

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
REVENUE REQUIREMENT

Rate Base (Schedule 2; Column 8)	\$ 3,028,099
Rate of Return (Schedule 1a)	x <u>7.70%</u>
Operating Income Requirement (See Schedule 3; Column 10)	233,041
Less: Proforma Test Year Operating Income (Schedule 3; Column 8)	<u>(468,457)</u>
Revenue Deficiency / (Surplus) Before Tax Effect (See Schedule 3; Column 9)	(235,416)
Tax Factor (Schedule 1b)	+ <u>72.76%</u>
Revenue Deficiency / (Surplus) After Tax Effect (See Schedule 3; Column 9)	(323,556)
Add: Water Revenues from General Customers Proposed by Company (Schedule 3; Column 5)	<u>1,459,817</u>
Water Revenues from General Customers Proposed by Staff (See Schedule 3; Column 10)	1,136,261
Less: Actual Water Revenues from General Customers (Schedule 3; Column 1)	<u>(1,043,143)</u>
Proposed Increase in Annual Water Revenues from General Customers	<u>\$ 93,118</u>
Percent Increase in Annual Water Revenues from General Customers	<u>8.93%</u>

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
WEIGHTED AVERAGE COST OF CAPITAL

	(1)	(2)	(3)	(4)	(5)	(6)	(6a)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	CAPITAL STRUCTURE						COST OF DEBT								
	Balance 12/31/14	Original Proforma Adj's Per Company	Amending Proforma Adj's Per Co (Att JPL-5/Sch 4)	Proforma Adj's Per Staff	Adjusted Balance	Calculated Percent	Settlement: Proforma Percent	Annual Interest	Annual Debt Expense	Original Proforma Adj's Per Company	Amending Proforma Adj's Per Co (Att JPL-5; Sch 4B)	Proforma Adj's Per Staff	Adjusted Cost of Debt	TOTAL COST RATE	WEIGHTED AVERAGE COST OF CAPITAL
Long-Term Debt:															
Total Long-Term Debt (See Schedule 1ai)	\$ 919,678	\$ 513,906	\$ (415,906)	\$ (129,000)	\$ 888,678	29.90%	36.00%	\$ 38,913	\$ 1,837	\$ 30,090	\$ (22,875)	\$ (9,655)	\$ 38,310	4.31%	1.55%
Common Equity:															
Common Equity	10,000	-	-	-	10,000	0.34%									
Additional Paid-in Capital	1,227,180	-	225,962	(29,511) (a)	1,423,631	47.90%									
Capital Stock Expense	(7,360)	-	-	-	(7,360)	-0.25%									
Retained Earnings	610,827	-	-	46,107 (b)	656,934	22.10%									
Total Common Equity	1,840,647	-	225,962	16,596	2,083,205	70.10%	64.00%							9.60% (c)	6.14%
Total Capitalization	\$ 2,760,325	\$ 513,906	\$ (189,944)	\$ (112,404)	\$ 2,971,883	100.00%	100.00%								7.70%

(a) To reduce Additional Paid-in Capital relative to certain Staff adjustments to the Mt. Roberts plant addition contributed by the Co's shareholder:

Staff Adj # 2: To remove post-test year Mt Roberts land contribution for purposes of setting permanent rates	\$ 281,783	
Settlement: Staff Adj # 2a: To record adjusted shareholder investment in Mt. Roberts land for permanent rates.	(262,095)	
Staff Adj # 4: To adjust cost of Wells contributed by shareholder per Staff Audit Issue # 12	7,134	
Staff Adj # 4: To adjust cost of Mains contributed by shareholder per Staff Audit Issue # 12	2,389	
Staff Adj # 5: To adjust cost of Mains contributed by shareholder per Staff 2-19	300	
To reduce APIC by LRW Water Services Invoices not paid by shareholder per Staff 3-6	74,168	
Settlement: To restore APIC relative to LRW Water Services Invoices not paid by shareholder	(74,168)	
Total Staff Adj's to Plant Contributed by Shareholder	\$ 29,511	

(b) To increase Retained Earnings based on certain Co & Staff adjustments to correct test year Operating Income & Expense accounts:

