PENNICHUCK

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SENT VIA FEDERAL EXPRESS

July 15, 2005

Debra A. Howland
Executive Director and Secretary
N. H. Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

Re: Pennichuck East Utility, Inc. Rate Case DW 05-072

Dear Ms. Howland:

Please find enclosed an original and 4 copies of the Pennichuck East Utility Depreciation Study as of December 31, 2004.

I trust you will find this satisfactory and if you have any questions, please feel free to call.

Sincerely,

Bonalyn J. Hartley
Vice President, Administration

cc: Sarah B. Knowlton, Esq., McLane, Graf, Raulerson & Middleton
F. Anne Ross, Office of Consumer Advocate
R. Descoteau, Pennichuck

Enclosures

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Pennichuck East Utility

Depreciation Study
as of
December 31, 2004

AUS CONSULTANTS
792 Old Highway 66, Suite 200
Tijeras, NM 87059
(717) 763-9890
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E-MAIL: erobinson@wfw-ausinc.com

Earl M. Robinson, CDP
President & CEO

July 12, 2005

Mrs. Bonnie Hartley,Vice President - Controller
Pennichuck Water Works
25 Manchester Street
Merrimack, NY 03054

RE: Pennichuck East Utility.

Dear Mrs Hartley:

In accordance with your authorization, we have prepared a depreciation study related to the utility plant in service of the Pennichuck East Utility as of December 31, 2004. Our findings and recommendations, together with supporting schedules and exhibits, are set forth in the accompanying report.

Summary schedules have been prepared to illustrate the impact of instituting the recommended annual depreciation rates as a basis for the Company's annual depreciation expense as compared to the rates presented utilized. The application of the present rates to the Company's total depreciable plant in service as of December 31, 2004 results in an annual depreciation expense of $604,810. In comparison, the application of the proposed depreciation rates to the Company's total depreciable plant in service at December 31, 2004 results in an annual depreciation expense of $799,088, a depreciation expense increase of $194,278. The composite annual depreciation rate under present rates is 2.07 percent, while the proposed composite depreciation rate is 2.74 percent.

Section 2 of our report contains the summary schedules showing the results of our service life and salvage studies and summarizes of presently utilized depreciation rates. The subsequent sections of the report present a detailed outline of the methodology and procedures used in the study together with supporting calculations and analyses used in the development of the results. A detailed table of contents follows this letter.

Respectfully submitted,

Earl M Robinson

EARL M. ROBINSON

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Table of Contents

Pennichuck East Utility

Executive Summary

Table 1 on pages 2-1 and 2-2 is a comparative summary which illustrates the effect on instituting the revised proposed depreciation rates. The schedule includes a comparison of the annual depreciation rates and annual depreciation expense under both present and proposed rates for each plant account related to the Company's plant in service as of December 31, 2004. The proposed depreciation rates are based upon the Broad Group / Average Remaining Life procedure and technique.

Table 2 on pages 2-3 and 2-4 provides a summary of the detailed life estimated, service life parameters (Iowa Curves), and salvage factors utilized in preparing the proposed Average Remaining Life depreciation rates for each property group. The schedule provides a summary of the detailed data and narrative of study results set forth in Section 4 of this report.

Table 3 on pages 2-5 and 2-6, reconciles the December 31, 2004 account level plant in service balances per books versus the balances utilized in the performance of the depreciation study.

Likewise, Table 4, on pages 2-7 to 2-8, reconciles the December 31, 2004 book depreciation reserve balances per books versus the balances utilized in preparing the depreciation rates per this study. Furthermore, the table contains the allocation of the Company's functional book depreciation reserve to the applicable individual property categories within the functional categories.

The depreciation rates developed per this study were determined by studying the Company's investment and retirement data together with the interpretation of future expectancies which have a bearing on the overall service life of the Company's property. The proposed average remaining life-based depreciation rates, which reflect the analysis of past experience as well as present interpretations of future expectancies, will provide the Company with a better opportunity to recover the cost of its plant in service over the property's current estimate of remaining useful life than afforded under present rates. In order to develop ARL-based depreciation rates for each of the Company's depreciable property groups, it was necessary to obtain the Company's present accrued book depreciation reserve on an individual plant account level.

The depreciation rate for each individual account changed as a result of reflecting estimates obtained through the in-depth analysis and the Company's most recent data and interpretation of current and future events. Some of the revisions were not significant and typically reflect only fine tuning of previously utilized depreciation rates while others were more substantial in nature. Several of the accounts did reflect marked changes (as outlined in Section 4 of this report) from the previously utilized depreciation rates. The most notable changes are in Account 331 - Mains, and Account 334 - Meters.

The proposed implicit composite depreciation rate for Account 331 - Mains increased from 1.36 percent to 1.88 percent. The proposed depreciation rate incorporates the current estimates of average service life and future net salvage parameters developed through the review and analysis of the content of the account and the Company's available historical data relative to this property group. The proposed depreciation rates also give

recognition of the level of depreciation recovery that the Company has achieved to date. Accordingly, the proposed depreciation rate is being impacted by the fact that the level of the book depreciation reserve is proportionately lower versus the applicable theoretical reserve for the property group.

The implicit composite annual depreciation rate for Account 334 - Meters increase from 4.75 percent to 6.91 percent as a result of the impact of the Company's in the investment for Auto Meter Reading Devices into the property group's investment. The useful service life estimated for the Meter-Datamatic Readers is reflective of the maximum useful service life that is anticipated by the new sub-category of property within the overall property group.

While various of the property accounts experienced only modest increases or decreases in depreciation expense several of the accounts, as noted, did experience larger depreciation expense changes. The net change under the proposed depreciation rates, results in an aggregate net increase in annual depreciation expense of $194,278 over current rates when applied to the Company's plant in service investment as of December 31, 2004. This change in annual depreciation expense is the result of both changes in the estimated service lives and salvage factors, as compared to those underlying the current depreciation.

The Composite Depreciation Rate should not be applied to the total plant investment. The non-proportional change in plant investment, as a result of property additions or retirements, would render the composite rate inappropriate. That is, the Company's historical experience, etc. was studied in detail for each depreciable group in

the process of this study, thus, the resultant proposed depreciation rates should be applied on a similar basis. Accordingly, the following composite summary is provided for illustrative purposes only as a means to compare the present and proposed composite depreciation rates.

Present Depreciation Rates

Depreciable Plant in Service at December 31, 2004	$29,213,916
Annual Depreciation Expense	604,810
Composite Annual Depreciation Rate	2.07%

Proposed Depreciation Rates

Depreciable Plant in Service at December 31, 2004	$29,213,916
Annual Depreciation Expense	799,088
Composite Annual Depreciation Rate	2.74%

TABLE 1

Pennichuck East Utilitiy, Inc.

Summary of Original Cost of Utility Plant In Service as of December 31, 2004
and Related Annual Depreciation Expenses Under Present and Proposed Depreciation Rates

Acct. No.	Account Description	Original Cost 12-31-2004	Present Rates Rates %	Present Rates Annual Accrual	Proposed Rates Rates %	Proposed Rates Annual Accrual	Net Change Depreciation Expense
(a)	(b)	(c)	(d)	(e)=(c)*(d)	(f)	(g)=(c)*(f)	(i)=(g)-(e)
	DEPRECIABLE PLANT						
	Source of Supply						
304.10	Structures & Improvements	726,265.89	2.00%	14,525.00	3.05%	22,151.00	7,626.00
307.10	Wells & Springs	651,630.00	2.00%	13,033.00	4.05%	26,391.00	13,358.00
	TOTAL Source of Supply	1,377,895.89	2.00%	27,558.00	3.52%	48,542.00	20,984.00
	Pumping Plant						
304.20	Structures & Improvements	1,601,378.99	2.62%	41,956.00	3.01%	48,202.00	6,246.00
311.20	Electric Pumping Equipment	932,642.61	6.11%	56,984.00	6.16%	57,451.00	467.00
311.60	Other Power Pumping Equipment	4,175.71	2.86%	119.00	3.47%	145.00	26.00
	TOTAL Pumping Plant	2,538,197.31	3.90%	99,059.00	4.17%	105,798.00	6,739.00
	Water Treatment Plant						
	Water Treatment Equipment						
320.00	Purification System Equipment	305,717.33	6.67%	20,391.00	12.39%	37,878.00	17,487.00
320.10	Other Production Equipment	19,382.52	6.67%	1,293.00	5.63%	1,091.00	-202.00
320.20	Water Treatment Equipment	1,014.32	2.91%	30.00	12.42%	126.00	96.00
	TOTAL Water Treatment	326,114.17	6.66%	21,714.00	11.99%	39,095.00	17,381.00
	Transmission & Distribution Plant						
304.50	Distr Reservoir & Standpipe Structures	7,360.00	2.59%	191.00	2.77%	204.00	13.00
304.55	Booster Station Structure	338,462.42	2.59%	8,766.00	2.72%	9,206.00	440.00
330.00	Distribution Reservoirs & Standpipes	811,800.00	2.44%	19,808.00	1.96%	15,911.00	-3,897.00
	Transmission & Distribution Mains						
331.01	Pavements-Transmission Mains	877.10	1.27%	11.00	7.52%	66.00	55.00
331.02	Pavements-Distribution Mains	2,763.72	1.27%	35.00	6.95%	192.00	157.00
331.04	Pavements	2,808.61	1.27%	36.00	6.73%	189.00	153.00
331.10	Transmission Mains-New	1,299,944.83	1.19%	15,469.00	1.21%	15,729.00	260.00
331.15	Transmission Mains-Developer Installed	215,050.15	1.19%	2,559.00	1.21%	2,602.00	43.00
331.20	Distribution Mains-New	13,579,181.23	1.38%	187,393.00	1.96%	266,152.00	78,759.00
331.25	Distribution Mains-Gate Valves	14,520.56	1.38%	200.00	1.85%	269.00	69.00
331.30	Distribution Mains-Developer Installed	3,486,300.02	1.38%	48,111.00	1.86%	64,845.00	16,734.00
	Total Account 331	18,601,446.22	1.36%	253,814.00	1.88%	350,044.00	96,230.00
	Services						
333.04	New Services-Pavement	28,021.39	2.44%	684.00	6.91%	1,936.00	1,252.00
333.10	Services-New	1,642,949.10	2.48%	40,745.00	2.60%	42,717.00	1,972.00
333.20	Services-Renewed	133,779.27	2.48%	3,318.00	2.46%	3,291.00	-27.00
333.23	Services-Developer Installed (CIAC)	359,239.84	2.48%	8,909.00	2.48%	8,909.00	0.00
333.25	Services-Developer Installed (PAID)	475,900.08	2.48%	11,802.00	2.49%	11,850.00	48.00
	Total Account 333	2,639,889.68	2.48%	65,458.00	2.60%	68,703.00	3,245.00
	Meters & Meter Installs						
334.10	Meters & Meter Installs	943,348.54	4.75%	44,809.00	4.72%	44,526.00	-283.00
334.11	Meters-Digamatic Readers	602,589.16	4.75%	28,623.00	10.33%	62,247.00	33,624.00
	Total Account 334	1,545,937.70	4.75%	73,432.00	6.91%	106,773.00	33,341.00
335.00	Hydrants	327,613.53	2.00%	6,552.00	1.55%	5,078.00	-1,474.00
335.10	Hydrants-Developer Installed	313,535.62	2.00%	6,271.00	1.48%	4,640.00	-1,631.00
	Total Account 335	641,149.15	2.00%	12,823.00	1.52%	9,718.00	-3,105.00
339.00	Other Plant & Misc Equip	71,542.00	2.50%	1,789.00	2.04%	1,459.00	-330.00
	TOTAL Transmission & Distribution	24,657,587.17	1.77%	436,081.00	2.28%	562,018.00	125,937.00

TABLE 1

Pennichuck East Utilitiy, Inc.

Summary of Original Cost of Utility Plant in Service as of December 31, 2004
and Related Annual Depreciation Expenses Under Present and Proposed Depreciation Rates

Acct. No. (a)	Account Description (b)	Original Cost 12-31-2004 (c)	Present Rates Rates % (d)	Present Rates Annual Accrual (e)=(c)*(d)	Proposed Rates Rates % (f)	Proposed Rates Annual Accrual (g)=(c)*(f)	Net Change Depreciation Expense (i)=(g)-(e)
	General Plant						
343.00	Shop Equipment	83,373.00	6.67%	5,561.00	15.28%	12,739.00	7,178.00
346.00	Communication Equipment	185,264.00	5.00%	9,263.00	12.49%	23,139.00	13,876.00
347.11	Computer Equipment-Hardware/Software	36,484.00	14.29%	5,214.00	18.73%	6,833.00	1,619.00
348.00	Miscellaneous General Equipment	9,000.00	4.00%	360.00	10.27%	924.00	564.00
	TOTAL General	314,121.00	6.49%	20,398.00	13.89%	43,635.00	23,237.00
	TOTAL Depreciable Plant	29,213,915.54	2.07%	604,810.00	2.74%	799,088.00	194,278.00
	NON-DEPRECIABLE PLANT						
301.00	Organization	58,478.00					
302.00	Franchise	36,457.00					
303.10	Land	221,980.92					
303.24	Easements	1,330.88					
303.25	Easements-Gage Hill	2,548.85					
303.26	Easements-Oakwood	11,693.67					
303.27	Easements-Gilcreast Road	387.29					
303.50	Distr Reservoir & Standpipe Land	190,707.74					
303.60	Distr System Land & ROW	69,584.26					
	TOTAL Non-Depreciable Plant	593,168.61					
	TOTAL Utility Plant In Service	29,807,084.15					

TABLE 2

Pennichuck East Utilitiy, Inc.

Summary of Original Cost of Utility Plant in Service and Calculation of Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of Book Depreciation Reserve and Average Remaining Lives of Utility Plant in Service as of December 31, 2004

Acct. No. (a)	Account Description (b)	Original Cost 12-31-2004 (c)	Estimated Future Net Salvage % (d)	Estimated Future Net Salvage Amount (e)=(c)*(d)	Original Cost Less Salvage (f)=(c)-(e)	Book Depreciation Reserve (g)	Net Original Cost Less Book Reserve (h)=(f)-(g)	A.S.L./ Survivor Curve (i)	Average Remaining Life (j)	Annual Depreciation Accrual (k)=(h)/(j)	Annual Depreciation Rate (l)=(k)/(c)
	DEPRECIABLE PLANT										
	Source of Supply										
304.10	Structures & Improvements	726,265.69	-5%	-36,313.00	762,578.89	56,287.78	706,291.11 (1)	50-L0.5	31.9	22,141.00	3.05%
307.10	Wells & Springs	651,630.00	-10%	-65,163.00	716,793.00	144,480.56	572,312.44	29-L3	21.7	26,374.00	4.05%
	TOTAL Source of Supply	1,377,895.89		-101,476.00	1,479,371.89	200,768.34	1,278,603.55		26.4	48,515.00	3.52%
	Pumping Plant										
304.20	Structures & Improvements	1,601,378.99	-5%	-80,069.00	1,681,447.99	293,119.58	1,388,328.41 (1)	48-L1	28.8	48,206.00	3.01%
311.20	Electric Pumping Equipment	932,642.61	-15%	-139,896.00	1,072,538.61	228,249.62	844,288.79	20-L0.5	14.7	57,435.00	6.16%
311.60	Other Power Pumping Equipment	4,175.71	0%	0.00	4,175.71	568.66	3,607.05	30-R3	24.9	145.00	3.47%
	TOTAL Pumping Equipment	2,538,197.31		-219,965.00	2,758,162.31	521,938.06	2,236,224.25		21.1	105,786.00	4.17%
	Water Treatment Plant										
	Water Treatment Equipment										
320.00	Purification System Equipment	305,717.33	-15%	-45,858.00	351,575.33	105,417.58	246,157.75	12-R2.5	6.5	37,870.00	12.39%
320.10	Other Production Equipment	19,382.52	0%	0.00	19,382.52	3,322.99	16,059.53	20-R3	14.7	1,092.00	5.63%
320.20	Water Treatment Equipment	1,014.32	-15%	-152.00	1,166.32	357.21	809.11	12-R2.5	6.4	126.00	12.42%
	TOTAL Water Treatment	326,114.17		-46,010.00	372,124.17	109,097.78	263,026.39		6.7	39,088.00	11.99%
	Transmission & Distribution Plant										
304.50	Distr Reservioir & Standpipe Structures	7,360.00	-5%	-368.00	7,728.00	642.85	7,085.15 (1)	60-L1	34.8	204.00	2.77%
304.55	Booster Station Structure	338,462.42	-5%	-16,923.00	355,385.42	10,174.74	345,210.68 (1)	60-L1	37.5	9,206.00	2.72%
330.00	Distribution Reservoirs & Standpipes	811,800.00	-10%	-81,180.00	892,980.00	17,708.02	875,271.98 (1)	85-R2.5	55.1	15,885.00	1.96%
	Transmission & Distribution Mains										
331.01	Pavements-Transmission Mains	877.10	0%	0.00	877.10	231.39	645.71	15-R3	9.8	66.00	7.52%
331.02	Pavements-Distribution Mains	2,763.72	0%	0.00	2,763.72	340.29	2,423.43	15-R3	12.6	192.00	6.95%
331.04	Pavements	2,808.61	0%	0.00	2,808.61	69.92	2,738.69	15-R3	14.5	189.00	6.73%
331.10	Transmission Mains-New	1,299,944.83	-20%	-259,989.00	1,559,933.83	50,605.78	1,509,328.05	100-R3	95.7	15,771.00	1.21%
331.15	Transmission Mains-Developer Installed	215,050.15	-20%	-43,010.00	258,060.15	6,745.30	251,314.85	100-R3	96.6	2,602.00	1.21%
331.20	Distribution Mains-New	13,579,181.23	-20%	-2,715,836.00	16,295,017.23	2,429,432.31	13,865,584.92	65-R2.5	52.2	265,624.00	1.96%
331.25	Distribution Mains-Gate Valves	14,520.56	-20%	-2,904.00	17,424.56	312.85	17,111.71	65-R2.5	63.5	269.00	1.85%
331.30	Distribution Mains-Developer Installed	3,486,300.02	-20%	-697,260.00	4,183,560.02	126,431.71	4,057,128.31	65-R2.5	62.4	65,018.00	1.86%
	Total Account 331	18,601,446.22		-3,718,999.00	22,320,445.22	2,614,169.55	19,706,275.67		56.3	349,731.00	1.88%

TABLE 2

Pennichuck East Utilitiy, Inc.

Summary of Original Cost of Utility Plant in Service and Calculation of Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of Book Depreciation Reserve and Average Remaining Lives of Utility Plant in Service as of December 31, 2004

Acct. No.	Account Description	Original Cost 12-31-2004	Estimated Future Net Salvage %	Estimated Future Net Salvage Amount	Original Cost Less Salvage	Book Depreciation Reserve	Net Original Cost Less Book Reserve	A.S.L./ Survivor Curve	Average Remaining Life	Annual Depreciation Accrual	Annual Depreciation Rate
(a)	(b)	(c)	(d)	(e)=(c)*(d)	(f)=(c)-(e)	(g)	(h)=(f)-(g)	(i)	(j)	(k)=(h)/(j)	(l)=(k)/(c)
	Services										
333.04	New Services-Pavement	28,021.39	0%	0.00	28,021.39	3,033.97	24,987.42	15-R3	12.9	1,937.00	6.91%
333.10	Services-New	1,642,949.10	-35%	-575,032.00	2,217,981.10	329,528.10	1,888,453.00	55-R2	44.2	42,725.00	2.60%
333.20	Services-Renewed	133,779.27	-35%	-46,823.00	180,602.27	1,514.30	179,087.97	55-R2	54.4	3,292.00	2.46%
333.23	Services-Developer Installed (CIAC)	359,239.84	-35%	-125,734.00	484,973.84	18,964.51	466,009.33	55-R2	52.2	8,927.00	2.48%
333.25	Services-Developer Installed (PAID)	475,900.08	-35%	-166,565.00	642,465.08	26,284.90	616,180.18	55-R2	52.0	11,850.00	2.49%
	Total Account 333	2,639,889.68		-914,154.00	3,554,043.68	379,325.79	3,174,717.89		46.2	68,731.00	2.60%
	Meters & Meter Installs										
334.10	Meters & Meter Installs	943,348.54	-5%	-47,167.00	990,515.54	251,974.59	738,540.95	25-R2.5	16.6	44,490.00	4.72%
334.11	Meters-Digamatic Readers	602,589.16	0%	0.00	602,589.16	60,898.14	541,691.02	10-R2	8.7	62,263.00	10.33%
	Total Account 334	1,545,937.70		-47,167.00	1,593,104.70	312,872.73	1,280,231.97		12.0	106,753.00	6.91%
335.00	Hydrants	327,613.53	-10%	-32,761.00	360,374.53	54,341.62	306,032.91	75-R3	60.1	5,092.00	1.55%
335.10	Hydrants-Developer Installed	313,535.62	-10%	-31,354.00	344,889.62	7,461.63	337,427.99	75-R3	72.9	4,629.00	1.48%
	Total Account 335	641,149.15		-64,115.00	705,264.15	61,803.25	643,460.90		66.2	9,721.00	1.52%
339.00	Other Trans/Distr Equip	71,542.00	0%	0.00	71,542.00	4,322.60	67,219.40	50-R3	46.0	1,461.00	2.04%
	TOTAL Transmission & Distribution	24,657,587.17		-4,842,906.00	29,500,493.17	3,401,019.53	26,099,473.64		46.5	561,692.00	2.28%
	General Plant										
343.00	Shop Equipment	83,373.00	0%	0.00	83,373.00	45,151.92	38,221.08	12-L4	3.0	12,740.00	15.28%
346.00	Communication Equipment	185,264.00	0%	0.00	185,264.00	41,772.64	143,491.36	9-L2	6.2	23,144.00	12.49%
347.11	Computer Equipment-Hardware/Software	36,484.00	0%	0.00	36,484.00	16,670.92	19,813.08	8-R4	2.9	6,832.00	18.73%
348.00	Miscellaneous General Equipment	9,000.00	0%	0.00	9,000.00	2,067.82	6,932.18	11-L5	7.5	924.00	10.27%
	TOTAL General	314,121.00		0.00	314,121.00	105,663.30	208,457.70		4.8	43,640.00	13.89%
	TOTAL Depreciable Plant	29,213,915.54		-5,210,357.00	34,424,272.54	4,338,487.00	30,085,785.54			798,721.00	2.73%
	NON-DEPRECIABLE PLANT										
301.00	Organization	58,478.00									
302.00	Franchise	36,457.00									
303.10	Land	221,980.92									
303.24	Easements	1,330.88									
303.25	Easements-Gage Hill	2,548.85									
303.26	Easements-Oakwood	11,693.67									
303.27	Easements-Gilcreast Road	387.29									
303.50	Distr Reservoir & Standpipe Land	190,707.74									
303.60	Distr System Land & ROW	69,584.26									
	TOTAL Non-Depreciable Plant	593,168.61									
	TOTAL Utility Plant in Service	29,807,084.15									

(1) Interim Retirment Rate. Life Span Method Utilized. Service Lives Vary

TABLE 3

Pennichuck East Utilitiy, Inc.

**Summary of Original Cost as of December 31, 2004, Study Adjustments,
Plant In Service Per Depr Study By Account As Of December 31, 2004**

Acct. No. (a)	Account Description (b)	Original Cost 12-31-2004 (c)	Adjustments Per Depr Study (d)	Original Cost Per Depr. Study 12-31-2004 (h)=©+(d)
	DEPRECIABLE PLANT			
	Source of Supply			
304.10	Structures & Improvements	1,524,992.89	-798,727.00 (1)	726,265.89
307.10	Wells & Springs	651,630.00		651,630.00
	TOTAL Source of Supply	2,176,622.89	-798,727.00	1,377,895.89
	Pumping Plant			
304.20	Structures & Improvements	1,601,378.99		1,601,378.99
311.20	Electric Pumping Equipment	932,642.61		932,642.61
311.60	Other Power Pumping Equipment	4,175.71		4,175.71
	TOTAL Pumping Plant	2,538,197.31	0.00	2,538,197.31
	Water Treatment Plant			
	Water Treatment Equipment			
320.00	Purification System Equipment	305,717.33		305,717.33
320.10	Other Production Equipment	19,382.52		19,382.52
320.20	Water Treatment Equipment	1,014.32		1,014.32
	TOTAL Water Treatment	326,114.17	0.00	326,114.17
	Transmission & Distribution Plant			
304.50	Distr Reservioir & Standpipe Structures	7,360.00		7,360.00
304.55	Booster Station Structure	338,462.42		338,462.42
330.00	Distribution Reservoirs & Standpipes	13,073.00	798,727.00 (1)	811,800.00
	Transmission & Distribution Mains			
331.01	Pavements-Transmission Mains	877.10		877.10
331.02	Pavements-Distribution Mains	2,763.72		2,763.72
331.04	Pavements	2,808.61		2,808.61
331.10	Transmission Mains-New	1,299,944.83		1,299,944.83
331.15	Transmission Mains-Developer Installed	215,050.15		215,050.15
331.20	Distribution Mains-New	13,579,181.23		13,579,181.23
331.25	Distribution Mains-Gate Valves	14,520.56		14,520.56
331.30	Distribution Mains-Developer Installed	3,486,300.02		3,486,300.02
	Total Account 331	18,601,446.22	0.00	18,601,446.22
	Services			
333.04	New Services-Pavement	28,021.39		28,021.39
333.10	Services-New	1,642,949.10		1,642,949.10
333.20	Services-Renewed	133,779.27		133,779.27
333.23	Services-Developer Installed (CIAC)	359,239.84		359,239.84
333.25	Services-Developer Installed (PAID)	475,900.08		475,900.08
	Total Account 333	2,639,889.68	0.00	2,639,889.68
	Meters & Meter Installs			
334.10	Meters & Meter Installs	943,348.54		943,348.54

TABLE 3

Pennichuck East Utilitiy, Inc.

Summary of Original Cost as of December 31, 2004, Study Adjustments, Plant In Service Per Depr Study By Account As Of December 31, 2004

Acct. No.	Account Description	Original Cost 12-31-2004	Adjustments Per Depr Study	Original Cost Per Depr. Study 12-31-2004
(a)	(b)	(c)	(d)	(h)=(c)+(d)
334.11	Meters-Digamatic Readers	602,589.16		602,589.16
	Total Account 334	1,545,937.70	0.00	1,545,937.70
335.00	Hydrants	327,613.53		327,613.53
335.10	Hydrants-Developer Installed	313,535.62		313,535.62
	Total Account 335	641,149.15	0.00	641,149.15
339.00	Other Plant & Misc Equip	71,542.00		71,542.00
	TOTAL Transmission & Distribution	23,858,860.17	798,727.00	24,657,587.17
	General Plant			
343.00	Shop Equipment	83,373.00		83,373.00
346.00	Communication Equipment	185,264.00		185,264.00
347.11	Computer Equipment-Hardware/Software	36,484.00		36,484.00
348.00	Miscellaneous General Equipment	9,000.00		9,000.00
	TOTAL General	314,121.00	0.00	314,121.00
	TOTAL Depreciable Plant	29,213,915.54	0.00	29,213,915.54
	NON-DEPRECIABLE PLANT			
301.00	Organization	58,478.00		58,478.00
302.00	Franchise	36,457.00		36,457.00
303.10	Land	221,980.92		221,980.92
303.24	Easements	1,330.88		1,330.88
303.25	Easements-Gage Hill	2,548.85		2,548.85
303.26	Easements-Oakwood	11,693.67		11,693.67
303.27	Easements-Gilcreast Road	387.29		387.29
303.50	Distr Reservoir & Standpipe Land	190,707.74	0.00	190,707.74
303.60	Distr System Land & ROW	69,584.26		69,584.26
	TOTAL Non-Depreciable Plant	593,168.61	0.00	593,168.61
	TOTAL Utility Plant in Service	29,807,084.15	0.00	29,807,084.15

(1) Litchfield Storage Tank

TABLE 4

Pennichuck East Utilitiy, Inc.

