

**Pennichuck Water Works, Inc.**  
**BALANCE SHEET**  
**ASSETS AND DEFERRED CHARGES**  
**For the Eleven Months Ended November 30, 2013**

Revised  
**Schedule LDG-1**  
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	Account Number	11/30/2013	Pro Forma Adjustments	Pro Forma 11/30/2013
<b><u>PLANT ASSETS</u></b>				
Plant in Service	301 to 348	172,479,881	2,970,000 (1)	175,449,881
Work in process	105	1,645,922	-	1,645,922
Utility Plant		174,125,803	2,970,000	177,095,803
Accumulated depreciation	108	42,991,640	42,633 (2)	43,034,273
Net Plant		131,134,163	2,927,367	134,061,530
Net Acquisition Adjustment	114 & 115	429,019	-	429,019
Total Net Utility Plant		130,705,143	2,927,367	133,632,510
<b><u>CURRENT ASSETS</u></b>				
Cash	131 & 133	6,000	-	6,000
Restricted Cash - RSF	131	5,639,186	-	5,639,186
Accounts receivable-billed, net	141 & 143	2,141,293	-	2,141,293
Accounts receivable-unbilled, net	173	1,463,669	-	1,463,669
Accounts receivable-other	142	-	-	-
Inventory	151	749,126	-	749,126
Prepaid expenses	162	437,312	-	437,312
Prepaid property taxes	163 & 236	55,176	-	55,176
Prepaid taxes	162.3	-	-	-
		10,491,763	-	10,491,763
<b><u>OTHER ASSETS</u></b>				
Debt issuance expenses	181	3,496,258	-	3,496,258
Acquisition Premium - MARA	186	75,592,527	-	75,592,527
Other & Deferred Charges	182,184,186	9,188,415	-	9,188,415
		88,277,199	-	88,277,199
<b>TOTAL ASSETS</b>		<b>\$ 229,474,106</b>	<b>\$ 2,927,367</b>	<b>\$ 232,401,473</b>

**Notes:**

(1) To record the assets related to the SRF Loans.

(2) To record the impact of full year depreciation offset by the Cost of Removal.

**Pennichuck Water Works, Inc.**  
**BALANCE SHEET**  
**EQUITY AND LIABILITIES**  
**For the Eleven Months Ended November 30, 2013**

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	Account Number	11/30/2013	Pro Forma Adjustments	Pro Forma 11/30/2013
<b>STOCKHOLDERS' EQUITY</b>				
Common stock	201	\$ 30,000	\$ -	\$ 30,000
Paid in capital	211	124,070,662	-	124,070,662
Comprehensive Income	219	-	-	-
Retained earnings	215	1,522,698	(119,605) (2)	1,403,092
		<u>125,623,360</u>	<u>(119,605)</u>	<u>125,503,755</u>
<b>LONG TERM DEBT</b>				
Bonds, notes and mortgages	221	50,594,911	2,970,000 (1)	53,564,911
Intercompany advances	223	(7,439,707)	76,972 (3)	(7,362,735)
Other Long Term Debt	224	-	-	-
<b>CURRENT LIABILITIES</b>				
Accounts payable	231	583,331	-	583,331
Accrued property taxes	236	588,435	-	588,435
Accrued interest payable	237	478,245	-	478,245
Other accrued expenses	241	550,477	-	550,477
Income taxes payable	236	-	-	-
Customer deposits & other	235	122,448	-	122,448
		<u>2,322,936</u>	<u>-</u>	<u>2,322,936</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>				
Deferred income taxes & liability	282	19,474,419	-	19,474,419
Customer advances	252	-	-	-
CIAC, net	271 & 272	25,629,061	-	25,629,061
Other deferred credits	241 to 255	13,269,126	-	13,269,126
		<u>58,372,606</u>	<u>-</u>	<u>58,372,606</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>\$ 229,474,106</b></u>	<u><b>\$ 2,927,367</b></u>	<u><b>\$ 232,401,473</b></u>

**Notes:**

(1) To record the SRF Debt as follows:

Nashua Core Water Mains	\$ 2,640,000
Timberline Booster Station	\$ 330,000
Total SRF Debt	<u>\$ 2,970,000</u>

(2) To record the impact of interest, depreciation, property taxes and income tax benefit on retained earnings.