Co Exp Adj # 10A: Depr Exp on AFUDC	\$ 782	Staff Adj # 61: Audit Issue # 16	(7)
Staff Adj # 41: Audit Issue # 31	200	Staff Adj # 62: Audit Issue # 18	403
Staff Adj # 42: Audit Issue # 17	15,000	Staff Adj # 63: Depr Exp on Hydrofracking	(86)
Staff Adj # 43: Audit Issue # 18	(4,030)	Settlement: Staff Adj # 63a: Remove Depr Exp	86
Staff Adj # 44: Reclass of Hydrofracking Exp	2,592	Staff Adj # 64: Audit Issue # 15	(1,250)
Settlement: Staff Adj # 44a: Restore Exp	(2,592)	Staff Adj # 65: Audit Issue # 15	7,643
Staff Adj # 45: Audit Issue # 25	844	Staff Adj # 66: Audit Issue # 25	(169)
Staff Adj # 46: Audit Issue # 25	12,959	Staff Adj # 67: Audit Issue # 25	(4,320)
Staff Adj # 47: Audit Issue # 33	1,470	Staff Adj # 68: Amort of Well evaluate costs	(3,601)
Staff Adj # 50: Reclass of Accounting Exp's	31,184	Staff Adj # 69: Amort of deferred Acct'ing costs	(9,733)
Staff Adj # 51: Reclass of Legal Exp's	19,040	Staff Adj # 70: Audit Issue # 33	112
Staff Adj # 54: Audit Issue # 27	285	Based on Staff Adj # 74: State Income Tax	(2,712)
Staff Adj # 59: Audit Issue # 12	(20)	Based on Staff Adj # 75: Federal Income Tax	(17,979)
Staff Adj # 60: Depr Exp on reduced Mains	6	Total Staff Adj's to Retained Earnings	\$ 46,107

(c) To reduce Cost of Equity from 11.60% proposed by the Company to 9.60% which is the last approved Cost of Equity by the Commission for a NH water utility.
(See Commission Order No. 25,539 (06/28/13) in DW 12-085, Re Aquarion Water Company of New Hampshire, Inc.)

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF COST OF DEBT

Description	Date of Issue	Date of Maturity	Interest Rate	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
				Balance 12/31/14	Original Proforma Ad's Per Company	Original Proforma Balance Per Co	Amending Proforma Ad's Per Company	Amended Proforma Balance Per Co (At JPL-5/Sch 4B)	Proforma Ad's Per Staff	Proforma Balance Per Staff	Interest Expense	Annual Debt Expense	Total Debt Cost	Original Proforma Ad's Per Company	Proforma Balance Per Co	Amending Proforma Ad's Per Co (At JPL-5, Sch 4B)	Amended Filing Per Co	Proforma Ad's Per Staff	Adjusted Cost of Debt	TOTAL COST RATE
LONG-TERM DEBT																				
COST OF DEBT																				
Operating Loans:																				
TD Bank - 5 (refinance)	01/13/04	01/13/14	6.09%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,481	\$ 227	\$ 6,718	\$ (6,718)	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
TD Bank - 6 (construction)	01/13/04	01/13/14	7.47%	-	-	-	-	-	-	-	4,761	502	5,263	(5,263)	-	-	-	-	-	0.00%
TD Bank - 7 (system purchase)	12/29/04	12/29/14	6.29%	-	-	-	-	-	-	-	2,252	908	3,160	(3,160)	-	-	-	-	-	0.00%
CoBank (5 Year)	06/24/14	06/30/19	2.70% (d)	288,483	-	288,483	-	288,483	-	288,483	5,571	-	5,571	4,362	9,953	-	9,953	(290)	(d,e)	9,663
CoBank (15 Year - refinance)	06/24/14	06/30/29	4.50% (d)	461,341	-	461,341	-	461,341	-	461,341	13,007	200	13,207	11,413	24,620	-	24,620	(2,289)	(d,e,e')	22,351
CoBank (line of credit)	06/24/14	06/30/15	2.17%	31,000	(31,000)	-	-	-	-	-	-	-	-	(325)	-	-	-	-	-	-
CoBank (Indian Mound project)	-	-	5.50%	-	129,000	129,000	-	129,000	(129,000)	(f)	325	-	325	7,095	7,095	-	7,095	(7,095)	(f)	-
CoBank (Mt Roberts purchase)	-	-	5.50%	-	415,906	415,906	(415,906)	-	-	-	-	-	-	22,875	22,875	(22,875)	-	-	-	-
Total Operating Loans				780,824	513,906	1,294,730	(415,906)	878,824	(129,000)	749,824	32,407	1,837	34,244	30,299	64,543	(22,875)	41,668	(9,655)	32,013	4.27%
Equipment Loans:																				
GEHL Finance (Mustang Excavator)	11/13/09	11/13/14	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Ford Motor Credit - 2011 Ford F350XL	09/13/10	09/13/15	7.89%	5,430	-	5,430	-	5,430	-	5,430	740	-	740	(419)	321	-	321	-	321	5.91%
Ford Motor Credit - 2011 Ford F150XL	07/21/11	07/21/16	7.89%	11,707	-	11,707	-	11,707	-	11,707	1,239	-	1,239	(315)	924	-	924	-	924	7.89%
Ford Motor Credit - 2013 Ford F250 Super	08/16/13	08/15/18	5.95%	28,120	-	28,120	-	28,120	-	28,120	1,963	-	1,963	(290)	1,673	-	1,673	-	1,673	5.95%
Ford Motor Credit - 2013 Ford F250 Super	08/26/13	08/26/18	5.95%	20,210	-	20,210	-	20,210	-	20,210	1,442	-	1,442	(240)	1,202	-	1,202	-	1,202	5.95%
Ford Motor Credit - 2014 Ford F150	08/06/14	08/06/19	6.24%	29,947	-	29,947	-	29,947	-	29,947	778	-	778	1,091	1,869	-	1,869	-	1,869	6.24%
Cat Financial - 2014 Excavator	03/27/14	04/05/19	0.71%	43,440	-	43,440	-	43,440	-	43,440	344	-	344	(36)	308	-	308	-	308	0.71%
Total Equipment Loans				138,854	-	138,854	-	138,854	-	138,854	6,506	-	6,506	(209)	6,297	-	6,297	-	6,297	4.53%
Total Long-Term Debt				\$ 919,678	\$ 513,906	\$ 1,433,584	\$ (415,906)	\$ 1,017,678	\$ (129,000)	\$ 888,678	\$ 38,913	\$ 1,837	\$ 40,750	\$ 30,090	\$ 70,840	\$ (22,875)	\$ 47,965	\$ (9,655)	\$ 38,310	4.31%