Summary of Book Depreciation Reserve as of December 31, 2004, Allocation of Book Depreciation Reserve (And Gains and Loss Balance) Over Theoretical Depreciation Reserve As Of December 31, 2004 And Book Depreciation Reserve Per Depr Study By Account As Of December 31, 2004

Acct. No. (a)	Account Description (b)	Original Cost Per Depr. Study 12-31-2004	Est'd Future Net Salvage %	A.S.L./ Survivor Curve	Book Depr Reserve 12-31-2004 (c)	Theoretical Depr. Reserv 12-31-2004	Allocation of 12-31-2004 Book Depr Reserve	Gains and Loss Balance	Allocation of Gains and Loss Balance (d)	Depr Reserve Per Depr. Study 12-31-2004 (h)=c+(d)
	DEPRECIABLE PLANT									
	Source of Supply									
304.10	Structures & Improvements	726,265.89	-5%	50-L0.5		70,817.40	57,324.24		-1,036.46	56,287.78
307.10	Wells & Springs	651,630.00	-10%	29-L3		181,775.47	147,140.96		-2,660.40	144,480.56
	TOTAL Source of Supply	1,377,895.89				252,592.87	204,465.20		-3,696.86	200,768.34
	Pumping Plant									
304.20	Structures & Improvements	1,601,378.99	-5%	48-L1		368,782.82	298,516.95		-5,397.38	293,119.58
311.20	Electric Pumping Equipment	932,642.61	-15%	20-L0.5		287,168.17	232,452.71		-4,202.89	228,249.82
311.60	Other Power Pumping Equipment	4,175.71	0%	30-R3		715.45	579.13		-10.47	568.66
	TOTAL Pumping Plant	2,538,197.31				656,666.44	531,548.80		-9,610.74	521,938.06
	Total Source of Supply and Pumping Plant				736,014.00	909,259.31	736,014.00			
	Water Treatment Plant									
	Water Treatment Equipment									
320.00	Purification System Equipment	305,717.33	-15%	12-R2.5		162,361.38	107,793.85		-2,376.26	105,417.58
320.10	Other Production Equipment	19,382.52	0%	20-R3		5,117.98	3,397.89		-74.90	3,322.99
320.20	Water Treatment Equipment	1,014.32	-15%	12-R2.5		550.16	365.26		-8.05	357.21
	TOTAL Water Treatment	326,114.17			111,557.00	168,029.52	111,557.00		-2459.221803	109,097.78
	Transmission & Distribution Plant									
304.50	Distr Reservoir & Standpipe Structures	7,360.00	-5%	60-L1		846.17	655.23		-12.38	642.85
304.55	Booster Station Structure	338,462.42	-5%	60-L1		13,392.84	10,370.76		-196.01	10,174.74
330.00	Distribution Reservoirs & Standpipes	811,600.00	-10%	85-R2.5		23,308.76	18,049.16		-341.14	17,708.02
	Transmission & Distribution Mains									
331.01	Pavements-Transmission Mains	877.10	0%	15-R3		304.57	235.84		-4.46	231.39
331.02	Pavements-Distribution Mains	2,763.72	0%	15-R3		447.92	346.85		-6.56	340.29
331.04	Pavements	2,808.61	0%	15-R3		92.04	71.27		-1.35	69.92
331.10	Transmission Mains-New	1,299,944.83	-20%	100-R3		66,611.51	51,580.68		-974.90	50,605.78
331.15	Transmission Mains-Developer Installed	215,050.15	-20%	100-R3		8,878.72	6,875.24		-129.95	6,745.30
331.20	Distribution Mains-New	13,579,181.23	-20%	65-R2.5		3,197,819.58	2,476,234.49		-46,802.18	2,429,432.31
331.25	Distribution Mains-Gate Valves	14,520.56	-20%	65-R2.5		411.80	318.88		-6.03	312.85
331.30	Distribution Mains-Developer Installed	3,486,300.02	-20%	65-R2.5		166,419.86	128,867.37		-2,435.66	126,431.71
	Total Account 331	18,601,446.22				3,440,986.00	2,664,530.63		-50,361.08	2,614,169.55
	Services									
333.04	New Services-Pavement	28,021.39	0%	15-R3		3,993.56	3,092.42		-58.45	3,033.97
333.10	Services-New	1,642,949.10	-35%	55-R2		433,752.12	335,876.35		-6,348.25	329,528.10
333.20	Services-Renewed	133,779.27	-35%	55-R2		1,993.25	1,543.47		-29.17	1,514.30

TABLE 4

Pennichuck East Utilitiy, Inc.

Summary of Book Depreciation Reserve as of December 31, 2004, Allocation of Book Depreciation Reserve (And Gains and Loss Balance) Over Theoretical Depreciation Reserve As Of December 31, 2004 And Book Depreciation Reserve Per Depr Study By Account As Of December 31, 2004

Acct. No.	Account Description	Original Cost Per Depr. Study 12-31-2004	Est'd Future Net Salvage %	A.S.L./ Survivor Curve	Book Depr Reserve 12-31-2004	Theoretical Depr. Reserv 12-31-2004	Allocation of 12-31-2004 Book Depr Reserve	Gains and Loss Balance	Allocation of Gains and Loss Balance	Depr Reserve Per Depr. Study 12-31-2004
(a)	(b)				(c)				(d)	(h)=©+(d)
333.23	Services-Developer Installed (CIAC)	359,239.84	-35%	55-R2		24,962.66	19,329.86		-365.34	18,964.51
333.25	Services-Developer Installed (PAID)	475,900.08	-35%	55-R2		34,598.36	26,791.27		-506.37	26,284.90
	Total Account 333	2,639,889.66				499,299.95	386,633.37		-7,307.58	379,325.79
	Meters & Meter Installs									
334.10	Meters & Meter Installs	943,348.54	-5%	25-R2.5		331,669.78	256,828.79		-4,854.20	251,974.59
334.11	Meters-Digamatic Readers	602,589.16	0%	10-R2		80,159.16	82,071.32		-1,173.18	60,898.14
	Total Account 334	1,545,937.70				411,828.94	318,900.11		-6,027.39	312,872.73
335.00	Hydrants	327,613.53	-10%	75-R3		71,528.93	55,388.49		-1,046.87	54,341.62
335.10	Hydrants-Developer Installed	313,535.62	-10%	75-R3		9,821.82	7,605.38		-143.75	7,461.63
	Total Account 335	641,149.15				81,350.55	62,993.87		-1,190.62	61,803.25
339.00	Other Plant & Misc Equip	71,542.00	0%	50-R3		5,689.76	4,405.87		-83.27	4,322.60
	TOTAL Transmission & Distribution	24,657,587.17			3,466,539.00	4,476,702.97	3,466,539.00		-65,519.47	3,401,019.53
	General Plant									
343.00	Shop Equipment	83,373.00	0%	12-L4		62,531.50	46,067.11		-915.19	45,151.92
346.00	Communication Equipment	185,264.00	0%	9-L2		57,851.50	42,619.34		-846.69	41,772.64
347.11	Computer Equipment-Hardware/Software	38,464.00	0%	8-R4		23,087.78	17,008.82		-337.90	16,670.92
348.00	Miscellaneous General Equipment	9,000.00	0%	11-L5		2,863.75	2,109.73		-41.91	2,067.82
	TOTAL General	314,121.00			107,805.00	146,334.53	107,805.00		-2,141.70	105,663.30
	TOTAL Depreciable Plant	29,213,915.54			4,421,915.00	5,700,326.33	4,421,915.00	(83,428)	-83,428.00	4,338,487.00
	NON-DEPRECIABLE PLANT									
301.00	Organization	58,478.00								
302.00	Franchise	36,457.00								
303.10	Land	221,980.92								
303.24	Easements	1,330.88								
303.25	Easements-Gage Hill	2,548.85								
303.26	Easements-Oakwood	11,693.67								
303.27	Easements-Gilcreast Road	387.29								
303.50	Distr Reservoir & Standpipe Land	190,707.74								
303.60	Distr System Land & ROW	89,584.26								
	TOTAL Non-Depreciable Plant	593,168.61								
	TOTAL Utility Plant In Service	29,807,084.15								

Pennichuck East Utility

General

This report sets forth the results of our study of the depreciable property of Pennichuck East Utility (the Company) as of December 31, 2004 and contains the basic parameters (recommended average service lives and life characteristics) for the proposed average remaining life depreciation rates until a subsequent service life study is completed. All average service lives set forth in this report are developed based upon plant in service as of December 31, 2004.

The scope of the study included an analysis of Company historical data through December 31, 2004, discussions with Company management and staff to identify prior and prospective factors affecting the Company's plant in service, as well as interpretation of past service life data experience and future life expectancies to determine the appropriate average service lives of the Company's surviving plant. The service lives and life characteristics resulting from the in-depth study were utilized together with the Company's plant in service and book depreciation reserve to determine the recommended Average Remaining Life (ARL) depreciation rates related to the Company's plant in service as of December 31, 2004.

In preparing the study, the Company's historical investment data were studied using various service life analysis techniques. Further, discussions were held with the Company's management to obtain an overview of the Company's facilities and to discuss the general scope of operations together with other factors which could have a bearing on the service lives of the Company's property. Finally, the study results were tempered by

information gathered during plant inspection tours of a representative portion of the Company's property.

The Company maintains property records containing a summary of its fixed capital investments by property account. This investment data was analyzed and summarized by property group and/or sub group and vintage then utilized as a basis for the various depreciation calculations.

Depreciation Study Overview

There are numerous methods utilized to recover property investment depending upon the goal. For example, accelerated methods such as double declining balance and sum of years digits are methods used in tax accounting to motivate additional investments. Broad Group (BG) and Equal Life Group (ELG) are both Straight Line Grouping Procedures recognized and utilized by various regulatory jurisdictions depending upon the policy of the specific agency.

The Straight Line Group Method of depreciation utilized in this study to develop the recommended depreciation rates is the Broad Group Procedure together with the Average Remaining Life Technique. The use of this procedure and technique is based upon recovering the net book cost (original cost less book reserve) of the surviving plant in service over its estimated remaining useful life. Any variance between the book reserve and an implied theoretical calculated reserve is compensated for under this procedure. That is, as the Company's book reserve increases above or declines below the theoretical reserve at a specific point in time, the Company's average remaining life depreciation rate in subsequent years will be increased or decreased to compensate for the variance, thereby, assuring full recovery of the Company's investment by the end of the property's

life.

The Company, like any other business, includes as an annual operating expense an amount which reflects a portion of the capital investment which was consumed in providing service during the accounting period. The annual depreciation amount to be recognized is based upon the remaining productive life over which the undepreciated capital investment needs to be recovered. The determination of the productive remaining life for each property group usually includes an in-depth study of past experience in addition to estimates of future expectations.

Annual Depreciation Accrual

Through the utilization of the Average Remaining Life Technique, the Company will recover the undepreciated fixed capital investment in the appropriate amounts as annual depreciation expense in each year throughout the remaining life of the property. The procedure incorporates the future life expectancy of the property, the vintaged surviving plant in service, and estimated net salvage, together with the book depreciation reserve balance to develop the annual depreciation rate for each property account. Accordingly, the ARL technique meets the objective of providing a straight line recovery of the undepreciated fixed capital property investment.

As indicated, the use of the Average Remaining Life Technique results in charging the appropriate annual depreciation amounts over the remaining life of the property to insure full recovery by the end of the life of the property. The annual expense is calculated on a Straight Line Method rather than by the previously mentioned, "sum of the years digits" or "double declining balance" methods, etc. The "group" refers to the method of calculating annual depreciation on the summation of the investment in any one depreciable

group or plant account rather than calculating depreciation for each individual unit.

Under Broad Group Depreciation some units may be over depreciated and other units may be under depreciated at the time when they are retired from service, but overall, the account is fully depreciated when average service life is attained. By comparison, Equal Life Group depreciation rates are designed to fully accrue the cost of the asset group by the time of retirement. For both the Broad Group and Equal Life Group Procedures the full cost of the investment is credited to plant in service when the retirement occurs and likewise the depreciation reserve is debited with an equal retirement cost. No gain or loss is recognized at the time of property retirement because of the assumption that the retired property was at average service life.

Group Depreciation Procedures

Group depreciation procedures are utilized to depreciate property when more than one item of property is being depreciated. Such a procedure is appropriate because all of the items within a specific group typically do not have identical service lives, but have lives which are dispersed over a range of time. Utilizing a group depreciation procedure allows for a condensed application of depreciation rates to groups of similar property in lieu of extensive depreciation calculations on an item by item basis. The two more common group depreciation procedures are the Broad Group (BG) and Equal Life Group (ELG) approach.

In developing depreciation rates using the Broad Group procedure, the annual depreciation rate is based on the average life of the overall property group, which is then applied to the group's surviving original cost investment. A characteristic of this procedure is that retirements of individual units occurring prior to average service life will be under

depreciated, while individual units retired after average service life will be over depreciated when removed from service, but overall, the group investment will achieve full recovery by the end of the life of the total property group. That is, the under recovery occurring early in the life of the account is balanced by the over recovery occurring subsequent to average service life. In summary, the cost of the investment is complete at the end of the property's life cycle, but the rate of recovery does not match the consumption pattern which was used to provide service to the company's customers.

Under the average service life procedure, the annual depreciation rate is calculated by the following formula:

$$\text{Annual Accrual Rate, Percent} = \frac{100\% - \text{Salvage}}{\text{Average Service Life}} \times 100$$

The application of the broad group procedure to life span groups results in each vintage investment having a different average service life. This circumstance exists because the concurrent retirement of all vintages at the anticipated retirement year results in truncating and, therefore, restricting the life of each successive years vintage investment. An average service life is calculated for each vintage investment in accordance with the above formula. Subsequently, a composite service life and depreciation rate is calculated relative to all vintages within the property group by weighting the life for each vintage by the related surviving vintage investment within the group.

In the Equal Life Group, the property group is subdivided, through the use of plant life tables, into equal life groups. In each equal life group, portions of the overall property group includes that portion which experiences the life of the specific sub-group. The relative size of each sub-group is determined from the overall group life characteristic (property dispersion curve). This procedure both overcomes the disadvantage of

voluminous record requirements of unit depreciation, as well as eliminates the need to base depreciation on overall lives as required under the broad group procedure. The application of this procedure results in each sub-group of the property having a single life. In this procedure, the full cost of short lived units is accrued during their lives leaving no under accruals to be recovered by over accruals on long lived plant. The annual depreciation for the group is the summation of the depreciation accruals based on the service life of each Equal Life Group.

The ELG Procedure is superior to the BG Procedure because it allocates the capital cost of a group property to annual expense in accordance with the consumption of the property group providing service to customers. In this regard, the company's customers are more appropriately charged with the cost of the property consumed in providing them service during the applicable service period. The more timely return of plant cost is accomplished by fully accruing each unit's cost during its service life, thereby not only reducing the risk of incomplete cost recovery, but also resulting in less return on rate base over the life of a depreciable group. The total depreciation expense over the life of the property is the same for all procedures which allocate the full capital cost to expense, but at any specific point in time, the depreciated original cost is less under the ELG procedure than under the BG procedure. This circumstance exists because under the equal life group procedure, the rate base is not maintained at a level of greater than the future service value of the surviving plant as is the case when using the average service life procedure. Consequently, the total return required from the ratepayers is less under the ELG procedure.

While the Equal Life Group procedure has been known to depreciation experts for

many years, widespread interest in applying the procedure developed only after high speed electronic computers became available to perform the large volume of arithmetic computations required in developing ELG based depreciation lives and rates. The table on the following page illustrates the procedure for calculating equal life group depreciation accrual rates and summarizes the results of the underlying calculations. Depreciation rates are determined for each age interval (one year increment) during the life of a group of property which was installed in a given year or vintage group. The age of the vintage group is shown in column (A) of the ELG table. The percent surviving at the beginning of each age interval is determined from the Iowa 10-R3 survivor curve which is set forth in column (B). The percent retired during each age interval, as shown in column (C), is the difference between the percent surviving at successive age intervals. Accordingly, the percentage amount of the vintage group retired defines the size of each equal life group. For example, during the interval 3 1/2 to 4 1/2, 1.93690 percent of the vintage group is retired at an average age of four years. In this case, the 1.93690 percent of the group experiences an equal life of four years. Likewise, 3.00339 percent is retired during the interval 4 1/2 to 5 1/2 and experiences a service life of five years. Furthermore, 4.42969 percent experiences a six-year life; etc. Calculations are made for each age interval from the zero age interval through the end of the life of the vintage group. The average service life for each age interval's equal life group is shown in column (E) of the table.

The amount to be accrued annually for each equal life group is equal to the percentage retired in the equal life group divided by its service life. In as much as additions and retirements are assumed, for calculation purposes, to occur at midyear only one-half of the equal life group's annual accrual is allocated to expense during its first and last years

XYZ UTILITY COMPANY
CALCULATION OF ASL, ARL AND ACCRUED DEPRECIATION FACTORS
BASED UPON AN IOWA 10-R8 CURVE USING THE EQUAL LIFE GROUP (ELG) PROCEDURE

							EQUAL LIFE GROUP PROCEDURE			
AGE AT BEGIN OF INTERVAL	LIFE TABLE BEGIN OF INTERVAL	RETIREMENT DURING INTERVAL	AVERAGE SURVIVING	AGE OF AMOUNT RETIRED	AMOUNT FOR EACH LIFE GROUP	AMOUNT FOR REMAINING LIFE GROUPS	AVERAGE SERVICE LIFE	AVERAGE REMAINING LIFE	ELG/ARL DEPR RATE	ACCRUED DEPR RES FACTOR
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
0.0	1.0000000	0.0009198	0.9995401	0.25	0.0009198	0.0583036	8.57	8.57	11.67	0.0000000
0.5	0.9990802	0.0033314	0.9974145	1.0	0.0033314	0.1131019	8.82	8.32	11.34	0.0566975
1.5	0.9957488	0.0065393	0.9924792	2.0	0.0032697	0.1098013	9.04	7.54	11.06	0.1659501
2.5	0.9892095	0.0117037	0.9833577	3.0	0.0039012	0.1062159	9.26	6.76	10.80	0.2700337
3.5	0.9775058	0.0193690	0.9678213	4.0	0.0048422	0.1018442	9.50	6.00	10.52	0.3683062
4.5	0.9581368	0.0300339	0.9431199	5.0	0.0060068	0.0964196	9.78	5.28	10.22	0.4600565
5.5	0.9281029	0.0442969	0.9059545	6.0	0.0073828	0.0897248	10.10	4.60	9.90	0.5447146
6.5	0.8838060	0.0631367	0.8522377	7.0	0.0090195	0.0815237	10.45	3.95	9.57	0.6217794
7.5	0.8206693	0.0876232	0.7768577	8.0	0.0109529	0.0715375	10.86	3.36	9.21	0.6906424
8.5	0.7330461	0.1166879	0.6747022	9.0	0.0129653	0.0595783	11.32	2.82	8.83	0.7505770
9.5	0.6163582	0.1431836	0.5447664	10.0	0.0143184	0.0459365	11.86	2.36	8.43	0.8010714
10.5	0.4731746	0.1533568	0.3964962	11.0	0.0139415	0.0318066	12.47	1.97	8.02	0.8423003
11.5	0.3198178	0.1363216	0.2516570	12.0	0.0113601	0.0191557	13.14	1.64	7.61	0.8753616
12.5	0.1834962	0.0975199	0.1347363	13.0	0.0075015	0.0097249	13.85	1.35	7.22	0.9022159
13.5	0.0859763	0.0559043	0.0580242	14.0	0.0039932	0.0039775	14.59	1.09	6.85	0.9254232
14.5	0.0300720	0.0244398	0.0178521	15.0	0.0016293	0.0011663	15.31	0.81	6.53	0.9473077
15.5	0.0056322	0.0055324	0.0028660	16.0	0.0003458	0.0001788	16.03	0.53	6.24	0.9667657
16.5	0.0000998	0.0000998	0.0000499	17.0	0.0000059	0.0000029	17.00	0.50	5.88	0.9705882
17.5	0.0000000	0.0000000	0.0000000	18.0	0.0000000	0.0000000				
		1.0000000				1.0000000				

of service life. The accrual amount for the property retired during age interval 0 to .5 must be equal to the amount retired to insure full recovery of that component during that period. The accruals for each equal life group during the age intervals of the vintage group's life cycle are shown in column (F). The total accrual for a given year is the summation of the equal life group accruals for that year. For example, the total accrual for the second year, as shown in column (G), is 11.31019 percent and is the sum of all succeeding years remaining equal life group accruals plus one half of the current years life group accrual listed in column (F). For the zero age interval year, the total accrual is equal to one half of the sum of all succeeding years remaining equal life accruals plus the amount for the zero interval equal life group accrual. The one half year accrual for the zero age interval is consistent with the half year convention relative to property during its installation year. The sum of the annual accruals for each age interval contained in column (G) total to 1.000 demonstrating that the developed rates will recover 100% of plant no more and no less. The annual accrual rate which will result in the accrual amount is the ratio of the accrual amount (11.31019 percent) to the average percent surviving during the interval, column (D), (99.74145 percent), which is a rate of 11.34% (column J). Column (J) contains a summary of the accrual rates for each age interval of the property groups life cycle based upon an Iowa 10-R3 survivor curve.

Remaining Life Technique

In the Average Remaining Life depreciation technique, the annual accrual is calculated according to the following formula where, (A) the annual depreciation for each group equals, (D) the depreciable cost of plant less (U) the accumulated provision for depreciation less (S) the estimated future net salvage, divided by (R) the composite

remaining life of the group:

$$A = \frac{D - U - S}{R}$$

The annual accrual rate (a) is expressed as a percentage of the depreciable plant balance by dividing the equation by (D) the depreciable cost of plant times 100:

$$(a) = \frac{D - U - S}{R} \times \frac{1}{D} \times 100$$

As further indicated by the equation, the accumulated provision for depreciation by vintage is required in order to calculate the remaining life depreciation rate for each property group. In practice, most often such detail is not available; therefore, composite remaining lives are determined for each depreciable group, (i.e., property account).

The remaining life for a depreciable group is calculated by first determining the remaining life for each vintage year in which there is surviving investment. This is accomplished by solving the area under the survivor curve selected to represent the average life and life characteristic of the property account. The remaining life for each vintage is determined by dividing (D) the depreciable cost of each vintage, by (L) its average service life, and multiplying this ratio by its average remaining life (E). The composite remaining life of the group (R) equals the sums of products divided by the sum of the quotients:

$$R\ Group = \frac{\sum \frac{D/L \times E}{}}{\sum D/L}$$

The functional level accumulated provision for depreciation, which was the basis for developing the composite average remaining life accrual and annual depreciation rate for each property account as per this report, was obtained from the Company's books and records. The functional level depreciation reserve was further allocated to each property

account and sub-account based upon a detailed theoretical depreciation reserve calculation as of December 31, 2003.

Salvage

Net salvage is the difference between gross salvage, or what is received when an asset is disposed of, and the cost of removing it from service. Salvage experience is normally included with the depreciation rate so that current accounting periods reflect a proportional share of the ultimate abandonment and removal cost or salvage received at the end of the property service life. Net salvage is said to be positive if gross salvage exceeds the cost of removal, but if cost of removal exceeds gross salvage the result is then negative salvage.

The cost of removal includes such costs as demolishing, dismantling, tearing down, disconnecting or otherwise removing plant, as well as normal environmental clean up costs associated with the property. Salvage includes proceeds received for the sale of plant and materials or the return of equipment to stores for reuse.

Net salvage experience is studied for a period of years to determine the trends which have occurred in the past. These trends are considered together with any changes that are anticipated in the future to determine the future net salvage factor for remaining life depreciation purposes. The net salvage percentage is determined by relating the total net positive or negative salvage to the book cost of the property investment.

Many retired assets generate little, if any, positive salvage. Conversely, many of the Company's asset property groups generate negative net salvage at end of their life as a result of the cost of removal (retirement).

The method used to estimate the retirement cost is a standard analysis approach

which is used to identify a company's historical experience with regard to what the end of life cost will be relative to the cost of the plant when first placed into service. This information, along with knowledge about the average age of the historical retirements that have occurred to date, enables the depreciation professional to estimate the level of retirement cost that will be experienced by the Company at the end of each property group's useful life. The study methodology utilized has been extensively set forth in depreciation textbooks and has been the accepted practice by depreciation professionals for many decades. Furthermore, the cost of removal analysis approach is the current standard practice used for mass assets by essentially all depreciation professionals in estimating future net salvage for the purpose of identifying the applicable depreciation for a property group. There is a direct relationship to the installation of specific plant in service and its corresponding removal in that the installation is its beginning of life cost while the removal is its end of life cost. Also, it is important to note that average remaining life based depreciation rates incorporate future net salvage which is routinely more representative of recent versus long-term past average net salvage.

The Company's historical net salvage experience was analyzed to identify the historical net salvage factor for each applicable property group. This analysis routinely identifies that historical retirements have occurred at average ages significantly prior to the property group's average service life. This occurrence of historical retirements, at an age which is significantly younger than the average service life of the property category, clearly demonstrates that the historical data does not appropriately recognize the true level of retirement cost at the end of the property's useful life. An additional level of cost to retire will occur due to the passage of time until all the current in service plant is retired at end

of life. That is, the level of retirement costs will increase over time until the average service life is attained. The estimated additional inflation, within the estimate of retirement cost, is related to those additional year's cost increases (primarily higher labor costs over time) that will occur prior to the end of the property group's average life.

To provide an additional explanation of the issue, several general principles surrounding property retirements and related net salvage need to be highlighted. Those are that as property continues to age, the retirement of assets, if generating positive salvage when retired, will typically generate a lower percent of positive salvage. By comparison, if the class of property is one that typically generates negative net salvage (cost of removal), with increasing age at retirement the negative percentage as related to original cost will typically be greater. This situation is routinely driven by the higher labor cost with the passage of time.

Next, a simple example will aid in a better understanding of the above discussed net salvage analysis and the required adjustment to the historical analysis results. Assume the following scenario. A company has two (2) cars, Car #1 and Car #2, each purchased for $20,000. Car #1 is retired after 2 years and Car #2, is retired after 10 years. Accordingly, the average life of the two cars is six (6) years (2 Yrs. Plus 10 Yrs./2). Car #1 generates 75% salvage or $15,000 when retired and Car #2 generates 5% salvage or $1,000 when retired.

Unit	Cost	Ret. Age (Yrs)	% Salv.	Salvage Amount
Car # 1	$20,000	2	75%	$15,000
Car # 2	20,000	10	5%	1,000
Total	40,000	6	40%	16,000

Assume an analysis of the experienced net salvage at year three (3). Based upon the Car #1 retirement, which was retired at a young age (2 Yrs.) as compared to the average six (6) year life of the property group, the analysis indicates that the property group would generate 75% salvage. This analysis indication is incorrect and is the result of basing the estimate on incomplete data. That is, the estimate is based upon the salvage generated from a retirement that occurred at an average age which is far less than the average service life of the property group. The actual total net salvage, that occurred over the average life of the assets (which experienced a six (6) year average life for the property group) is 40% as opposed to the initial incorrect estimate of 75%.

This is exactly the situation with the majority of the Company's historical net salvage data except that most of the Company's plant property groups routinely experience negative net salvage (cost of removal) as opposed to positive salvage.

The total end of life net salvage amount must be incorporated in the development of annual depreciation rates to enable the Company to fully recover its total plant life costs. Otherwise, upon retirement of the plant, the Company will incur end of life costs without having recovered those plant related costs from the customers who benefitted from the use of the expired plant.

With regard to location type properties (e.g. generation facilities, etc.) a company will routinely experience both interim and terminal net salvage. Interim net salvage occurs in conjunction with interim retirements that occur throughout the life of the asset group. This net salvage activity (routinely and largely cost of removal) is attributable to the removal of components within the Company's facilities to enable the placement of a new asset

component. Interim net salvage is routinely negative given the care required in removing the defective component so as not to damage the remaining plant in service. Interim net salvage is applicable to the estimated interim retirement assets.

The terminal net salvage component is attributable to the end of life costs incurred (less any gross salvage received) to disconnect, remove, demolish and/or dispose of the operating asset. Terminal net salvage is attributable to those assets remaining in service subsequent to the occurrence of interim retirements.

The total net salvage incorporated into the depreciation rate for location type plant account investments is the sum of interim and terminal net salvage. Both of the items must be incorporated in the development of annual depreciation rates to enable the Company to fully recover its total plant life costs. Otherwise, upon retirement of the plant, the Company will incur end of life costs without having recovered those plant related costs from the customers who benefitted from the use of the expired facility.

Service Lives

Several factors contribute to the length of time or average service life which the property achieves. The three (3) major categories under which these factors fall are: (1) physical; (2) functional, and; (3) contingent casualties.

The physical category includes such things as deterioration, wear and tear and the action of the natural elements. The functional category includes inadequacy, obsolescence and requirements of governmental authorities. Obsolescence occurs when it is no longer economically feasible to use the property to provide service to customers or when technological advances have provided a substitute of superior performance. The remaining factor of contingent casualties relates to retirements caused by accidental

damage or construction activity of one type or another.

In performing the life analysis for any property being studied, both past experience and future expectations must be considered in order to fully evaluate the circumstances which may have a bearing on the remaining life of the property. This ensures the selection of an average service life which best represents the expected life of each property investment.

Survivor Curves

The preparation of a depreciation study or theoretical depreciation reserve typically incorporates smooth curves to represent the experienced or estimated survival characteristics of the property. The "smoothed" or standard survivor curves generally used are the family of curves developed at Iowa State University which are widely used and accepted throughout the utility industry.

The shape of the curves within the Iowa family are dependent upon whether the maximum rate of retirement occurs before, during or after the average service life. If the maximum retirement rate occurs earlier in life, it is a left (L) mode curve; if occurring at average life, it is a symmetrical (S) mode curve; if it occurs after average life, it is a right (R) mode curve. In addition, there is the origin (O) mode curve for plant which has heavy retirements at the beginning of life.

Many times, actual Company data has not completed its life cycle, therefore, the survivor table generated from the Company data is not extended to zero percent surviving. This situation requires an estimate be made with regard to the remaining segment of the property group's life experience. Furthermore, actual Company experience is often erratic, making its utilization for average service life estimating difficult. Accordingly, the Iowa

curves are used to both extend Company experience to zero percent surviving as well as to smooth actual Company data.

Study Procedures

Several study procedures were used to determine the prospective service lives recommended for the Company's plant in service. These include the review and analysis of historical retirements, current and future construction, historical experience and future expectations of salvage and cost of removal as related to plant investment. Service lives are affected by many different factors, some of which can be obtained from studying plant experience, others which may rely heavily on future expectations. When physical aspects are the controlling factor in determining the service life of property, historical experience is a valuable tool in selecting service lives. In the case where changing technology or a less costly alternative develops, then historical experience is of lesser value.

