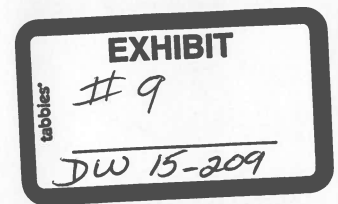


NHPUC Docket DW 15-209

Lakes Region Water Company

Computation of Revenue Deficiency

For the Test Year Ended December 31, 2014



	<u>Actual</u>	<u>Proforma</u>
Rate Base (Schedule 3)	\$2,637,330	\$3,387,973
Rate of Return (Schedule 4)	<u>8.19%</u>	<u>8.68%</u>
Operating Income Required	\$215,904	\$294,233
Net Operating Income (Schedule 1)	<u>95,928</u>	<u>294,233</u>
Operating Income Deficiency	\$119,976	\$0
Tax Effect	<u>0</u>	<u>0</u>
Revenue Deficiency	<u>\$119,976</u>	<u>\$0</u>

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7/21/2015

## Statement of Income

Line No.	Account Title (Number) (a)	2014 Year End Balance (b)	Proforma Adjustments (c)	Proforma 2014 Year End Balance (d)	2013 Year End Balance (e)	2012 Year End Balance (f)
	<b>UTILITY OPERATING INCOME</b>					
	Water Sales	\$ 1,043,143	\$ 398,274	\$ 1,441,417	\$ 1,020,775	\$ 1,007,168
	Water Sales - Special Contract	136,526	65,754	202,280	146,679	146,672
	Forfeited Discounts	6,438		6,438	5,865	4,759
	Miscellaneous Service Revenues	52,620		52,620	22,024	44,209
	Rate Case Surcharge	77,283	(77,283)	-	75,574	-
1	Total Operating Revenues(400)	\$ 1,316,010	\$ 386,745	\$ 1,702,755	\$ 1,270,917	\$ 1,202,808
2	Operating Expenses:					
3	Operating and Maintenance Expense (401)	974,896	1,236	976,132	807,778	744,086
4	Depreciation Expense (403)	164,383	33,334	197,717	142,206	120,854
5	Amortization of Contribution in Aid of Construction (405)	(17,129)	(\$218)	(17,347)	(16,911)	(16,911)
6	Amortization of Utility Plant Acquisition Adjustment (406)	(5,708)		(5,708)	(5,708)	(5,708)
7	Amortization Expense-Other (407)					
8	Taxes Other Than Income (408.1-408.13)	74,833	19,204	94,037	75,811	65,630
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	28,807	134,884	163,691	77,644	69,293
10	Total Operating Expenses	\$ 1,220,082	\$ 188,440	\$ 1,408,522	\$ 1,080,820	\$ 977,244
11	Net Operating Income (Loss)	95,928	198,305	294,233	190,097	225,564
12	Income From Utility Plant Leased to Others (413)					
13	Gains(Losses) From Disposition of Utility Property (414)	30,795	(30,795)	-	-	-
14	Net Water Utility Operating Income	\$ 126,723	\$ 167,510	\$ 294,233	\$ 190,097	\$ 225,564
	<b>OTHER INCOME AND DEDUCTIONS</b>					
15	Revenues From Merchandising, Jobbing and Contract Work (415)					
16	Costs and Expenses of Merchandising, Jobbing and Contract Work (416)					
17	Equity in Earnings of Subsidiary Companies (418)					
18	Interest and Dividend Income (419)					
19	Allow. for funds Used During Construction (420)					
20	Nonutility Income (421)					
21	Gains (Losses) From Disposition Nonutility Property (422)					
22	Miscellaneous Nonutility Expenses (426)	(2,216)		(2,216)	(2,141)	(2,341)
23	Total Other Income and Deductions	\$ (2,216)		\$ (2,216)	\$ (2,141)	\$ (2,341)
	<b>TAXES APPLICABLE TO OTHER INCOME</b>					
24	Taxes Other Than Income (408.2)					
25	Income Taxes (409.2, 410.2, 411.2, 412.2, 412.3)					
26	Total Taxes Applicable To Other Income					
	<b>INTEREST EXPENSE</b>					
27	Interest Expense (427)	63,513	\$5,490	69,003	50,396	72,323
28	Amortization of Debt Discount & Expense (428)	1,837		1,837	1,788	1,788
29	Amortization of Premium on Debt (429)					
30	Total Interest Expense	\$ 65,350		\$ 70,840	\$ 52,184	\$ 74,111
31	Income Before Extraordinary Items	59,157	167,510	221,177	135,772	149,112
	<b>EXTRAORDINARY ITEMS</b>					
32	Extraordinary Income (433)					
33	Extraordinary Deductions (434)					
34	Income Taxes, Extraordinary Items (409.3)					
35	Net Extraordinary Items					
	<b>NET INCOME (LOSS)</b>	\$ 59,157	\$ 167,510	\$ 221,177	\$ 135,772	\$ 149,112

## NHPUC Docket DW 15-209

### Lakes Region Water Company Statement of Income - Proforma Adjustments

Schedule 1A

#### Operating Revenues

#1	2014 Test Year Proforma Water Sales - Special Contract	\$ 202,280
	2014 Test Year Actual Water Sales - Special Contract	<u>136,526</u>
	Proforma Adjustment	<u>\$ 65,754</u>
	To adjust test year revenues for the 2014 proforma increase of \$65,754 (\$202,280 - \$136,526) in POASI Special Contract.	
#2	2014 Test Year Proforma - Rate Case Surcharge	\$ -
	2014 Test Year Actual - Rate Case Surcharge	<u>77,283</u>
	Proforma Adjustment	<u>\$ (77,283)</u>
	To remove from 2014 proforma rate case surcharge that has been completed as of 12/31/2014. A like adjustment is made to regulatory commission expense (see expense adjustment #8).	
#3	2014 Test Year Proforma	1,441,417
	2014 Test Year Actual	<u>1,043,143</u>
	Proforma Adjustment	<u>398,274</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.	
	<b>Total Proforma Adjustment to Operating Revenues</b>	<b><u>\$ 386,745</u></b>

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## NHPUC Docket DW 15-209

### Lakes Region Water Company Statement of Income - Proforma Adjustments

Schedule 1B

#### Operating and Maintenance Expenses

#1 Wages

2014 Test Year Proforma	\$381,731
2014 Test Year Actual	<u>359,457</u>
Proforma Adjustment (see Sch 1C)	<u>\$22,274</u>
To adjust test year hours to reflect full year	
Entire adjustment is for office personnel	

#2 Wages

2014 Test Year Proforma adjusted for wage increases	\$397,001
2014 Test Year Proforma adjusted for hours (see # 1 above)	<u>381,731</u>
Proforma Adjustment (see Sch 1C)	<u>\$15,270</u>
To adjust test year wages for wage increase effective 08/15/15 net of capitalized	
Adjustment affects categories as follows:	
Officer	2,653
Field	5,690
Office	<u>6,927</u>
Total	<u><u>15,270</u></u>

#3 Pension

2014 Test Year Proforma	\$16,000
2014 Test Year Actual	<u>0</u>
Proforma Adjustment	<u>\$16,000</u>
To add pension expense for Company employees	

#4 Water Treatment Expenses - Water Tests

2014 Test Year Proforma	\$15,180
2014 Test Year Actual	<u>11,908</u>
Proforma Adjustment	<u>\$3,272</u>
To adjust test year water tests for the 3 year average of such expenses	
[(2012) - \$20,180 --- (2013) - \$13,452 --- (2014) \$11,908 = \$45,540 / 3 = \$15,180]	

#5 Bad Debts

2014 Test Year Proforma	\$9,000
2014 Test Year Actual	<u>18,076</u>
Proforma Adjustment	<u>(\$9,076)</u>
To adjust bad debts to 3yr average	
[(2012) - \$7,477 --- (2013) - \$1,448 --- (2014) \$18,076 = \$27,001 / 3 = \$9,000]	

#6 Accounting

2014 Test Year Proforma	\$43,206
2014 Test Year Actual	<u>4,028</u>
Proforma Adjustment	<u>\$39,178</u>
Remove from 2014 the reduction to Accounting Cost from the Vendors	
discount received at time of closing of CoBank loan to fully pay vendors	

