

Hampstead Area Water Company

Revenue Requirement - Step Increase for 2017 Additions to Plant and related CIAC

	<u>Amount</u>
RATE BASE	
2017 Plant in Service	\$ 802,305
Less: Accumulated Depreciation	<u>21,408</u>
NET PLANT IN SERVICE	\$ 780,897
Contribution in Aid of Construction	(394,805)
Plus: Accumulated Amortization of CIAC	<u>8,544</u>
NET PLANT IN RATE BASE	\$ 394,637
Cash Working Capital	<u>-</u>
TOTAL RATE BASE	<u>\$ 394,637</u>
Return on Additional Plant @ 6.42%	<u>\$ 25,336</u>
O&M Expenses	\$ -
Depreciation Expense	42,816
Amortization of CIAC	(17,089)
State Utility Property Taxes	2,935
Local Property Taxes	10,641
Federal and State Income Taxes	<u>-</u>
Operating Expenses	<u>\$ 39,303</u>
Additional Revenue Requirement	<u>\$ 64,638</u>
Total Proposed Proforma Operating Revenues	<u>\$ 2,014,139</u>
% Increase associated with Step Increase	<u>3.21%</u>

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Rate of Return

The Company is utilizing the proposed proforma rate of return of 6.42%.

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2017 Additions to plant and related depreciation

Location	Account Description	Account	Description	Amount	Depr Rate	Annual Depr	Accum Depr	Net Plant	Assessment Adjustment	State Util Prop Tax	Local Prop Tax
Wells Village	Structures	304	Pump House Structure and related Sitework	\$ 108,600	2.50%	\$ 2,715	\$ 1,358	\$ 107,243	\$ 61,078	\$ 403	\$ 1,626
Wells Village	Wells & Springs	307	Wells	30,000	3.30%	990	495	29,505	16,804	111	447
Wells Village	Supply Mains	309	Supply Mains	60,000	2.00%	1,200	600	59,400	33,830	223	901
Wells Village	Pumping Equipment	311	Pumps and accessories and electrical work	109,505	10.00%	10,951	5,475	104,030	59,249	391	1,577
Wells Village	Water Treatment	320	Greensand tanks, pressure tank & chlorine pump & barrel	30,450	3.60%	1,096	548	29,902	17,030	112	453
Wells Village	Distribution Reservoirs	330	20,000 gallon tank	38,250	2.20%	842	421	37,829	21,545	142	574
Wells Village	T&D Mains	331	T&D Mains	48,000	2.00%	960	480	47,520	27,064	179	720
Wells Village	Services	333	50 Services	20,000	2.50%	500	250	19,750	11,248	74	299
Wells Village	Meters	334	50 Meters	17,500	4.50%	788	394	17,106	9,743	64	259
Total				462,305		20,041	10,020	\$ 452,285	\$ 257,592	\$ 1,700	\$ 6,857
Sawmill Ridge	Well	307	Wells	115,000	3.30%	3,795	1,898	113,103	64,416	425	1,010
Kent Farm	Well	307	Wells	35,000	3.30%	1,155	578	34,423	19,605	129	474
Total Wells				150,000		4,950	2,475	147,525	84,021	555	1,484
Colby Pond	Pumping Equipment	311	Generator	40,000	10.00%	4,000	2,000	38,000	21,642	143	530
Cornerstone	Pumping Equipment	311	Generator	40,000	10.00%	4,000	2,000	38,000	21,642	143	576
Total Pumping Equipment				80,000		8,000	4,000	76,000	43,285	286	1,106
System	T&D mains	331	T&D Mains	10,000	2.00%	200	100	9,900	5,638	37	112
System	Services	333	Services	5,000	2.50%	125	63	4,938	2,812	19	56
System	Meters	334	100 Meter Changeouts (100 meters at \$500 each)	50,000	10.00%	5,000	2,500	47,500	27,053	179	539
System	Meters	334	100 new Meter (100 meters at \$450 each)	45,000	10.00%	4,500	2,250	42,750	24,348	161	485
Total Meters				95,000		9,500	4,750	90,250	51,401	339	1,025
Total				\$ 802,305		\$ 42,816	\$ 21,408	\$ 780,897	\$ 444,748	\$ 2,935	\$ 10,641

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2017 Additions to CIAC and related amortization

<u>Location</u>	<u>Account Description</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>	<u>Depr Rate</u>	<u>Annual Depr</u>	<u>Accum Depr</u>
Wells Village	Structures	304	Pump House Structure and related Sitework	\$ 96,392	2.50%	\$ 2,410	\$ 1,205
Wells Village	Wells & Springs	307	Wells	26,628	3.30%	879	439
Wells Village	Supply Mains	309	Supply Mains	53,256	2.00%	1,065	533
Wells Village	Pumping Equipment	311	Pumps and accessories and electrical work	97,196	10.00%	9,720	4,860
Wells Village	Water Treatment	320	Greensand tanks, pressure tank & chlorine pump & barrel	27,027	3.60%	973	486
Wells Village	Distribution Reservoirs	330	20,000 gallon tank	33,950	2.20%	747	373
Wells Village	T&D Mains	331	T&D Mains	42,604	2.00%	852	426
Wells Village	Services	333	50 Services	17,752	2.50%	444	222
Wells Village	Meters	334	50 Meters	-	4.50%	-	-
Total				<u>\$ 394,805</u>		<u>\$ 17,089</u>	<u>\$ 8,544</u>

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PROPERTY TAXES

	<u>Amount</u>
Property Tax Expense:	
State Utility Property Taxes	
State Assessed Value as of April 1, 2016	\$ 6,074,800
Net Plant at 12/31/15	<u>10,666,252</u>
Assessment Adjustment Percentage	56.95%
Net Book Value of 2017 Additions to Plant	<u>\$ 780,897</u>
Assessment Adjustment Percentage applied to Net Book Value of 2017 Additions to Plant	\$ 444,748
State Property Tax Rate (per \$1,000)	<u>6.60</u>
State Utility Property Taxes	<u>\$ 2,935</u>
Local Property Taxes	
Assessed Valuation	
Net Plant in Service, 12/31/15	
Assessment Adjustment Percentage	
Net Book Value of 2017 Additions to Plant	<u>\$ 444,748</u>
Assessment Adjustment Percentage applied to Net Book Value of 2017 Additions to Plant	\$ 444,748
Local Property Tax Rate (per \$1,000)	
Local Property Taxes	<u>\$ 10,641</u>

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