(d) To reduce the effective interest rates of the CoBank loans by 75 basis points per annum relative to Co's participation in CoBank's Patronage Program. CoBank (5 Year) interest rate is reduced from 3.45% to 2.70%. CoBank (15 Year - refinance) interest rate is reduced from 5.25% to 4.50%.

	CoBank (5 Year)	CoBank (15 Year)
Proforma Loan Balance @ 12/31/14	\$ 288,483	\$ 461,341
Effective Interest Rate after Patronage Dividends	x 2.70%	x 4.50%
Annual Interest per Staff	\$ 7,789	\$ 20,760
Less: Proforma Annual Interest per Co	(9,953)	(24,220)
Adj relative to change to Effective Interest Rate	\$ (2,164)	\$ (3,460)

(e) To reflect amortization of DW 13-335 financing costs in cost of debt (See Schedule 11d):

	Total Financed	%	Total Costs	Loan Term	Ann1 Amort
CoBank (5 Year)	\$ 318,810	40.18%	\$ 9,368	5	\$ 1,874
CoBank (15 Year - refinance)	474,567	59.82%	13,945	15	930
Total	\$ 793,377	100.00%	\$ 23,314		\$ 2,803

(e) Settlement: To reflect amortization of loan prepayment fee in cost of debt (See Staff Adj # 57):

	Prepayment Fee	Loan Term	Ann1 Amort
CoBank (15 Year - refinance)	\$ 3,908	15	\$ 261

(f) To remove debt and associated cost from the proforma test year relative to plant improvements at the Co's Indian Mound division which were placed in service subsequent to the test year.