While various methods are available to study historical data, the principal methods utilized to determine average service lives for a Company's property are the Retirement Rate Method, the Simulated Plant Record Method, the Life Span Method, and the Judgement Method.

Retirement Rate Method - The Retirement Rate Method uses actual Company retirement experience to develop a survivor curve (Observed Life Table) which is used to determine the average service life being experienced in the account under study. Computer processing provides the opportunity to review various experience bands throughout the life of the account to observe trends and changes. For each experience band studied, the "observed life table" is constructed based on retirement experience within the band of years. In some cases, the total life of the account has not been

achieved and the experienced life table, when plotted, results in a "stub curve." It is this "stub curve" or total life curve, if achieved, which is matched or fitted to a standard Survivor curve. The matching process is performed both by computer analysis, using a least squares technique, and by manually plotting observed life tables to which smooth curves are fitted. The fitted smooth curve provides the basis to determine the average service life of the property group under study.

Simulated Balances Method - In this method of analysis, simulated surviving balances are determined for each balance included in the test band by multiplying each proceeding year's original gross additions installed by the Company by the appropriate factor of each Standard Survivor Curve, summing the products, and comparing the results with the related year end plant balance to determine the "best fitting" curve and life within the test period. Various test bands are reviewed to determine trends or changes to indicated service lives in various bands of years. By definition, the curve with the "best fit" is the curve which produces simulated plant balances that most closely matches the actual plant balances as determined by the sum of the "least squares". The sum of the "least squares" is arrived at by starting with the difference between the simulated balances and the actual balance for a given year, squaring the difference, and the curve which produces the smallest sum (of squared difference) is judged to be the "best fit".

Period Retirements Method - The application of the Period Retirements Method is similar to the "Simulated Plant Balances" Method, except the procedure utilizes a Standard Survivor Curve and service life to simulate annual retirements instead of balances in performing the "least squares" fitting process during the test period. This procedure does tend to experience wider fluctuations due to the greater variations in level of experienced

retirements versus additions and balances thereby producing greater variation in the study results.

Life Span Method - The Life Span or Forecast Method is a method utilized to study various accounts in which the expected retirement dates of specific property or locations can be reasonably estimated. In the Life Span Method, an estimated probable retirement year is determined for each location of the property group. An example of this would be a structure account, in which the various segments of the account are "life spanned" to a probable retirement date which is determined after considering a number of factors, such as management plans, industry standards, the original construction date, subsequent additions, resultant average age and the current - as well as the overall - expected service life of the property being studied. If, in the past, the property has experienced interim retirements, these are studied to determine an interim retirement rate. Otherwise, interim retirement rate parameters are estimated for properties which are anticipated to experience such retirements. The selected interim service life parameters (Iowa curve and life) are then used with the vintage investment and probable retirement year of the property to determine the average remaining life as of the study date.

Judgement Method - Standard quantitative methods such as the Retirement Rate Method, Simulated Plant Record Method, etc. are normally utilized to analyze a Company's available historical service life data. The results of the analysis together with information provided by management as well as judgement are utilized in estimating the prospective recommended average service lives. However, there are some circumstances where sufficient retirements have not occurred, or where prospective plans or guidelines are unavailable. In these circumstances, judgement alone is utilized to estimate service

lives based upon service lives used by other utilities for this class of plant as well as what is considered to be a reasonable life for this plant giving consideration to the current age and use of the facilities.

Pennichuck East Utility

Study Results

Account 304.10 - Source of Supply Structures & Improvements

The Company's investment in this account totals $726,266, has attained an average age of 3.9 years and the current depreciation rate is 2.00 percent. The investment in this account is attributable to the Company's current investment for facilities located at its water source locations.

The Life Span Method is routinely utilized to define the applicable life for this type property. Based upon the general characteristic of the property contained in the account a forty-five (45) year life span was utilized to develop the applicable probably retirement year for each of the structure locations. In addition, an analysis was completed on the Company's historical retirement data totaling $2,771 and which occurred at an average age of 8.6 years, via the retirement rate method. Base upon the study analysis of the available data and general experience an Iowa 50-L0.5 life and curve was selected as the applicable life interim retirement rate for this property group. Application of the estimated service life parameters to the current surviving investment produces an average remaining life of 31.9 years

Due to the relatively short time since the Company acquired this property net salvage data is not available. Nevertheless, it can be anticipated that negative net salvage will be incurred in conjunction with the ultimate retirement of the existing facilities. Accordingly, future net salvage of negative five (5) percent was utilized in developing the applicable annual depreciation. The resulting proposed annual depreciation rate is 3.05

percent.

Account 304.20 - Structures and Improvements - Pumping Plant

The current investment in this account totals only $1,601,379 has attained a current average age of 9.6 years, and is currently based upon an annual depreciation rate of 2.62 percent. These facilities vary in size depending upon the specific requirements, but in most circumstances, the few structures are generally modest sized industrial steel buildings. Most of the Company's well sites include site improvements such as driveways, fences, security lights, etc.

The Life Span Method is routinely utilized to define the applicable life for this type property. Based upon the general characteristic of the property contained in the account a forty-five (45) year life span was utilized to develop the applicable probably retirement year for each of the structure locations. In addition, interim retirements totaling $168,766 occurred from this property group at an average age of 15.6 years. Based upon an analysis of the Company's data via the retirement rate method an Iowa 48-L1 life and curve was estimated as the applicable interim retirement rate. Application of the recommended service life parameters to the Company's investment produces an average remaining life of 28.8 years.

The Company has not experience any net salvage to date, however, it is anticipated that the Company will need to expend future funds to dismantle and/or dispose of existing facilities when no longer utilized. Based upon the expectation of future costs of removal, net salvage is currently estimated at negative five (5) percent. The resulting recommended annual depreciation rate for this asset category is 3.01 percent.

Account 304.50 - Distr Reservoir and Standpipe Structures

The investment in this account totals only $7,360 and is related to the structures located at the Company's standpipe. The current surviving investment has achieved a current average age of 4.5 years and is presently being depreciated based upon an annual depreciation rate of 2.59 percent. The useful service life and resulting depreciation rates for this property group were developed using the Life Span Method. The facility was life spanned forty-five (45) years from its principal construction date to an estimated probable retirement year.

Given the young age of the property, no changes have occurred in conjunction with this facility. However, as the property ages it is anticipated ongoing changes will occur during future years. Accordingly, based upon the content of the account and judgement and interim retirement rate reflective of an Iowa 60-L1 life and curve is estimated for the property. The result of applying the recommended service life parameters to the account investment produced an average remaining life of 34.8 years.

While no net salvage was experienced to date, a modest level of cost is anticipated at the end of the property's useful life. Accordingly, net salvage is estimated at negative five (5) percent. The resulting recommended annual depreciation rate for this property class is 2.77 percent.

Account 304.55 - Booster Station Structures

The investment in this account totals $338,462 and is related to the structures located at the Company's booster stations. The current surviving investment has achieved a current average age of 1.5 years and is presently being depreciated based upon an annual depreciation rate of 2.59 percent. The useful service life and resulting depreciation

rates for this property group were developed using the Life Span Method. The facility was life spanned forty-five (45) years from its principal construction date to an estimated probable retirement year.

Given the young age of the property, no changes have occurred to date. However, as the property ages it is anticipated ongoing changes will occur during future years. Accordingly, based upon the content of the account and judgement an interim retirement rate reflective of an Iowa 60-L1 life and curve is estimated for the property. The result of applying the recommended service life parameters to the account investment produced an average remaining life of 37.5 years.

No net salvage has been experienced to date, however, a modest level of cost is anticipated at the end of the property's useful life. Accordingly, net salvage is estimated at negative five (5) percent. The resulting recommended annual depreciation rate for this property class is 2.72 percent.

Account 307.10 - Wells and Springs

The Company's investment in this account totals $651,630, has attained an average age of 7.9 years, and the current annual depreciation rate is 2.00 percent. The Company's shallow wells generally range in depth from 35 to 50 feet, while it has several 200 foot plus or minus bedrock wells, its deeper bedrock wells range between 400 and 900 plus feet in depth. The majority of the wells are typically six (6) diameter. The Company monitors its production capabilities closely and makes adjustments or changes to its well facilities, as required.

Historical retirements totaling $27,135, which occurred at an average age of 15.0 years during the period 2002 to present, were analyzed via the Retirement Rate Method.

The analysis indicates that the property group had experienced an average service life of twenty-nine (29) years. Based upon the completed analysis, an Iowa 29-L3 life and curve is estimated as the applicable service life parameters for the Company's property group investment. Application of the estimated service life parameters to the Company's surviving investment produces an average remaining life of 21.7 years.

The Company's has not booked net salvage during the time since acquiring the property. Nevertheless, in conjunction with the future retirement of property cost will be incurred to property close facilities. Experience of other companies within the industry has routinely indicated levels of negative net salvage. Given the fact that the Company will continue to experience increasing regulations relative to water supplies, plus will be required to provide protection of aquifers, it is anticipated that such costs will likely increase in future years. Accordingly, based upon the recent experience, a modest level of negative ten (10) percent net salvage is estimated for this property class. The resulting annual depreciation rate relative to this property class is 4.05 percent.

Account 311.20 - Electric Pumping Equipment

The investment in this account currently totals $932,643, has attained a current average age of 9.33 years, and is being depreciated based upon an annual depreciation rate of 6.11 percent. The majority of the Company's well pumps are submersible pumps with a few jet pumps used in conjunction with the shallow wells. Conversely, the booster and distribution facilities are equipped with centrifugal pumps. While they have lower initial cost, the submersible and jet pumps often tend to be less durable and repairable plus are often susceptible to lightning strikes and/or other voltage surges plus are subject to far greater levels of replacement than vertical turbine pumps used by others in the industry.

The fact is that the Company has, at a relatively young age, replaced sizable segments of its electric pumping equipment. The analysis of the Company's overall historical data during the period 1987-2002 utilizing the Retirement Rate Method identifies that the Company has experienced retirements totaling $85,770, which occurred at an average age of 10.5 years. Based upon an analysis of the Company's historical investment data within this property group during the most recent five year period (2000-2004), via the use of the retirement rate method, an Iowa 20-L0.5 life and curve is indicated as the applicable average service life anticipated to be experienced by this property class in coming years. Application of the Iowa 20-L0.5 life and curve to the current surviving investment produces an average remaining life of 14.7 years.

Based upon the expectation that the Company will incurr cost of removal in conjunction with future retirements, future net salvage is estimated at negative fifteen (15) percent. The resulting recommended annual depreciation rate for this asset group is 6.16 percent.

Account 311.60 - Other Power Pumping Equipment

The investment in this account currently totals $4,176, has attained a current average age of 5.3 years, and is being depreciated based upon an annual depreciation rate of 2.86 percent. Based upon a general review of the Company's historical investment data within this property group and typically service life parameters for this property class an Iowa 30-R3 life and curve is estimated for the property category investment, current surviving investment produces an average remaining life of 24.9 years.

Future net salvage for the property group is estimated at zero (0) percent and the resulting recommended annual depreciation rate for this asset group is 3.47 percent.

Account 320.00 - Purification System

The investment in this account totals $305,717, has achieved a current average age of 6.9 years, and is currently being depreciated based upon an annual depreciation rate of 6.67 percent.

Historically, the Company has experienced retirements totaling $213,800, which occurred at an average age of 8.3 years. An analysis of the Company's historical data relative to this equipment category, via the Retirement Rate Method, provided the basis for an estimated twelve (12) year average service life for this category. Furthermore, ever increasing water standards and ongoing modernization of the facilities will likely impact the future useful life of this property. Application of the recommended service life parameters, an Iowa 12-R2.5 life and curve to the Company's current surviving investment produces an average remaining life of 6.5 years. Future net salvage relative to this property class is estimated at negative fifteen (15) percent and when incorporated with the current remaining life of the property results in an annual depreciation rate of 12.39 percent.

Account 320.10 - Other Production Equipment

The investment in this account totals $106,576, has achieved a current average age of 5.1 years, and is currently being depreciated based upon an annual depreciation rate of 6.67 percent.

Based upon the general content of the account a twenty (20) year average service life is estimated for this category. Increasing water standards and ongoing modernization of the facilities may impact the future useful life of this property. Application of the recommended Iowa 20-R3 service life parameters to the current surviving investment produces an average remaining life of 14.7 years. Future net salvage relative to this

property class is estimated at zero (0) percent and when incorporated with the current remaining life of the property results in an annual depreciation rate of 5.63 percent.

Account 320.20 - Water Treatment Equipment

The investment in this account totals only $106,576, has achieved a current average age of 5.1 years, and is currently being depreciated based upon an annual depreciation rate of 2.91 percent.

Based upon the analysis results of Account 320.00 Purification System Equipment, an Iowa 12-R2.5 life and curve is recommended for this property group. Application of the recommended service life parameters produces an average remaining life of 6.4 years. Future net salvage relative to this property class is estimated at negative fifteen (15) percent and when incorporated with the current remaining life of the property results in an annual depreciation rate of 12.42 percent.

Account 330 - Distribution Reservoirs and Standpipes

The Company's investment for storage reservoirs totals $811,800 has attained a current average age of 1.53 years, and is being depreciated based upon an annual depreciation rate of 2.44 percent. . The facilities include a new 940,000 gallon concrete storage tank in Litchfield and a small tank located at the Windham W&E station. To develop the overall useful service life for the property group, each of the Company's investment locations were life spanned sixty (60) years from there principal construction date to an estimated probable retirement year. In addition, an interim retirement rate of an Iowa 85-R2.5 life and curve is estimated for this property class. Application of the recommended service life parameters to the plant in service investment via the Life Span Method produces an average remaining life of 55.1 years.

No net salvage has been experienced to date. Based upon general experience future net salvage relative to this property class is estimated at a modest negative ten (10) percent. Incorporating the account's investment, related average remaining life, and estimated negative ten (10) percent net salvage together produces a recommended annual depreciation rate of 1.96 percent.

Account 331- Transmission and Distribution Mains

The Company's investment in this account totals $18,601,446 and contains approximately sixty-four (64) percent of the Company's current depreciable plant in service. This property class is presently depreciated based upon a composite implicit annual depreciation rate of 1.36 percent. The Company T & D Main's investment is comprised various individual sub-categories (property groups) including Pavements, Transmission Mains (New and Developer Installed) plus Distribution Mains (New, Gate Valves, and Developer Installed). The Transmission Mains included the larger diameter Ductile Iron and PVC and PE Plastic pipe included in the system, while the Distribution Mains generally includes far small diameter Ductile Iron, PVC, and PE pipe ranging from one (1) inch to eight (8) inch diameter.

The investment in Mains-Pavements currently totals $6,449, has attained a current average age of only 2.0 years, and is being depreciated based upon an annual depreciation rate of 1.27 percent. This category of property will experience a far shorter average service life than the Mains, Due to the very young age of the property investment no retirements have been experienced to date. Considering the content of the property group an Iowa 15-R3 life and curve is estimated for the property category investment. Application of the recommended service life parameters to the Company's investment

produces an average remaining life of 13.0 years.

The Company's current investment in Transmissions Mains totals $1,514,995, has attained a current average age of 4.2 years and is being depreciated using an annual depreciation rate of 1.19 percent. Given the limited range of experience, and the generally longer service life experienced by the Transmission Mains, the Company has not experienced any retirements from this property category to date. Accordingly, considering the general content of the property group along with the limited size, growth, and potential changes within the various service areas, average service life parameters reflective of an Iowa 100-R3 life and curve are estimated for this property class. Application of the recommended service life parameters to the Company's investment produces an average remaining life of 95.9 years.

The Company's investment in Distribution Mains totals $17,080,002, and has achieved a current average age of 11.6 years. The asset classes includes various smaller diameter pipe (including PVC and Asbestos Cement pipe, fittings, etc. ranging from one (1) inch to four (4) inch in diameter). These smaller sizes of pipe comprise more than twenty-five (25) percent of the footages of Distribution Mains in service. The remaining portion of the Distribution Mains are comprised of six (6) and eight (8) inch PVC, PE, and Ductile Iron pipe, fittings, etc. This property group, for which a modest amount of historical accounting data was available, was analyzed utilizing the Retirement Rate Method during the period in which the Company has owned the operating systems. The retirement rate analysis of the retirement activity totaling $241,031, which occurred at an average age of 14.2 years, generally indicates that the property group is experiencing an average service life of approximately fifty-five (55) years, however, various of the recent changes were the

product of the Company's updating/replacing increased amount of Mains to bring the systems up to the Company's operating standard, just subsequent to the Company's acquisition of the various operating system. Accordingly, a life more reflect of the property contained in this asset group, an Iowa 65-R2.5 life and curve is estimated for each of the segments of the Company's Distribution Main investments. Furthermore, considering the limited size of the various of the facilities serving some of the service areas, and the potential for ongoing upgrades, and/or changes the proposed service life parameters are considered appropriate of these property groups. Application of the recommended service life parameters to the Company's investment produces an average remaining life of 54.3 years.

Based upon the general historical investment's analysis as well as a review and analysis of the investments of mains included in the asset account, weighted annual depreciation rate was developed as summarized below:

Pennichuck East Utility
Account 331 - Mains
Weighting of Average Service Lives for Mains
Based upon December 31, 2004 Surviving Investments

Category	Plant In Service	Net Salv - %	ASL/ Curve	ARL/ (Yrs.)	Ann. Depr. Rate %
Pavements-Trans Mains	887	0%	15-R3	9.8	7.52%
Pavements-Distr Mains	2,763	0%	15-R3	12.6	6.95%
Pavements	2,808	0%	15-R3	14.5	6.73%
Trans Mains-New	1,299,945	-20%	100-R3	95.7	1.21%
Trans Mains-Dev Installed	215,050	-20%	100-R3	96.6	1.21%
Distr Mains-New	13,579,181	-20%	65-R2.5	52.2	1.96%
Distr Mains Gate Valves	14,520	-20%	65-R2.5	63.5	1.85%
Distr Mains-Dev Installed	3,486,300	-20%	65-R2.5	62.4	1.86%
Grand Total	18,601,446			56.4	1.88%

Due to the relatively short time since the Company acquired this property net salvage data is not available. Nevertheless, it can be anticipated that negative net salvage

will be incurred in conjunction with the ultimate retirement of the existing facilities. Accordingly, a modest future net salvage of negative twenty (20) percent (relative to the Mains Piping, etc) was utilized in developing the annual depreciation rates for each of the applicable property groups. An additional factor which is anticipated to further impact the level of negative net salvage for this property group is the probable inclusion of even greater levels of cost of removal (cost to retire) above the amount presently estimated. The increased level of future cost of removal is expected to be driven by the increasing end of life costs as a result of the ever increasing costs.

The resulting proposed composite annual depreciation rate for the total account is 1.88 percent. Proposed individual depreciation rates for the applicable sub-categories of mains are contained above and on Table 1, page 2-1 of this report.

Account 333 - Services

The Company's investment in this account totals $2,639,8980, has attained a current average age of 8.8 years, and is presently depreciated based upon a composite implicit annual depreciation rate of 2.48 percent. The Company Service's investment category is comprised various individual sub-categories (property groups) including Pavements, Services-New, Services-Renew, Services-Developer Installed-CIAC, and Services-Developer Installed-PAID. Given the limited size of the Company's service areas and there general custom base, the Services for a large part are generally of smaller 5/8 and 3/4 inch diameter service pipes and serving mostly residential customers.

The investment in Services-Pavements currently totals $28,021, has attained a current average age of only 2.2 years, and is being depreciated based upon an annual depreciation rate of 2.44 percent. This category of property will experience a far shorter

average service life than the Mains, The Company's investment in Services-Pavements, for which a modest amount of historical accounting data was available, was analyzed utilizing the Retirement Rate Method during the period in which the Company has owned the operating systems. The retirement rate analysis of the retirement activity totaling $422, which occurred at an average age of 1.5 years, provides a general indication that the property group is experiencing an average service life reflective of an Iowa 15-R3 life and curve. Considering the content of the property group an Iowa 15-R3 life and curve is estimated for the property category investment. Application of the recommended service life parameters to the Company's investment produces an average remaining life of 12.9 years.

The overall average service life parameters for each of the Service piping sub-categories were estimated based upon the aggregate of the Service piping investment. The Company's investment in Services, for which a modest amount of historical accounting data was available, was analyzed utilizing the Retirement Rate Method during the period in which the Company has owned the operating systems. The retirement rate analysis of the retirement activity totaling $73,845, which occurred at an average age of 5.2 years, generally indicates that the property group is experiencing an average service life of forty (40) years, however various of the recent changes were the product of the Company updating replacing increased amount of Services to bring the systems up to the Company's operating standard, just subsequent to the Company's acquisition of the various operating system. Accordingly, a life more reflect of the property contained in this asset group, an Iowa 55-R2 life and curve is estimated for each of the segments of the Company's service investments. Furthermore, considering the limited size of the facilities serving the various

service areas, and the potential for ongoing upgrades, and/or changes the proposed service life parameters are considered appropriate of these property groups.

The Company's current investment in Services-New totals $1,642,949, has attained a current average age of 12.4 years and is being depreciated using an annual depreciation rate of 2.48 percent. Application of the account level Service piping average service life parameters of an Iowa 55-R2 life and curve to the property groups vintage investment produces an average remaining life of 44.2 years.

The Company's current investment in Services-Renewed totals $133,780, has attained a current average age of 0.7 years and is being depreciated using an annual depreciation rate of 2.48 percent. Application of the account level Service piping average service life parameters of an Iowa 55-R2 life and curve to the property groups vintage investment produces an average remaining life of 54.4 years.

The Company's current investment in Services-Developer Installed-CIAC totals $359,240, has attained a current average age of 3.2 years and is being depreciated using an annual depreciation rate of 2.48 percent. Application of the account level Service piping average service life parameters of an Iowa 55-R2 life and curve to the property groups vintage investment produces an average remaining life of 52.2 years.

The Company's current investment in Services-Developer Installed-PAID totals $479,900 has attained a current average age of 3.3 years and is being depreciated using an annual depreciation rate of 2.48 percent. Application of the account level Service piping average service life parameters of an Iowa 55-R2 life and curve to the property groups vintage investment produces an average remaining life of 52.0 years.

As previously noted, the overall average service life parameters for each of the

Service piping sub-categories were estimated based upon the aggregate of the Service piping investment. The average service life parameters for Pavements was estimated independently of the service piping investments. Subsequently, the service life parameters were applied to the vintage level investments within the individual investment categories and then composited to an overall average annual depreciation rate for the account by weighting each type of service property group investments on Table 2 of this report and as summarized below. The result of this weighting process is a proposed overall account level annual depreciation rate of 2.60 percent.

Pennichuck East Utility
Account 333 - Service
Weighting of Average Service Lives for Mains
Based upon December 31, 2004 Surviving Investments

Category	Plant In Service	Net Salv - %	ASL/ Curve	ARL/ (Yrs.)	Ann. Depr. Rate %
New Services-Pavements	28,021	0%	15-R3	12.9	6.91%
Pavements-Distr Mains	1,642,949	-35%	55-R2	44..2	2.60%
Pavements	133,579,181	-35%	55-R2	54.4	2.46%
Trans Mains-New	359,240	-35%	55-R2	52.2	2.48%
Trans Mains-Dev Installed	475,900	-35%	55-R2	52.0	2.49%
Grand Total	2,639,890			46.2	2.60%

Due to the relatively short time since the Company acquired this property net salvage data is not available. Nevertheless, it can be anticipated that negative net salvage will be incurred in conjunction with the ultimate retirement of the existing facilities. Accordingly, a modest future net salvage of negative thirty-five (35) percent (relative to the Service Piping) was utilized in developing the annual depreciation rates for each of the applicable property groups. The increased level of future cost of removal is expected to be driven by the increasing end of life costs as a result of the ever increasing costs. That is, in future years it is anticipated that the Company will be required expended considerable

funds in relationship Service retirements. Such cost of removal (cost to retire) routinely includes any required material, but more importantly, the ever increasing labor costs to disconnect customer services. In addition, cost of removal also includes such items as permits, street safety, paving costs, and overheads associated with completing the tasks.

The resulting proposed composite annual depreciation rate for the total account is 2.60 percent. Proposed individual depreciation rates for the applicable sub-categories of mains are contained above and on Table 1, page 2-1 of this report.

Account 334.10 - Meters & Meter Install

The Company's investment in this account totals $943,349 and is currently being depreciated based upon an annual depreciation rate of 4.75 percent. The Company's meters in service range from smaller to larger diameters; however, as with most operating companies, the overwhelming majority of the meters are smaller diameter units utilized to serve residential and smaller commercial customers. Only a limited quantity of meters are over 1-Inch in diameter.

Retirements totaling $175,656 during the period 1989-2002 were analyzed via the Simulated Plant Record Method. The result of this analysis identifies that the retirement levels have occurred at varying levels during the retirement band and it is anticipated that such levels will continue to occur in future years as the Company maintains its current meter policy. The analysis of the Company's historical data indicates that the property group's investment has been experiencing an average service life of eighteen (18) years. However, subsequent to the Company's acquisition of the operating property, it replaced much of the non-standard and/or sub-standard meters with current technology based facilities. Accordingly, giving consideration to the current Meters in service an Iowa 25-R2

life and curve is estimated at the applicable depreciation parameters for developing the current proposed depreciation rate for this account investment. Application of the proposed depreciation parameters to the Company's current surviving investment produces an average remaining life of 16.6 years for the property group's investment.

The Company's historical net salvage experience was analyzed for the years 1988-2002. This analysis identifies that past property retirements have experienced net salvage ranging from approximately seven (7) percent to negative six (6) percent net salvage during the study period and have averaged five (5) percent overall. Based upon the content of the account and future expectations, future net salvage is estimated at negative five (5) percent. The resulting proposed annual depreciation rate is 4.72 percent.

Account 334.11 - Meters-Digital Readers

The Company's investment in this component of the Meter account totals $602,589 and is currently being depreciated based upon an annual depreciation rate of 4.75 percent. The Company initiated an AMR program during 2003 and chose Datamatic as its vendor to provide AMR devices for its meters. After a short duration of time it became apparent that failure rates were far higher that originally anticipated. Typically, the batteries within the units are anticipated to have a ten year life at which time it is expected that the facilities will be replaced. While the longer term solution to the unit failures have yet to be resolved, it is estimated that the maximum probably life for the units is likely to be ten (10) years with increasing amounts of property being replaced at younger ages. Accordingly, an Iowa 10-R2 life and curve is currently estimated for the property class. Application of the recommended service life parameters produces an average remaining life of 8.7 years. Future net salvage relative to this property class is estimated at zero (0) percent and when

incorporated with the current remaining life of the property results in an annual depreciation rate of 10.33 percent.

Account 335.00 - Hydrants

The Company's present investment in this property category totals $327,614, has achieved a current average age of 15.4 years, and is being depreciated utilizing an annual depreciation rate of 2.00 percent

Retirements have totaled only $934 and occurred at an average age of 6.5 years during the period 2000-2004, The limited available historical data was analyzed via the Retirement Rate Method.

Based upon the Company's upon the content of the account, and the general life often associated with this property class plus expectation that future change outs will occur, an Iowa 75-R3 life and curve is recommended for this property group. Applying the recommended service life parameters to the surviving investments result in a composite average remaining life of 60.1 years relative to the Company's current surviving vintage investment.

Due to the relatively short time since the Company acquired this property net salvage data is not available. Nevertheless, it can be anticipated that negative net salvage will be incurred in conjunction with the ultimate retirement of the existing facilities. Accordingly, future net salvage of negative ten (10) percent was utilized in developing the applicable annual depreciation. The resulting proposed depreciation rate for this property group is 1.55 percent.

Account 335.10 - Hydrants-Developer Installed

The Company's investment in this account totals $313,536, has attained a current

average age of 2.17 years, and is depreciated using a present annual depreciation rate of 2.00 percent. No retirements have been experienced to date (since the Company acquired these operating properties) relative to this property class.

Based upon the Company's upon the content of the account, and the general life often associated with this property class plus expectation that future change outs will occur, an Iowa 75-R3 life and curve is recommended for this property group. Applying the recommended service life parameters to the surviving investments result in a composite average remaining life of 72.9 years relative to the Company's current surviving vintage investment.

Future net salvage relative to this property class is estimated at negative ten (10) percent and the resulting recommended annual depreciation rate is 1.48 percent.

Account 339 - Other Plant & Misc Equipment

The Company's investment in this account totals only $71,542, has achieved a current average age of 4.06 years, and is depreciated based upon an annual depreciation rate of 2.50 percent.

Since no retirements have occurred to date an Iowa 50-R3 life and curve, based upon judgement, is estimated for this property class. Application of the estimated service life parameters to the Company's surviving investment produced an average remaining life of 46.0 years. Future net salvage is estimated at zero (0) percent and the resulting annual depreciation rate for this account is 2.04 percent

Account 343 - Tools, Shop, and Garage Equipment

The Company's investment in this account totals only $83,373, has achieved a current average age of 11.1 years, and is depreciated based upon an annual depreciation

rate of 6.67 percent.

