

**AWC Belmont Sewer - Temporary Rates**

**Computation of Revenue Deficiency - Sewer**

**For the Test Year Ended December 31, 2014**

	<u>Actual</u>	<u>Proforma</u>
Rate Base (Schedule 3)	\$72,270	\$71,910
Rate of Return (Schedule 4)	<u>7.41%</u>	<u>7.41%</u>
Annualized Operating Income Required	\$5,358	\$5,332
Annualized Net Operating Income (Schedule 1)	<u>(8,640)</u>	<u>5,332</u>
Operating Income (Deficiency) Surplus	(\$13,998)	\$0
Tax Effect		<u>0</u>
Revenue Deficiency (Surplus)	<u>(\$13,998)</u>	<u>\$0</u>

Statement of Income - Sewer

Line No.	Account Title (Number) (a)	Actual 2014 Year End Balance (b)	Annualized Adjustments (c)	Annualized 2014 Year End Balances (d)	Proforma Adjustments (e)	Proforma 2014 Year End Balance (f)
<b>UTILITY OPERATING INCOME</b>						
1	Operating Revenues(400)	\$ 68,524	\$ 9,789	\$ 78,313	\$17,237	\$ 95,550
2	Operating Expenses:					
3	Operating and Maintenance Expense (401)	70,518	10,074	80,592	0	80,592
4	Depreciation Expense (403)	2,200	314	2,514	360	2,874
5	Amortization of Contribution in Aid of Construction (405)					
6	Amortization of Utility Plant Acquisition Adjustment (406)					
7	Amortization Expense-Other (407)					
8	Taxes Other Than Income (408.1-408.13)	3,366	481	3,847	217	4,064
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	-	-	-	2,687	2,687
10	<b>Total Operating Expenses</b>	<b>\$ 76,084</b>	<b>\$ 10,869</b>	<b>\$ 86,953</b>	<b>\$ 3,265</b>	<b>\$ 90,218</b>
11	Net Operating Income (Loss)	\$ (7,560)	\$ (1,080)	(8,640)	13,972	5,332
12	<b>Other Income and Deductions</b>					
13	Interest and Dividend Income (419)	517		517		517
14	Allow. for funds Used During Construction (420)					
15	Nonutility Income (421)					
16	Gains (Losses) From Disposition of Nonutility Property (421)					
17	Miscellaneous Nonutility Expenses (426)					
18	Interest Expense (427)	(2,036)		(2,036)		(2,036)
19	Taxes Applicable to Other Than Income (409.2, 410.2, etc.)					
20	<b>Total Other Income and Deductions</b>	<b>\$ (1,519)</b>	<b>\$ -</b>	<b>\$ (1,519)</b>		<b>\$ (1,519)</b>
21	<b>NET INCOME (LOSS)</b>	<b>\$ (9,079)</b>	<b>\$ (1,080)</b>	<b>\$ (10,159)</b>	<b>\$ 13,972</b>	<b>\$ 3,813</b>

**AWC Belmont Sewer - Temporary Rates  
Statement of Income - Sewer Proforma Adjustments**

Schedule 1A  
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**Operating Revenues**

1	Proforma 2014 Year End Balance	\$95,550
	Annualized 2014 Year End Balance	<u>78,313</u>
	Proforma Adjustment	<u>\$17,237</u>
	To adjust test year revenues for the additional revenue needed in order for the Company to earn its rate of return and to recover its expenses.	
	Total Proforma Adjustment to Operating Revenues	<b>\$17,237</b>

**Operation and Maintenance Expenses**

2	<u>Purchased Sewer Treatment</u>	
	Proforma 2014 Year End Balance	\$53,119
	Annualized 2014 Year End Balance	<u>53,119</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year expenses for increase in City of Laconia sewer rates	
3	<u>Sewer Annual Cleaning, Preventative and Ongoing Maintenance</u>	
	Proforma 2014 Year End Balance	\$0
	Annualized 2014 Year End Balance	<u>0</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year expenses for annual cleaning of wet well, preventative and ongoing maintenance	
4	<u>Auditing / Accounting Services</u>	
	Proforma 2014 Year End Balance	\$309
	Annualized 2014 Year End Balance	<u>309</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year expenses for \$4,875 ( $\$13,000 \times 75\% \times 50\%$ ) of the auditing costs and for \$1,248 ( $\$3,328 \times 75\% \times 50\%$ ) of accounting costs	
	Total Proforma Adjustment to Operation and Maintenance Expenses	<b>\$0</b>

**Depreciation Expenses**

5	Annualized 2014 Year End Balance adjusted for add'l half year depr on 2014 additions	\$2,874
	Annualized 2014 Year End Balance	<u>2,514</u>
	Proforma Adjustment	<u>\$360</u>
	To adjust test year depreciation expenses for an add'l half year depreciation on 2014 adds	
	Total Proforma Adjustment to Depreciation Expenses	<u>\$360</u>
	Please see schedule 3B for more support.	

**Amortization of Organizational Costs**

6	Proforma 2014 Year End Balance	\$0
	Actual 2014 Year End Balance	<u>0</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year expenses for the amortization of org. costs over 12 years	
	Please see schedule 3B for more support.	