<b>#7 <u>General Law</u></b>	
2014 Test Year Proforma	\$15,700
2014 Test Year Actual	<u>29,017</u>
Proforma Adjustment	<u>(\$13,317)</u>
To adjust general law expense to the 3 year average of such expenses [(2012) - \$17,274 --- (2013) - \$809 --- (2014) \$29,017 = \$47,100 / 3 = \$15,700]	
<b>#8 <u>Regulatory Commission Expenses - Rate Case Expenses</u></b>	
2014 Test Year Proforma	\$0
2014 Test Year Actual	<u>77,389</u>
Proforma Adjustment	<u>(\$77,389)</u>
To remove from 2014 actual test year rate case expenses that has been recovered as of 12/31/2014. A like adjustment is made to rate case surcharge income (see revenue adjustment #2)	
<b>#9 <u>Regulatory Commission Expenses - DW 07-105</u></b>	
2014 Test Year Proforma	\$9,980
2014 Test Year Actual	<u>0</u>
Proforma Adjustment	<u>\$9,980</u>
Amount to be amortized $\$49,902 \times (12 / 60) = \$9,980$ This is to amortize rate case expenses in DW 07-105, which were approved as part of DW 10-141 rate case expense review, over a period of 60 months. The total approved by the Commission for expenses related to 07-105 was \$81,921, however subsequent to Commission approval, vendors agreed to a reduction of (\$32,019) of their expenses related to 07-105 in exchange for immediate payment of remaining balance of \$49,902 of rate case expenses related to 07-105. Payment was approved by the Commission in order 25,655 dated 04/29/14.	
<b>#10 <u>Office Expenses</u></b>	
2014 Test Year Proforma	\$29,324
2014 Test Year Actual	<u>34,280</u>
Proforma Adjustment	<u>(\$4,956)</u>
To adjust 2014 actual test year office expenses for certain one time expenses associated with painting office and purchasing small office equipment and a new office pressure tank.	
<b>Total Proforma Adjustments to O &amp; M Expenses</b>	
	<b><u>\$ 1,236</u></b>

## **Depreciation Expenses**

<b>#11 <u>2014 Additions to Plant</u></b>	
2014 Test Year Proforma	\$182,662
2014 Test Year Actual	<u>164,383</u>
Proforma Adjustment	<u>\$18,279</u>
To adjust test year expenses for annual depreciation expenses associated with the 2014 additions (See schedule 7 column (g))	
<b><u>2015 Additions to Plant</u></b>	
<b>#12 2014 Test Year Proforma</b>	
2014 Test Year Proforma (from entry 11 above)	<u>182,662</u>
Proforma Adjustment	<u>\$15,055</u>
To adjust test year expenses for annual depreciation expenses associated with the 2015 additions	

(See Sch 9 column (g ) \$12,341 plus Sch 10 column (f) \$2,714 = \$15,055

**Total Proforma Adjustments to Depreciation Expenses** **\$33,334**

**Amortization of CIAC**

**#13 2014 Additions to CIAC**

2014 Test Year Proforma	\$ (17,347)
2014 Test Year Actual	<u>(17,129)</u>
Proforma Adjustment	\$ <u>(218)</u>

To adjust test year expenses for annual amortization of CIAC associated with the 2014 additions

**Total Proforma Adjustments to Amortization of CIAC** **\$ (218)**

**Taxes other than Income**

**#14 State Utility Property Taxes**

2014 Test Year Proforma	\$21,826
2014 Test Year Actual	<u>18,558</u>
Proforma Adjustment (see Sch 7, col J)	<u>\$3,268</u>

To adjust test year expenses for the increase in State Utility Property Taxes associated with the 2014 additions to plant

**#15 State Utility Property Taxes**

2014 Test Year Proforma	\$25,766
2014 Test Year Actual	<u>21,826</u>
Proforma Adjustment (see Sch 9, col J - \$3,601 & Sch 10, col G - \$339)	<u>\$3,940</u>

To adjust test year expenses for the increase in State Utility Property Taxes associated with the 2015 specific and general additions to plant

**#16 Municipal Property Taxes**

2014 Test Year Proforma	\$37,697
2014 Test Year Actual	<u>33,873</u>
Proforma Adjustment (see Sch 7, col J)	<u>\$3,824</u>

To adjust test year expenses for the increase in Municipal Property Taxes associated with the 2014 additions to plant

**#17 Municipal Property Taxes**

2014 Test Year Proforma	\$42,997
2014 Test Year Actual	<u>37,697</u>
Proforma Adjustment (see Sch 9, col J - \$4,975 & Sch 10, G - \$325)	<u>\$5,300</u>

To adjust test year expenses for the increase in Municipal Property Taxes associated with the 2015 specific and general additions to plant

**#18 Payroll Taxes**

2014 Test Year Proforma	\$29,022
2014 Test Year Actual	<u>27,318</u>
Proforma Adjustment (see Sch 1C, col H)	<u>\$1,704</u>

To adjust test year payroll taxes for the change in wages above

**#19 Payroll Taxes**

2014 Test Year Proforma	\$30,190
-------------------------	----------

2014 Test Year Actual	<u>29,022</u>
Proforma Adjustment (see Sch 1C, col I)	<u>\$1,168</u>
To adjust test year payroll taxes for the change in wages above	

<b>Total Proforma Adjustments to Taxes other than Income</b>	<b><u>\$19,204</u></b>
--	------------------------

## Income Taxes

### #20 Federal Income Taxes

2014 Test Year Proforma (see Sch 5, Col I)	\$113,813
2014 Test Year Actual	<u>3,810</u>
Proforma Adjustment	<u>\$110,003</u>
To adjust test year expenses for the increase in federal taxable income and related federal tax	

### State Business Taxes

#21 2014 Test Year Proforma (see Sch 5, Col I)	\$31,097
2014 Test Year Actual	<u>6,216</u>
Proforma Adjustment	<u>\$24,881</u>
To adjust test year expenses for the increase in state gross business profits and the related business taxes	

<b>Total Proforma Adjustments to Income Taxes</b>	<b><u>\$134,884</u></b>
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<b>Total Proforma Adjustment to Operating Expenses</b>	<b><u>\$188,440</u></b>
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## Interest Expense

### #22 Interest Expense

2014 Test Year Proforma (see Sch 5, Col I)	\$69,003
2014 Test Year Actual	<u>63,513</u>
Proforma Adjustment	<u>\$5,490</u>
To adjust test year expenses for the elimination of the TDBank interest, the increase in the CoBank interest, the new interest on the 2015 CoBank and Mt. Roberts loans	

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## Wage Adjustments

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Employee #	2014 Actual Wages	Adj #1	2014 Adjusted for Full Yr	4% incr Adj # 2	2014 Proforma Wages	(c + e) Total Wage Adjustment	Employer Payroll Tax (c x 7.65%) (e x 7.65%) Adj Full Yr	4% incr
1	66,317		66,317	2,653	68,970	2,653	-	203
2	45,961		45,961	1,838	47,799	1,838	-	141
3	50,239		50,239	2,010	52,249	2,010	-	154
4	60,672		60,672	2,427	63,099	2,427	-	186
5	4,872		4,872	195	5,067	195	-	15
6	54,705		54,705	2,188	56,893	2,188	-	167
7	47,506		47,506	1,900	49,406	1,900	-	145
8	34,045		34,045	1,362	35,407	1,362	-	104
9	10,816	22,274	33,090	1,324	34,414	23,598	1,704	101
10	3,816		3,816	153	3,969	153	-	12
Total Wages	378,949	22,274	401,223	16,050	417,273	38,324	1,704	1,228
Capitalized Wages	(19,492)	-	(19,492)	(780)	(20,272)	(780)	-	(60)
Net Wage Expense	359,457	22,274	381,731	15,270	397,001	37,544	1,704	1,168

Capitalized Wages %  
Employees Capitalized

2	45,961	1,838	47,799
3	50,239	2,010	52,249
4	60,672	2,427	63,099
5	4,872	195	5,067
Total Gross Wages	161,744	6,470	168,214
Capitalized Wages	19,492	780	20,272
Capitalized Wages %	12.05%	12.05%	12.05%

## Adjustments:

#1

Gross up employee 9 from 17 weeks to 52 weeks [ 2014 wages \$10,818 / 17 wks X 52 wks = \$33,090 minus \$10,816 = \$22,274

#2

Adjustments for 4% wage increase to be implemented after 07/01/15 and prior to 10/31/15

Officer	2,653
Field (net of capitalized)	5,690
Office	6,927
	15,270

#3

Adjust payroll taxes for employer tax on increased wages Increased wages X .0765 = tax increase  
the adjustment is net of the capitalized wages