Retirements totaling $75,910 were analyzed via the Retirement Rate Method and produced a service life indication of an Iowa 12-L4 life and curve. Application of the estimated service life parameters to the Company's surviving investment produced an average remaining life of 3.0 years. Future net salvage is estimated at zero (0) percent and the resulting annual depreciation rate for this account is 15.28 percent.

Account 346 - Communication Equipment

The current surviving investment in this account totals $185,264, has attained a current average age of 3.91 years, and is presently depreciated using depreciation rates which composite to 5.00 percent.

Retirements totaling $34,204, which occurred at an average age of eleven (11) years were analyzed via the Retirement Rate Method and produced a service life indication of an Iowa 9-L2 life and curve. Given the Company experience and the rapid changes in technology, the indicated useful service life of nine (9) years is deemed appropriate for this property group. Application of the estimated Iowa 9-L2 life and curve to the Company's current investment produces an average remaining life of 6.2 years for this property group. Net salvage is estimated at zero (0) percent. The resulting annual depreciation rate is 12.49 percent.

Account 347.11 - Computer Equipment

The current investment in this account totals $36,484,has achieved a current average age of 5.37 years, and is presently being depreciated based upon a depreciation rate of 14.29 percent. Based upon the content of the account and the ongoing rapid changes in technology an Iowa 8-R4 life and curve is recommended for this property group.

Application of the service life parameters results in an average remaining life of 2.9 years. Future net salvage is estimated at zero (0) percent and the resulting annual depreciation rate is 18.73 percent.

Account 348 - Misc. General Equipment

The investment in this account totals only $9,000, and the current annual depreciation rate is 4.0 percent. Retirements totaling $2,160, which occurred at an average age of 11.9 years, were analyzed via the Retirement Rate Method and produced a service life indication of an Iowa 11-L5 life and curve. The resulting composite average remaining life is 7.5 years. Future net salvage relative to the property class is estimated at zero (0) percent and the resulting annual depreciation rate is 10.27 percent.

Pennichuck East Utility
Total Company
348.00 MISCELLANEOUS GENERAL EQUIPMENT
Observed Life Table
Retirement Expr. 1999 TO 2004
Placement Years 1984 TO 2001

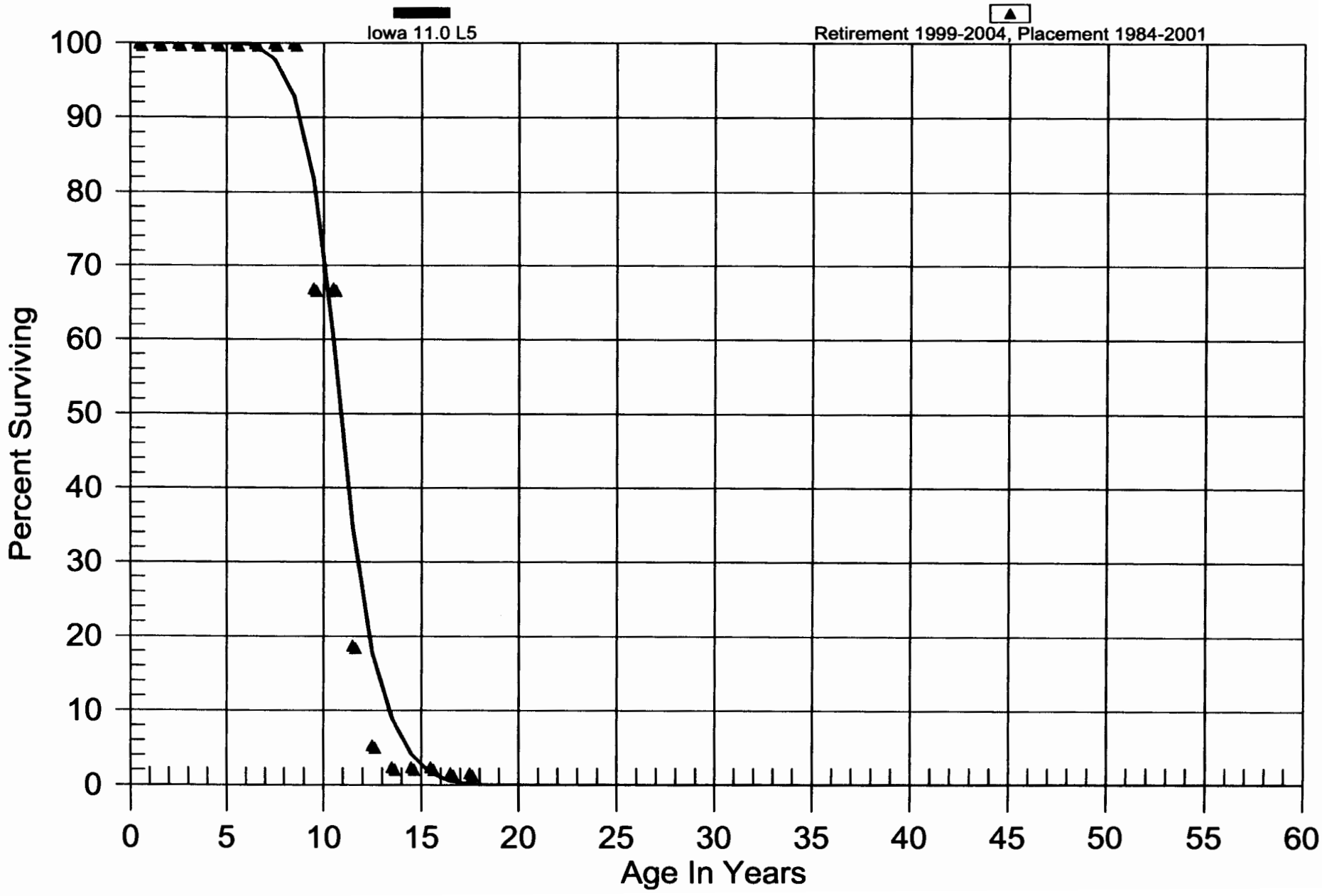
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$8,999.46	$0.00	0.00000	100.00
0.5 - 1.5	$8,999.46	$0.00	0.00000	100.00
1.5 - 2.5	$8,999.46	$0.00	0.00000	100.00
2.5 - 3.5	$8,999.46	$0.00	0.00000	100.00
3.5 - 4.5	$0.00	$0.00	0.00000	100.00
4.5 - 5.5	$0.00	$0.00	0.00000	100.00
5.5 - 6.5	$595.00	$0.00	0.00000	100.00
6.5 - 7.5	$595.00	$0.00	0.00000	100.00
7.5 - 8.5	$1,534.98	$0.00	0.00000	100.00
8.5 - 9.5	$1,796.87	$595.00	0.33113	100.00
9.5 - 10.5	$1,306.31	$0.00	0.00000	66.89
10.5 - 11.5	$1,306.31	$939.98	0.71957	66.89
11.5 - 12.5	$366.33	$261.89	0.71490	18.76
12.5 - 13.5	$188.44	$104.44	0.55423	5.35
13.5 - 14.5	$84.00	$0.00	0.00000	2.38
14.5 - 15.5	$259.00	$0.00	0.00000	2.38
15.5 - 16.5	$259.00	$84.00	0.32432	2.38
16.5 - 17.5	$175.00	$0.00	0.00000	1.61

Pennichuck East Utility

Total Company

348.00 MISCELLANEOUS GENERAL EQUIPMENT

Original And Smooth Survivor Curves



Pennichuck East Utility
Total Company
346.00 COMMUNICATION EQUIPMENT
Observed Life Table
Retirement Expr. 1999 TO 2004
Placement Years 1976 TO 2004

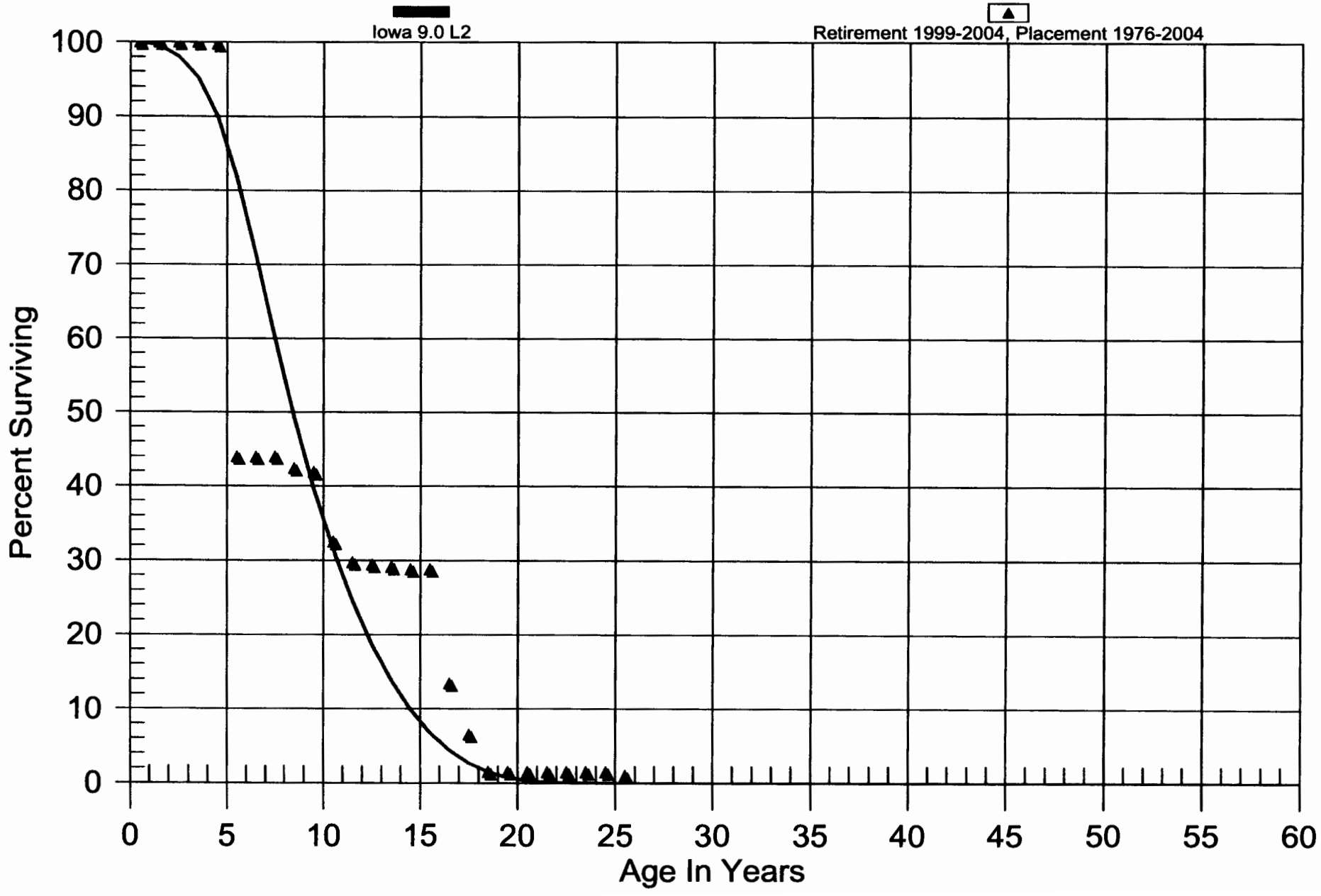
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$157,055.43	$0.00	0.00000	100.00
0.5 - 1.5	$137,184.59	$0.00	0.00000	100.00
1.5 - 2.5	$126,254.88	$0.00	0.00000	100.00
2.5 - 3.5	$43,378.13	$0.00	0.00000	100.00
3.5 - 4.5	$20,976.54	$49.61	0.00237	100.00
4.5 - 5.5	$20,365.81	$11,386.12	0.55908	99.76
5.5 - 6.5	$4,794.84	$0.00	0.00000	43.99
6.5 - 7.5	$31,856.10	$0.00	0.00000	43.99
7.5 - 8.5	$31,433.60	$1,128.71	0.03591	43.99
8.5 - 9.5	$30,574.84	$359.96	0.01177	42.41
9.5 - 10.5	$34,791.14	$7,784.48	0.22375	41.91
10.5 - 11.5	$27,166.65	$2,308.67	0.08498	32.53
11.5 - 12.5	$24,857.98	$269.95	0.01086	29.77
12.5 - 13.5	$11,723.06	$108.05	0.00922	29.44
13.5 - 14.5	$14,235.20	$159.99	0.01124	29.17
14.5 - 15.5	$15,969.45	$0.00	0.00000	28.84
15.5 - 16.5	$10,926.24	$5,828.77	0.53347	28.84
16.5 - 17.5	$5,097.47	$2,620.19	0.51402	13.46
17.5 - 18.5	$2,477.28	$1,894.24	0.76465	6.54
18.5 - 19.5	$0.00	$0.00	0.00000	1.54
19.5 - 20.5	$0.00	$0.00	0.00000	1.54
20.5 - 21.5	$0.00	$0.00	0.00000	1.54
21.5 - 22.5	$96.63	$0.00	0.00000	1.54
22.5 - 23.5	$305.63	$0.00	0.00000	1.54
23.5 - 24.5	$305.63	$0.00	0.00000	1.54
24.5 - 25.5	$305.63	$96.63	0.31617	1.54

Pennichuck East Utility

Total Company

346.00 COMMUNICATION EQUIPMENT

Original And Smooth Survivor Curves



Pennichuck East Utility
Total Company
343.00 SHOP EQUIPMENT
Observed Life Table
Retirement Expr. 1999 TO 2004
Placement Years 1975 TO 1999

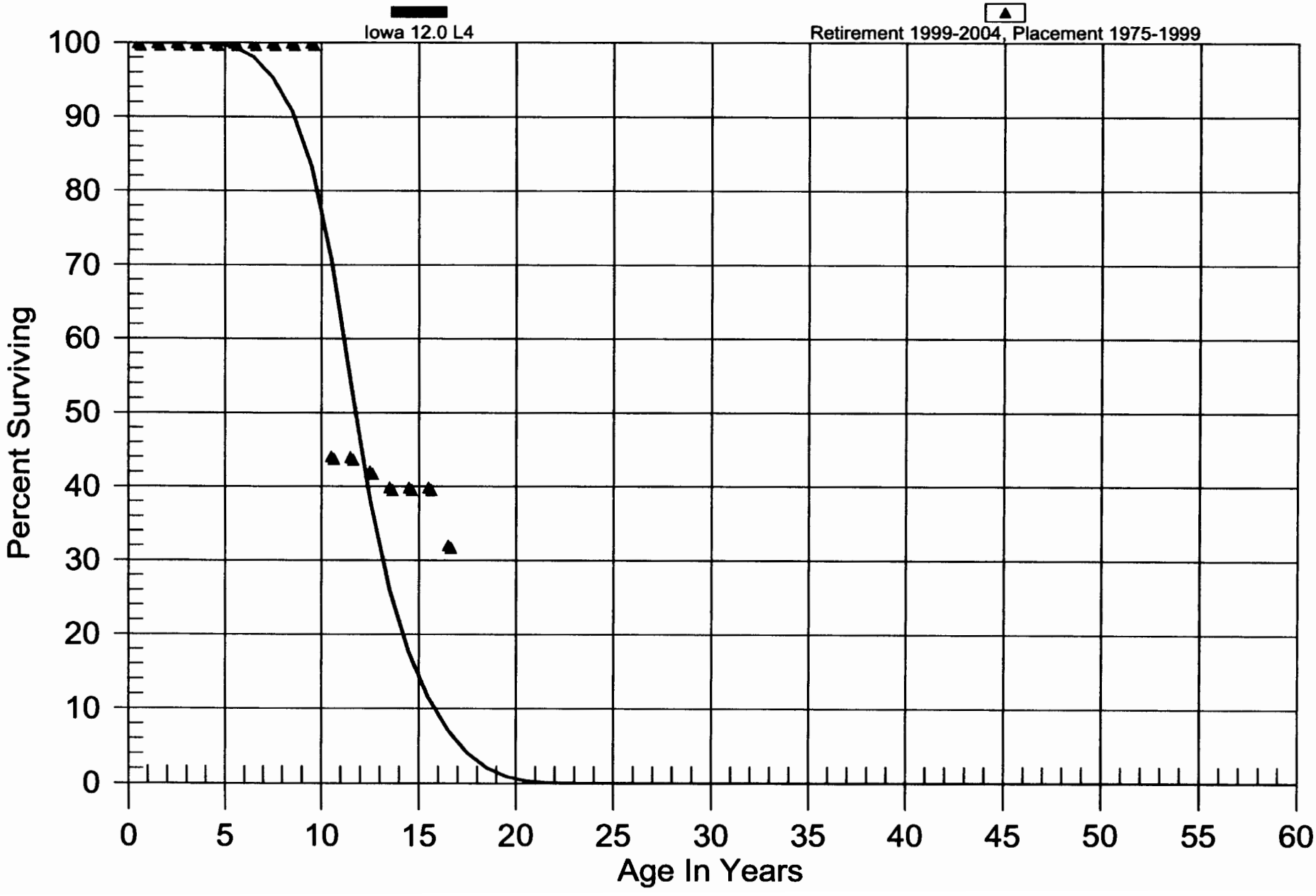
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$0.00	$0.00	0.00000	100.00
0.5 - 1.5	$0.00	$0.00	0.00000	100.00
1.5 - 2.5	$12,052.30	$0.00	0.00000	100.00
2.5 - 3.5	$29,136.44	$0.00	0.00000	100.00
3.5 - 4.5	$29,136.44	$0.00	0.00000	100.00
4.5 - 5.5	$35,827.29	$0.00	0.00000	100.00
5.5 - 6.5	$50,193.16	$0.00	0.00000	100.00
6.5 - 7.5	$139,308.97	$0.00	0.00000	100.00
7.5 - 8.5	$129,168.07	$0.00	0.00000	100.00
8.5 - 9.5	$119,625.23	$0.00	0.00000	100.00
9.5 - 10.5	$128,899.75	$72,110.77	0.55943	100.00
10.5 - 11.5	$50,098.13	$86.40	0.00172	44.06
11.5 - 12.5	$35,645.86	$1,561.42	0.04380	43.98
12.5 - 13.5	$17,215.08	$904.52	0.05254	42.05
13.5 - 14.5	$15,043.48	$0.00	0.00000	39.84
14.5 - 15.5	$9,063.60	$0.00	0.00000	39.84
15.5 - 16.5	$693.60	$135.68	0.19562	39.84

Pennichuck East Utility

Total Company

343.00 SHOP EQUIPMENT

Original And Smooth Survivor Curves



Pennichuck East Utility

Total Company

334.10 METERING EQUIPMENT

Simulated Plant Record Analysis Calculated As Of 12/31/2004

Simulated Balances Method

No. Of Test Points -	31
Interval Between Test Points -	1
First Test Point -	1974
Last Test Point -	2004

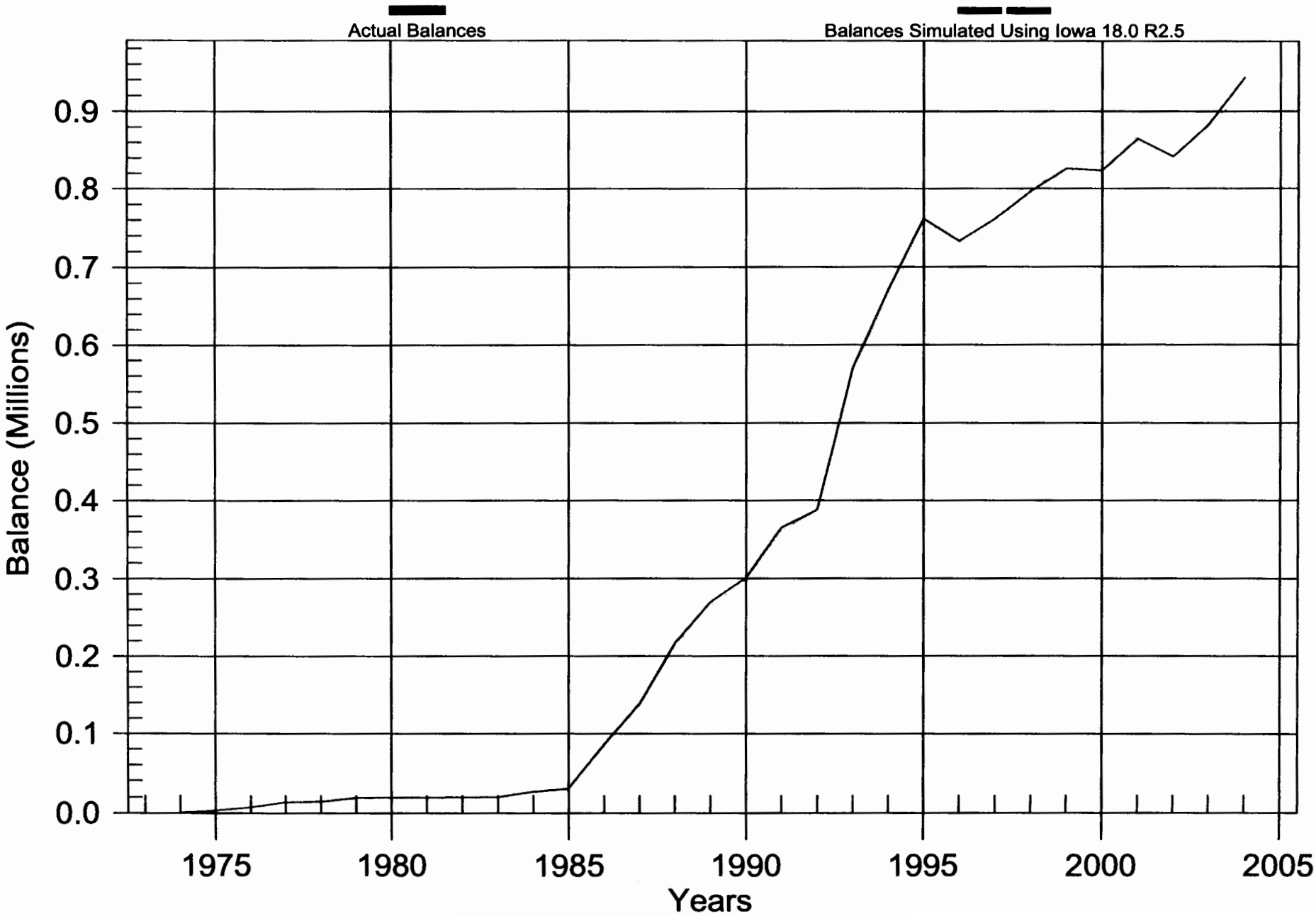
Curve Type	*Average Service Life*	*Sum Of Squares Difference*	*Conformance Index*	*Index Of Variation*	*Ret Exp Index*
S0	23.25 Yrs.	2.8322E+09	38.59	25.91	71.15
L1	23.66 Yrs.	2.8612E+09	38.40	26.04	71.84
S0.5	21.09 Yrs.	2.8971E+09	38.16	26.21	82.64
L0.5	26.88 Yrs.	2.9912E+09	37.55	26.63	62.65
R2	19.06 Yrs.	3.1244E+09	36.74	27.22	96.89
L1.5	21.41 Yrs.	3.2860E+09	35.83	27.91	80.77
R1.5	21.16 Yrs.	3.3108E+09	35.69	28.02	84.90
L0	31.16 Yrs.	3.4177E+09	35.13	28.47	54.02
S1	19.41 Yrs.	3.5697E+09	34.37	29.09	92.42
R2.5	17.81 Yrs.	3.7062E+09	33.74	29.64	99.67
S.5	27.81 Yrs.	3.9213E+09	32.80	30.49	55.77
R1	24.06 Yrs.	3.9458E+09	32.70	30.59	67.77
S1.5	18.31 Yrs.	4.4863E+09	30.66	32.61	97.42
L2	19.66 Yrs.	4.5439E+09	30.47	32.82	88.09
R0.5	28.88 Yrs.	4.7542E+09	29.79	33.57	52.07
O2	39.25 Yrs.	5.2470E+09	28.35	35.27	43.67
SC	34.91 Yrs.	5.2513E+09	28.34	35.28	43.69
O1	34.91 Yrs.	5.2513E+09	28.34	35.28	43.69
R3	16.84 Yrs.	5.3024E+09	28.20	35.46	100.00
O3	56.88 Yrs.	5.3963E+09	27.96	35.77	40.85
O4	78.91 Yrs.	5.4632E+09	27.79	35.99	39.81
S2	17.41 Yrs.	6.0970E+09	26.30	38.02	99.69
L3	17.47 Yrs.	7.6362E+09	23.50	42.55	97.29
S3	16.31 Yrs.	9.4008E+09	21.18	47.21	100.00
R4	15.91 Yrs.	1.0068E+10	20.47	48.86	100.00
L4	16.13 Yrs.	1.1656E+10	19.02	52.57	99.98
S4	15.59 Yrs.	1.4127E+10	17.28	57.87	100.00
L5	15.50 Yrs.	1.6272E+10	16.10	62.11	100.00
R5	15.34 Yrs.	1.7364E+10	15.59	64.16	100.00
S5	15.25 Yrs.	1.9080E+10	14.87	67.26	100.00
S6	15.09 Yrs.	2.3941E+10	13.27	75.34	100.00
SQ	15.00 Yrs.	3.1374E+10	11.59	86.24	100.00

Pennichuck East Utility

Total Company

334.10 METERING EQUIPMENT

Actual And Simulated Balances 1974-2004



Pennichuck East Utility
Total Company
333.10, 333.20, 333.23, 333.25

Observed Life Table
Retirement Expr. 1998 TO 2004
Placement Years 1974 TO 2004

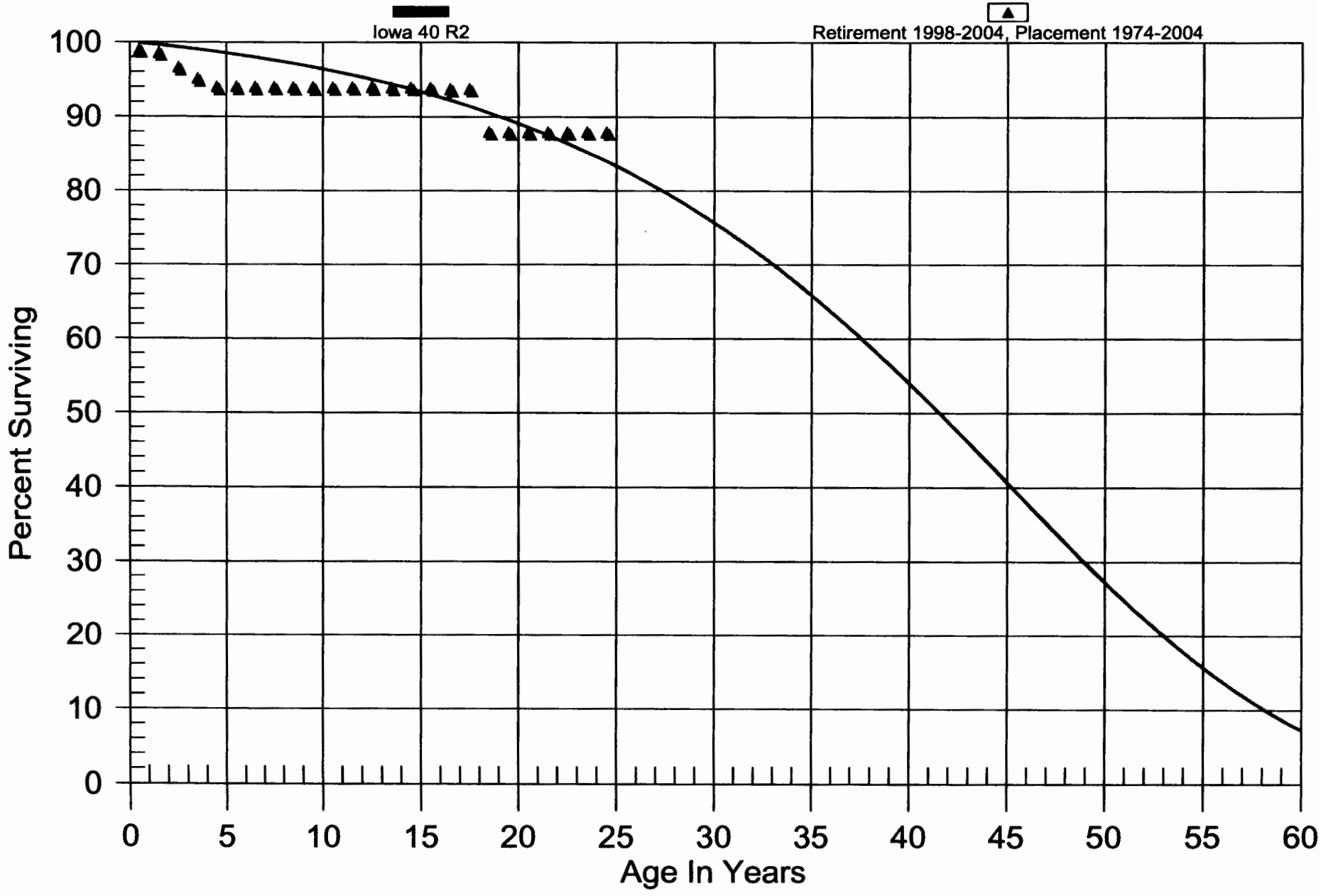
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$1,220,858.73	$11,969.93	0.00980	100.00
0.5 - 1.5	$1,017,915.12	$4,152.79	0.00408	99.02
1.5 - 2.5	$1,013,281.49	$20,422.01	0.02015	98.62
2.5 - 3.5	$932,104.10	$14,287.04	0.01533	96.63
3.5 - 4.5	$930,618.06	$10,746.00	0.01155	95.15
4.5 - 5.5	$876,108.36	$0.00	0.00000	94.05
5.5 - 6.5	$857,351.58	$0.00	0.00000	94.05
6.5 - 7.5	$810,262.15	$278.98	0.00034	94.05
7.5 - 8.5	$753,165.39	$39.37	0.00005	94.02
8.5 - 9.5	$861,493.36	$0.00	0.00000	94.01
9.5 - 10.5	$828,209.47	$0.00	0.00000	94.01
10.5 - 11.5	$762,760.49	$8.40	0.00001	94.01
11.5 - 12.5	$769,826.27	$0.00	0.00000	94.01
12.5 - 13.5	$689,632.58	$292.96	0.00042	94.01
13.5 - 14.5	$608,336.06	$80.00	0.00013	93.97
14.5 - 15.5	$545,678.89	$395.00	0.00072	93.96
15.5 - 16.5	$325,388.46	$429.29	0.00132	93.89
16.5 - 17.5	$227,544.33	$0.00	0.00000	93.77
17.5 - 18.5	$174,161.12	$10,743.65	0.06169	93.77
18.5 - 19.5	$66,188.25	$0.00	0.00000	87.98
19.5 - 20.5	$37,947.32	$0.00	0.00000	87.98
20.5 - 21.5	$33,826.25	$0.00	0.00000	87.98
21.5 - 22.5	$39,498.10	$0.00	0.00000	87.98
22.5 - 23.5	$35,163.66	$0.00	0.00000	87.98
23.5 - 24.5	$34,886.19	$0.00	0.00000	87.98
24.5 - 25.5	$34,886.19	$0.00	0.00000	87.98
25.5 - 26.5	$34,694.00	$0.00	0.00000	87.98
26.5 - 27.5	$33,020.17	$0.00	0.00000	87.98
27.5 - 28.5	$12,137.56	$0.00	0.00000	87.98
28.5 - 29.5	$4,468.40	$0.00	0.00000	87.98
29.5 - 30.5	$383.40	$0.00	0.00000	87.98