**Taxes other than Income****State of New Hampshire**

7	Actual 2014 Year End Balance adjusted for state utility property taxes	\$936
	Annualized 2014 Year End Balance	<u>891</u>
	Proforma Adjustment	<u>\$45</u>

**Town of Belmont**

8	Actual 2014 Year End Balance adjusted for Town of Belmont Prop. Taxes	\$3,128
	Annualized 2014 Year End Balance	<u>2,956</u>
	Proforma Adjustment	<u>\$172</u>

To adjust test year expenses for plant added in 2014

	Total Proforma Adjustments to Taxes other than Income	<u>\$217</u>
	See 3B for calculation of additional state and local property taxes.	

**Income Taxes**Federal Income Taxes

9	Proforma 2014 Year End Balance	\$2,111
	Annualized 2014 Year End Balance	<u>0</u>
	Proforma Adjustment	<u>\$2,111</u>

To adjust test year expenses for the increase in federal income taxes due to the increase in revenue. For additional support, please see schedule 5.

State Business Taxes

10	Proforma 2014 Year End Balance	\$577
	Annualized 2014 Year End Balance	<u>0</u>
	Proforma Adjustment	<u>\$577</u>

To adjust test year expenses for the increase in state business taxes due to the increase in revenue. For additional support, please see schedule 5.

	<b>Total Proforma Adjustments to Income Taxes</b>	<b><u>\$2,687</u></b>
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**AWC Belmont Sewer - Temporary Rates**

**Schedule 3**

**Rate Base - Sewer**

Line No.	Account Title (a)	December 2013 Balance (b)	March 2014 Balance (c)	June 2014 Balance (d)	September 2014 Balance (e)	December 2014 Balance (f)	5 Qtr. Avg. Year End Balance (g)	Proforma Adjustments (h)	Proforma Year End Balance (i)
1	Plant in Service	\$103,850	\$109,850	\$109,899	\$110,059	\$110,059	\$108,743	(\$0)	\$108,743
2	Less: Accumulated Depreciation	<u>53,242</u>	<u>53,623</u>	<u>54,195</u>	<u>54,947</u>	<u>55,699</u>	<u>54,341</u>	<u>360</u>	<u>54,701</u>
3	Net Utility Plant	50,608	56,227	55,704	55,112	54,360	54,402	(360)	54,042
4	Material and Supplies	7,931	7,931	7,931	7,931	7,931	7,931		7,931
5	Prepayments	0	0	0	0	0	0		0
6	Accumulated Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
7	Total Rate Base	\$58,539	\$64,158	\$63,635	\$63,043	\$62,291	\$62,333	(\$360)	\$61,973
8	Cash Working Capital (1)						<u>9,937</u>	<u>-</u>	<u>9,937</u>
9	Total Rate Base						<u>\$ 72,270</u>	<u>\$ (360)</u>	<u>\$ 71,910</u>
(1) Cash Working Capital 5 Quarter Average Year End Balance is the same as December 2014 Balance.									

**AWC Belmont Sewer - Temporary Rates  
Rate Base - Sewer Proforma Adjustments  
Plant in Service**

Schedule 3A  
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1	Proforma Year End Balance	\$108,743
	5 Quarter Average Year End Balance	<u>108,743</u>
	Proforma Adjustment	<u>(\$0)</u>
	To adjust 5 quarter average test year plant in service to year end balance	
2	Proforma Year End Balance with organization costs	\$108,743
	Proforma Year End Balance	<u>108,743</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year year end balance of plant in service for organization costs For additional support, please see schedule 3B	
	Total Proforma Adjustments to Plant in Service	<u>(\$0)</u>

**Accumulated Depreciation and Amortization**

3	Proforma Year End Balance	\$54,341
	5 Quarter Average Year End Balance	<u>54,341</u>
	Proforma Adjustment	<u>(\$0)</u>
	To adjust 5 quarter average test year plant in service to year end balance	
4	Proforma Year End Balance	\$54,701
	Proforma Year End Balance	<u>54,341</u>
	Proforma Adjustment	<u>\$360</u>
	To adjust test year accumulated depreciation for additional 2014 depreciation	
5	Proforma Year End Balance with add'l depr and amort of org costs	\$54,701
	To adjust 5 quarter average test year plant in service to year end balance	<u>54,701</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year year end balance of plant in service for 2015 amortization of organizational costs For additional support, please see schedule 3B	
	Total Proforma Adjustments to Accumulated Depreciation	<u>\$360</u>

**Cash Working Capital**

6	Proforma Year End Balance	\$9,937
	Year End Balance	<u>9,937</u>
	Proforma Adjustment	<u>\$0</u>

To adjust test year cash working capital balance  
For additional support, please see schedule 3C



**AWC Belmont Sewer - Temporary Rates**

**Schedule 3B**

**Plant / Accumulated Depreciation / Depreciation Expense**

**Plant put in service in 2014**

PUC Acct. No.	Description	Cost	Depr. Rate	Annual Cost	Accum Depr.
371	Pumping Equipment	\$ 7,204	10.00%	\$ 720	\$ 360
	Total 2014 Additions	\$ 7,204		\$ 720	\$ 360