## Operating Expenses - Detail

Line No.	Account Title (Number) (a)	2014 Year End Balance (b)	Proforma Adjustments (c)	Proforma 2014 Year End Balance (d)	2013 Year End Balance (e)	2012 Year End Balance (f)
1	UTILITY OPERATING EXPENSES					
2	Salary - Officer	\$ 65,583	\$ 2,653	\$ 68,236	\$ 63,807	\$ 60,337
3	Wages - Field Personnel	146,646	5,690	152,336	124,161	139,163
4	Wages - Office Personnel	147,229	29,201	176,430	122,133	58,136
5	Total Wages	359,458	37,544	397,002	310,101	257,636
6	Health Insurance	56,852		56,852	40,348	35,966
7	Purchased Water	1,250		1,250	-	1,200
8	Purchased Power	76,431		76,431	66,770	63,723
9	Chemicals	-		-	-	533
10	Materials	55,632		55,632	25,502	42,348
11	Water Tests	11,908	\$3,272	15,180	13,452	20,180
12	Contracted Services - Field	51,913		51,913	29,939	19,296
13	Accounting	4,028	\$39,178	43,206	60,672	71,030
14	Computer Support	12,855		12,855	11,454	10,156
15	General Law	29,017	(\$13,317)	15,700	809	17,274
16	Rents	1,250		1,250	1,000	1,000
17	Equipment Lease	-		-	5,100	5,912
18	Heat & Electric - Office	2,652		2,652	3,491	4,049
19	Vehicle Operating Costs	71,176		71,176	62,004	56,152
20	Insurance	55,594		55,594	45,202	50,346
21	Regulatory Commission Expense	20,985		20,985	3,214	38,317
22	Other Regulatory Expenses	-		-	-	-
23	Rate Case Expenses (offset by surcharge income)	77,389	(\$77,389)	-	75,577	-
24	Amortization of DW 07-105 Rate Case Expenses	-	\$9,980	9,980	-	-
25	Bad Debts	18,076	(\$9,076)	9,000	1,448	7,477
26	Telephone	13,423		13,423	10,014	9,448
27	Office Expense	45,006	(\$4,956)	40,050	34,280	24,086
28	Dig Safe	197		197	160	174
29	Bank Fees	4,704		4,704	1,631	2,302
30	Memberships	-		-	510	381
31	Operating Permits	5,100		5,100	5,100	5,100
32	Pension	-	16,000	16,000	-	-
33						
34	Total	\$ 974,896	\$ 1,236	\$ 976,132	\$ 807,778	\$ 744,086
35						
36		974,896	1,236		807,778	744,086
37	proof	-	-		-	-

**NHPUC Docket DW 15-209**

**Lakes Region Water Company  
Statement of Income - Proforma Adjustments**

**Schedule 1E**

**Other Income**

#1	2014 Test Year Proforma - Land Sale	\$ -
	2014 Test Year Actual - Land Sale	<u>30,795</u>
	Proforma Adjustment	<u>\$ (30,795)</u>
	To remove from 2014 proforma Hidden Valley land sale	

## Balance Sheet - Assets and Other Debits

Line No.	Account Title (Number) (a)	Actual 2014 Year End Balance (b)	Actual 2013 Year End Balance (c)	Actual 2012 Year End Balance (d)
<b>UTILITY PLANT</b>				
1	Utility Plant (101-106)	\$ 5,136,724	\$ 4,610,096	\$ 4,520,123
2	Less: Accumulated Depr. and Amort. (108-110)	1,582,018	1,476,347	1,418,562
3	Net Plant	\$ 3,554,706	\$ 3,133,749	\$ 3,101,561
4	Utility Plant Acquisition Adj. (Net) (114-115)	(81,969)	(87,677)	(93,385)
5	Total Net Utility Plant	\$ 3,472,737	\$ 3,046,072	\$ 3,008,176
<b>OTHER PROPERTY AND INVESTMENTS</b>				
6	Nonutility Property (121)			
7	Less: Accumulated Depr. and Amort. (122)			
8	Net Nonutility Property			
9	Investment in Associated Companies (123)			
11	Utility Investments (124)			
12	Other Investments			
13	Special Funds (126-128)			
14	Total Other Property & Investments			
<b>CURRENT AND ACCRUED ASSETS</b>				
16	Cash (131)	10,152	15,109	12,007
17	Special Deposits (132)			
18	Other Special Deposits (133)			
19	Working Funds (134)			
20	Temporary Cash Investments (135)			
21	Accounts and Notes Receivable-Net (141-144)	137,762	134,529	165,706
22	Accounts Receivable from Assoc. Co. (145)	26,110	3,290	(1,617)
23	Notes Receivable from Assoc. Co. (146)			
24	Materials and Supplies (151-153)	4,717	9,579	7,706
25	Stores Expense (161)			
26	Prepayments-Other (162)	37,245	34,859	29,524
27	Prepaid Taxes (163)	11,727	11,783	11,060
28	Interest and Dividends Receivable (171)			
29	Rents Receivable (172)			
30	Accrued Utility Revenues (173)			
31	Misc. Current and Accrued Assets (174)			
32	Total Current and Accrued Assets	\$ 227,713	\$ 209,149	\$ 224,386
<b>DEFERRED DEBITS</b>				
32	Unamortized Debt Discount & Expense (181)	11,261	1,637	3,425
33	Extraordinary Property Losses (182)			
34	Prelim. Survey & Investigation Charges (183)			
35	Clearing Accounts (184)			
36	Temporary Facilities (185)			
37	Miscellaneous Deferred Debits (186)	55,371	228,245	251,999
38	Research & Development Expenditures (187)			
39	Accumulated Deferred Income Taxes (190)			
40	Total Deferred Debits	\$ 66,632	\$ 229,882	\$ 255,424
<b>TOTAL ASSETS AND OTHER DEBITS</b>		<b>\$ 3,767,082</b>	<b>\$ 3,485,103</b>	<b>\$ 3,487,986</b>

Information from BSAssets sch 2.1

Information from BSAssets sch 2.1

Information from BSAssets sch 2.2

## Balance Sheet - Equity Capital and Liabilities

Line No.	Account Title (Number) (a)	Actual 2014 Year End Balance (b)	Actual 2013 Year End Balance (c)	Actual 2012 Year End Balance (d)
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	\$ 10,000	\$ 10,000	\$ 10,000
2	Preferred Stock Issued (204)			
3	Capital Stock Subscribed (202,205)			
4	Stock Liability for Conversion (203, 206)			
5	Premium on Capital Stock (207)			
6	Installments Received On Capital Stock (208)			
7	Other Paid-In Capital (209,211)	1,227,180	955,248	955,248
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)	(7,380)	(9,201)	(11,042)
10	Retained Earnings (214-215)	610,827	551,670	415,897
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	\$ 1,840,647	\$ 1,507,717	\$ 1,370,103
<b>LONG TERM DEBT</b>				
13	Bonds (221)	780,824	506,309	585,648
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	138,854	95,271	56,059
17	Total Long-Term Debt	\$ 919,678	\$ 601,580	\$ 641,707
<b>CURRENT AND ACCRUED LIABILITIES</b>				
18	Accounts Payable (231)	196,553	573,682	663,944
19	Notes Payable (232)			
20	Accounts Payable to Associated Co. (233)			
21	Notes Payable to Associated Co. (234)			
22	Customer Deposits (235)	1,956	1,456	956
23	Accrued Taxes (236)	(6,768)	11,681	59,178
24	Accrued Interest (237)	3,371	773	2,258
25	Accrued Dividends (238)			
26	Matured Long-Term Debt (239)			
27	Matured Interest (240)			
28	Misc. Current and Accrued Liabilities (241)			
29	Total Current and Accrued Liabilities	\$ 195,112	\$ 587,592	\$ 726,336
<b>DEFERRED CREDITS</b>				
30	Unamortized Premium on Debt (251)			
31	Advances for Construction (252)			
32	Other Deferred Credits (253)			
33	Accumulated Deferred Investment Tax Credits (255)			
34	Accumulated Deferred Income Taxes:			
35	Accelerated Amortization (281)			
36	Liberalized Depreciation (282)	190,070	171,289	116,004
37	Other (283)			
38	Total Deferred Credits	\$ 190,070	\$ 171,289	\$ 116,004
<b>OPERATING RESERVES</b>				
39	Property Insurance Reserve (261)			
40	Injuries and Damages Reserve (262)			
41	Pensions and Benefits Reserves (263)			
42	Miscellaneous Operating Reserves (265)			
43	Total Operating Reserves			
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>				
44	Contributions In Aid of Construction (271)	870,878	849,099	849,099
45	Accumulated Amortization of C.I.A.C. (272)	249,303	232,174	215,263
46	Total Net C.I.A.C.	\$ 621,575	\$ 616,925	\$ 633,836
46	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	<b>\$ 3,767,082</b>	<b>\$ 3,485,103</b>	<b>\$ 3,487,986</b>