(3) To record the use of funds through the intercompany debt

**Pennichuck Water Works, Inc.**  
**OPERATING INCOME STATEMENT**  
**For the Eleven Months Ended November 30, 2013**

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	Account Number	ELEVEN MONTHS 11/30/13	PRO FORMA ADJUSTMENTS	PRO FORMA 11 MONTHS 11/30/13
Water Sales	460 to 462	\$ 25,346,719	\$ -	\$ 25,346,719
Other Operating Revenue	471	388,338	-	388,338
Total Revenues		25,735,057	-	25,735,057
Production Expenses	601 to 652	3,593,105	-	3,593,105
Transmission & Distribution Expenses	660 to 678	1,385,547	-	1,385,547
Engineering Expenses	660	769,984	-	769,984
Customer Acct & Collection Exp	902 to 904	399,356	-	399,356
Administrative & General Expense	920 to 950	6,004,489	-	6,004,489
Inter Div Management Fee	930	(1,865,340)	-	(1,865,340)
Total Operating Expense		10,287,140	-	10,287,140
Dep Exp/Acq Adj Expense	403 & 406	3,868,252	42,633 (2)	3,910,885
Amortization Expense:CIAC	405	(504,300)	-	(504,300)
Amortization Expense	407	1,956,590	-	1,956,590
Gain on Debt Forgiveness	414	(49,431)	-	(49,431)
Property Taxes	408.1	3,679,740	74,638 (2)	3,754,377
Income Tax	409 to 410	2,415,462	(78,449) (3)	2,337,013
Total Operating Deductions		11,366,312	38,821	11,405,133
Net Operating Income		4,081,604	(38,821)	4,042,783
Other Income and Deductions		(14,069)	-	(14,069)
Interest Expenses		2,544,837	80,784 (1)	2,625,621
Net Income		1,522,698	(119,605)	1,403,092

**Notes:**

- 1 - To record the change in interest expense associated with SRF financing.
- 2 - To record the impact of assets on depreciation and property taxes.
- 3 - To record the tax impact resulting from additional expenses.

**Pennichuck Water Works, Inc.**  
**OPERATING INCOME STATEMENT**  
For the Eleven Months Ended November 30, 2013

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**Supporting Calculations:**

**Interest Expense:**

New SRF debt	\$ 2,970,000
Interest Rate	2.72%
<b>Annual Interest</b>	<b><u>\$ 80,784</u></b>

**Depreciation**

**Additions:**

	Asset Cost			Depreciation	
	Nashua Water Mains	Nashua Booster Station	Total	Rate	Amount
Structures & Improvements	\$ -	\$ 30,000	\$ 30,000	2.62%	\$ 786
Transmission & Distribution Mains	\$ 2,640,000	\$ -	\$ 2,640,000	1.47%	\$ 38,808
Power Generation Equipment		\$ 100,000	\$ 100,000	4.50%	\$ 4,500
Pumping Equipment		\$ 200,000	\$ 200,000	5.50%	\$ 11,000
<b>Totals</b>	<b><u>\$ 2,640,000</u></b>	<b><u>\$ 330,000</u></b>	<b><u>\$ 2,970,000</u></b>		<b><u>\$ 55,094</u></b>

**Retirements:**

	Asset Cost			Depreciation	
	Nashua Water Mains	Nashua Booster Station	Total	Rate	Amount
Structures & Improvements	\$ -	\$ 11,820	\$ 11,820	2.62%	\$ 310
Transmission & Distribution Mains	\$ 38,327	\$ -	\$ 38,327	1.47%	\$ 563
Power Generation Equipment			\$ -	4.50%	\$ -
Pumping Equipment	\$ -	\$ 210,687	\$ 210,687	5.50%	\$ 11,588
<b>Totals</b>	<b><u>\$ 38,327</u></b>	<b><u>\$ 222,508</u></b>	<b><u>\$ 260,835</u></b>		<b><u>\$ 12,461</u></b>

**Net Additions**    \$ 2,601,673    \$ 107,492    \$ 2,709,165

**Pro Forma Depreciation**

**\$ 42,633**

**Property Taxes**

Nashua	\$ 20.95	\$ 20.95
State of New Hampshire	\$ 6.60	\$ 6.60
<b>Total Tax Rate</b>	<b>\$ 27.55</b>	<b>\$ 27.55</b>

**Pro Forma Property Taxes**    \$ 71,676    \$ 2,961    \$ 74,638

**Pennichuck Water Works, Inc.**  
**Pro Forma Capital Structure for Ratemaking Purposes**  
**For the Eleven Months Ended November 30, 2013**

Revised  
Schedule LDG-3

	<u>Pro Forma</u> <u>2013</u>	<u>Pro Forma</u> <u>Eliminations</u>	<u>Pro Forma 2013</u> <u>with</u> <u>Eliminations</u>	<u>Component</u> <u>Ratio</u>
Long-term Debt	53,564,911	-	53,564,911	97.39%
Intercompany Debt	\$ -	-	-	0.00%
<u>Common Equity:</u>				
Common Stock	30,000		30,000	
Paid In Capital	124,070,662	(124,070,662) (1)	0	
Comprehensive Income	-	-	-	
Retained Earnings	1,403,092		1,403,092	
Total Common Equity	125,503,755		1,433,093	2.61%
Total Capital	<u>\$ 179,068,666</u>		<u>\$ 54,998,004</u>	100.00%

**Notes:**

(1) Per Order 25,292 in DW 11-026, eliminate the MARA and related equity:

MARA	78,783,384
Equity as of 1/25/12	9,863,910
Paid in Capital as of 1/25/12	39,011,140
	<u>127,658,434</u>
Less: Dividends Paid in Feb 2013	<u>(3,587,772)</u>
	<u>124,070,662</u>