**Plant to be put in service in 2015**

PUC Acct. No.	Description	Cost	Depr. Rate	Annual Cost	Accum Depr.
	TOTAL	\$ -		\$ -	\$ -
	TOTAL				\$ -

**To reclass Organizational Costs to Plant**

PUC Acct. No.	Description	Cost	Amort. Rate	Annual Cost	Accum Amort
301	Organizational costs (74% allocated to Belmont; 26% to sewer) \$102,233 x 75% x 26%	\$ -	8.33%	\$ -	\$ -

**State Utility Property Taxes and Town of Belmont Property Taxes**

**State Utility Property Taxes**

Total Increase in Plant	\$ 7,204
Total Increase in Accum Depr & Amort	360
Net Total Increase in Plant	\$ 6,844
Total Increase in Plant per Thousands	7
State Utility Property Tax Rate	\$ 6.60
Total Increase in State Utility Property Taxes	\$ 45

**Town of Belmont Property Taxes**

Net Total Increase in Plant	\$ 6,844
Total Increase in Plant per Thousands	7
Town of Belmont Property Tax Rate	\$ 25.17
Total Increase in Town of Belmont Property Taxes	\$ 172

**AWC Belmont Sewer - Temporary Rates**

Schedule 3C

**Working Capital - Sewer**

	2014 Proforma <u>Amount</u>	2014 Annualized <u>Amount</u>
Operating and Maintenance Expenses	\$80,592	\$80,592
45/365	<u>12.33%</u>	<u>12.33%</u>
Working Capital	<u>\$9,937</u>	<u>\$9,937</u>

**AWC Belmont Sewer - Temporary Rates**

**Rate of Return Information**

Overall Rate of Return	Component Ratio	Component Cost Rate	Weighted Average Cost Rate
Equity Capital	58.44%	9.75%	5.70%
Long Term Debt	41.56%	4.13%	1.72%
Total Capital	100.00%		7.41%

Actual Overall Rate of Return	Component Ratio	Component Cost Rate	Weighted Average Cost Rate
Equity Capital	58.44%	9.75%	5.70%
Long Term Debt	41.56%	4.13%	1.72%
Total Capital	100.00%		7.41%

Capital Structure for Ratemaking Purposes	2014 Prof Amounts	2014 Prof Ratios	2014 Actual Amounts	2014 Actual Ratios
Common Stock				
Other Paid in Capital	339,521	55.82%	339,521	55.82%
Retained Earnings	15,956	2.62%	15,956	2.62%
Total Equity	\$ 355,477	58.44%	\$ 355,477	58.44%
Long Term Debt	\$252,802	41.56%	\$252,802	41.56%
Total Capital	\$ 608,279	100.00%	\$ 608,279	100.00%

Proforma Cost of Debt	2014 Prof Amount	Interest Rate	Interest Expense	Amortization Of Fin Costs	Total Interest	Cost Rate
2014 CoBank Loan	\$252,802	3.68%	\$8,637	\$1,803	\$10,440	4.13%
Total Cost of Debt	\$252,802		\$8,637	\$1,803	\$10,440	4.13%

Actual Cost of Debt	2014 Act Amount		Interest Rate	Interest Expense	Amortization Of Fin Costs	Total Interest	Cost Rate
2014 CoBank Loan	\$252,802		3.68%	\$8,637	\$1,803	\$10,440	4.13%
Total Cost of Debt	\$252,802			\$8,637	\$1,803	\$10,440	4.13%

Cost of Common Equity Capital
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The Company is utilizing a cost of common equity of 9.75% for temporary rate purposes.
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**AWC Belmont Sewer - Temporary Rates**

Schedule 5

**Income Tax Computation**

	<u>Actual</u>	<u>Proforma</u>
Total Rate Base	\$72,270	\$71,910
Equity Component of Cost of Capital	<u>5.70%</u>	<u>5.70%</u>
Operating Net Income Required	\$4,118	\$4,097
Tax Multiplier (Schedule 5A)	<u>2,701</u>	<u>2,687</u>
Income Required before Income Taxes	\$6,819	\$6,785
Less: NH Business Profits Tax @ 8.5%	<u>580</u>	<u>577</u>
Income subject to Federal Taxes	\$6,239	\$6,208
Less: Federal Income Tax @ 34%	<u>2,121</u>	<u>2,111</u>
Income after Income Taxes	<u>\$4,118</u>	<u>\$4,097</u>

**AWC Belmont Sewer - Temporary Rates**

**Schedule 5A**

**Effective Tax Factor**

Taxable Income	100.00%
Less: NH Business Profits Tax	8.50%
Federal Taxable Income	91.50%
Federal Income Tax Rate	34.00%
Effective Federal Income Tax Rate	31.11%
Add: NH Business Profit Tax	8.50%
Effective Tax Rate	39.61%
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	39.61%
Percent Used as a Divisor in Determining the Revenue Requirement	60.39%
Tax Multiplier	65.59%