Information from BSAssets sch 2.3

Information from BSAssets sch 2.3

## Balance Sheet - Utility Plant and Accumulated Depreciation

Line No.	Account Title (Number) (a)	2014 Year End Balance (b)	2013 Year End Balance (c)	2012 Year End Balance (d)
1	Utility Plant (Cost)			
2	301.1 Organization Cost	\$ 24,084	\$ 24,084	\$ 24,084
3	302.0 Franchise	3,830	3,830	3,830
4	303.2 Land	159,682	160,887	160,887
5	304.2 Structures	479,658	402,969	400,491
6	307.2 Wells	708,907	518,267	515,786
7	311.2 Pumps	342,010	294,123	295,936
8	339.2 Miscellaneous Equip (Source)	21,764	12,138	7,091
9	339.3 Treatment Equipment	43,704	43,704	41,990
10	330.4 Tanks	478,373	477,498	477,499
11	331.4 Mains	1,746,679	1,600,968	1,579,706
12	333.4 Services	135,908	132,308	132,071
13	334.4 Meters	244,389	232,243	212,773
14	335.4 Hydrants	11,190	11,190	11,190
15	339.4 Miscellaneous Equip (Transmission)	28,021	26,021	26,022
16	303.5 Land - Office	19,959	19,959	19,959
17	304.5 Structures - Office	114,876	114,876	114,876
18	340.5 Office Equipment	10,055	10,055	10,058
19	341.5 Transportation Equipment	295,258	253,382	215,944
20	343.5 Shop Equipment	90,937	90,937	90,937
21	344.5 Laboratory Equipment	2,329	2,339	2,330
22	346.5 Communications Equipment	-	-	-
23	347.5 Computer Equipment	77,302	69,587	66,335
24	Roundings]	14	4	9
25	Total Plant in Service	5,034,709	4,501,149	4,409,594
26	105.0 Unfinished Construction	102,015	108,947	110,529
27	Total Plant	\$ 5,136,724	\$ 4,610,096	\$ 4,520,123
28	Utility Plant (Accumulated Depreciation)			
29	301.1 Organization Cost	\$ (19,417)	\$ (19,116)	\$ (18,833)
30	302.0 Franchise	(1,643)	(1,632)	(1,605)
31	303.2 Land	-	-	-
32	304.2 Structures	(105,118)	(95,942)	(87,737)
33	307.2 Wells	(152,695)	(140,012)	(129,682)
34	311.2 Pumps	(145,594)	(129,208)	(136,340)
35	339.2 Miscellaneous Equip (Source)	(6,134)	(4,754)	(4,058)
36	339.3 Treatment Equipment	(29,356)	(26,935)	(24,268)
37	330.4 Tanks	(82,672)	(72,224)	(61,891)
38	331.4 Mains	(455,110)	(421,659)	(402,539)
39	333.4 Services	(69,269)	(65,792)	(62,316)
40	334.4 Meters	(121,761)	(118,458)	(118,251)
41	335.4 Hydrants	(1,880)	(1,655)	(1,432)
42	339.4 Miscellaneous Equip (Transmission)	(18,256)	(17,134)	(16,009)
43	303.5 Land - Office	-	-	-
44	304.5 Structures - Office	(44,347)	(42,050)	(39,753)
45	340.5 Office Equipment	(7,626)	(7,603)	(6,964)
46	341.5 Transportation Equipment	(181,421)	(184,196)	(190,504)
47	343.5 Shop Equipment	(87,301)	(84,703)	(81,174)
48	344.5 Laboratory Equipment	(2,332)	(2,332)	(2,332)
49	346.5 Communications Equipment	58	58	58
50	347.5 Computer Equipment	(50,138)	(41,007)	(32,943)
51	Roundings	(6)	7	11
52	Total Utility Plant (Accumulated Depreciation)	\$ (1,582,018)	\$ (1,476,347)	\$ (1,418,562)

## Balance Sheet - Plant Acquisition Adjustments and Accumulated Amortization

Line No.	Description (a)	2014 Year End Balance (b)	2013 Year End Balance (c)	2012 Year End Balance (d)
1	Acquisition Adjustments			
2	Hidden Valley	\$ (172)	\$ (172)	\$ (172)
3	Pendelton Cove	(36,693)	(36,693)	(36,693)
4	Deer Run	1,786	1,786	1,786
5	Woodland Grove	(65,232)	(65,232)	(65,232)
6	Echo Lake Woods	(56,866)	(56,866)	(56,866)
7	Tamworth Water Works	(38,156)	(38,156)	(38,156)
8	175 Estates	(1,427)	(1,427)	(1,427)
9	Deer Cove	85	85	85
10	Lake Ossipee Village	(39,492)	(39,492)	(39,492)
11	Indian Mound	3,913	3,913	3,913
12	Gunstock Glen	(21,771)	(21,771)	(21,771)
13	Total Acquisition Adjustments	<u>\$ (254,025)</u>	<u>\$ (254,025)</u>	<u>\$ (254,025)</u>
14	Acquisition Adjustments- Accumulated Amortization			
15	Hidden Valley	\$ 120	\$ 111	\$ 102
16	Pendelton Cove	28,981	28,258	27,535
17	Deer Run	(833)	(797)	(761)
18	Woodland Grove	47,508	46,203	44,898
19	Echo Lake Woods	44,712	43,575	42,438
20	Tamworth Water Works	13,728	12,965	12,202
21	175 Estates	908	837	766
22	Deer Cove	(28)	(24)	(20)
23	Lake Ossipee Village	28,787	27,940	27,093
24	Indian Mound	(1,862)	(1,666)	(1,470)
25	Gunstock Glen	10,035	8,946	7,857
26	Total Acquisition Adj- Accumulated Amortization	<u>\$ 172,056</u>	<u>\$ 166,348</u>	<u>\$ 160,640</u>
27	Acquisition Adjustments- Net			
28	Hidden Valley	\$ (52)	\$ (61)	\$ (70)
29	Pendelton Cove	(7,712)	(8,435)	(9,158)
30	Deer Run	953	989	1,025
31	Woodland Grove	(17,724)	(19,029)	(20,334)
32	Echo Lake Woods	(12,154)	(13,291)	(14,428)
33	Tamworth Water Works	(24,428)	(25,191)	(25,954)
34	175 Estates	(519)	(590)	(661)
35	Deer Cove	57	61	65
36	Lake Ossipee Village	(10,705)	(11,552)	(12,399)
37	Indian Mound	2,051	2,247	2,443
38	Gunstock Glen	(11,736)	(12,825)	(13,914)
39	Total Acquisition Adjustments- Net	<u>\$ (81,969)</u>	<u>\$ (87,677)</u>	<u>\$ (93,385)</u>