Pennichuck East Utility

Total Company

333.10, 333.20, 333.23, 333.25

Original And Smooth Survivor Curves



Pennichuck East Utility
Total Company
333.04 PAVEMENTS-NEW SERVICES
Observed Life Table
Retirement Expr. 2001 TO 2004
Placement Years 1998 TO 2004

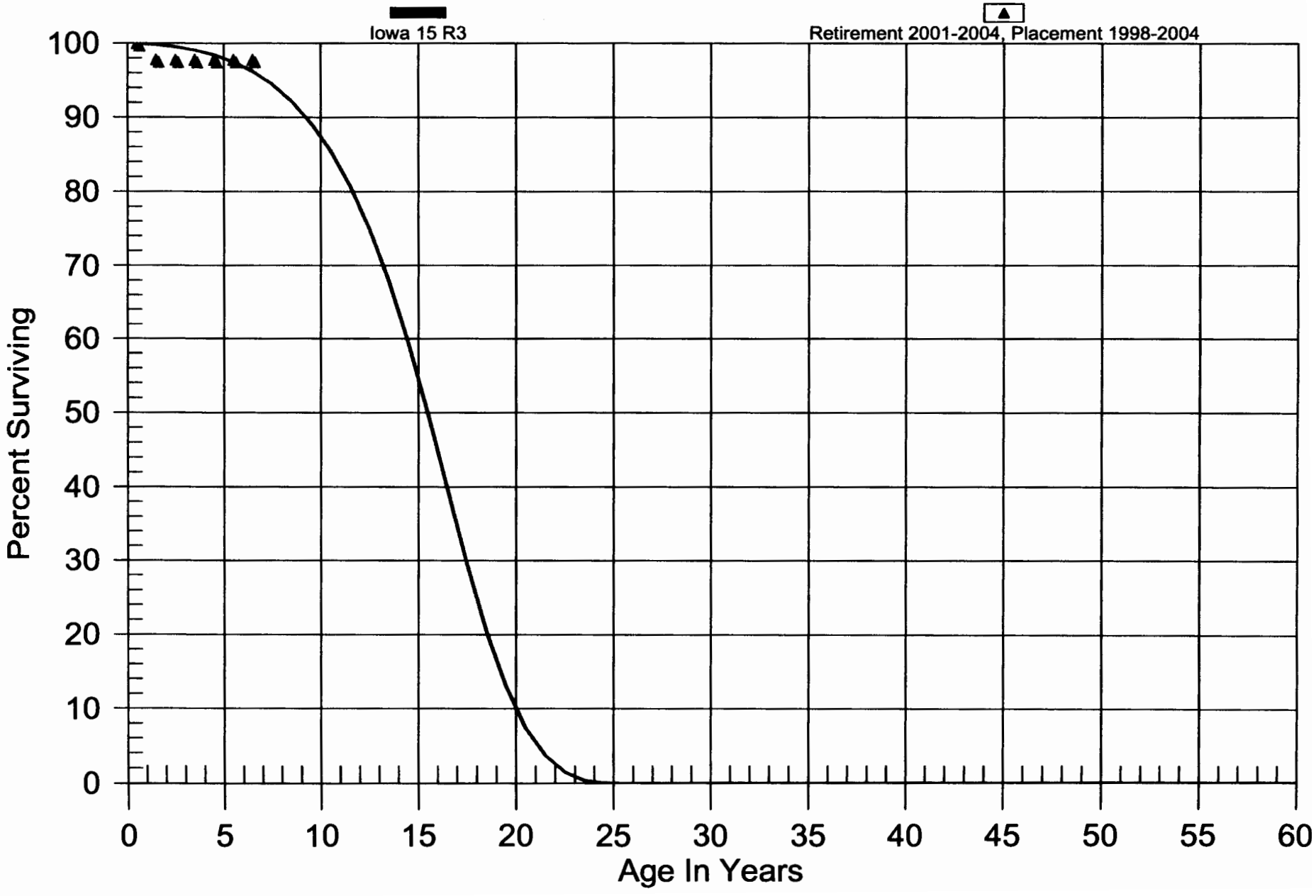
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$23,805.28	$0.00	0.00000	100.00
0.5 - 1.5	$20,086.22	$442.75	0.02204	100.00
1.5 - 2.5	$8,195.54	$0.00	0.00000	97.80
2.5 - 3.5	$7,884.28	$0.00	0.00000	97.80
3.5 - 4.5	$4,658.86	$0.00	0.00000	97.80
4.5 - 5.5	$3,521.26	$0.00	0.00000	97.80
5.5 - 6.5	$357.39	$0.00	0.00000	97.80

Pennichuck East Utility

Total Company

333.04 PAVEMENTS-NEW SERVICES

Original And Smooth Survivor Curves



Pennichuck East Utility
Total Company
331.20, 331.25, 331.30

Observed Life Table
Retirement Expr. 1998 TO 2004
Placement Years 1974 TO 2004

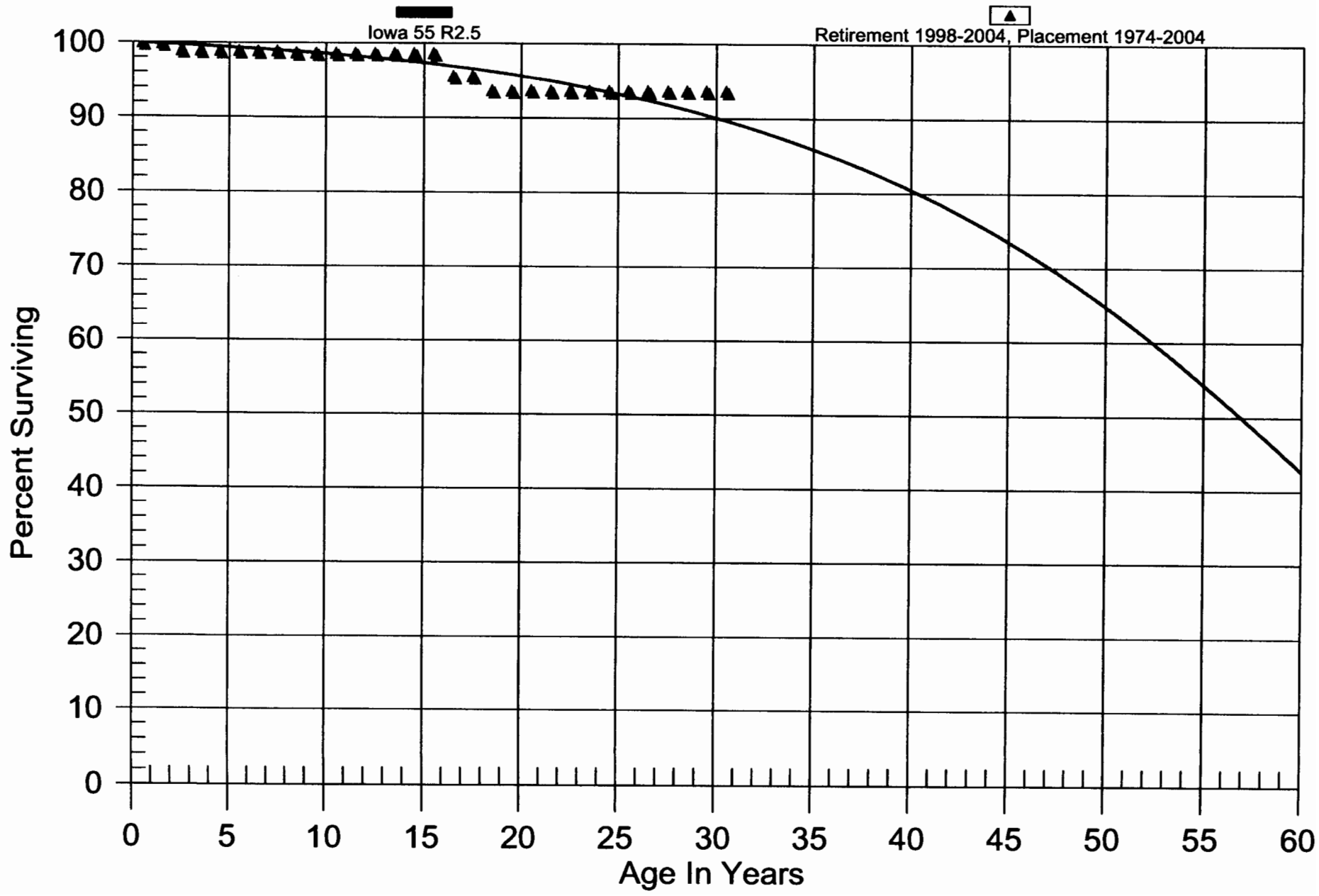
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$5,919,503.38	$99.74	0.00002	100.00
0.5 - 1.5	$5,009,249.40	$6,722.00	0.00134	100.00
1.5 - 2.5	$3,696,709.53	$32,935.71	0.00891	99.86
2.5 - 3.5	$3,248,802.33	$0.00	0.00000	98.97
3.5 - 4.5	$2,803,239.16	$1,136.50	0.00041	98.97
4.5 - 5.5	$1,778,212.57	$0.00	0.00000	98.93
5.5 - 6.5	$1,755,939.19	$242.36	0.00014	98.93
6.5 - 7.5	$998,937.74	$0.00	0.00000	98.92
7.5 - 8.5	$1,557,056.89	$3,857.35	0.00248	98.92
8.5 - 9.5	$5,588,892.48	$499.15	0.00009	98.68
9.5 - 10.5	$8,565,260.95	$141.24	0.00002	98.67
10.5 - 11.5	$8,958,708.61	$183.43	0.00002	98.67
11.5 - 12.5	$9,547,592.86	$56.18	0.00001	98.66
12.5 - 13.5	$10,050,620.26	$928.22	0.00009	98.66
13.5 - 14.5	$10,046,536.77	$149.53	0.00001	98.65
14.5 - 15.5	$9,372,160.58	$314.95	0.00003	98.65
15.5 - 16.5	$5,327,808.70	$164,295.92	0.03084	98.65
16.5 - 17.5	$1,927,924.91	$0.00	0.00000	95.61
17.5 - 18.5	$1,469,202.22	$29,468.37	0.02006	95.61
18.5 - 19.5	$774,943.11	$0.00	0.00000	93.69
19.5 - 20.5	$184,123.84	$0.00	0.00000	93.69
20.5 - 21.5	$281,690.30	$0.00	0.00000	93.69
21.5 - 22.5	$272,301.01	$0.00	0.00000	93.69
22.5 - 23.5	$273,204.75	$0.00	0.00000	93.69
23.5 - 24.5	$275,843.54	$0.00	0.00000	93.69
24.5 - 25.5	$275,843.54	$0.00	0.00000	93.69
25.5 - 26.5	$275,843.54	$0.00	0.00000	93.69
26.5 - 27.5	$273,614.61	$0.00	0.00000	93.69
27.5 - 28.5	$73,137.51	$0.00	0.00000	93.69
28.5 - 29.5	$25,994.66	$0.00	0.00000	93.69
29.5 - 30.5	$2,638.79	$0.00	0.00000	93.69

Pennichuck East Utility

Total Company

331.20, 331.25, 331.30

Original And Smooth Survivor Curves



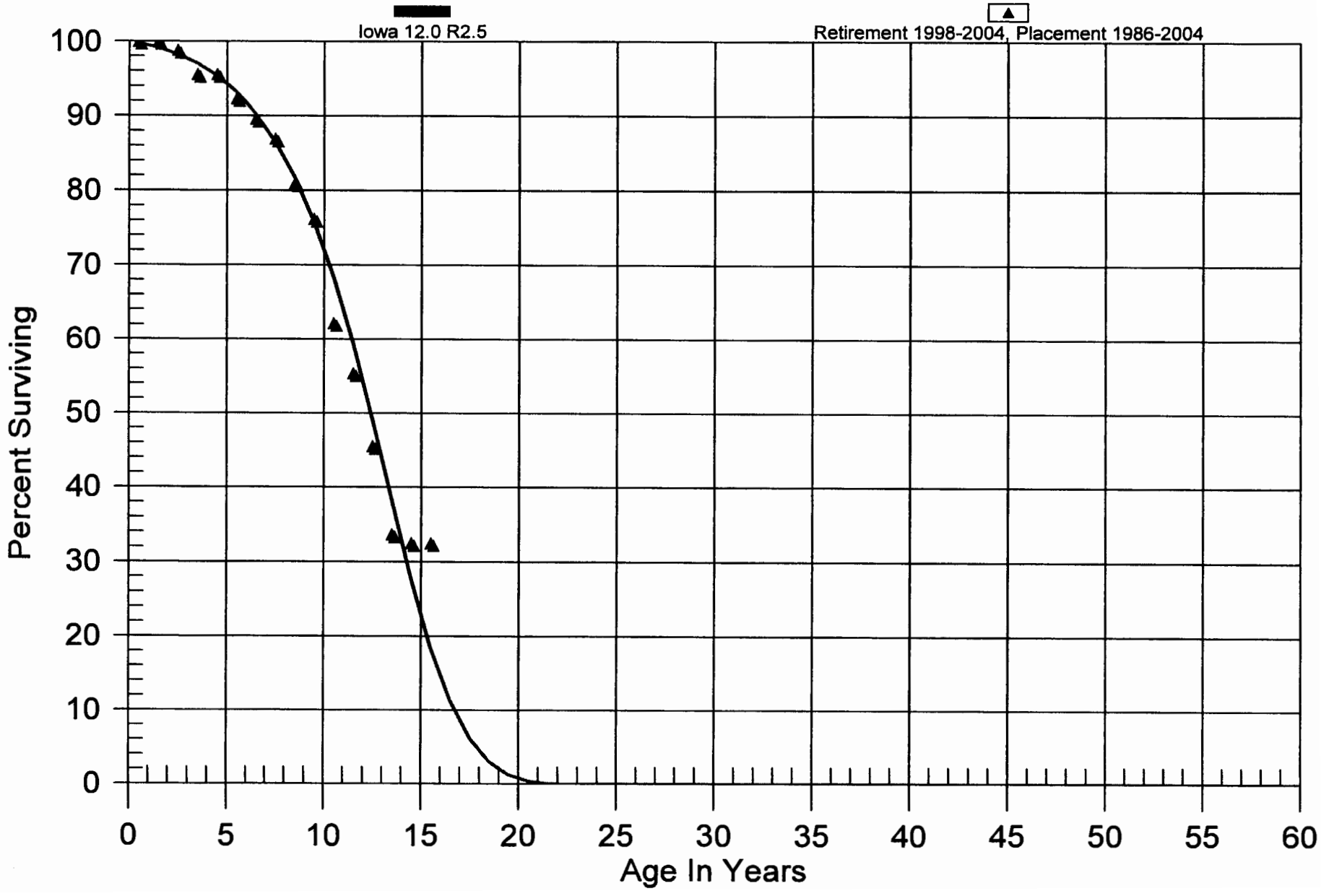
Pennichuck East Utility
Total Company
320.00, 320.20

Observed Life Table
Retirement Expr. 1998 TO 2004
Placement Years 1986 TO 2004

Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$191,045.12	$0.00	0.00000	100.00
0.5 - 1.5	$180,595.97	$0.00	0.00000	100.00
1.5 - 2.5	$209,573.52	$2,538.30	0.01211	100.00
2.5 - 3.5	$206,780.52	$6,700.54	0.03240	98.79
3.5 - 4.5	$161,754.81	$0.00	0.00000	95.59
4.5 - 5.5	$159,860.53	$5,450.85	0.03410	95.59
5.5 - 6.5	$179,945.12	$5,257.94	0.02922	92.33
6.5 - 7.5	$168,202.14	$5,010.97	0.02979	89.63
7.5 - 8.5	$199,852.57	$13,794.47	0.06902	86.96
8.5 - 9.5	$145,127.40	$8,532.79	0.05880	80.96
9.5 - 10.5	$137,317.78	$25,289.74	0.18417	76.20
10.5 - 11.5	$103,635.95	$11,273.48	0.10878	62.16
11.5 - 12.5	$90,013.48	$16,036.72	0.17816	55.40
12.5 - 13.5	$45,612.29	$11,861.33	0.26005	45.53
13.5 - 14.5	$22,198.15	$787.89	0.03549	33.69
14.5 - 15.5	$1,884.22	$0.00	0.00000	32.50

Pennichuck East Utility

Total Company
320.00, 320.20
Original And Smooth Survivor Curves



Pennichuck East Utility
Total Company
311.20 ELECTRIC PUMPING EQUIPMENT
Observed Life Table
Retirement Expr. 2000 TO 2004
Placement Years 1985 TO 2004

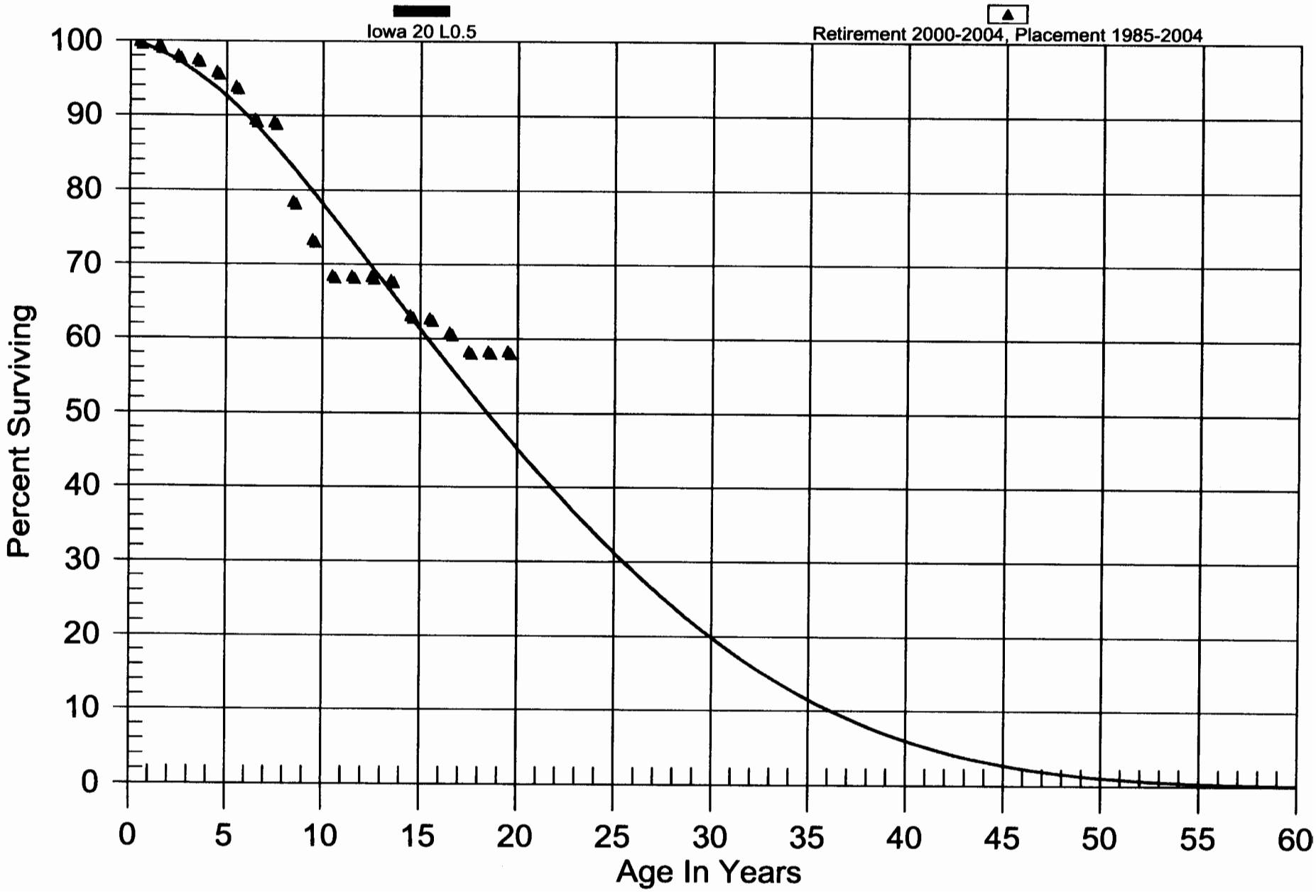
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$313,884.25	$0.00	0.00000	100.00
0.5 - 1.5	$342,398.31	$1,950.97	0.00570	100.00
1.5 - 2.5	$349,031.80	$4,617.85	0.01323	99.43
2.5 - 3.5	$357,677.41	$1,754.80	0.00491	98.11
3.5 - 4.5	$264,161.67	$4,668.45	0.01767	97.63
4.5 - 5.5	$231,481.52	$4,763.50	0.02058	95.91
5.5 - 6.5	$181,976.86	$8,563.05	0.04706	93.93
6.5 - 7.5	$167,646.57	$537.46	0.00321	89.51
7.5 - 8.5	$88,895.26	$10,635.85	0.11964	89.23
8.5 - 9.5	$70,597.42	$4,644.90	0.06579	78.55
9.5 - 10.5	$62,549.86	$4,163.62	0.06656	73.38
10.5 - 11.5	$253,249.60	$101.96	0.00040	68.50
11.5 - 12.5	$290,707.37	$175.49	0.00060	68.47
12.5 - 13.5	$294,040.82	$2,113.64	0.00719	68.43
13.5 - 14.5	$384,934.99	$27,042.45	0.07025	67.94
14.5 - 15.5	$357,143.68	$2,381.50	0.00667	63.17
15.5 - 16.5	$140,260.18	$4,205.84	0.02999	62.74
16.5 - 17.5	$83,422.64	$3,448.49	0.04134	60.86
17.5 - 18.5	$66,891.37	$0.00	0.00000	58.35
18.5 - 19.5	$0.00	$0.00	0.00000	58.35

Pennichuck East Utility

Total Company

311.20 ELECTRIC PUMPING EQUIPMENT

Original And Smooth Survivor Curves



Pennichuck East Utility
Total Company
311.20 ELECTRIC PUMPING EQUIPMENT
Observed Life Table
Retirement Expr. 1998 TO 2004
Placement Years 1985 TO 2004

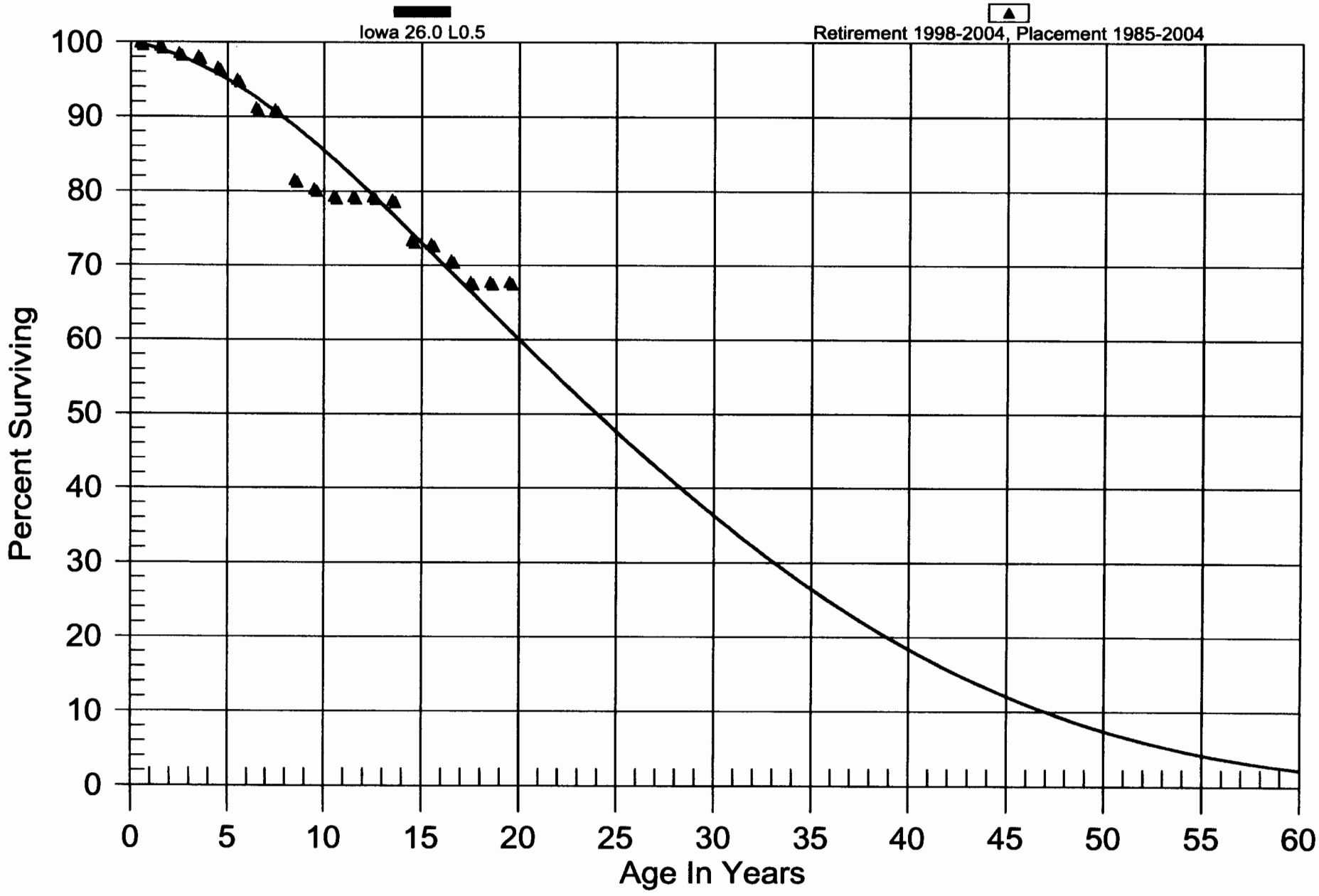
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$418,205.60	$0.00	0.00000	100.00
0.5 - 1.5	$463,635.71	$1,950.97	0.00421	100.00
1.5 - 2.5	$467,744.55	$4,617.85	0.00987	99.58
2.5 - 3.5	$397,897.57	$1,754.80	0.00441	98.60
3.5 - 4.5	$312,459.74	$4,668.45	0.01494	98.16
4.5 - 5.5	$283,545.07	$4,763.50	0.01680	96.69
5.5 - 6.5	$213,789.25	$8,563.05	0.04005	95.07
6.5 - 7.5	$186,121.42	$537.46	0.00289	91.26
7.5 - 8.5	$103,803.62	$10,635.85	0.10246	91.00
8.5 - 9.5	$294,328.60	$4,644.90	0.01578	81.67
9.5 - 10.5	$332,164.35	$4,163.62	0.01253	80.39
10.5 - 11.5	$321,007.16	$101.96	0.00032	79.38
11.5 - 12.5	$404,119.65	$175.49	0.00043	79.35
12.5 - 13.5	$396,915.74	$2,113.64	0.00533	79.32
13.5 - 14.5	$388,383.48	$27,042.45	0.06963	78.90
14.5 - 15.5	$357,143.68	$2,381.50	0.00667	73.40
15.5 - 16.5	$140,260.18	$4,205.84	0.02999	72.91
16.5 - 17.5	$83,422.64	$3,448.49	0.04134	70.73
17.5 - 18.5	$66,891.37	$0.00	0.00000	67.80
18.5 - 19.5	$0.00	$0.00	0.00000	67.80