**AWC Belmont Sewer - Temporary Rates**  
 NHPUC Docket No. DW 15-199  
 Calculation of Sewer Rates

**Summary of Proposed Revenue Requirement**

	<u>Proposed</u>
Adjusted Test Year Sewer Sales	\$ 78,313
Proposed Increase in Revenue Requirement from Permanent Rates	17,237
Proposed Step Increase in Revenue Requirement	-
Total Proposed Revenue Requirement	<u>\$ 95,550</u>
Total Proposed Increase in the Revenue Requirement	<u>22.01%</u>

**Percent of Pro-forma Test Year Revenues per Customer Class:**

	Number of Customers	Pro-forma Test Year Revenues	
Commercial Class A (CA)	1	\$ 5,689	5.95%
Commercial Class B (CB)	3	5,795	6.06%
Residential Multi-Family (RMA)	1	19,843	20.77%
Residential Single Family (RS)	148	64,223	67.21%
Total - Pro-forma Test Year	<u>153</u>	<u>\$ 95,550</u>	<u>100.00%</u>

	Calculation of Rates	Annual Revenue per Rate	Annual Revenue per Rate Class
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**Commercial Class A:**

**Calculation of Base Charge:**

Quarterly Base Charge (Water) - Present Tariff	\$ 267.66		
Applied Factor to Derive Sewer Rates	+	-	
Quarterly Base Charge (Sewer) - Present (Rounded)	\$ 267.66		
1 + Percent Increase	x	1.2201	
Proposed Commercial Class A Quarterly Base Charge (Rounded)	\$ 327.00		
Number of Customers	x	1	
Annual Billing Quarters	x	12	\$ 3,924.00

**Calculation of Consumption Charge:**

Proposed Commercial Class A Revenues	\$ 5,689		
Less: Proposed Commercial Class A Revenues from Base Charge	(3,924)		
Proposed Commercial Class A Revenues from Consumption Charge	\$ 1,765		
Commercial Class A Test Year Consumption (CCF)	+	187.70	
Proposed Commercial Class A Consumption Charge	\$ 9,403.3		
Commercial Class A Annual Consumption (CCF)	x	187.70	\$ 1,765.00
			\$ 5,689.00

**Commercial Class B:**

**Calculation of Base Charge:**

Quarterly Base Charge (Water) - Present Tariff	\$ 89.33		
Applied Factor to Derive Sewer Rates	+	-	
Quarterly Base Charge (Sewer) - Present (Rounded)	\$ 89.33		
1 + Percent Increase	x	1.2201	
Proposed Commercial Class B Quarterly Base Charge (Rounded)	\$ 109.00		
Number of Customers	x	3	
Annual Billing Quarters	x	12	\$ 3,924.00

**Calculation of Consumption Charge:**

Proposed Commercial Class B Revenues	\$ 5,795		
Less: Proposed Commercial Class B Revenues from Base Charge	(3,924)		
Proposed Commercial Class B Revenues from Consumption Charge	\$ 1,871		
Commercial Class B Test Year Consumption (CCF)	+	596.31	
Proposed Commercial Class B Consumption Charge	\$ 3,137.6		
Commercial Class B Annual Consumption (CCF)	x	596.31	\$ 1,871.00
			\$ 5,795.00

**Residential Multi-Family:**

**Calculation of Base Charge:**

Proposed Residential Multi-Family Quarterly Base Charge per Unit	\$ 24.375		
Number of Units	x	32	
Proposed Residential Multi-Family Quarterly Base Charge (Rounded)	\$ 780.00		
	+	1,220.1	
	\$ 952.00		
Number of Customers	x	1	
Annual Billing Quarters	x	12	\$ 11,424.00

**Calculation of Consumption Charge:**

Total Proposed Revenue Requirement	\$ 95,550		
Less: Combined Proposed Commercial Class A & B Revenue	(11,484)		
Less: Combined Proposed Residential Multi- & Single- Family Revenues from Base Charge	(54,048)		
Proposed Residential Multi- & Single- Family Revenues from Consumption Charge	\$ 30,018		
Combined Residential Multi- & Single- Family Test Year Consumption (CCF)	+	6,971.39	
Proposed Residential Multi- & Single- Family Consumption Charge	\$ 4,305.9		
Residential Multi-Family Annual Consumption (CCF)	x	1,853.75	\$ 7,982.03
			\$ 19,406.03

**Residential Single-Family:**

**Calculation of Base Charge:**

Quarterly Base Charge (Water) - Present Tariff	\$ 20.00		
Applied Factor to Derive Sewer Rates	x	-	
Quarterly Base Charge (Sewer) - Present (Rounded)	\$ 20.00		
1 + Percent Increase	x	1.2201	
Proposed Residential Single-Family Quarterly Base Charge (Rounded)	\$ 24.60		
Number of Customers	x	148	
Annual Billing Quarters	x	12	\$ 42,624.00