## Balance Sheet - Debt Outstanding

Line No.	Obligation (a)	Date of Issue	Original Amount	Date of Maturity	Interest Rate	2014 Year End Balance (b)	2013 Year End Balance (c)	2012 Year End Balance (d)
1	<b>Bonds</b>							
2	TD Banknorth - 5 (Refinance)	1/13/2004	\$ 500,000	1/13/2014	6.09%	\$ -	\$ 225,975	\$ 265,613
3	TD Banknorth - 6 (construction)	1/13/2004	385,000	1/13/2015	5.58%	-	207,434	237,336
4	TD Banknorth - 7 (system purchases)	12/29/2004	142,000	12/29/2014	6.29%	-	72,900	82,699
5	CoBank (5 year note)	6/24/2014	318,810	6/20/2029	3.45%	288,483		
6	CoBank (15 year note)	6/24/2014	474,567	6/20/2019	5.25%	461,341		
7	CoBank (line of credit)	6/24/2014	50,000	6/30/2015	variable	31,000		
8	<b>Total Bonds</b>					<u>780,824</u>	<u>506,309</u>	<u>585,648</u>
9	<b>Other Long-Term Debt</b>							
10	St Mary's Bank - 2008 Chev Colorado	5/31/2009	18,865	8/14/2013	5.90%	-	-	3,247
11	GEHL Finance - Mustang Excavator	11/13/2009	26,200	11/13/2014	0.00%	-	4,803	9,607
12	Ford Motor Credit - 2011 Ford F350 XL	9/13/2010	31,301	9/13/2015	7.89%	5,430	12,300	18,650
13	Ford Motor Credit - 2011 Ford F150 XL	7/21/2011	32,509	7/21/2016	7.89%	11,707	18,384	24,555
14	Ford Motor Credit - 2013 Ford F250 Super	8/16/2013	36,918	8/15/2018	5.95%	28,120	34,783	-
15	Ford Motor Credit - 2013 Ford F250 Super	8/16/2013	26,536	8/15/2018	5.95%	20,210	25,001	-
16	Ford Motor Credit - 2014 Ford F150	8/6/2014	31,771	8/6/2019	6.24%	29,947	-	-
17	Caterpillar Financial - 2014 Excavator	3/27/2014	65,250	4/5/2019	0.71%	43,440	-	-
18	<b>Total Other Long-Term Debt</b>					<u>138,854</u>	<u>95,271</u>	<u>56,059</u>
19	<b>Total Debt</b>					<u>\$ 919,678</u>	<u>\$ 601,580</u>	<u>\$ 641,707</u>

## Balance Sheet - Contribution in Aid of Construction and Accumulated Amortization

Line No.	Division (a)	Class of Property (b)	Amortization Rate (c)	CIAC 2014 Year End Balance (d)	CIAC 2013 Year End Balance (e)	CIAC 2012 Year End Balance (f)	Accum Amortization 2014 Year End Balance (g)	Accum Amortization 2013 Year End Balance (h)	Accum Amortization 2012 Year End Balance (i)
1	Far Echo Harbor	Mains	2%	\$ 600	\$ 600	\$ 600	\$ 283	\$ 271	\$ 259
2	Paradise Shores	Mains	2%	158,566	158,566	158,566	108,306	105,123	101,940
3	Paradise Shores	Services	3.33%	17,437	17,437	17,437	15,983	15,402	14,821
4	Paradise Shores	Services	2%	600	600	600	490	470	450
5	Paradise Shores	Hydrant	2%	8,974	8,974	8,974	1,164	985	806
6	Paradise Shores (poasi)	Meter	5%	3,495	3,495	3,495	1,575	1,400	1,225
7	Paradise Shores (poasi)	Tank	2.22%	210,000	210,000	210,000	30,335	25,668	21,001
8	Paradise Shores (poasi)	Mains	2%	90,000	90,000	90,000	11,700	9,900	8,100
9	West Point	Mains	2%	600	600	600	242	230	218
10	Waterville Valley Gatewa	Mains	2%	900	900	900	387	369	351
11	Hidden Valley	Mains	2%	5,081	5,081	5,081	3,319	3,204	3,089
12	Hidden Valley	Services	2%	1,716	1,716	1,716	1,486	1,429	1,372
13	Wentworth Cove	Mains	2%	12,881	12,881	12,881	7,111	6,893	6,675
14	Brake Hill	Mains	2%	79,089	68,200	68,200	5565	4774	4092
15	Brake Hill	Services	3.33%	9,900	9,900	9,900	792	693	594
16	Tamworth Water Works	Mains	2%	249,206	249,206	249,206	62,276	57,292	52,308
17	175 Estate	Mains	2.50%	-	-	-	(10,648)	(10,648)	(10,648)
18	175 Estate	Mains	2.50%	10,943	10,943	10,943	8,828	8,719	8,610
19	Gunstock Glen	Mains	2.00%	10,890	-	-	109	-	-
20	Totals			\$ 870,878	\$ 849,099	\$ 849,099	\$ 249,303	\$ 232,174	\$ 215,263



NHPUC Docket DW 15-209

Lakes Region Water Company

Rate Base

Schedule 3

Line No.	Account Title (a)	December 2013 Balance (b)	January 2014 Balance (c)	February 2014 Balance (d)	March 2014 Balance (e)	April 2014 Balance (f)	May 2014 Balance (g)	June 2014 Balance (h)	July 2014 Balance (i)	August 2014 Balance (j)	September 2014 Balance (k)	October 2014 Balance (l)	November 2014 Balance (m)	December 2014 Balance (n)	Actual 13 Month Avg Bal (o)	2014 Proforma Adjustments (p)	2014 Proforma Balance (q)
1	Utility Plant	4,501,148	4,515,098	4,516,700	4,522,991	4,867,587	4,894,114	4,895,012	4,901,273	4,915,826	4,925,826	4,934,275	4,944,901	5,034,709	4,797,651	669,111	5,666,762
2	Less: Accumulated Depreciation	(1,476,345)	(1,483,830)	(1,495,308)	(1,506,872)	(1,517,822)	(1,487,628)	(1,498,203)	(1,523,357)	(1,515,828)	(1,527,637)	(1,537,398)	(1,549,229)	(1,582,018)	(1,515,498)	(99,854)	(1,615,352)
3	Net Utility Plant	3,024,803	3,031,268	3,021,394	3,016,119	3,349,765	3,406,486	3,396,809	3,377,916	3,399,997	3,398,189	3,396,877	3,395,672	3,452,691	3,282,153	769,257	4,051,410
4	Plant Acquisition Adjustment	(254,025)	(254,025)	(254,025)	(254,025)	(254,025)	(254,025)	(254,025)	(254,025)	(254,025)	(254,025)	(254,025)	(254,025)	(254,025)	(254,025)		(254,025)
5	Less: Accum Amort of Util Plant Acq Adj	166,348	166,821	167,294	167,335	167,376	167,417	167,458	167,499	167,540	168,013	168,070	168,543	172,056	167,828	4,228	172,056
6	Total Net Utility Plant	2,937,126	2,944,064	2,934,663	2,929,429	3,263,116	3,319,878	3,310,242	3,291,390	3,313,512	3,312,177	3,310,922	3,310,190	3,370,722	3,195,956	773,485	3,969,441
7	Material and Supplies	9,579	9,063	12,497	14,424	12,994	13,983	16,278	15,694	18,095	20,376	19,746	19,716	4,717	14,397	(9,680)	4,717
8	Prepaid Insurance	34,859	31,465	27,699	24,213	20,447	17,091	35,814	42,138	38,372	45,249	41,833	42,339	37,245	33,751	\$3,494	37,245
9	Prepaid Property Taxes	11,783	11,783	11,783	11,783	11,783	11,783	11,783	11,783	11,783	11,783	11,783	11,783	11,727	11,779	(\$52)	11,727
10	ADIT - Liberalized Depreciation	(171,289)	(171,289)	(171,289)	(171,289)	(171,289)	(171,289)	(171,289)	(171,289)	(171,289)	(171,289)	(171,289)	(171,289)	(190,070)	(172,734)	(\$17,336)	(190,070)
11	Contribution in Aid of Construction	(849,099)	(849,099)	(849,099)	(849,099)	(849,099)	(870,878)	(870,878)	(870,878)	(870,878)	(870,878)	(870,878)	(870,878)	(870,878)	(862,501)	(\$8,377)	(870,878)
12	Accumulated Amortization of CIAC	232,174	233,581	234,988	236,395	237,802	239,209	240,616	242,023	243,430	244,837	246,244	247,651	249,303	240,635	\$8,886	249,521
13	Subtotal Rate Base	2,205,133	2,209,568	2,201,242	2,195,856	2,525,754	2,559,777	2,572,566	2,560,861	2,583,025	2,592,255	2,588,361	2,589,512	2,612,766	2,461,283	750,420	3,211,703
14	Cash Working Capital *														176,047	223	176,270
15	Total Rate Base	2,205,133	2,209,568	2,201,242	2,195,856	2,525,754	2,559,777	2,572,566	2,560,861	2,583,025	2,592,255	2,588,361	2,589,512	2,612,766	2,637,330	750,643	3,387,973

\* The "Actual 13 Month Avg Bal" for Cash Working Capital is the 12/31/14 balance.