Pennichuck East Utility

Total Company

311.20 ELECTRIC PUMPING EQUIPMENT

Original And Smooth Survivor Curves



Pennichuck East Utility
Total Company
307.10 WELLS & SPRINGS
Observed Life Table
Retirement Expr. 2001 TO 2004
Placement Years 1984 TO 2004

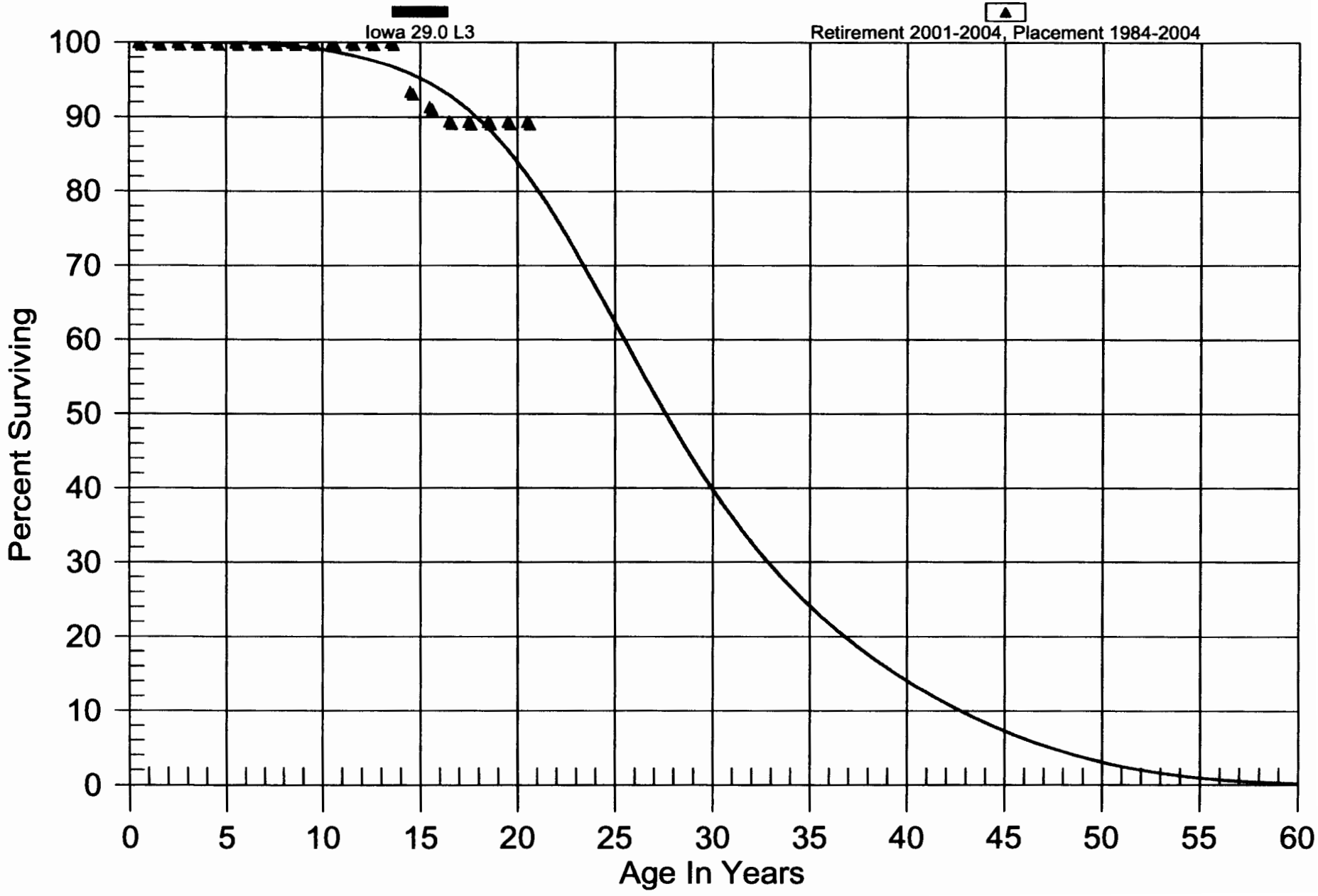
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$357,834.00	$0.00	0.00000	100.00
0.5 - 1.5	$124,993.34	$0.00	0.00000	100.00
1.5 - 2.5	$121,716.54	$0.00	0.00000	100.00
2.5 - 3.5	$62,821.40	$0.00	0.00000	100.00
3.5 - 4.5	$11,032.70	$0.00	0.00000	100.00
4.5 - 5.5	$11,032.70	$0.00	0.00000	100.00
5.5 - 6.5	$10,437.50	$0.00	0.00000	100.00
6.5 - 7.5	$1,777.34	$0.00	0.00000	100.00
7.5 - 8.5	$12,940.34	$0.00	0.00000	100.00
8.5 - 9.5	$12,940.34	$0.00	0.00000	100.00
9.5 - 10.5	$18,772.36	$0.00	0.00000	100.00
10.5 - 11.5	$20,195.02	$0.00	0.00000	100.00
11.5 - 12.5	$74,880.89	$0.00	0.00000	100.00
12.5 - 13.5	$264,407.27	$0.00	0.00000	100.00
13.5 - 14.5	$264,239.34	$17,420.07	0.06593	100.00
14.5 - 15.5	$258,433.79	$5,664.09	0.02192	93.41
15.5 - 16.5	$193,363.21	$4,041.52	0.02090	91.36
16.5 - 17.5	$22,845.45	$9.62	0.00042	89.45
17.5 - 18.5	$22,835.83	$0.00	0.00000	89.41
18.5 - 19.5	$12,062.83	$0.00	0.00000	89.41
19.5 - 20.5	$5,630.07	$0.00	0.00000	89.41

Pennichuck East Utility

Total Company

307.10 WELLS & SPRINGS

Original And Smooth Survivor Curves



Pennichuck East Utility
Total Company
304.20 POWER AND PUMPING STRUCTURES
Observed Life Table
Retirement Expr. 1998 TO 2004
Placement Years 1974 TO 2002

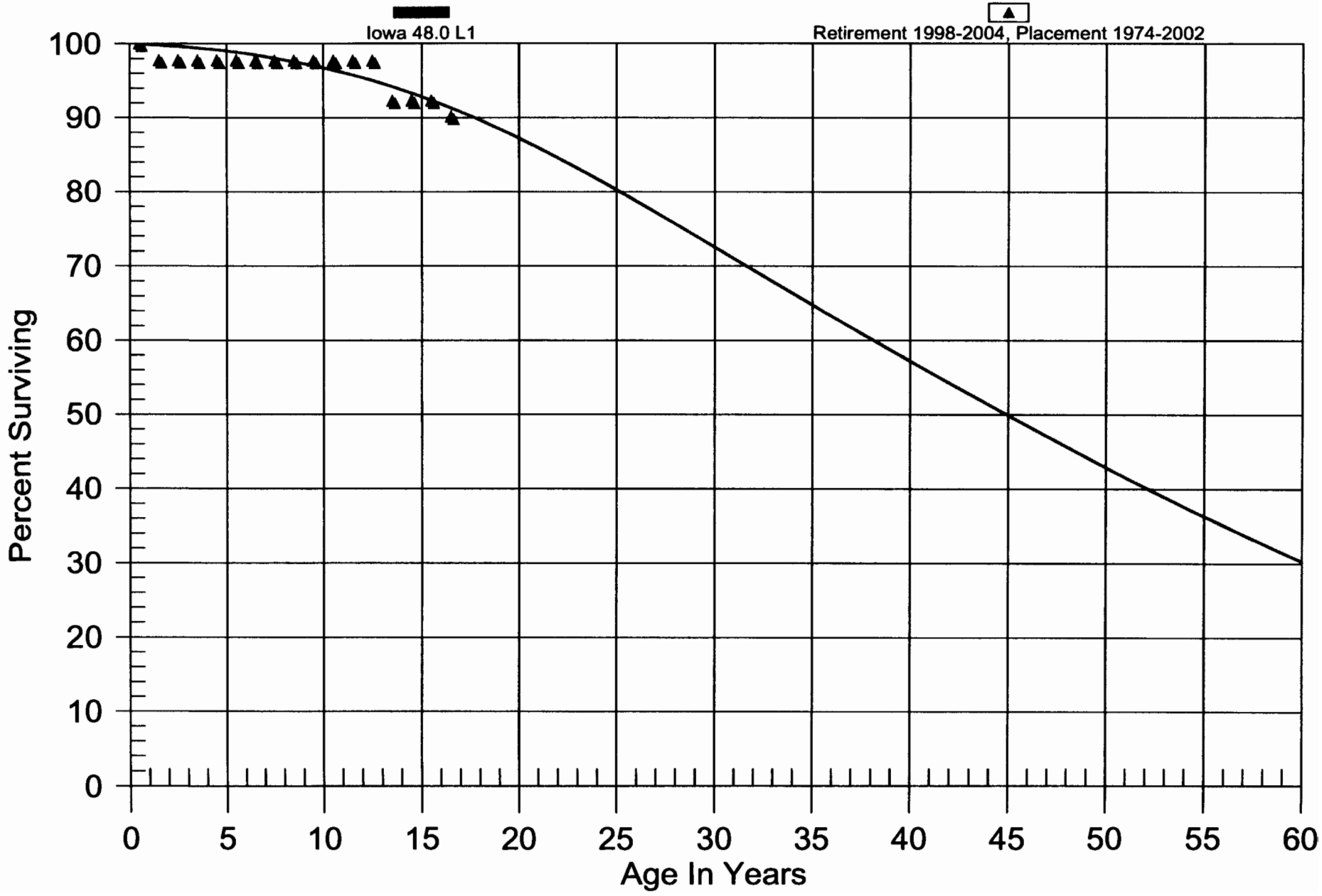
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$747,415.26	$0.00	0.00000	100.00
0.5 - 1.5	$843,175.39	$18,494.10	0.02193	100.00
1.5 - 2.5	$825,212.00	$0.00	0.00000	97.81
2.5 - 3.5	$770,417.71	$253.75	0.00033	97.81
3.5 - 4.5	$329,701.51	$0.00	0.00000	97.77
4.5 - 5.5	$351,007.43	$0.00	0.00000	97.77
5.5 - 6.5	$355,473.69	$125.60	0.00035	97.77
6.5 - 7.5	$330,998.92	$0.00	0.00000	97.74
7.5 - 8.5	$262,575.65	$0.00	0.00000	97.74
8.5 - 9.5	$356,346.45	$0.00	0.00000	97.74
9.5 - 10.5	$609,304.71	$0.00	0.00000	97.74
10.5 - 11.5	$468,475.84	$121.45	0.00026	97.74
11.5 - 12.5	$505,344.00	$0.00	0.00000	97.71
12.5 - 13.5	$505,023.93	$27,714.22	0.05488	97.71
13.5 - 14.5	$642,580.22	$0.00	0.00000	92.35
14.5 - 15.5	$615,243.36	$132.73	0.00022	92.35
15.5 - 16.5	$548,648.94	$12,924.17	0.02356	92.33
16.5 - 17.5	$247,242.85	$0.00	0.00000	90.16
17.5 - 18.5	$239,716.69	$108,761.54	0.45371	90.16
18.5 - 19.5	$76,180.79	$0.00	0.00000	49.25
19.5 - 20.5	$72,034.60	$0.00	0.00000	49.25
20.5 - 21.5	$12,124.36	$0.00	0.00000	49.25
21.5 - 22.5	$12,124.36	$238.28	0.01965	49.25
22.5 - 23.5	$19,626.96	$0.00	0.00000	48.28
23.5 - 24.5	$21,072.33	$0.00	0.00000	48.28
24.5 - 25.5	$21,072.33	$0.00	0.00000	48.28
25.5 - 26.5	$21,072.33	$0.00	0.00000	48.28
26.5 - 27.5	$21,072.33	$0.00	0.00000	48.28
27.5 - 28.5	$9,186.25	$0.00	0.00000	48.28
28.5 - 29.5	$9,186.25	$0.00	0.00000	48.28
29.5 - 30.5	$1,445.37	$0.00	0.00000	48.28

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original And Smooth Survivor Curves



Pennichuck East Utility
Total Company
304.10 SOURCE OF SUPPLY STRUCTURES
Observed Life Table
Retirement Expr. 1998 TO 2004
Placement Years 1982 TO 2004

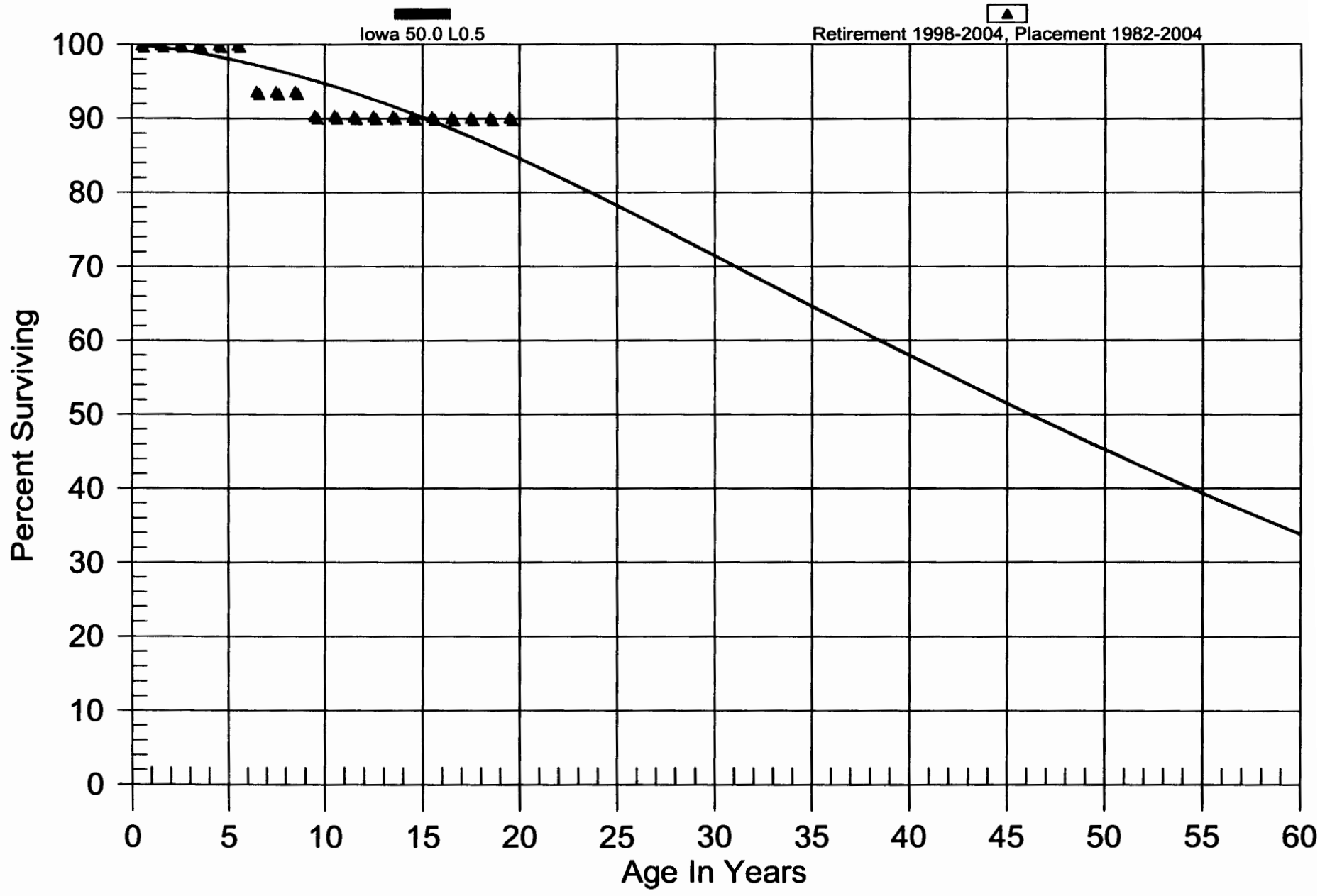
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$650,807.63	$0.00	0.00000	100.00
0.5 - 1.5	$487,481.90	$0.00	0.00000	100.00
1.5 - 2.5	$487,481.90	$0.00	0.00000	100.00
2.5 - 3.5	$279,678.20	$0.00	0.00000	100.00
3.5 - 4.5	$37,909.97	$0.00	0.00000	100.00
4.5 - 5.5	$34,668.19	$0.00	0.00000	100.00
5.5 - 6.5	$22,344.84	$1,404.31	0.06285	100.00
6.5 - 7.5	$21,659.60	$0.00	0.00000	93.72
7.5 - 8.5	$21,659.60	$0.00	0.00000	93.72
8.5 - 9.5	$32,733.32	$1,152.04	0.03519	93.72
9.5 - 10.5	$42,436.48	$0.00	0.00000	90.42
10.5 - 11.5	$30,089.33	$21.00	0.00070	90.42
11.5 - 12.5	$57,803.15	$0.00	0.00000	90.35
12.5 - 13.5	$57,803.15	$0.00	0.00000	90.35
13.5 - 14.5	$55,077.56	$26.87	0.00049	90.35
14.5 - 15.5	$55,050.69	$17.65	0.00032	90.31
15.5 - 16.5	$44,047.44	$61.34	0.00139	90.28
16.5 - 17.5	$33,157.77	$0.00	0.00000	90.16
17.5 - 18.5	$33,157.77	$0.00	0.00000	90.16
18.5 - 19.5	$88.12	$0.00	0.00000	90.16

Pennichuck East Utility

Total Company

304.10 SOURCE OF SUPPLY STRUCTURES

Original And Smooth Survivor Curves



Pennichuck East Utility

Total Company

304.10 SOURCE OF SUPPLY STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Bow_White Rock		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2049					
2004	162,000.00	35.80	4,524.63	35.34	159,885.89
Total	162,000.00	35.80	4,524.63	35.34	159,885.89
			Derry_East DerryFrarmstead		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2045					
2000	1,990.00	35.80	55.58	31.86	1,770.95
Total	1,990.00	35.80	55.58	31.86	1,770.95
			Derry_Maple Hills		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2031					
1986	12,977.77	35.80	362.47	21.19	7,679.97
Total	12,977.77	35.80	362.47	21.19	7,679.97
			Londonderry_Avery		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2043					
1993	1,225.13	38.22	32.05	28.91	926.65
1994	2,364.80	37.76	62.62	29.16	1,826.17
Total	3,589.93	37.92	94.68	29.08	2,752.82

Pennichuck East Utility

Total Company

304.10 SOURCE OF SUPPLY STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
		Londonderry_Harvest Village			
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2043					
1998	2,027.52	35.80	56.63	30.23	1,711.60
Total	2,027.52	35.80	56.63	30.23	1,711.60
		Londonderry_Londonderry			
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2046					
1988	4,947.81	41.46	119.33	29.01	3,462.23
2004	1,325.73	34.20	38.76	33.73	1,307.56
Total	6,273.54	39.68	158.10	30.17	4,769.80
		Londonderry_Nesenkeag			
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2031					
1986	15,687.92	35.80	438.16	21.19	9,283.78
1993	1,269.66	31.88	39.82	22.13	881.25
Total	16,957.58	35.48	477.98	21.27	10,165.03
		Londonderry_Pine Haven			
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2042					
1994	10,000.00	37.29	268.16	28.66	7,685.95
Total	10,000.00	37.29	268.16	28.66	7,685.95

Pennichuck East Utility

Total Company

304.10 SOURCE OF SUPPLY STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Pelham_Gage Hill		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2031					
1986	644.74	35.80	18.01	21.19	381.54
Total	644.74	35.80	18.01	21.19	381.54
			Pelham_Meadowview		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2047					
2002	152,834.86	35.80	4,268.65	33.56	143,249.70
Total	152,834.86	35.80	4,268.65	33.56	143,249.70
			Pelham_Williamsburg		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2033					
2002	37,748.39	27.31	1,382.27	25.00	34,557.67
Total	37,748.39	27.31	1,382.27	25.00	34,557.67
			Raymond_Liberty Tree		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2033					
1988	5,880.52	35.80	164.24	22.63	3,716.48
1993	972.89	33.07	29.42	23.40	688.37
Total	6,853.41	35.39	193.66	22.75	4,404.85

Pennichuck East Utility

Total Company

304.10 SOURCE OF SUPPLY STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Sandown_Beaver Hollow		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2034					
1986	3,759.22	37.29	100.81	22.91	2,309.48
1993	1,026.30	33.64	30.51	24.01	732.49
1999	12,323.35	30.00	410.73	25.11	10,312.11
2000	1,590.00	29.35	54.17	25.30	1,370.62
Total	18,698.87	31.36	596.21	24.70	14,724.70
			Windham_Goldenbrook		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2034					
1989	3,553.72	35.80	99.25	23.35	2,318.07
2000	6,209.99	29.35	211.58	25.30	5,353.16
Total	9,763.71	31.41	310.84	24.68	7,671.24
			Windham_Hardwood		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2036					
1991	2,725.59	35.80	76.13	24.83	1,889.84
1993	902.19	34.75	25.96	25.20	654.15
Total	3,627.78	35.54	102.09	24.92	2,543.99
			Windham_W&E		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2046					

Pennichuck East Utility

Total Company

304.10 SOURCE OF SUPPLY STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1989	7,520.00	41.10	182.98	29.26	5,353.54
2001	255,537.34	35.80	7,137.12	32.70	233,401.74
2002	17,220.45	35.28	488.07	33.03	16,122.62
Total	280,277.79	35.90	7,808.17	32.64	254,877.90
Account Total	726,265.89	35.12	20,678.12	31.86	658,833.61

Composite Average Remaining Life ... 31.86 Years

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Atkinson_Atkinson		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2038					
1990	1,194.63	37.74	31.65	25.26	799.72
1993	24,671.00	36.31	679.50	26.09	17,726.94
Total	25,865.63	36.37	711.16	26.05	18,526.66
			Derry_East DerryFrarmstead		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2045					
1991	843.83	40.24	20.97	28.67	601.30
1994	479.03	39.05	12.27	29.74	364.90
1995	866.00	38.63	22.42	30.12	675.32
2001	4,443.50	35.80	124.12	32.51	4,034.47
Total	6,632.36	36.89	179.78	31.57	5,675.97
			Derry_Maple Hills		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2031					
1986	6,325.98	36.31	174.23	20.76	3,616.46
1987	4,764.16	35.80	133.07	20.92	2,784.42
1988	13,063.99	35.28	370.29	21.10	7,812.23
1989	9,165.00	34.75	263.78	21.28	5,612.78
1990	9,219.06	34.20	269.60	21.47	5,787.33
1995	2,396.41	31.22	76.76	22.49	1,726.32
Total	44,934.60	34.89	1,287.72	21.23	27,339.53

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Hooksett_Wesco		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2045					
2000	9,403.00	36.31	258.98	32.10	8,313.40
Total	9,403.00	36.31	258.98	32.10	8,313.40
			Litchfield_Litchfield		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2039					
1974	1,445.37	43.64	33.12	22.49	744.68
1975	7,740.88	43.39	178.40	22.65	4,041.47
1977	11,886.08	42.85	277.37	22.99	6,376.54
1994	146,433.08	36.31	4,033.14	26.90	108,502.50
1995	1,358.80	35.80	37.95	27.21	1,032.75
Total	168,864.21	37.03	4,559.98	26.47	120,697.94
			Londonderry_Avery		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2043					
1988	66,192.44	40.61	1,630.15	26.93	43,893.83
1989	561.48	40.24	13.95	27.22	379.87
1990	1,063.79	39.85	26.69	27.53	734.80
1994	439.56	38.19	11.51	28.85	332.11
Total	68,257.27	40.57	1,682.31	26.95	45,340.61

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Londonderry_Londonderry		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2046					
1984	71,796.32	42.85	1,675.43	26.89	45,045.13
1985	4,146.19	42.57	97.40	27.16	2,645.58
1986	28,520.41	42.27	674.73	27.45	18,519.45
1990	1,212.46	40.96	29.60	28.72	850.00
2001	546,530.20	36.31	15,052.83	33.01	496,968.10
2002	63,353.88	35.80	1,769.59	33.43	59,164.40
Total	715,559.46	37.08	19,299.59	32.29	623,192.65
			Londonderry_Nesenkeag		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2031					
1986	5,073.42	36.31	139.73	20.76	2,900.39
1988	10,251.99	35.28	290.58	21.10	6,130.66
1989	530.79	34.75	15.28	21.28	325.06
1993	613.80	32.46	18.91	22.07	417.32
Total	16,470.00	35.46	464.51	21.04	9,773.43
			Londonderry_Pine Haven		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2042					
1997	21,311.24	36.31	586.97	29.44	17,277.46
Total	21,311.24	36.31	586.97	29.44	17,277.46

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Londonderry_R&B		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2043					
1988	1,356.53	40.61	33.41	26.93	899.55
Total	1,356.53	40.61	33.41	26.93	899.55
			Londonderry_Springwood Hills		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2042					
1997	74,448.89	36.31	2,050.51	29.44	60,357.24
Total	74,448.89	36.31	2,050.51	29.44	60,357.24
			Pelham_Gage Hill		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2031					
1986	4,693.46	36.31	129.27	20.76	2,683.18
1990	2,886.36	34.20	84.41	21.47	1,811.93
1993	1,672.00	32.46	51.52	22.07	1,136.78
Total	9,251.82	34.89	265.19	21.24	5,631.89
			Pelham_Pelham		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2043					
1987	3,000.28	40.96	73.24	26.64	1,951.40
1989	14,599.74	40.24	362.86	27.22	9,877.57
1990	7,493.00	39.85	188.02	27.53	5,175.71

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	25,093.02	40.21	624.12	27.25	17,004.67
			Pelham_Stonegate		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2047					
1990	1,261.09	41.31	30.53	29.09	887.99
1991	2,441.58	40.96	59.61	29.44	1,754.94
1992	2,613.00	40.61	64.35	29.81	1,918.35
1993	2,211.00	40.24	54.95	30.19	1,658.96
1995	879.49	39.46	22.29	30.98	690.48
2002	25,393.44	36.31	699.40	33.94	23,738.99
Total	34,799.60	37.37	931.13	32.92	30,649.70
			Pelham_Williamsburg		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2033					
1988	152,590.29	36.31	4,202.72	22.22	93,391.74
1993	900.00	33.63	26.76	23.29	623.35
1994	900.00	33.05	27.23	23.53	640.63
Total	154,390.29	36.27	4,256.72	22.24	94,655.73
			Plaistow_Rolling Hills		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2031					
1986	7,126.10	36.31	196.27	20.76	4,073.88
1992	1,041.37	33.05	31.51	21.86	688.80
1998	550.00	29.25	18.80	23.15	435.17

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	8,717.47	35.35	246.58	21.08	5,197.85
			Raymond_Liberty Tree		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2033					
1988	43,727.18	36.31	1,204.36	22.22	26,762.89
1989	1,128.30	35.80	31.52	22.42	706.63
Total	44,855.48	36.29	1,235.87	22.23	27,469.52
			Sandown_Beaver Hollow		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2034					
1986	3,034.99	37.74	80.42	22.36	1,798.50
1988	1,299.50	36.80	35.31	22.76	803.73
1989	6,060.24	36.31	166.91	22.97	3,833.95
1990	1,918.62	35.80	53.59	23.19	1,242.61
Total	12,313.35	36.62	336.24	22.84	7,678.78
			Windham_Goldenbrook		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2034					
1989	17,460.57	36.31	480.91	22.97	11,046.24
1993	641.12	34.20	18.75	23.88	447.77
Total	18,101.69	36.23	499.66	23.00	11,494.01

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Windham_Hardwood		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2036					
1989	1,133.21	37.28	30.40	24.02	730.17
1990	1,087.85	36.80	29.56	24.26	717.06
1991	12,001.94	36.31	330.56	24.50	8,099.44
1992	811.89	35.80	22.68	24.76	561.39
1994	474.37	34.75	13.65	25.28	345.18
1995	2,900.60	34.20	84.82	25.56	2,167.75
1996	405.11	33.63	12.05	25.83	311.18
1998	39,207.97	32.46	1,208.03	26.40	31,889.44
Total	58,022.94	33.51	1,731.76	25.88	44,821.63
			Windham_Shadybrook		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2034					
1989	2,149.83	36.31	59.21	22.97	1,360.07
Total	2,149.83	36.31	59.21	22.97	1,360.07
			Windham_W&E		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2046					
1989	13,672.53	41.31	331.00	28.38	9,394.28
1995	27,122.36	39.05	694.59	30.56	21,223.88
Total	40,794.89	39.78	1,025.59	29.85	30,618.16

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			WindhamDerry_Oakwood		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2046					
2001	38,214.79	36.31	1,052.53	33.01	34,749.28
2002	1,570.63	35.80	43.87	33.43	1,466.77
Total	39,785.42	36.29	1,096.40	33.03	36,216.05
Account Total	1,601,378.99	36.88	43,423.36	28.79	1,250,192.50