**Calculation of Consumption Charge:**

Total Proposed Revenue Requirement	\$ 95,550		
Less: Combined Proposed Commercial Class A & B Revenue	(11,484)		
Less: Combined Proposed Residential Multi- & Single- Family Revenues from Base Charge	(64,048)		
Proposed Residential Multi- & Single- Family Revenues from Consumption Charge	\$ 30,018		
Combined Residential Multi- & Single- Family Test Year Consumption (CCF)	+	6,971.39	
Proposed Residential Multi- & Single- Family Consumption Charge	\$ 4,305.9		
Residential Single-Family Annual Consumption (CCF)	x	5,117.64	\$ 22,035.97
			\$ 84,659.97

Total Proposed Revenue Requirement - Sewer Division \$ 95,550.00

### **AWC Bow Water - Temporary Rates**

### **Computation of Revenue Deficiency - Water**

### **For the Test Year Ended December 31, 2014**

	<u>Actual</u>	<u>Proforma</u>
Rate Base (Schedule 3)	\$108,113	\$107,372
Rate of Return (Schedule 4)	<u>7.41%</u>	<u>7.41%</u>
Operating Income Required	\$8,016	\$7,961
Annualized Net Operating Income (Schedule 1)	<u>(189)</u>	<u>7,961</u>
Operating Income (Deficiency) Surplus	(\$8,205)	(\$0)
Tax Effect		<u>0</u>
Revenue Surplus (Deficiency)	<u>(\$8,205)</u>	<u>(\$0)</u>



Statement of Income - Water

Line No.	Account Title (Number) (a)	Actual 2014 Year End Balance (b)	Annualized Adjustment (c)	Annualized 2014 Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
<b>UTILITY OPERATING INCOME</b>						
1	Operating Revenues(400)	\$ 58,021	\$ 8,289	\$ 66,310	\$ 11,974	\$ 78,284
2	Operating Expenses:					
3	Operating and Maintenance Expense (401)	41,864	5,981	47,845	0	47,845
4	Depreciation Expense (403)	10,764	1,538	12,302	741	13,043
5	Amortization of Contribution in Aid of Construction (405)	(5,790)	-	(5,790)	651	(5,139)
6	Amortization of Utility Plant Acquisition Adjustment (406)					
7	Amortization Expense-Other (407)	-	-	-	-	-
8	Taxes Other Than Income (408.1-408.13)	8,150	1,164	9,314	734	10,048
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	2,475	354	2,829	1,698	4,526
10	<b>Total Operating Expenses</b>	<b>\$ 57,463</b>	<b>\$ 9,036</b>	<b>\$ 66,499</b>	<b>\$ 3,824</b>	<b>\$ 70,323</b>
11	Net Operating Income (Loss)	558	(747)	(189)	8,150	7,961
12	<b>Other Income and Deductions</b>					
13	Interest and Dividend Income (419)	663	-	663		663
14	Allow. for funds Used During Construction (420)					
15	Nonutility Income (421)					
16	Gains (Losses) From Disposition of Nonutility Property (421)					
17	Miscellaneous Nonutility Expenses (426)					-
18	Interest Expense (427)	(2,610)	(373)	(2,983)	-	(2,983)
19	Taxes Applicable to Other Than Income (409.2, 410.2, etc.)					
20	<b>Total Other Income and Deductions</b>	<b>\$ (1,948)</b>	<b>\$ (373)</b>	<b>\$ (2,321)</b>	<b>\$ -</b>	<b>\$ (2,321)</b>
21	<b>NET INCOME (LOSS)</b>	<b>\$ (1,389)</b>	<b>\$ (1,120)</b>	<b>\$ (2,510)</b>	<b>\$ 8,150</b>	<b>\$ 5,640</b>

**AWC Bow Water - Temporary Rates**  
**Statement of Income - Water Proforma Adjustments**

Schedule 1A

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**1 Operating Revenues**

Proforma 2014 Year End Balance	\$78,284
Annualized 2014 Year End Balance	<u>66,310</u>
Proforma Adjustment	<u>\$11,974</u>

To adjust test year revenues for the additional revenue needed in order for the Company to earn its rate of return and to recover its expenses.

Total Proforma Adjustment to Operating Revenues **\$11,974**

**Operation and Maintenance Expenses**

**2 Electric**

Proforma 2014 Year End Balance	\$47,845
Annualized 2014 Year End Balance	<u>47,845</u>
Proforma Adjustment	<u>\$0</u>

To adjust test year expenses for increase in electric rate eff. Dec. 2014

**3 Water Testing**

Proforma 2014 Year End Balance	\$5,844
Annualized 2014 Year End Balance	<u>5,844</u>
Proforma Adjustment	<u>\$0</u>

To adjust test year expenses for 1/6 (\$600 / 6 yrs.) of the SOC testing scheduled for 2016

**4 Auditing / Accounting Services**

Proforma 2014 Year End Balance	\$205
Annualized 2014 Year End Balance	<u>205</u>
Proforma Adjustment	<u>\$0</u>

To adjust test year expenses for \$3,250 (\$13,000 x 25%) of the auditing costs and for \$832 (\$3,328 x 25%) of accounting costs

Total Proforma Adjustment to Operation and Maintenance Expenses **\$0**

**Depreciation Expenses**

5	Annualized 2014 Year End Balance adjusted for add'l half year depr on 2014 additions	\$13,043
	Annualized 2014 Year End Balance	<u>12,302</u>
	Proforma Adjustment	<u>\$741</u>
	To adjust test year depreciation expenses for an additional half year depreciation on 2014 additions	
6	Annualized 2014 Year End Balance adjusted for full year depr on 2015 additions	13,043
	Annualized 2014 Year End Balance adjusted for additional half year depreciation	<u>13,043</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year depreciation expenses for 2015 additions	
	Total Proforma Adjustment to Depreciation Expenses	<u>\$741</u>
	Please see schedule 3B for more support.	