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## NHPUC Docket DW 15-209

### Lakes Region Water Company

### Schedule 3A

#### Rate Base Adjustments

##### Plant in Service

#1	Plant in Service at 12/31/14	\$5,034,709
	Plant in Service 13 Month Average	<u>4,797,651</u>
	Total Proforma Adjustment	<u>\$237,058</u>
	To adjust Plant in Service to year end balance	
#2	Plant in Service at 12/31/14	\$5,615,390
	Plant in Service at 12/31/14	<u>5,034,709</u>
	Total Proforma Adjustment	<u>\$580,681</u>
	To adjust 12/31/14 Plant in Service for 2015 specific additions	
#3	Plant in Service at 12/31/14	\$5,666,762
	Plant in Service at 12/31/14	<u>5,615,390</u>
	Total Proforma Adjustment	<u>\$51,372</u>
	To adjust 12/31/14 Plant in Service for 2015 general additions	

**Total Proforma Adjustments to Plant in Service** **\$869,111**

##### Accumulated Depreciation

#4	Accumulated Depreciation at 12/31/14	(1,582,018)
	Accumulated Depreciation 13 Month Average	<u>(1,515,498)</u>
	Total Proforma Adjustment	<u>(\$66,520)</u>
	To adjust Accumulated Depreciation to year end balance	
#5	Accumulated Depreciation at 12/31/14	(\$1,600,297)
	Accumulated Depreciation at 12/31/14	<u>(1,582,018)</u>
	Total Proforma Adjustment	<u>(\$18,279)</u>
	To adjust 12/31/14 Accumulated Depreciation for additional half year depreciation on 2014 additions	
#6	Accumulated Depreciation at 12/31/14	(\$1,612,638)
	Accumulated Depreciation at 12/31/14	<u>(1,600,297)</u>
	Total Proforma Adjustment	<u>(\$12,341)</u>
	To adjust 12/31/14 Accumulated Depreciation for annual depreciation on 2015 specific additions	
#7	Accumulated Depreciation at 12/31/14	(\$1,615,352)
	Accumulated Depreciation at 12/31/14	<u>(1,612,638)</u>
	Total Proforma Adjustment	<u>(\$2,714)</u>
	To adjust 12/31/14 Accumulated Depreciation for annual depreciation on 2015 general additions	

**Total Proforma Adjustments to Accumulated Depreciation** **(\$99,854)**

##### Accumulated Amortization of Utility Plant Acquisition Adjustment

#8	Accumulated Amortization at 12/31/14	172,056
	Accumulated Amortization 13 Month Average	<u>167,828</u>
	Total Proforma Adjustment	<u>\$4,228</u>
	To adjust Accumulated Amortization to year end balance	

**Total Proforma Adjustment to Accumulated Amortization** **\$4,228**

### **Material & Supplies**

#9	Material & Supplies 12/31/14	4,717
	Material & Supplies 13 Month Average	<u>14,397</u>
	Total Proforma Adjustments	<u>(\$9,680)</u>
	To adjust Material & Supplies to year end balance	

**Total Proforma Adjustment to Material & Supplies** **(\$9,680)**

### **Prepaid Other**

#10	Prepaid Other at 12/31/14	37,245
	Prepaid Other 13 Month Average	<u>33,751</u>
	Total Proforma Adjustments	<u>\$3,494</u>
	To adjust Prepaid Other to year end balance	

**Total Proforma Adjustment to Prepaid Insurance** **\$3,494**

### **Prepaid Property Taxes**

#11	Prepaid Property Taxes at 12/31/14	11,727
	Prepaid Property Taxes 13 Month Average	<u>11,779</u>
	Total Proforma Adjustments	<u>(\$52)</u>
	To adjust Prepaid Property Taxes to year end balance	

**Total Proforma Adjustment to Prepaid Property Taxes** **(\$52)**

### **ADIT - Liberized Depreciation**

#12	ADIT - Liberalized Depreciation at 12/31/14	(190,070)
	ADIT - Liberalized Depreciation 13 Month Average	<u>(172,734)</u>
	Total Proforma Adjustments	<u>(\$17,336)</u>
	To adjust ADIT - Liberalized Depreciation to year end balance	

**Total Proforma Adjustment to ADIT - Liberalized Depreciation** **(\$17,336)**

### **Contribution in Aid of Construction**

#13	CIAC at 12/31/14	(870,878)
	CIAC 13 Month Average	<u>(862,501)</u>
	Total Proforma Adjustments	<u>(\$8,377)</u>
	To adjust CIAC to year end balance	

**Total Proforma Adjustment to CIAC** **(\$8,377)**

## **Accumulated Amortization of CIAC**

#14	AA of CIAC at 12/31/14	249,303
	AA of CIAC 13 Month Average	<u>240,635</u>
	Total Proforma Adjustment	<u>\$8,668</u>
	To adjust Accumulated Amortization of CIAC to year end balance	

#15	AA of CIAC at 12/31/14	\$249,521
	AA of CIAC at 12/31/14	<u>249,303</u>
	Total Proforma Adjustment	<u>\$218</u>
	To adjust 12/31/14 AA of CIAC for additional half year on 2014 additions	

#16	AA of CIAC at 12/31/14	\$249,521
	AA of CIAC at 12/31/14	<u>249,521</u>
	Total Proforma Adjustment	<u>\$0</u>
	To adjust 12/31/14 AA of CIAC for annual AA of CIAC on 2015 additions	

<b>Total Proforma Adjustments to AA of CIAC</b>	<b><u>\$8,886</u></b>
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## **Cash Working Capital**

#17	Cash Working Capital adjusted for increase in O&M Expenses	\$176,270
	Cash Working Capital at 12/31/14	<u>176,047</u>
	Total Proforma Adjustment	<u>\$223</u>
	To adjust cash working capital for additonal working related to increase in O&M Expenses	

<b>Total Proforma Adjustment to Cash Working Capital</b>	<b><u>\$223</u></b>
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**NHPUC Docket DW 15-209****Lakes Region Water Company****Schedule 3B****Working Capital**

	2014 Proforma <u>Amount</u>	2014 Actual <u>Amount</u>	2013 Actual <u>Amount</u>	2012 Actual <u>Amount</u>
Operating and Maintenance Expenses	<u>\$976,132</u>	<u>\$974,896</u>	<u>\$807,778</u>	<u>\$744,086</u>
Customers paying in arrears				
Year 2012= (75/365) X (1554/1645)				19.41%
Year 2013= (75/365) X (1554/1645)			19.41%	
Year 2014= (75/365) X (1566/1667)	19.30%	19.30%		
Minus Customers paying in advance				
Year 2012= (75/365) X (101/1645)				-1.26%
Year 2013= (75/365) X (101/1645)			-1.26%	
Year 2014= (75/365) X (101/1667)	<u>-1.24%</u>	<u>-1.24%</u>		
Total	<u>18.06%</u>	<u>18.06%</u>	<u>18.15%</u>	<u>18.15%</u>
Working Capital	<u>\$176,270</u>	<u>\$176,047</u>	<u>\$146,609</u>	<u>\$135,049</u>

SPSt. Cyr  
7/21/2015

## Rate of Return Information

Overall Rate of Return	Actual				Proforma		
	Component Ratio	Component Cost Rate	Wght Avg Cost Rate		Component Ratio	Component Cost Rate	Wght Avg Cost Rate
Equity Capital	66.68%	9.60%	6.40%		56.22%	11.60%	6.52%
Long Term Debt	33.32%	5.36%	1.78%		43.78%	4.94%	2.16%
Total Capital	100.00%		8.19%		100.00%		8.68%

Capital Structure		2014 Actual Amounts	2014 Actual Ratios		2014 Proforma Amounts	2014 Proforma Ratios
Common Stock		\$ 10,000	0.36%		\$ 10,000	0.31%
Additional Paid in Capital		1,227,180	44.46%		1,227,180	37.48%
Capital Stock Expense		(7,360)	-0.27%		(7,360)	-0.22%
Retained Earnings		610,827	22.13%		610,827	18.66%
Total Equity		\$ 1,840,647	66.68%		\$ 1,840,647	56.22%
Long Term Debt		\$919,678	33.32%		\$1,433,584	43.78%
Total Capital		\$ 2,760,325	100.00%		\$ 3,274,231	100.00%