Composite Average Remaining Life ... 28.79 Years

Pennichuck East Utility

Total Company

304.50 DISTRIBUTION RESERVOIR & STANDPIPE BLDGS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Hooksett_Wesco		
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year: 2045					
2000	7,360.00	39.03	188.59	34.76	6,554.60
Total	7,360.00	39.03	188.59	34.76	6,554.60
Account Total	7,360.00	39.03	188.59	34.76	6,554.60

Composite Average Remaining Life ... 34.76 Years

Pennichuck East Utility

Total Company

304.55 BOOSTER STATION STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Litchfield_Litchfield		
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year: 2048					
2003	118,529.98	39.03	3,037.15	37.59	114,154.53
2004	26,088.60	38.39	679.61	37.91	25,761.03
Total	144,618.58	38.91	3,716.76	37.64	139,915.55
			Londonderry_South Road		
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year: 2043					
1998	36,623.62	39.03	938.42	32.91	30,880.88
Total	36,623.62	39.03	938.42	32.91	30,880.88
			Londonderry_Springwood Hills		
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year: 2048					
2003	14,852.66	39.03	380.58	37.59	14,304.38
2004	2,346.08	38.39	61.12	37.91	2,316.62
Total	17,198.74	38.94	441.69	37.63	16,621.01
			Windham_Castle Reach		
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year: 2049					
2004	112,500.00	39.03	2,882.64	38.55	111,111.43
Total	112,500.00	39.03	2,882.64	38.55	111,111.43

Pennichuck East Utility

Total Company

304.55 BOOSTER STATION STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Windham_W&E		
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year: 2049					
2004	27,521.48	39.03	705.20	38.55	27,181.79
Total	27,521.48	39.03	705.20	38.55	27,181.79
Account Total	338,462.42	38.97	8,684.71	37.50	325,710.67

Composite Average Remaining Life ... 37.50 Years

Pennichuck East Utility

Total Company

307.10 WELLS & SPRINGS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 29 *Survivor Curve: L3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1984	5,630.07	29.00	194.14	11.19	2,172.63
1985	6,432.76	29.00	221.82	11.73	2,601.44
1986	10,773.00	29.00	371.49	12.32	4,578.24
1988	172,106.31	29.00	5,934.80	13.69	81,276.62
1989	65,848.87	29.00	2,270.69	14.46	32,827.37
1990	3,200.00	29.00	110.35	15.26	1,683.75
1991	5,832.02	29.00	201.11	16.09	3,236.56
1993	11,163.00	29.00	384.94	17.84	6,868.31
1994	1,777.34	29.00	61.29	18.75	1,149.05
1998	10,437.50	29.00	359.92	22.53	8,110.24
1999	595.20	29.00	20.52	23.51	482.61
2001	51,788.70	29.00	1,785.85	25.50	45,539.44
2002	69,332.64	29.00	2,390.82	26.50	63,355.56
2003	3,872.00	29.00	133.52	27.50	3,671.72
2004	232,840.66	29.00	8,029.13	28.50	228,826.10
Total	651,630.07	29.00	22,470.39	21.65	486,379.64

Composite Average Remaining Life ... 21.65 Years

Pennichuck East Utility

Total Company

311.20 ELECTRIC PUMPING EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 20 *Survivor Curve: L0.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1986	66,891.37	20.00	3,344.42	10.88	36,387.57
1987	13,082.78	20.00	654.11	11.20	7,323.40
1988	52,631.70	20.00	2,631.47	11.52	30,317.93
1989	214,502.00	20.00	10,724.63	11.86	127,144.09
1990	4,197.35	20.00	209.86	12.20	2,560.10
1991	6,418.62	20.00	320.92	12.55	4,028.32
1992	10,476.91	20.00	523.82	12.92	6,765.75
1993	16,211.98	20.00	810.56	13.29	10,772.52
1994	20,979.42	20.00	1,048.93	13.68	14,348.04
1995	11,291.06	20.00	564.53	14.09	7,954.12
1996	14,681.95	20.00	734.07	14.53	10,664.86
1997	89,668.74	20.00	4,483.24	15.00	67,260.59
1998	26,124.74	20.00	1,306.18	15.51	20,264.28
1999	76,447.21	20.00	3,822.19	16.07	61,416.63
2000	44,603.72	20.00	2,230.09	16.67	37,168.72
2001	115,389.08	20.00	5,769.20	17.31	99,879.20
2002	81,821.15	20.00	4,090.88	18.00	73,652.05
2003	17,568.33	20.00	878.38	18.75	16,469.72
2004	49,654.50	20.00	2,482.62	19.56	48,553.25
Total	932,642.61	20.00	46,630.11	14.65	682,931.16

Composite Average Remaining Life ... 14.65 Years

Pennichuck East Utility

Total Company

311.60 OTHER POWER PUMPING EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 30 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	3,888.00	30.00	129.60	24.66	3,196.04
2002	287.71	30.00	9.59	27.55	264.22
Total	4,175.71	30.00	139.19	24.86	3,460.26

Composite Average Remaining Life ... 24.86 Years

Pennichuck East Utility

Total Company

320.00 PURIFICATION SYSTEM EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 12 *Survivor Curve: R2.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1990	19,526.04	12.00	1,627.11	1.97	3,199.28
1991	11,552.81	12.00	962.70	2.28	2,198.17
1992	28,364.47	12.00	2,363.62	2.66	6,298.97
1993	4,297.93	12.00	358.15	3.12	1,117.13
1994	8,392.09	12.00	699.32	3.65	2,549.90
1996	52,792.03	12.00	4,399.18	4.89	21,517.42
1998	29,276.81	12.00	2,439.65	6.34	15,468.64
1999	36,005.90	12.00	3,000.38	7.13	21,384.46
2000	17,476.41	12.00	1,456.31	7.95	11,578.62
2001	56,783.90	12.00	4,731.82	8.81	41,670.71
2002	1,534.46	12.00	127.87	9.69	1,239.16
2003	23,814.48	12.00	1,984.47	10.60	21,035.18
2004	15,900.00	12.00	1,324.95	11.53	15,275.88
Total	305,717.33	12.00	25,475.52	6.46	164,533.52

Composite Average Remaining Life ... 6.46 Years

Pennichuck East Utility

Total Company

320.10 OTHER PRODUCTION EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 20 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	19,382.52	20.00	969.13	14.72	14,264.54
Total	19,382.52	20.00	969.13	14.72	14,264.54

Composite Average Remaining Life ... 14.72 Years

Pennichuck East Utility

Total Company

320.20 WATER TREATMENT EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 12 *Survivor Curve: R2.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	1,014.32	12.00	84.52	6.34	535.92
Total	1,014.32	12.00	84.52	6.34	535.92

Composite Average Remaining Life ... 6.34 Years

Pennichuck East Utility

Total Company

330.00 DISTRIBUTION RESERVOIRS & STANDPIPES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Litchfield_Litchfield		
Interim Survivor Curve: Iowa 85 R2.5					
Probable Retirement Year: 2063					
2003	798,727.00	56.55	14,125.21	55.10	778,316.52
Total	798,727.00	56.55	14,125.21	55.10	778,316.52
			Windham_W&E		
Interim Survivor Curve: Iowa 85 R2.5					
Probable Retirement Year: 2061					
2001	13,072.97	56.55	231.19	53.18	12,294.57
Total	13,072.97	56.55	231.19	53.18	12,294.57
Account Total	811,799.97	56.55	14,356.41	55.07	790,611.09

Composite Average Remaining Life ... 55.07 Years

Pennichuck East Utility

Total Company

331.01 PAVEMENTS-TRANSMISSION MAINS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 15 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	877.10	15.00	58.47	9.79	572.53
Total	877.10	15.00	58.47	9.79	572.53

Composite Average Remaining Life ... 9.79 Years

Pennichuck East Utility

Total Company

331.02 PAVEMENTS-DISTRIBUTION MAINS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 15 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2002	2,763.72	15.00	184.25	12.57	2,315.80
Total	2,763.72	15.00	184.25	12.57	2,315.80

Composite Average Remaining Life ... 12.57 Years

Pennichuck East Utility

Total Company

331.04 PAVEMENTS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 15 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2004	2,808.61	15.00	187.24	14.51	2,716.57
Total	2,808.61	15.00	187.24	14.51	2,716.57

Composite Average Remaining Life ... 14.51 Years

Pennichuck East Utility

Total Company

331.10 TRANSMISSION MAINS-NEW

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 100 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2000	1,161,240.27	100.00	11,612.45	95.58	1,109,895.81
2001	76,802.97	100.00	768.03	96.56	74,160.52
2002	61,901.59	100.00	619.02	97.54	60,378.92
Total	1,299,944.83	100.00	12,999.50	95.73	1,244,435.24

Composite Average Remaining Life ... 95.73 Years

Pennichuck East Utility

Total Company

331.15 TRANSMISSION MAINS-DEVELOPER INSTALLED

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 100 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2001	215,050.15	100.00	2,150.51	96.56	207,651.22
Total	215,050.15	100.00	2,150.51	96.56	207,651.22

Composite Average Remaining Life ... 96.56 Years

Pennichuck East Utility

Total Company

331.20 DISTRIBUTION MAINS-NEW

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 65 *Survivor Curve: R2.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1974	2,638.79	65.00	40.60	38.02	1,543.68
1975	23,355.87	65.00	359.32	38.83	13,952.54
1976	47,142.85	65.00	725.27	39.64	28,750.61
1977	200,477.10	65.00	3,084.26	40.46	124,788.80
1978	2,228.93	65.00	34.29	41.28	1,415.66
1982	22,452.13	65.00	345.42	44.64	15,420.29
1983	56,532.14	65.00	869.72	45.50	39,570.89
1984	102,910.64	65.00	1,583.24	46.36	73,394.57
1985	593,048.20	65.00	9,123.81	47.22	430,863.39
1986	664,790.74	65.00	10,227.54	48.10	491,898.88
1987	458,722.69	65.00	7,057.26	48.97	345,603.54
1988	3,235,587.87	65.00	49,778.21	49.85	2,481,600.73
1989	4,066,489.06	65.00	62,561.29	50.74	3,174,288.38
1990	730,758.80	65.00	11,242.43	51.63	580,451.70
1991	106,217.76	65.00	1,634.12	52.53	85,832.83
1992	89,964.62	65.00	1,384.07	53.43	73,945.69
1993	105,264.14	65.00	1,619.45	54.33	87,984.75
1994	65,448.74	65.00	1,006.90	55.24	55,620.81
1995	422,941.14	65.00	6,506.78	56.15	365,366.00
1996	31,724.34	65.00	488.07	57.07	27,853.44
1997	172,695.83	65.00	2,656.86	57.99	154,067.71
1998	861,710.28	65.00	13,257.06	58.91	781,021.17
2000	102,778.97	65.00	1,581.21	60.77	96,093.74
2001	52,773.06	65.00	811.89	61.71	50,099.19
2002	212,500.28	65.00	3,269.23	62.64	204,796.79
2003	797,574.20	65.00	12,270.36	63.58	780,203.14
2004	350,452.06	65.00	5,391.56	64.53	347,902.64

Pennichuck East Utility

Total Company

331.20 DISTRIBUTION MAINS-NEW

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 65 *Survivor Curve: R2.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	13,579,181.23	65.00	208,910.20	52.24	10,914,331.58

Composite Average Remaining Life ... 52.24 Years

Pennichuck East Utility

Total Company

331.25 DISTR MAINS-GATE VALVES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 65 *Survivor Curve: R2.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	1,450.00	65.00	22.31	58.91	1,314.22
2000	1,944.07	65.00	29.91	60.77	1,817.62
2004	11,126.49	65.00	171.18	64.53	11,045.55
Total	14,520.56	65.00	223.39	63.46	14,177.39

Composite Average Remaining Life ... 63.46 Years

Pennichuck East Utility

Total Company

331.30 DISTR MAINS-DEVELOPER INSTALLED

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 65 *Survivor Curve: R2.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	112,379.24	65.00	1,728.91	59.84	103,460.45
2000	1,024,930.34	65.00	15,768.14	60.77	958,264.05
2001	462,096.20	65.00	7,109.16	61.71	438,683.03
2002	625,412.35	65.00	9,621.72	62.64	602,740.10
2003	540,210.37	65.00	8,310.92	63.58	528,444.66
2004	721,271.52	65.00	11,096.47	64.53	716,024.52
Total	3,486,300.02	65.00	53,635.31	62.41	3,347,616.80

Composite Average Remaining Life ... 62.41 Years

Pennichuck East Utility

Total Company

333.04 PAVEMENTS-NEW SERVICES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 15 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	357.39	15.00	23.83	8.92	212.43
1999	3,163.87	15.00	210.92	9.79	2,065.24
2000	1,137.60	15.00	75.84	10.69	811.08
2001	3,225.42	15.00	215.03	11.62	2,499.02
2002	668.65	15.00	44.58	12.57	560.28
2003	14,611.80	15.00	974.11	13.53	13,182.28
2004	4,856.66	15.00	323.78	14.51	4,697.51
Total	28,021.39	15.00	1,868.08	12.86	24,027.83

Composite Average Remaining Life ... 12.86 Years

Pennichuck East Utility
Total Company
333.10 SERVICES-NEW

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2004
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 55 *Survivor Curve: R2*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1974	383.40	55.00	6.97	29.96	208.88
1975	4,085.00	55.00	74.27	30.68	2,278.94
1976	7,669.16	55.00	139.44	31.41	4,380.10
1977	20,882.61	55.00	379.68	32.15	12,206.41
1978	1,673.83	55.00	30.43	32.89	1,001.05
1979	192.19	55.00	3.49	33.64	117.57
1981	660.87	55.00	12.02	35.17	422.59
1982	8,419.44	55.00	153.08	35.94	5,502.23
1983	1,997.31	55.00	36.31	36.72	1,333.63
1984	25,003.68	55.00	454.61	37.51	17,053.51
1985	29,914.76	55.00	543.90	38.31	20,835.24
1986	97,421.41	55.00	1,771.29	39.11	69,270.04
1987	53,383.21	55.00	970.60	39.92	38,741.88
1988	98,075.71	55.00	1,783.19	40.73	72,629.34
1989	228,314.87	55.00	4,151.17	41.55	172,484.93
1990	64,574.48	55.00	1,174.08	42.38	49,755.12
1991	106,007.24	55.00	1,927.40	43.21	83,282.90
1992	110,108.45	55.00	2,001.97	44.05	88,185.80
1993	101,915.17	55.00	1,853.00	44.90	83,190.33
1994	118,832.19	55.00	2,160.58	45.75	98,838.02
1995	131,439.60	55.00	2,389.80	46.60	111,371.44
1996	120,240.49	55.00	2,186.18	47.46	103,767.01
1997	121,392.26	55.00	2,207.12	48.33	106,673.92
1998	57,031.12	55.00	1,036.93	49.20	51,021.76
1999	14,355.42	55.00	261.01	50.08	13,072.04
2000	22,659.52	55.00	411.99	50.97	20,997.66
2001	13,242.93	55.00	240.78	51.85	12,485.54

Pennichuck East Utility

Total Company

333.10 SERVICES-NEW

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 55 *Survivor Curve: R2*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2002	52,231.26	55.00	949.66	52.75	50,091.26
2003	8,254.27	55.00	150.08	53.64	8,050.85
2004	22,587.25	55.00	410.68	54.55	22,401.25
Total	1,642,949.10	55.00	29,871.70	44.24	1,321,651.23

Composite Average Remaining Life ... 44.24 Years

Pennichuck East Utility

Total Company

333.20 SERVICES-RENEWED

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 55 *Survivor Curve: R2*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	3,172.94	55.00	57.69	50.08	2,889.28
2000	306.45	55.00	5.57	50.97	283.97
2002	1,590.51	55.00	28.92	52.75	1,525.34
2003	2,759.37	55.00	50.17	53.64	2,691.37
2004	125,950.00	55.00	2,289.99	54.55	124,912.83
Total	133,779.27	55.00	2,432.34	54.39	132,302.79

Composite Average Remaining Life ... 54.39 Years

Pennichuck East Utility

Total Company

333.23 SERVICES-DEVELOPER INSTALLED (CIAC)

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 55 *Survivor Curve: R2*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	48,424.00	55.00	880.43	49.20	43,321.57
1999	55,841.00	55.00	1,015.29	50.08	50,848.78
2000	38,284.00	55.00	696.07	50.97	35,476.23
2002	83,418.63	55.00	1,516.70	52.75	80,000.83
2003	65,399.18	55.00	1,189.07	53.64	63,787.46
2004	67,873.03	55.00	1,234.05	54.55	67,314.11
Total	359,239.84	55.00	6,531.61	52.17	340,748.98

Composite Average Remaining Life ... 52.17 Years

Pennichuck East Utility

Total Company

333.25 SERVICES-DEVELOPER INSTALLED (PAID)

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 55 *Survivor Curve: R2*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	47,649.95	55.00	866.36	49.20	42,629.08
1999	55,495.87	55.00	1,009.01	50.08	50,534.50
2000	84,428.90	55.00	1,535.07	50.97	78,236.83
2001	92,827.63	55.00	1,687.77	51.85	87,518.66
2002	55,233.56	55.00	1,004.24	52.75	52,970.55
2003	44,308.51	55.00	805.61	53.64	43,216.56
2004	95,955.66	55.00	1,744.64	54.55	95,165.48
Total	475,900.08	55.00	8,652.70	52.04	450,271.67

Composite Average Remaining Life ... 52.04 Years

Pennichuck East Utility

Total Company

334.10 METERING EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 25 *Survivor Curve: R2.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1978	17,043.90	25.00	681.75	5.33	3,636.08
1979	2,825.13	25.00	113.00	5.76	650.49
1980	8.99	25.00	0.36	6.21	2.23
1981	29.19	25.00	1.17	6.71	7.83
1982	46.28	25.00	1.85	7.23	13.39
1983	95.29	25.00	3.81	7.79	29.71
1984	94.94	25.00	3.80	8.38	31.84
1985	774.89	25.00	31.00	9.00	279.10
1986	3,307.63	25.00	132.30	9.65	1,276.93
1987	16,189.01	25.00	647.56	10.32	6,685.22
1988	61,340.53	25.00	2,453.60	11.02	27,038.09
1989	17,250.72	25.00	690.02	11.74	8,099.47
1990	34,902.10	25.00	1,396.07	12.48	17,419.10
1991	64,667.71	25.00	2,586.69	13.24	34,238.60
1992	28,116.51	25.00	1,124.65	14.01	15,761.77
1993	170,028.50	25.00	6,801.08	14.81	100,733.51
1994	98,372.47	25.00	3,934.87	15.63	61,483.89
1995	74,794.75	25.00	2,991.77	16.46	49,232.59
1996	27,891.88	25.00	1,115.67	17.30	19,303.71
1997	32,808.60	25.00	1,312.33	18.16	23,836.75
1998	33,438.02	25.00	1,337.51	19.04	25,464.57
1999	40,774.14	25.00	1,630.95	19.93	32,499.84
2000	40,024.25	25.00	1,600.96	20.83	33,343.16
2001	40,804.15	25.00	1,632.15	21.74	35,479.96
2002	35,328.10	25.00	1,413.11	22.66	32,020.15
2003	41,363.73	25.00	1,654.54	23.59	39,029.83
2004	61,027.13	25.00	2,441.06	24.53	59,874.73

Pennichuck East Utility

Total Company

334.10 METERING EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 25 *Survivor Curve: R2.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	943,348.54	25.00	37,733.63	16.63	627,472.55

Composite Average Remaining Life ... 16.63 Years

Pennichuck East Utility

Total Company

334.11 METERS-DIGAMATIC READERS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 10 *Survivor Curve: R2*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2003	602,589.16	10.00	60,253.44	8.67	522,430.00
Total	602,589.16	10.00	60,253.44	8.67	522,430.00

Composite Average Remaining Life ... 8.67 Years

Pennichuck East Utility
Total Company
335.00 HYDRANTS
Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2004
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 75 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1975	1,677.09	75.00	22.36	47.18	1,055.10
1976	3,346.06	75.00	44.61	48.07	2,144.42
1977	18,518.42	75.00	246.91	48.95	12,087.00
1978	828.77	75.00	11.05	49.85	550.82
1979	8,480.80	75.00	113.08	50.74	5,738.09
1984	21,266.87	75.00	283.56	55.31	15,684.24
1985	20,679.92	75.00	275.73	56.24	15,507.00
1986	23,299.25	75.00	310.66	57.17	17,760.39
1987	19,873.40	75.00	264.98	58.11	15,397.23
1988	28,190.88	75.00	375.88	59.05	22,194.53
1989	67,060.64	75.00	894.14	59.99	53,639.90
1990	6,968.37	75.00	92.91	60.94	5,661.92
1993	3,932.50	75.00	52.43	63.80	3,345.36
1994	16,345.44	75.00	217.94	64.76	14,114.32
1995	33,027.29	75.00	440.36	65.73	28,943.35
1996	22,946.37	75.00	305.95	66.69	20,404.86
1997	24,849.60	75.00	331.33	67.66	22,418.33
1998	1,816.02	75.00	24.21	68.63	1,661.86
2000	3,051.23	75.00	40.68	70.58	2,871.56
2002	1,454.61	75.00	19.39	72.54	1,406.94
Total	327,613.53	75.00	4,368.18	60.11	262,587.23

Composite Average Remaining Life ... 60.11 Years

Pennichuck East Utility

Total Company

335.10 HYDRANTS-DEVELOPER INSTALLED

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 75 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	10,453.68	75.00	139.38	69.61	9,702.10
2000	60,372.49	75.00	804.97	70.58	56,817.55
2001	34,756.44	75.00	463.42	71.56	33,163.05
2002	32,110.21	75.00	428.14	72.54	31,057.94
2003	62,659.00	75.00	835.45	73.52	61,425.87
2004	113,183.80	75.00	1,509.12	74.51	112,440.37
Total	313,535.62	75.00	4,180.47	72.86	304,606.87

Composite Average Remaining Life ... 72.86 Years

Pennichuck East Utility

Total Company

339.00 OTHER TRANS/DISTR EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 50 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	14,442.26	50.00	288.85	44.62	12,889.23
2000	30,373.80	50.00	607.48	45.59	27,697.08
2001	7,557.57	50.00	151.15	46.57	7,038.76
2002	19,167.71	50.00	383.35	47.54	18,226.50
Total	71,541.34	50.00	1,430.83	46.02	65,851.58

Composite Average Remaining Life ... 46.02 Years

Pennichuck East Utility
Total Company
343.00 SHOP EQUIPMENT

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2004
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 12 *Survivor Curve: L4*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1989	8,370.00	12.00	697.51	1.78	1,241.99
1990	5,979.88	12.00	498.33	2.00	994.66
1991	1,825.00	12.00	152.09	2.18	331.60
1992	17,005.04	12.00	1,417.11	2.32	3,284.76
1993	14,365.87	12.00	1,197.18	2.48	2,974.79
1994	6,690.85	12.00	557.58	2.79	1,553.29
1996	17,084.14	12.00	1,423.70	3.98	5,669.80
1997	12,052.30	12.00	1,004.38	4.77	4,790.69
Total	83,373.08	12.00	6,947.88	3.00	20,841.58

Composite Average Remaining Life ... 3.00 Years

Pennichuck East Utility

Total Company

346.00 COMMUNICATION EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 9 *Survivor Curve: L2*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1986	583.04	9.00	64.78	1.35	87.26
1989	5,043.21	9.00	560.35	1.96	1,095.96
1992	19,276.78	9.00	2,141.85	2.66	5,703.62
1995	575.00	9.00	63.89	3.40	217.32
1997	2,731.17	9.00	303.46	3.90	1,182.33
1999	4,544.81	9.00	504.98	4.60	2,321.36
2000	1,689.83	9.00	187.76	5.13	963.26
2001	22,976.59	9.00	2,552.94	5.82	14,870.76
2002	82,876.75	9.00	9,208.47	6.64	61,175.43
2003	25,047.00	9.00	2,782.98	7.54	20,978.49
2004	19,920.45	9.00	2,213.37	8.50	18,817.34
Total	185,264.63	9.00	20,584.82	6.19	127,413.13

Composite Average Remaining Life ... 6.19 Years

Pennichuck East Utility

Total Company

347.11 COMPUTER EQUIPMENT-HARDWARE/SOFTWARE

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 8 *Survivor Curve: R4*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	2,470.42	8.00	308.80	2.08	643.64
1999	26,695.90	8.00	3,336.96	2.82	9,412.44
2000	7,318.01	8.00	914.74	3.65	3,340.46
Total	36,484.33	8.00	4,560.50	2.94	13,396.55

Composite Average Remaining Life ... 2.94 Years

Pennichuck East Utility

Total Company

348.00 MISCELLANEOUS GENERAL EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 11 *Survivor Curve: L5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2001	8,999.46	11.00	818.21	7.50	6,135.71
Total	8,999.46	11.00	818.21	7.50	6,135.71

Composite Average Remaining Life ... 7.50 Years

Pennichuck East Utility

Total Company

304.10 SOURCE OF SUPPLY STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 %

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Bow_White Rock		
Interim Survivor Curve: Iowa		***50***	***L0.5***		
Probable Retirement Year:		***2049***			
2004	162,000.00	35.34	35.80	0.01370	2,220
Total	162,000.00				2,220
			Derry_East DerryFrarmstead		
Interim Survivor Curve: Iowa		***50***	***L0.5***		
Probable Retirement Year:		***2045***			
2000	1,990.00	31.86	35.80	0.11558	230
Total	1,990.00				230
			Derry_Maple Hills		
Interim Survivor Curve: Iowa		***50***	***L0.5***		
Probable Retirement Year:		***2031***			
1986	12,977.77	21.19	35.80	0.42863	5,563
Total	12,977.77				5,563
			Londonderry_Avery		
Interim Survivor Curve: Iowa		***50***	***L0.5***		
Probable Retirement Year:		***2043***			
1993	1,225.13	28.91	38.22	0.25581	314
1994	2,364.80	29.16	37.76	0.23916	566

Pennichuck East Utility
Total Company
304.10 SOURCE OF SUPPLY STRUCTURES
Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 31, 2004
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 %

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	3,589.93				880
			Londonderry_Harvest Village		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2043					
1998	2,027.52	30.23	35.80	0.16360	332
Total	2,027.52				332
			Londonderry_Londonderry		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2046					
1988	4,947.81	29.01	41.46	0.31526	1,560
2004	1,325.73	33.73	34.20	0.01439	20
Total	6,273.54				1,580
			Londonderry_Nesenkeag		
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2031					
1986	15,687.92	21.19	35.80	0.42863	6,725
1993	1,269.66	22.13	31.88	0.32121	408
Total	16,957.58				7,133

Pennichuck East Utility

Total Company

304.10 SOURCE OF SUPPLY STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 %

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
		Londonderry_Pine Haven			
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2042					
1994	10,000.00	28.66	37.29	0.24297	2,430
Total	10,000.00				2,430
		Pelham_Gage Hill			
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2031					
1986	644.74	21.19	35.80	0.42863	277
Total	644.74				277
		Pelham_Meadowview			
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2047					
2002	152,834.86	33.56	35.80	0.06585	10,065
Total	152,834.86				10,065
		Pelham_Williamsburg			
Interim Survivor Curve: Iowa 50 L0.5					
Probable Retirement Year: 2033					
2002	37,748.39	25.00	27.31	0.08875	3,351
Total	37,748.39				3,351

Pennichuck East Utility

Total Company

304.10 SOURCE OF SUPPLY STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 %

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Raymond_Liberty Tree		
Interim Survivor Curve: Iowa		***50***	***L0.5***		
Probable Retirement Year:		***2033***			
1988	5,880.52	22.63	35.80	0.38640	2,273
1993	972.89	23.40	33.07	0.30707	299
Total	6,853.41				2,572
			Sandown_Beaver Hollow		
Interim Survivor Curve: Iowa		***50***	***L0.5***		
Probable Retirement Year:		***2034***			
1986	3,759.22	22.91	37.29	0.40493	1,523
1993	1,026.30	24.01	33.64	0.30059	309
1999	12,323.35	25.11	30.00	0.17137	2,112
2000	1,590.00	25.30	29.35	0.14487	231
Total	18,698.87				4,175
			Windham_Goldenbrook		
Interim Survivor Curve: Iowa		***50***	***L0.5***		
Probable Retirement Year:		***2034***			
1989	3,553.72	23.35	35.80	0.36509	1,298
2000	6,209.99	25.30	29.35	0.14487	900
Total	9,763.71				2,198

Pennichuck East Utility

Total Company

304.10 SOURCE OF SUPPLY STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *-5 %*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Windham_Hardwood		
Interim Survivor Curve: Iowa		***50***	***L0.5***		
Probable Retirement Year:		***2036***			
1991	2,725.59	24.83	35.80	0.32196	878
1993	902.19	25.20	34.75	0.28868	261
Total	3,627.78				1,139
			Windham_W&E		
Interim Survivor Curve: Iowa		***50***	***L0.5***		
Probable Retirement Year:		***2046***			
1989	7,520.00	29.26	41.10	0.30250	2,275
2001	255,537.34	32.70	35.80	0.09095	23,243
2002	17,220.45	33.03	35.28	0.06694	1,153
Total	280,277.79				26,671
Account Total	726,265.89				70,817.40