**Amortization of Contribution in Aid of Construction**

7	Proforma 2014 Year End Balance	(\$5,139)
	Actual 2014 Year End Balance	<u>(5,790)</u>
	Proforma Adjustment	<u>\$651</u>
	To adjust test year amortization of CIAC for correct amortization	

**Amortization of Organizational Costs**

8	Proforma 2014 Year End Balance	\$0
	Actual 2014 Year End Balance	<u>0</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year expenses for the amortization of org. costs over 12 years	

**Taxes other than Income****State of New Hampshire**

9	Actual 2014 Year End Balance adjusted for state utility property taxes	\$1,287
	Annualized 2014 Year End Balance	<u>1,143</u>
	Proforma Adjustment	<u>\$144</u>

**Town of Bow**

10	Actual 2014 Year End Balance adjusted for Town of Bow Prop. Taxes	\$8,761
	Annualized 2014 Year End Balance	<u>8,171</u>
	Proforma Adjustment	<u>\$590</u>
	Total Proforma Adjustments to Taxes other than Income	<u>\$734</u>

**Income Taxes**

Federal Income Taxes

11	Proforma 2014 Year End Balance	\$3,152
	Annualized 2014 Year End Balance	<u>1,829</u>
	Proforma Adjustment	<u>\$1,323</u>

To adjust test year expenses for the increase in federal income taxes due to the increase in revenue. For additional support, please see schedule 5.

State Business Taxes

12	Proforma 2014 Year End Balance	\$861
	Annualized 2014 Year End Balance	<u>486</u>
	Proforma Adjustment	<u>\$375</u>

To adjust test year expenses for the increase in state business taxes due to the increase in revenue. For additional support, please see schedule 5.

	Total Proforma Adjustments to Income Taxes	<u>\$1,698</u>
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AWC Bow Water - Temporary Rates

Schedule 3

Rate Base - Water

Line No.	Account Title (a)	December 2013 Balance (b)	March 2014 Balance (c)	June 2014 Balance (d)	September 2014 Balance (e)	December 2014 Balance (f)	5 Qtrs Avg Year End Balance (g)	Proforma Adjustments (h)	Proforma Year End Balance (i)
1	Plant in Service	\$403,442	\$404,002	\$408,522	\$424,637	\$425,965	\$413,314	\$0	\$413,314
2	Less: Accumulated Depreciation	<u>205,158</u>	<u>208,996</u>	<u>212,494</u>	<u>215,992</u>	<u>217,428</u>	<u>212,014</u>	<u>741</u>	<u>212,755</u>
3	Net Utility Plant	198,284	195,006	196,028	208,645	208,537	201,300	(741)	200,559
4	Material and Supplies	424	424	424	424	424	424	0	424
5	Prepayments	0	0	0	0	360	72	0	72
6	Contribution in Aid of Construction - Net	(143,900)	(143,900)	(143,900)	(143,900)	(143,900)	(143,900)	0	(143,900)
7	Accumulated Amortization of CIAC	43682	43030	43030	43030	48820	44,318	(0)	44,318
8	Accumulated Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
9	Rate Base	<u>\$98,490</u>	<u>\$94,560</u>	<u>\$95,582</u>	<u>\$108,199</u>	<u>\$114,241</u>	<u>\$102,214</u>	<u>(\$741)</u>	<u>\$101,473</u>
10	Cash Working Capital (1)						5,899	0	5,899
11	Total Rate Base						\$ 108,113	\$ (741)	\$ 107,372
	(1) Cash Working Capital Average Year End Balance is the same as the December 2014 Balance.								

**AWC Bow Water - Temporary Rates  
Rate Base - Water Proforma Adjustments**

Schedule 3A  
Page 1 of 2

**Plant in Service**

1	December 2014 Balance	\$413,314
	5 Quarters Average Year End Balance	<u>413,314</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year 5 quarters average plant in service to fully reflect 2014 additions to plant	
2	Proforma Year End Balance with 2015 additions to plant	\$413,314
	December 2014 Balance	<u>413,314</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year year end balance of plant in service for 2015 capital additions	
3	Proforma Year End Balance with 2015 additions and organization costs	\$413,314
	Proforma Year End Balance with 2015 additions to plant	<u>413,314</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year year end balance of plant in service for 2015 capital additions and org. costs For additional support, please see schedule 3B	
	Total Proforma Adjustments to Plant in Service	<u>\$0</u>