Capital Structure for 2014 - 2012		2014 Amounts		2013 Amounts		2012 Amounts
Common Stock		\$ 10,000		\$ 10,000		\$ 10,000
Premium on Capital Stock		1,227,180		955,248		955,248
Capital Stock Expense		(7,360)		-9,201		-11,042
Retained Earnings		610,827		551,670		415,897
Total Equity		\$ 1,840,647		\$ 1,507,717		\$ 1,370,103
Long Term Debt		\$919,678		\$ 601,580		\$ 641,707
Total Capital		\$ 2,760,325		\$ 2,109,297		\$ 2,011,810

Capital Structure Ratios for 2014 - 2012		2014 Ratios		2013 Ratios		2012 Ratios
Common Stock		0.36%		0.47%		0.50%
Other Paid in Capital		44.46%		45.29%		47.48%
Capital Stock Expense		-0.27%		-0.44%		
Retained Earnings		22.13%		26.15%		20.67%
Total Equity		66.68%		71.48%		68.10%
Long Term Debt		33.32%		28.52%		31.90%
Total Capital		100.00%		100.00%		100.00%

**Cost of Common Equity Capital**

The Company is utilizing the Commission determined cost of common equity of 9.60% plus 2%, totalling 11.60%

**NHPUC Docket DW 15-209**

Lakes Region Water Co., Inc  
Year Ended December 31, 2014

**Schedule 4A**

**Schedule of Notes Payable, Interest Expense & Capitalized Interest - Actual**

Obligation (a)	Date of Issue (b)	Date of Maturity (c)	Principal Balance 12/31/2013 (d)	Additions (e)	Reductions (f)	Balance 12/31/2014 (g)	Interest Rate (h)	Interest Expense (i)	Amort of Debt Exp (j)	Total Int Exp (k)	Total Int Rate (l)
TD Banknorth - 5 (refinance)	1/13/2004	1/13/2014	\$ 225,975	\$ -	\$ (225,975)	\$ -	6.09%	\$ 6,491	\$ 227	\$ 6,718	5.95%
TD Banknorth - 6 (construction)	1/13/2004	1/13/2015	207,434	-	(207,434)	-	5.58%	4,761	502	5,263	5.07%
TD Banknorth - 7(syst purch)	12/29/2004	12/29/2014	72,900	-	(72,900)	-	6.29%	2,252	908	3,160	8.67%
CoBank (5 Year)	6/24/2014	6/30/2019	-	318,810	(30,327)	288,483	3.45%	5,571	-	5,571	3.86%
CoBank (15 Year - refinance)	6/24/2014	6/30/2029	-	474,567	(13,226)	461,341	5.25%	13,007	200	13,207	5.73%
CoBank (line of credit)	6/24/2014	6/30/2015	-	31,000	-	31,000	2.17%	325	-	325	2.10%
Sub - Total (Sch F-35) (BS Line 13)			506,309	824,377	(549,862)	780,824		32,407	1,837	34,244	5.32%
N/P Gehl Finance - Mustang Excavator	11/13/2009	11/13/2014	4,803	-	(4,803)	-	0.00%	-	-	-	0.00%
N/P Ford Motor Credit -2011 Ford F350XL	9/13/2010	9/13/2015	12,300	-	(6,870)	5,430	7.89%	740	-	740	8.35%
N/P Ford Motor Credit -2011 Ford F150XL	7/21/2011	7/21/2016	18,384	-	(6,677)	11,707	7.89%	1,239	-	1,239	8.24%
N/P Ford Motor Credit -2013 Ford F250 Super	8/16/2013	8/15/2018	34,783	-	(6,663)	28,120	5.95%	1,963	-	1,963	6.24%
N/P Ford Motor Credit -2013 Ford F250 Super	8/26/2013	8/26/2018	25,001	-	(4,791)	20,210	5.95%	1,442	-	1,442	6.38%
N/P Ford Motor Credit -2014 Ford F150	8/6/2014	8/6/2019	-	31,771	(1,824)	29,947	6.24%	778	-	778	5.20%
N/P Cat Financial - 2014 Excavator	3/27/2014	4/5/2019	-	65,250	(21,810)	43,440	0.71%	344	-	344	1.58%
Sub-Total (Sch F-35) (BS Line 16)			95,271	97,021	(53,438)	138,854		6,506	-	6,506	5.56%
Total Long Term Debt (BS Line 17)			601,580	921,398	(603,300)	919,678		38,913	1,837	40,750	5.36%
Vendors			-	-	-	-		24,600	-	24,600	
Total This Schedule			\$ 601,580	\$ 921,398	\$ (603,300)	\$ 919,678		\$ 63,513	\$ 1,837	\$ 65,350	
Total Interest Expense ( IS Line 27)							Cap Int	-	-		
							Net Expense	\$ 63,513	\$ 1,837	\$ 65,350	

SPSt. Cyr  
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NHPUC Docket DW 15-209

Lakes Region Water Co., Inc  
Year Ended December 31, 2014

Schedule 4B

Schedule of Notes Payable, Interest Expense & Capitalized Interest - Proforma

Obligation (a)	Date of Issue (b)	Date of Maturity (c)	Principal Balance 12/31/2013 (d)	Additions (e)	Reductions (f)	Balance 12/31/2014 (g)	Proforma Adjustments (h)	Proforma Adj Bal 12/31/2014 (i)	Interest Rate (j)	Interest Expense (k)	Amort of Debt Exp (l)	Total Int Exp (m)	Proforma Adjustments (n)	Pro Adj Int Exp (o)	Total Int Rate (p)
TD Banknorth - 5 (refinance)	1/13/2004	1/13/2014	\$ 225,975	\$ -	\$ (225,975)	\$ -	\$ -	\$ -	6.09%	\$ 6,491	\$ 227	\$ 6,718	\$ (6,718)	\$ -	0.00%
TD Banknorth - 6 (construction)	1/13/2004	1/13/2015	207,434	-	(207,434)	-	-	-	5.58%	4,761	502	5,263	(5,263)	-	0.00%
TD Banknorth - 7 (syst purch)	12/29/2004	12/29/2014	72,900	-	(72,900)	-	-	-	6.29%	2,252	908	3,160	(3,160)	-	0.00%
CoBank (5 Year)	6/24/2014	6/30/2019	-	318,810	(30,327)	288,483	-	288,483	3.45%	5,571	-	5,571	4,382	9,953	3.45%
CoBank (15 Year - refinance)	6/24/2014	6/30/2029	-	474,567	(13,226)	461,341	-	461,341	5.25%	13,007	200	13,207	11,413	24,620	5.25%
CoBank (line of credit)	6/24/2014	6/30/2015	-	31,000	-	31,000	(31,000)	-	2.17%	325	-	325	(325)	-	0.00%
CoBank (IM Project)							129,000	129,000	5.50%	-	-	-	7,095	7,095	5.50%
Mt. Roberts							415,906	415,906	5.50%	-	-	-	22,875	22,875	5.50%
Sub - Total (Sch F-35) (BS Line 13)			508,309	824,377	(549,862)	780,824	513,906	1,294,730		32,407	1,837	34,244	30,299	64,543	4.99%
N/P Gehl Finance - Mustang Excavator	11/13/2009	11/13/2014	4,803	-	(4,803)	-	-	-	0.00%	-	-	-	-	-	0.00%
N/P Ford Motor Credit -2011 Ford F350XL	9/13/2010	9/13/2015	12,300	-	(6,870)	5,430	-	5,430	7.89%	740	-	740	(419)	321	7.89%
N/P Ford Motor Credit -2011 Ford F150XL	7/21/2011	7/21/2016	18,384	-	(6,677)	11,707	-	11,707	7.89%	1,239	-	1,239	(315)	924	7.89%
N/P Ford Motor Credit -2013 Ford F250 Super	8/16/2013	8/15/2018	34,783	-	(6,663)	28,120	-	28,120	5.95%	1,963	-	1,963	(290)	1,673	5.95%
N/P Ford Motor Credit -2013 Ford F250 Super	8/26/2013	8/26/2018	25,001	-	(4,791)	20,210	-	20,210	5.95%	1,442	-	1,442	(240)	1,202	5.95%
N/P Ford Motor Credit -2014 Ford F150	8/6/2014	8/6/2019	-	31,771	(1,824)	29,947	-	29,947	6.24%	778	-	778	1,091	1,869	6.24%
N/P Cat Financial - 2014 Excavator	3/27/2014	4/5/2019	-	65,250	(21,810)	43,440	-	43,440	0.71%	344	-	344	(36)	308	0.71%
Sub-Total (Sch F-35) (BS Line 16)			95,271	97,021	(53,438)	138,854	-	138,854		6,506	-	6,506	(209)	6,297	4.53%
Total Long Term Debt (BS Line 17)			601,580	921,398	(603,300)	919,678	513,906	1,433,584		38,913	1,837	40,750	30,090	70,840	4.94%
Vendors			-	-	-	-	-	-		24,600	-	24,600	(24,600)	-	
Total This Schedule			\$ 601,580	\$ 921,398	\$ (603,300)	\$ 919,678	\$ 513,906	\$ 1,433,584		\$63,513	\$1,837	\$65,350	\$5,490	\$70,840	
										Cap Int	-	-	-	-	-
Total Interest Expense (IS Line 27)										Net Expense	\$63,513	\$ 1,837	\$65,350	\$ 5,490	\$70,840