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 %

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Atkinson_Atkinson		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2038					
1990	1,194.63	25.26	37.74	0.34710	415
1993	24,671.00	26.09	36.31	0.29554	7,292
Total	25,865.63				7,707
			Derry_East DerryFrarmstead		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2045					
1991	843.83	28.67	40.24	0.30179	255
1994	479.03	29.74	39.05	0.25018	120
1995	866.00	30.12	38.63	0.23120	201
2001	4,443.50	32.51	35.80	0.09666	430
Total	6,632.36				1,006
			Derry_Maple Hills		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2031					
1986	6,325.98	20.76	36.31	0.44973	2,845
1987	4,764.16	20.92	35.80	0.43633	2,079
1988	13,063.99	21.10	35.28	0.42210	5,515
1989	9,165.00	21.28	34.75	0.40696	3,730
1990	9,219.06	21.47	34.20	0.39086	3,604
1995	2,396.41	22.49	31.22	0.29360	704

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 %

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	44,934.60				18,478
			Hooksett_Wesco		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2045					
2000	9,403.00	32.10	36.31	0.12167	1,145
Total	9,403.00				1,145
			Litchfield_Litchfield		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2039					
1974	1,445.37	22.49	43.64	0.50902	736
1975	7,740.88	22.65	43.39	0.50180	3,885
1977	11,886.08	22.99	42.85	0.48671	5,786
1994	146,433.08	26.90	36.31	0.27198	39,828
1995	1,358.80	27.21	35.80	0.25195	343
Total	168,864.21				50,577
			Londonderry_Avery		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2043					
1988	66,192.44	26.93	40.61	0.35372	23,414
1989	561.48	27.22	40.24	0.33961	191
1990	1,063.79	27.53	39.85	0.32472	346
1994	439.56	28.85	38.19	0.25667	113

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 %

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	68,257.27				24,064
			Londonderry_Londonderry		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2046					
1984	71,796.32	26.89	42.85	0.39123	28,089
1985	4,146.19	27.16	42.57	0.38002	1,576
1986	28,520.41	27.45	42.27	0.36819	10,502
1990	1,212.46	28.72	40.96	0.31389	381
2001	546,530.20	33.01	36.31	0.09522	52,041
2002	63,353.88	33.43	35.80	0.06943	4,399
Total	715,559.46				96,988
			Londonderry_Nesenkeag		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2031					
1986	5,073.42	20.76	36.31	0.44973	2,282
1988	10,251.99	21.10	35.28	0.42210	4,328
1989	530.79	21.28	34.75	0.40696	217
1993	613.80	22.07	32.46	0.33611	207
Total	16,470.00				7,033
			Londonderry_Pine Haven		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2042					

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 %

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1997	21,311.24	29.44	36.31	0.19874	4,236
Total	21,311.24				4,236
		Londonderry_R&B			
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2043					
1988	1,356.53	26.93	40.61	0.35372	480
Total	1,356.53				480
		Londonderry_Springwood Hills			
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2042					
1997	74,448.89	29.44	36.31	0.19874	14,797
Total	74,448.89				14,797
		Pelham_Gage Hill			
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2031					
1986	4,693.46	20.76	36.31	0.44973	2,111
1990	2,886.36	21.47	34.20	0.39086	1,129
1993	1,672.00	22.07	32.46	0.33611	562
Total	9,251.82				3,802

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *-5 %*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Pelham_Pelham		
Interim Survivor Curve: Iowa		***48***	***L1***		
Probable Retirement Year:		***2043***			
1987	3,000.28	26.64	40.96	0.36707	1,102
1989	14,599.74	27.22	40.24	0.33961	4,959
1990	7,493.00	27.53	39.85	0.32472	2,434
Total	25,093.02				8,494
			Pelham_Stonegate		
Interim Survivor Curve: Iowa		***48***	***L1***		
Probable Retirement Year:		***2047***			
1990	1,261.09	29.09	41.31	0.31065	392
1991	2,441.58	29.44	40.96	0.29529	721
1992	2,613.00	29.81	40.61	0.27914	730
1993	2,211.00	30.19	40.24	0.26216	580
1995	879.49	30.98	39.46	0.22565	199
2002	25,393.44	33.94	36.31	0.06841	1,738
Total	34,799.60				4,360
			Pelham_Williamsburg		
Interim Survivor Curve: Iowa		***48***	***L1***		
Probable Retirement Year:		***2033***			
1988	152,590.29	22.22	36.31	0.40736	62,159
1993	900.00	23.29	33.63	0.32275	291
1994	900.00	23.53	33.05	0.30260	273

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 %

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	154,390.29				62,723
			Plaistow_Rolling Hills		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2031					
1986	7,126.10	20.76	36.31	0.44973	3,205
1992	1,041.37	21.86	33.05	0.35549	371
1998	550.00	23.15	29.25	0.21923	121
Total	8,717.47				3,697
			Raymond_Liberty Tree		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2033					
1988	43,727.18	22.22	36.31	0.40736	17,813
1989	1,128.30	22.42	35.80	0.39241	443
Total	44,855.48				18,256
			Sandown_Beaver Hollow		
Interim Survivor Curve: Iowa 48 L1					
Probable Retirement Year: 2034					
1986	3,034.99	22.36	37.74	0.42778	1,299
1988	1,299.50	22.76	36.80	0.40058	521
1989	6,060.24	22.97	36.31	0.38573	2,338
1990	1,918.62	23.19	35.80	0.36996	710

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *-5 %*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	12,313.35				4,868
			Windham_Goldenbrook		
Interim Survivor Curve: Iowa		*48*	*L1*		
Probable Retirement Year:		*2034*			
1989	17,460.57	22.97	36.31	0.38573	6,736
1993	641.12	23.88	34.20	0.31666	204
Total	18,101.69				6,939
			Windham_Hardwood		
Interim Survivor Curve: Iowa		*48*	*L1*		
Probable Retirement Year:		*2036*			
1989	1,133.21	24.02	37.28	0.37345	424
1990	1,087.85	24.26	36.80	0.35789	390
1991	12,001.94	24.50	36.31	0.34141	4,098
1992	811.89	24.76	35.80	0.32396	264
1994	474.37	25.28	34.75	0.28595	136
1995	2,900.60	25.56	34.20	0.26529	770
1996	405.11	25.83	33.63	0.24345	99
1998	39,207.97	26.40	32.46	0.19599	7,685
Total	58,022.94				13,865
			Windham_Shadybrook		
Interim Survivor Curve: Iowa		*48*	*L1*		
Probable Retirement Year:		*2034*			

Pennichuck East Utility

Total Company

304.20 POWER AND PUMPING STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *-5 %*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1989	2,149.83	22.97	36.31	0.38573	830
Total	2,149.83				830
			Windham_W&E		
Interim Survivor Curve: Iowa		***48***	***L1***		
Probable Retirement Year:		***2046***			
1989	13,672.53	28.38	41.31	0.32855	4,493
1995	27,122.36	30.56	39.05	0.22835	6,194
Total	40,794.89				10,687
			WindhamDerry_Oakwood		
Interim Survivor Curve: Iowa		***48***	***L1***		
Probable Retirement Year:		***2046***			
2001	38,214.79	33.01	36.31	0.09522	3,639
2002	1,570.63	33.43	35.80	0.06943	110
Total	39,785.42				3,749
Account Total	1,601,378.99				368,782.82

Pennichuck East Utility

Total Company

304.50 DISTRIBUTION RESERVOIR & STANDPIPE BLDGS

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *-5 %*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Hooksett_Wesco		
Interim Survivor Curve: Iowa		*60*	*L1*		
Probable Retirement Year:		*2045*			
2000	7,360.00	34.76	39.03	0.11490	846
Total	7,360.00				846
Account Total	7,360.00				846.17

Pennichuck East Utility

Total Company

304.55 BOOSTER STATION STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 %

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
		Litchfield_Litchfield			
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year: 2048					
2003	118,529.98	37.59	39.03	0.03876	4,595
2004	26,088.60	37.91	38.39	0.01318	344
Total	144,618.58				4,939
		Londonderry_South Road			
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year: 2043					
1998	36,623.62	32.91	39.03	0.16464	6,030
Total	36,623.62				6,030
		Londonderry_Springwood Hills			
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year: 2048					
2003	14,852.66	37.59	39.03	0.03876	576
2004	2,346.08	37.91	38.39	0.01318	31
Total	17,198.74				608
		Windham_Castle Reach			
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year: 2049					
2004	112,500.00	38.55	39.03	0.01296	1,458

Pennichuck East Utility

Total Company

304.55 BOOSTER STATION STRUCTURES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *-5 %*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	112,500.00				1,458
			Windham_W&E		
Interim Survivor Curve: Iowa 60 L1					
Probable Retirement Year:		*2049*			
2004	27,521.48	38.55	39.03	0.01296	357
Total	27,521.48				357
Account Total	338,462.42				13,392.84

Pennichuck East Utility

Total Company

307.10 WELLS & SPRINGS

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -10 % Average Service Life: 29 Survivor Curve: L3

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1984	5,630.07	11.19	29.00	0.67551	3,803
1985	6,432.76	11.73	29.00	0.65515	4,214
1986	10,773.00	12.32	29.00	0.63253	6,814
1988	172,106.31	13.69	29.00	0.58053	99,913
1989	65,848.87	14.46	29.00	0.55162	36,324
1990	3,200.00	15.26	29.00	0.52121	1,668
1991	5,832.02	16.09	29.00	0.48954	2,855
1993	11,163.00	17.84	29.00	0.42320	4,724
1994	1,777.34	18.75	29.00	0.38885	691
1998	10,437.50	22.53	29.00	0.24527	2,560
1999	595.20	23.51	29.00	0.20808	124
2001	51,788.70	25.50	29.00	0.13274	6,874
2002	69,332.64	26.50	29.00	0.09483	6,575
2003	3,872.00	27.50	29.00	0.05690	220
2004	232,840.66	28.50	29.00	0.01897	4,416
Total	651,630.07				181,775.47

Pennichuck East Utility

Total Company

311.20 ELECTRIC PUMPING EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -15 % Average Service Life: 20 Survivor Curve: L0.5

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1986	66,891.37	10.88	20.00	0.52442	35,079
1987	13,082.78	11.20	20.00	0.50626	6,623
1988	52,631.70	11.52	20.00	0.48755	25,661
1989	214,502.00	11.86	20.00	0.46835	100,462
1990	4,197.35	12.20	20.00	0.44858	1,883
1991	6,418.62	12.55	20.00	0.42826	2,749
1992	10,476.91	12.92	20.00	0.40736	4,268
1993	16,211.98	13.29	20.00	0.38585	6,255
1994	20,979.42	13.68	20.00	0.36350	7,626
1995	11,291.06	14.09	20.00	0.33987	3,837
1996	14,681.95	14.53	20.00	0.31465	4,620
1997	89,668.74	15.00	20.00	0.28738	25,769
1998	26,124.74	15.51	20.00	0.25797	6,740
1999	76,447.21	16.07	20.00	0.22611	17,285
2000	44,603.72	16.67	20.00	0.19169	8,550
2001	115,389.08	17.31	20.00	0.15458	17,836
2002	81,821.15	18.00	20.00	0.11482	9,394
2003	17,568.33	18.75	20.00	0.07191	1,263
2004	49,654.50	19.56	20.00	0.02550	1,266
Total	932,642.61				287,168.17

Pennichuck East Utility

Total Company

311.60 OTHER POWER PUMPING EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *0 %* *Average Service Life:* *30* *Survivor Curve:* *R3*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	3,888.00	24.66	30.00	0.17797	692
2002	287.71	27.55	30.00	0.08164	23
Total	4,175.71				715.45

Pennichuck East Utility

Total Company

320.00 PURIFICATION SYSTEM EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -15 % Average Service Life: 12 Survivor Curve: R2.5

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1990	19,526.04	1.97	12.00	0.96158	18,776
1991	11,552.81	2.28	12.00	0.93119	10,758
1992	28,364.47	2.66	12.00	0.89462	25,375
1993	4,297.93	3.12	12.00	0.85109	3,658
1994	8,392.09	3.65	12.00	0.80058	6,719
1996	52,792.03	4.89	12.00	0.68127	35,966
1998	29,276.81	6.34	12.00	0.54239	15,879
1999	36,005.90	7.13	12.00	0.46700	16,815
2000	17,476.41	7.95	12.00	0.38809	6,782
2001	56,783.90	8.81	12.00	0.30608	17,380
2002	1,534.46	9.69	12.00	0.22132	340
2003	23,814.48	10.60	12.00	0.13421	3,196
2004	15,900.00	11.53	12.00	0.04514	718
Total	305,717.33				162,361.38

Pennichuck East Utility

Total Company

320.10 OTHER PRODUCTION EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *0 %* *Average Service Life:* *20* *Survivor Curve:* *R3*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	19,382.52	14.72	20.00	0.26405	5,118
Total	19,382.52				5,117.98

Pennichuck East Utility

Total Company

320.20 WATER TREATMENT EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -15 % Average Service Life: 12 Survivor Curve: R2.5

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	1,014.32	6.34	12.00	0.54239	550
Total	1,014.32				550.16

Pennichuck East Utility

Total Company

330.00 DISTRIBUTION RESERVOIRS & STANDPIPES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -10%

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
			Litchfield_Litchfield		
Interim Survivor Curve: Iowa		***85***	***R2.5***		
Probable Retirement Year:		***2063***			
2003	798,727.00	55.10	56.55	0.02811	22,452
Total	798,727.00				22,452
			Windham_W&E		
Interim Survivor Curve: Iowa		***85***	***R2.5***		
Probable Retirement Year:		***2061***			
2001	13,072.97	53.18	56.55	0.06550	857
Total	13,072.97				857
Account Total	811,799.97				23,308.76

Pennichuck East Utility

Total Company

331.01 PAVEMENTS-TRANSMISSION MAINS

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *0 %* *Average Service Life:* *15* *Survivor Curve:* *R3*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	877.10	9.79	15.00	0.34724	305
Total	877.10				304.57

Pennichuck East Utility

Total Company

331.02 PAVEMENTS-DISTRIBUTION MAINS

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *0 %* *Average Service Life:* *15* *Survivor Curve:* *R3*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2002	2,763.72	12.57	15.00	0.16207	448
Total	2,763.72				447.92

Pennichuck East Utility

Total Company

331.04 PAVEMENTS

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *0 %* *Average Service Life:* *15* *Survivor Curve:* *R3*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2004	2,808.61	14.51	15.00	0.03277	92
Total	2,808.61				92.04

Pennichuck East Utility

Total Company

331.10 TRANSMISSION MAINS-NEW

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -20 % Average Service Life: 100 Survivor Curve: R3

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2000	1,161,240.27	95.58	100.00	0.05306	61,613
2001	76,802.97	96.56	100.00	0.04129	3,171
2002	61,901.59	97.54	100.00	0.02952	1,827
Total	1,299,944.83				66,611.51

Pennichuck East Utility

Total Company

331.15 TRANSMISSION MAINS-DEVELOPER INSTALLED

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -20 % Average Service Life: 100 Survivor Curve: R3

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2001	215,050.15	96.56	100.00	0.04129	8,879
Total	215,050.15				8,878.72

Pennichuck East Utility

Total Company

331.20 DISTRIBUTION MAINS-NEW

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -20 % Average Service Life: 65 Survivor Curve: R2.5

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1974	2,638.79	38.02	65.00	0.49800	1,314
1975	23,355.87	38.83	65.00	0.48313	11,284
1976	47,142.85	39.64	65.00	0.46817	22,071
1977	200,477.10	40.46	65.00	0.45305	90,826
1978	2,228.93	41.28	65.00	0.43785	976
1982	22,452.13	44.64	65.00	0.37583	8,438
1983	56,532.14	45.50	65.00	0.36003	20,354
1984	102,910.64	46.36	65.00	0.34418	35,419
1985	593,048.20	47.22	65.00	0.32817	194,622
1986	664,790.74	48.10	65.00	0.31208	207,470
1987	458,722.69	48.97	65.00	0.29592	135,743
1988	3,235,587.87	49.85	65.00	0.27964	904,785
1989	4,066,489.06	50.74	65.00	0.26328	1,070,641
1990	730,758.80	51.63	65.00	0.24682	180,369
1991	106,217.76	52.53	65.00	0.23030	24,462
1992	89,964.62	53.43	65.00	0.21367	19,223
1993	105,264.14	54.33	65.00	0.19698	20,735
1994	65,448.74	55.24	65.00	0.18019	11,794
1995	422,941.14	56.15	65.00	0.16336	69,090
1996	31,724.34	57.07	65.00	0.14642	4,645
1997	172,695.83	57.99	65.00	0.12944	22,354
1998	861,710.28	58.91	65.00	0.11237	96,827
2000	102,778.97	60.77	65.00	0.07805	8,022
2001	52,773.06	61.71	65.00	0.06080	3,209
2002	212,500.28	62.64	65.00	0.04350	9,244
2003	797,574.20	63.58	65.00	0.02614	20,845
2004	350,452.06	64.53	65.00	0.00873	3,059
Total	13,579,181.23				3,197,819.58

Pennichuck East Utility

Total Company

331.25 DISTR MAINS-GATE VALVES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -20 % Average Service Life: 65 Survivor Curve: R2.5

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	1,450.00	58.91	65.00	0.11237	163
2000	1,944.07	60.77	65.00	0.07805	152
2004	11,126.49	64.53	65.00	0.00873	97
Total	14,520.56				411.80

Pennichuck East Utility

Total Company

331.30 DISTR MAINS-DEVELOPER INSTALLED

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -20 % Average Service Life: 65 Survivor Curve: R2.5

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	112,379.24	59.84	65.00	0.09524	10,703
2000	1,024,930.34	60.77	65.00	0.07805	80,000
2001	462,096.20	61.71	65.00	0.06080	28,096
2002	625,412.35	62.64	65.00	0.04350	27,207
2003	540,210.37	63.58	65.00	0.02614	14,119
2004	721,271.52	64.53	65.00	0.00873	6,296
Total	3,486,300.02				166,419.86

Pennichuck East Utility

Total Company

333.04 PAVEMENTS-NEW SERVICES

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 15 Survivor Curve: R3

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	357.39	8.92	15.00	0.40561	145
1999	3,163.87	9.79	15.00	0.34724	1,099
2000	1,137.60	10.69	15.00	0.28702	327
2001	3,225.42	11.62	15.00	0.22521	726
2002	668.65	12.57	15.00	0.16207	108
2003	14,611.80	13.53	15.00	0.09783	1,430
2004	4,856.66	14.51	15.00	0.03277	159
Total	28,021.39				3,993.56

Pennichuck East Utility

Total Company

333.10 SERVICES-NEW

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -35 % Average Service Life: 55 Survivor Curve: R2

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1974	383.40	29.96	55.00	0.61451	236
1975	4,085.00	30.68	55.00	0.59686	2,438
1976	7,669.16	31.41	55.00	0.57897	4,440
1977	20,882.61	32.15	55.00	0.56089	11,713
1978	1,673.83	32.89	55.00	0.54262	908
1979	192.19	33.64	55.00	0.52417	101
1981	660.87	35.17	55.00	0.48675	322
1982	8,419.44	35.94	55.00	0.46775	3,938
1983	1,997.31	36.72	55.00	0.44858	896
1984	25,003.68	37.51	55.00	0.42925	10,733
1985	29,914.76	38.31	55.00	0.40974	12,257
1986	97,421.41	39.11	55.00	0.39010	38,004
1987	53,383.21	39.92	55.00	0.37026	19,766
1988	98,075.71	40.73	55.00	0.35027	34,353
1989	228,314.87	41.55	55.00	0.33012	75,370
1990	64,574.48	42.38	55.00	0.30981	20,006
1991	106,007.24	43.21	55.00	0.28939	30,678
1992	110,108.45	44.05	55.00	0.26879	29,596
1993	101,915.17	44.90	55.00	0.24804	25,279
1994	118,832.19	45.75	55.00	0.22714	26,992
1995	131,439.60	46.60	55.00	0.20612	27,092
1996	120,240.49	47.46	55.00	0.18496	22,239
1997	121,392.26	48.33	55.00	0.16368	19,870
1998	57,031.12	49.20	55.00	0.14225	8,113
1999	14,355.42	50.08	55.00	0.12069	1,733
2000	22,659.52	50.97	55.00	0.09901	2,244
2001	13,242.93	51.85	55.00	0.07721	1,022
2002	52,231.26	52.75	55.00	0.05531	2,889

Pennichuck East Utility
Total Company
333.10 SERVICES-NEW
Original Cost Of Utility Plant In Service
And Development Of Calculated Depr Reserve as of December 31, 2004
Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -35 % *Average Service Life:* 55 *Survivor Curve:* R2

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2003	8,254.27	53.64	55.00	0.03327	275
2004	22,587.25	54.55	55.00	0.01112	251
Total	1,642,949.10				433,752.12

Pennichuck East Utility

Total Company

333.20 SERVICES-RENEWED

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -35 % Average Service Life: 55 Survivor Curve: R2

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	3,172.94	50.08	55.00	0.12069	383
2000	306.45	50.97	55.00	0.09901	30
2002	1,590.51	52.75	55.00	0.05531	88
2003	2,759.37	53.64	55.00	0.03327	92
2004	125,950.00	54.55	55.00	0.01112	1,400
Total	133,779.27				1,993.25

Pennichuck East Utility

Total Company

333.23 SERVICES-DEVELOPER INSTALLED (CIAC)

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -35 % *Average Service Life:* 55 *Survivor Curve:* R2

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	48,424.00	49.20	55.00	0.14225	6,888
1999	55,841.00	50.08	55.00	0.12069	6,740
2000	38,284.00	50.97	55.00	0.09901	3,790
2002	83,418.63	52.75	55.00	0.05531	4,614
2003	65,399.18	53.64	55.00	0.03327	2,176
2004	67,873.03	54.55	55.00	0.01112	755
Total	359,239.84				24,962.66

Pennichuck East Utility

Total Company

333.25 SERVICES-DEVELOPER INSTALLED (PAID)

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -35 % *Average Service Life:* 55 *Survivor Curve:* R2

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	47,649.95	49.20	55.00	0.14225	6,778
1999	55,495.87	50.08	55.00	0.12069	6,698
2000	84,428.90	50.97	55.00	0.09901	8,359
2001	92,827.63	51.85	55.00	0.07721	7,167
2002	55,233.56	52.75	55.00	0.05531	3,055
2003	44,308.51	53.64	55.00	0.03327	1,474
2004	95,955.66	54.55	55.00	0.01112	1,067
Total	475,900.08				34,598.36

Pennichuck East Utility

Total Company

334.10 METERING EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -5 % Average Service Life: 25 Survivor Curve: R2.5

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1978	17,043.90	5.33	25.00	0.82600	14,078
1979	2,825.13	5.76	25.00	0.80824	2,283
1980	8.99	6.21	25.00	0.78900	7
1981	29.19	6.71	25.00	0.76830	22
1982	46.28	7.23	25.00	0.74617	35
1983	95.29	7.79	25.00	0.72266	69
1984	94.94	8.38	25.00	0.69785	66
1985	774.89	9.00	25.00	0.67181	521
1986	3,307.63	9.65	25.00	0.64464	2,132
1987	16,189.01	10.32	25.00	0.61640	9,979
1988	61,340.53	11.02	25.00	0.58717	36,018
1989	17,250.72	11.74	25.00	0.55701	9,609
1990	34,902.10	12.48	25.00	0.52596	18,357
1991	64,667.71	13.24	25.00	0.49407	31,951
1992	28,116.51	14.01	25.00	0.46138	12,972
1993	170,028.50	14.81	25.00	0.42793	72,760
1994	98,372.47	15.63	25.00	0.39374	38,733
1995	74,794.75	16.46	25.00	0.35885	26,840
1996	27,891.88	17.30	25.00	0.32330	9,018
1997	32,808.60	18.16	25.00	0.28713	9,420
1998	33,438.02	19.04	25.00	0.25038	8,372
1999	40,774.14	19.93	25.00	0.21308	8,688
2000	40,024.25	20.83	25.00	0.17527	7,015
2001	40,804.15	21.74	25.00	0.13701	5,590
2002	35,328.10	22.66	25.00	0.09832	3,473
2003	41,363.73	23.59	25.00	0.05924	2,451
2004	61,027.13	24.53	25.00	0.01983	1,210
Total	943,348.54				331,669.78

Pennichuck East Utility

Total Company

334.11 METERS-DIGAMATIC READERS

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *0 %* *Average Service Life:* *10* *Survivor Curve:* *R2*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2003	602,589.16	8.67	10.00	0.13302	80,159
Total	602,589.16				80,159.16

Pennichuck East Utility

Total Company

335.00 HYDRANTS

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -10 % Average Service Life: 75 Survivor Curve: R3

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1975	1,677.09	47.18	75.00	0.40796	684
1976	3,346.06	48.07	75.00	0.39503	1,322
1977	18,518.42	48.95	75.00	0.38203	7,075
1978	828.77	49.85	75.00	0.36891	306
1979	8,480.80	50.74	75.00	0.35574	3,017
1984	21,266.87	55.31	75.00	0.28875	6,141
1985	20,679.92	56.24	75.00	0.27516	5,690
1986	23,299.25	57.17	75.00	0.26150	6,093
1987	19,873.40	58.11	75.00	0.24776	4,924
1988	28,190.88	59.05	75.00	0.23398	6,596
1989	67,060.64	59.99	75.00	0.22014	14,763
1990	6,968.37	60.94	75.00	0.20623	1,437
1993	3,932.50	63.80	75.00	0.16424	646
1994	16,345.44	64.76	75.00	0.15015	2,454
1995	33,027.29	65.73	75.00	0.13602	4,492
1996	22,946.37	66.69	75.00	0.12183	2,796
1997	24,849.60	67.66	75.00	0.10762	2,674
1998	1,816.02	68.63	75.00	0.09338	170
2000	3,051.23	70.58	75.00	0.06477	198
2002	1,454.61	72.54	75.00	0.03605	52
Total	327,613.53				71,528.93

Pennichuck East Utility

Total Company

335.10 HYDRANTS-DEVELOPER INSTALLED

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: -10 % Average Service Life: 75 Survivor Curve: R3

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	10,453.68	69.61	75.00	0.07909	827
2000	60,372.49	70.58	75.00	0.06477	3,910
2001	34,756.44	71.56	75.00	0.05043	1,753
2002	32,110.21	72.54	75.00	0.03605	1,158
2003	62,659.00	73.52	75.00	0.02165	1,356
2004	113,183.80	74.51	75.00	0.00723	818
Total	313,535.62				9,821.62

Pennichuck East Utility

Total Company

339.00 OTHER TRANS/DISTR EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *0 %* *Average Service Life:* *50* *Survivor Curve:* *R3*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1999	14,442.26	44.62	50.00	0.10753	1,553
2000	30,373.80	45.59	50.00	0.08813	2,677
2001	7,557.57	46.57	50.00	0.06865	519
2002	19,167.71	47.54	50.00	0.04910	941
Total	71,541.34				5,689.76

Pennichuck East Utility

Total Company

343.00 SHOP EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 12 Survivor Curve: L4

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1989	8,370.00	1.78	12.00	0.85161	7,128
1990	5,979.88	2.00	12.00	0.83366	4,985
1991	1,825.00	2.18	12.00	0.81830	1,493
1992	17,005.04	2.32	12.00	0.80684	13,720
1993	14,365.87	2.48	12.00	0.79293	11,391
1994	6,690.85	2.79	12.00	0.76785	5,138
1996	17,084.14	3.98	12.00	0.66812	11,414
1997	12,052.30	4.77	12.00	0.60251	7,262
Total	83,373.08				62,531.50

Pennichuck East Utility

Total Company

346.00 COMMUNICATION EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *0 %* *Average Service Life:* *9* *Survivor Curve:* *L2*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1986	583.04	1.35	9.00	0.85034	496
1989	5,043.21	1.96	9.00	0.78269	3,947
1992	19,276.78	2.66	9.00	0.70412	13,573
1995	575.00	3.40	9.00	0.62206	358
1997	2,731.17	3.90	9.00	0.56710	1,549
1999	4,544.81	4.60	9.00	0.48923	2,223
2000	1,689.83	5.13	9.00	0.42997	727
2001	22,976.59	5.82	9.00	0.35279	8,106
2002	82,876.75	6.64	9.00	0.26185	21,701
2003	25,047.00	7.54	9.00	0.16244	4,069
2004	19,920.45	8.50	9.00	0.05538	1,103
Total	185,264.63				57,851.50

Pennichuck East Utility

Total Company

347.11 COMPUTER EQUIPMENT-HARDWARE/SOFTWARE

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: 0 % Average Service Life: 8 Survivor Curve: R4

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1998	2,470.42	2.08	8.00	0.73946	1,827
1999	26,695.90	2.82	8.00	0.64742	17,283
2000	7,318.01	3.65	8.00	0.54353	3,978
Total	36,484.33				23,087.78

Pennichuck East Utility

Total Company

348.00 MISCELLANEOUS GENERAL EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Calculated Depr Reserve as of December 31, 2004

Based Upon Broad Group/Remaining Life Procedure and Technique

Salvage Value: *0 %* *Average Service Life:* *11* *Survivor Curve:* *L5*

Year	*Original Cost*	*Expectancy*	*Avg. Service Life*	*Reserve Ratio*	*Calculated Reserve*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2001	8,999.46	7.50	11.00	0.31821	2,864
Total	8,999.46				2,863.75