**Accumulated Depreciation and Amortization**

4	December 2014 Balance	\$212,014
	5 Quarters Average Year End Balance	<u>212,014</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust 5 quarters test year average accumulated depreciation to fully reflect 2014 accum depr	
5	Proforma Year End Balance with add'l depr	\$212,755
	December 2014 Balance	<u>212,014</u>
	Proforma Adjustment	<u>\$741</u>
	To adjust test year year end balance of plant in service for add'l half year for 2014 additions and for half year depreciation for 2015 additions. For additional support, please see schedule 3B	

6	Proforma Year End Balance with add'l depr and amort of org costs	\$212,755
	Proforma Year End Balance with add'l depr	<u>212,755</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year year end balance of plant in service for 2015 amortization of organization costs For additional support, please see schedule 3B	
	Total Proforma Adjustments to Accumulated Depreciation	<u>\$741</u>

### Prepayments

7	Proforma Year End Balance	\$72
	5 Quarters Average Year End Balance	<u>72</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust 5 quarter average test year to year end balance	

### Contribution in Aid of Construction

8	Proforma Year End Balance	(\$143,900)
	5 Quarters Average Year End Balance	<u>(143,900)</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust 5 quarters average test year to year end balance	

### Accumulated Amortization of CIAC

9	Proforma Year End Balance	\$44,318
	5 Quarters Average Year End Balance	<u>44,318</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust 5 quarter average test year to year end balance	

### Cash Working Capital

10	Year End Proforma Balance	\$5,899
	Average Year End Balance	<u>5,899</u>
	Proforma Adjustment	<u>\$0</u>
	To adjust test year cash working capital balance For additional support, please see schedule 3C	

**AWC Bow Water - Temporary Rates**

**Schedule 3B**

**Plant / Accumulated Depreciation / Depreciation Expense**

**Plant put in service in 2014**

PUC			Depr.	Annual	Accum
Acct. No.	Description	Cost	Rate	Cost	Depr.
310	Purchase and Install Stand-By Generator	\$ 13,700	5.00%	\$ 685	\$ 343
333	Services & Renewals	4,024	2.50%	101	50
334	Purchase meters	410	5.00%	21	10
334	Install meters	824	5.00%	41	21
347	Set up Computer Billing/GL/AP System and Website	2,952	20.00%	590	295
348	Misc. Capital Expenditures under \$1000	613	7.18%	44	22
	<b>TOTAL</b>	<b>\$ 22,523</b>		<b>\$ 1,482</b>	<b>\$ 741</b>

**Plant to be put in service in 2015**

PUC			Depr.	Annual	Accum
Acct. No.	Description	Cost	Rate	Cost	Depr.
331	Replace mainline gate valves	\$ -	5.00%	\$ -	\$ -
333	Services & Renewals	-	2.50%	-	-
334	Purchase meters	-	5.00%	-	-
334	Install meters	-	5.00%	-	-
340	Groundwater Exploration Report	-	3.33%	-	-
	<b>TOTAL</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>

**\$741**

**To reclass Organizational Costs to Plant**

PUC			Amort.	Annual	Accum
Acct. No.	Description	Cost	Rate	Cost	Depr
301	Organizational costs (25% allocated to Bow)	\$ -	8.33%	\$ -	\$ -

**State Utility Property Taxes and Town of Bow Property Taxes**

**State Utility Property Taxes**

Total Increase in Plant	\$ 22,523
Total Increase in Accum Depr & Amort	741
Net Total Increase in Plant	<u>\$ 21,782</u>
Total Increase in Plant per Thousands	22
State Utility Property Tax Rate	\$ 6.60
Total Increase in State Utility Property Taxes	<u>\$ 144</u>

**Town of Bow Property Taxes**

Net Total Increase in Plant	<u>\$ 21,782</u>
Total Increase in Plant per Thousands	22
Town of Bow Property Tax Rate	\$ 27.09
Total Increase in Town of Bow Property Taxes	<u>\$ 590</u>



**AWC Bow Water - Temporary Rates**

Schedule 3C

**Working Capital - Water**

	2014 Proforma <u>Amount</u>	2014 Actual <u>Amount</u>
Operating and Maintenance Expenses	\$47,845	\$47,845
45/365	<u>12.33%</u>	<u>12.33%</u>
Working Capital	<u>\$5,899</u>	<u>\$5,899</u>

**AWC Bow Water - Temporary Rates**

**Rate of Return Information**

<b>Proforma Overall Rate of Return</b>		<b>Component Ratio</b>		<b>Component Cost Rate</b>		<b>Weighted Average Cost Rate</b>
Equity Capital		58.44%		9.75%		5.70%
Long Term Debt		41.56%		4.13%		1.72%
<b>Total Capital</b>		<b>100.00%</b>				<b>7.41%</b>

<b>Actual Overall Rate of Return</b>		<b>Component Ratio</b>		<b>Component Cost Rate</b>		<b>Weighted Average Cost Rate</b>
Equity Capital		58.44%		9.75%		5.70%
Long Term Debt		41.56%		4.13%		1.72%
<b>Total Capital</b>		<b>100.00%</b>				<b>7.41%</b>