SPSt. Cyr  
7/21/2015

**NHPUC Docket DW 15-209****Lakes Region Water Company****Schedule 5****Income Tax Computation**

	<u>Actual</u>	<u>Proforma</u>
Total Rate Base	\$ 2,637,330	\$ 3,387,973
Equity Component of Cost of Capital	<u>6.40%</u>	<u>6.52%</u>
Operating Net Income Required	\$ 168,829	\$ 220,932
Tax Effect (.6559)	<u>110,735</u>	<u>144,909</u>
Income Required before Income Taxes	\$ 279,563	\$ 365,842
Less: NH Business Profits Tax @ 8.5%	<u>23,763</u>	<u>31,097</u>
Income subject to Federal Taxes	\$ 255,800	\$ 334,745
Less: Federal Income Tax @ 34%	<u>86,972</u>	<u>113,813</u>
Income after Income Taxes	<u>\$ 168,828</u>	<u>\$ 220,932</u>

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**NHPUC Docket DW 15-209**

**Lakes Region Water Company**

**Effective Tax Factor**

**Schedule 5.1**

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

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7/21/2015

# Lakes Region Water Company

Schedule 6

## Report of Proposed Rate Changes

Utility

Lakes Region Water Co.

Date Filed:

Tariff No.:

6

Pages 10, 11, & 12

Effective Date:

<u>Rate of Class of Service</u>	<u>Effect of Change</u>	<u>Number of Customers</u>	<u>Authorized Present Revenue</u>	<u>Proposed Revenue</u>	<u>Proposed Change Amount</u>	<u>Proposed Change Percentage</u>
Unmetered Customers	\$ 140,391	591	\$ 367,707	\$ 508,098	\$ 140,391	38.18%
WVG Pool	553	1	1,448	\$ 2,001	553	38.18%
Metered Customers excluding Suissevale	<u>257,330</u>	<u>1,074</u>	<u>673,988</u>	<u>\$ 931,318</u>	<u>257,330</u>	38.18%
Total Unmetered and Metered Customers excluding Suissevale Contract	\$ 398,274	1,666	\$ 1,043,143	\$ 1,441,417	\$ 398,274	38.18%
Suissevale Contract	65,754	<u>1</u>	<u>136,526</u>	<u>202,280</u>	<u>65,754</u>	48.16%
Total Sales of Water	<u>\$ 464,028</u>	<u>1,667</u>	<u>\$ 1,179,669</u>	<u>\$ 1,643,697</u>	<u>\$ 464,028</u>	39.34%
Forfeited Discount			\$ 6,438	\$ 6,438		
Miscellaneous Services Revenues	-		52,620	52,620	-	
Other Water Revenue - Rate Case Surchar	<u>(77,283)</u>		<u>77,283</u>	<u>-</u>	<u>(77,283)</u>	
Total Other Operating Revenues	<u>\$ (77,283)</u>		<u>\$ 136,341</u>	<u>\$ 59,058</u>	<u>\$ (77,283)</u>	
Total Water Operating Revenues	<u>\$ 386,745</u>	<u>1,667</u>	<u>\$ 1,316,010</u>	<u>\$ 1,702,755</u>	<u>\$ 386,745</u>	29.39%
Avg.Res.Cust.		<u>1,666</u>	<u>\$ 626.14</u>	<u>\$ 865.20</u>	<u>\$ 239.06</u>	<u>38.18%</u>

SPSt. Cyr  
7/21/2015

**#7**

## Lakes Region Water Company - Proposed Statement to be transmitted to Customers

Dear Customer,

On July 31, 2015 Lakes Region Water Company ("Lakes Region" or "Company") filed for a rate increase with the New Hampshire Public Utilities Commission ("NHPUC"). If approved, as filed, Lakes Region's annual revenues from general customers would increase \$398,274 or 38.18 %. On a per customer basis, the average revenue increase would be \$239.06 per year or \$59.77 per quarter.

During the twelve months ended December 31, 2014 (the test year) the Company's actual net income amounted to \$59,157. Its operating revenues increased due primarily increase in miscellaneous service revenues and water sales. Its operating expenses increased primarily due to increases in operating and maintenance expenses and depreciation. The net operating income of \$95,928 is significantly less than the net operating income required in order for the Company to pay its operating expenses and earn a fair and reasonable rate of return. The Company also added \$608,475 to plant and refinanced its TDBank loan and paid off past due accounts payable with CoBank loans

During 2015 the Company plans to purchase the Mt. Roberts' land for \$415,906 from its sole shareholder with 100% debt financing at an interest rate of 5.50% from the sole shareholder. The Company also plans to complete the Indian Mound project with an estimated, remaining costs of \$129,775. The financing of the project was approved by the PUC in 2014.

The Company is also proposing temporary rates.

The rate increase will be subject to review and ultimate approval by the NHPUC. The Company will keep you apprised of the proceeding before the NHPUC and its ultimate conclusion.

Sincerely,

Thomas Mason

#8

PUC 1604.01

- (1) The Company does not generate internal financial reports
- (2) The Company does not prepare an Annual Report to shareholder.
- (3) The federal tax reconciliation is shown on Schedule F-56 in the 2014 PUC Annual Report.
- (4) The computation of federal income tax and state business tax is shown on Schedule 5 of the rate case schedules.
- (5) Donations and Gifts are shown on Schedule F-57 in the 2014 PUC Annual Report.
- (6) The Company did not incur any advertising costs during the test year.
- (7) The Company has never prepared a cost of service study.
- (8) See Schedules 9 & 10 of the rate case schedules for specific and general construction expenditures.
- (9) The Company utilizes the PUC's chart of accounts.
- (10) The Company does not prepare an SEC 10K and 10Qs.
- (11) The Company did not incur any membership fees or dues. Donations are shown on F-57 in the 2014 PUC Annual Report.
- (12) The Company has never prepared a depreciation study.
- (13) The Company does not have management and financial audits.
- (14) The list of Officers and Directors and their compensation are shown on Schedule A-4 in the 2014 and 2013 PUC Annual Reports.
- (15) The Company does not have any officer and executive incentive plans.
- (16) The list of the amount of voting stock ... is shown on Schedule A-5 in the 2014 PUC Annual Report.
- (17) The list of all payments to individuals and corporations for contractual services is shown on Schedule A-7 of the 2014 PUC Annual Report.
- (18) The Company has no non-utility operations.



- (19) The balance sheets and income statements for the years 2014 – 2012 are incorporated in the rate case schedules. See Schedules 1 & 2.
- (20) The Company does not generate quarterly income statements.
- (21) The Company does not routinely prepared quarterly sales volume by class of service.
- (22) The Company anticipates approximately \$632 thousand of capital requirements, of which \$416 thousand will be required to purchase Mt. Roberts.
- (23) The Company has a capital projects plan for the years 2015 – 2020. It has not prepared a source of funds statement. See Schedule 11.
- (24) A statement for the amount of short term debt, on a monthly basis during the test year will be provided with the work papers.
- (25) The Company is not a subsidiary.
- (26) One copy of the work papers will be provided to the Director of the Gas and Water Department and to the Consumer Advocate under a separate cover letter.

**#9**

# LAKES REGION WATER COMPANY INC.

420 Governor Wentworth Highway, PO Box 389

Moultonborough, NH 03254

Telephone: 603-476-2348, Fax: 603-476-2721

Hours: Monday through Friday, 8:30am to 4:30pm

July 31, 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:

Lakes Region Water Company's ("Company") filing for the proposed rate change in DW 15-209 was prepared utilizing the Company's books and records. To the best of my knowledge and belief, the filing including its revenue and expenses and assets and liabilities accurately reflects the Company's books.

Sincerely,

Tim Fontaine