Water Utility Industry Summary dated March 31, 2005

| <u>Company</u> | <u>Debt/Equity Ratio</u> |
|---------------------------|--------------------------|
| American States Water | 48/52 |
| Aqua America | 51/49 |
| Artesian Resources | 60/40 |
| Birmingham Utilities | 42/58 |
| California Water Service | 49/51 |
| Connecticut Water Service | 43/57 |
| Middlesex Water | 56/44 |
| SJW Corp | 44/56 |
| Southwest Water | 48/52 |
| York Water | 43/57 |

Pennichuck East Utility, Inc.
 Water Utility Authorized Return on Equity

Schedule 4
 Attachment C

Source: NAWC Financial Data Base as of September 23, 2004

| | <u>Company</u> | <u>Authorized ROE: Last Rate Case</u> | <u>Effective Date</u> |
|---------------------------------|-----------------------------------|---|-----------------------|
| Revenues Below \$10 million | Small Water Companies | | |
| | Birmingham | 10.50% | 8/1/2003 |
| | Golden Heart | 13.90% | 4/1/2003 |
| | Gordon's Corner | 10.50% | 7/1/2001 |
| | MD -American | 10.50% | 7/27/2000 |
| | Mt. Holly | 10.80% | 1/1/2000 |
| | Tidewater | 10.30% | 2/1/2004 |
| | Torrington | 10.90% | 5/1/2002 |
| | Valley | 11.50% | 2/13/2003 |
| | Wash Water | 10.50% | 4/1/2002 |
| | | Mean ROE Small Companies | 11.00% |
| Revenues \$10 and \$100 million | Artesian | 10.50% | 5/1/2003 |
| | Aquarion-MA | 11.50% | 5/1/2001 |
| | Iowa-American | 10.00% | 8/20/2001 |
| | Middlesex | 10.50% | 6/1/2001 |
| | NY Water | 9.90% | 5/1/2002 |
| | Ohio - American | 10.40% | 2/7/2002 |
| | Suburban Water | 9.80% | 5/28/2003 |
| | United - Ida | 10.60% | 9/1/2000 |
| | United - N Roch | 9.70% | 7/12/2001 |
| | VA - American | 9.80% | 11/22/2002 |
| | York | 10.00% | 6/26/2003 |
| | Mean ROE Large Companies | 10.25% | |
| | Mean ROE for all Companies | 10.62% | |