<b>Capital Structure for Ratemaking Purposes</b>	<b>2014 Prof Amounts</b>		<b>2014 Prof Ratios</b>		<b>2014 Actual Amounts</b>		<b>2014 Actual Ratios</b>
Common Stock							
Other Paid in Capital	339,521		55.82%		339,521		55.82%
Retained Earnings	15,956		2.62%		15,956		2.62%
<b>Total Equity</b>	<b>\$ 355,477</b>		<b>58.44%</b>		<b>\$ 355,477</b>		<b>58.44%</b>
Long Term Debt	\$252,802		41.56%		\$252,802		41.56%
<b>Total Capital</b>	<b>\$ 608,279</b>		<b>100.00%</b>		<b>\$ 608,279</b>		<b>100.00%</b>

Long Term Debt	2014 Prof Amount		2014 Actual Amount				
2014 CoBank Loan	\$252,802		\$252,802				
Total Long Term Debt	\$252,802		\$252,802		\$0		\$0

Proforma Cost of Debt	2014 Prof Amount		Interest Rate	Interest Expense	Amortization Of Fin Costs	Total Interest	Cost Rate
2014 CoBank Loan	\$252,802		3.68%	\$8,637	\$1,803	\$10,440	4.13%
Total Cost of Debt	\$252,802			\$8,637	\$1,803	\$10,440	4.13%

Actual Cost of Debt	2014 Act Amount		Interest Rate	Interest Expense	Amortization Of Fin Costs	Total Interest	Cost Rate
2014 CoBank Loan	\$252,802		3.68%	\$8,637	\$1,803	\$10,440	4.13%
Total Cost of Debt	\$252,802			\$8,637	\$1,803	\$10,440	4.13%

Cost of Common Equity Capital
The Company is utilizing a cost of common equity of 9.75% for temporary rate purposes.

## AWC Bow Water - Temporary Rates

Schedule 5

### Income Tax Computation

	<u>Actual</u>	<u>Proforma</u>
Total Rate Base	\$108,113	\$107,372
Equity Component of Cost of Capital	<u>5.70%</u>	<u>5.70%</u>
Operating Net Income Required	\$6,160	\$6,118
Tax Multiplier (Schedule 5A)	<u>4,040</u>	<u>4,013</u>
Income Required before Income Taxes	\$10,201	\$10,131
Less: NH Business Profits Tax @ 8.5%	<u>867</u>	<u>861</u>
Income subject to Federal Taxes	\$9,334	\$9,270
Less: Federal Income Tax @ 34%	<u>3,173</u>	<u>3,152</u>
Income after Income Taxes	<u>\$6,160</u>	<u>\$6,118</u>

**AWC Bow Water - Temporary Rates**

Schedule 5A

**Effective Tax Factor**

Taxable Income	100.00%
Less: NH Business Profits Tax	8.50%
Federal Taxable Income	91.50%
Federal Income Tax Rate	34.00%
Effective Federal Income Tax Rate	31.11%
Add: NH Business Profit Tax	8.50%
Effective Tax Rate	39.61%
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	39.61%
Percent Used as a Divisor in Determining the Revenue Requirement	60.39%
Tax Multiplier	65.59%

## AWC Bow Water - Temporary Rates

NHPUC Docket No. DW 15-199

### Calculation of Water Rates

Proposed

#### Summary of Proposed Revenue Requirement

Annulized Test Year Water Sales	\$ 66,207.00
Proposed Increase in Revenue Requirement from Temporary Rates	11,974.00
Proposed Step Increase in Revenue Requirement	-
Total Proposed Revenue Requirement	<u>\$78,181.00</u>
Total Proposed Increase in the Revenue Requirement	<u>18.09%</u>

#### Residential Single-Family:

Single-Family Annual Consumption (CCF)	5,481.20
Present Single-Family Consumption Charge	\$ 10.20
Present Single-Family Consumption Revenue	<u>\$ 55,908.24</u>

Total Proposed Revenue Requirement	\$ 78,181.00
Less: Single-Family Consumption Revenues	<u>55,908.24</u>
Single-Family Revenues from Base Charge	\$ 22,272.76
Number of Customers	/ 95
Annual Billing Monthly	/ 12
Monthly Base Charge	<u>19.54</u>

Total Revenue from Consumption and Base Charges	<u>\$ 78,181.00</u>
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ABENAKI  
Water Company

August 14, 2015

Debra A. Howland  
Executive Director & Secretary  
NH Public Utilities Commission  
21 S. Fruit St., Suite 10  
Concord, N. H. 03301-2429

Dear Ms. Howland:

I affirm, based on my personal knowledge, information and belief, that the revenues and expenses and assets, liabilities and equity and the supporting data submitted, which purport to reflect the books and records of the Company, do in fact set forth the results shown by such books and records.

Sincerely,

A handwritten signature in black ink, appearing to read 'Deborah O. Carson', is written over a horizontal line.

Deborah O. Carson

[www.abenakiwatercompany.com](http://www.abenakiwatercompany.com)

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