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
EFFECTIVE TAX FACTOR

Taxable Income	100.00%
Less: NH Business Profits Tax	<u>-7.90%</u>
Federal Taxable Income	92.10%
Federal Income Tax Rate	x <u>21.00%</u>
Effective Federal Income Tax Rate	19.34%
Add: NH Business Profits Tax	<u>7.90%</u>
Effective Tax Rate	<u><u>27.24%</u></u>
Percent of Income Available if No Tax	100.00%
Less: Effective Tax Rate	<u>-27.24%</u>
Percent Used as a Divisor in Determining Revenue Requirement	<u><u>72.76%</u></u>
Tax Multiplier (Effective Tax Rate ÷ Percent Used as a Divisor)	<u><u>0.37440</u></u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	13-Mo Avg Rate Base Per Co	Original Proforma Adj's Per Company	Original Proforma Rate Base Per Co	Amending Proforma Adj's Per Company	Amended Proforma Rate Base Per Co (Att JPL-5/Sch 3)	Proforma Adj's Per Staff (Sch 2a)	Staff Adj # (Sch 2a)	Proforma Rate Base Per Staff
Plant in Rate Base:								
Utility Plant in Service	\$ 4,797,651	\$ 869,111	\$ 5,666,762	\$ (189,944)	\$ 5,476,818	\$ (314,656)	1 - 10a	\$ 5,162,162
Less: Accumulated Depreciation	<u>(1,515,498)</u>	<u>(99,854)</u>	<u>(1,615,352)</u>	<u>1,564</u>	<u>(1,613,788)</u>	<u>94,585</u>	11 - 23a	<u>(1,519,203)</u>
Net Plant in Service	<u>3,282,153</u>	<u>769,257</u>	<u>4,051,410</u>	<u>(188,380)</u>	<u>3,863,030</u>	<u>(220,072)</u>		<u>3,642,958</u>
Acquisition Adjustment (AA)	(254,025)	-	(254,025)	-	(254,025)	-		(254,025)
Less: Accumulated Amortization - AA	<u>167,828</u>	<u>4,228</u>	<u>172,056</u>	<u>-</u>	<u>172,056</u>	<u>(4,228)</u>	24	<u>167,828</u>
Net Acquisition Adjustment	<u>(86,197)</u>	<u>4,228</u>	<u>(81,969)</u>	<u>-</u>	<u>(81,969)</u>	<u>(4,228)</u>		<u>(86,197)</u>
Contributions in Aid of Construction (CIAC)	(862,501)	(8,377)	(870,878)	-	(870,878)	8,377	25	(862,501)
Less: Accumulated Amortization - CIAC	<u>240,635</u>	<u>8,886</u>	<u>249,521</u>	<u>-</u>	<u>249,521</u>	<u>(8,777)</u>	26 - 27	<u>240,744</u>
Net Contributions in Aid of Construction	<u>(621,866)</u>	<u>509</u>	<u>(621,357)</u>	<u>-</u>	<u>(621,357)</u>	<u>(400)</u>		<u>(621,757)</u>
Net Plant in Rate Base	<u>2,574,090</u>	<u>773,994</u>	<u>3,348,084</u>	<u>(188,380)</u>	<u>3,159,704</u>	<u>(224,700)</u>		<u>2,935,004</u>
Working Capital:								
Cash Working Capital	176,047	223	176,270	-	176,270	(21,355)	28	154,915
Materials and Supplies	14,397	(9,680)	4,717	-	4,717	9,680	29	14,397
Prepaid Expenses	33,751	3,494	37,245	-	37,245	(4,246)	30 - 31	32,999
Prepaid Property Taxes	11,779	(52)	11,727	-	11,727	(7,895)	32 - 33	3,832
Miscellaneous Deferred Assets	-	-	-	-	-	69,338	34 - 36	69,338
Customer Deposits	-	-	-	-	-	(1,706)	37	(1,706)
Accumulated Deferred Income Taxes	<u>(172,734)</u>	<u>(17,336)</u>	<u>(190,070)</u>	<u>-</u>	<u>(190,070)</u>	<u>9,390</u>	38 - 39	<u>(180,680)</u>
Net Working Capital in Rate Base	<u>63,240</u>	<u>(23,351)</u>	<u>39,889</u>	<u>-</u>	<u>39,889</u>	<u>53,206</u>		<u>93,095</u>
IET RATE BASE	<u>\$ 2,637,330</u>	<u>\$ 750,643</u>	<u>\$ 3,387,973</u>	<u>\$ (188,380)</u>	<u>\$ 3,199,593</u>	<u>\$ (171,494)</u>		<u>\$ 3,028,099</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PROFORMA ADJUSTMENTS TO RATE BASE PER STAFF

Adj #

PROFORMA ADJUSTMENTS TO PLANT IN SERVICE:

Utility Plant in Service:

1	To reverse Co's amended Rate Base Adj # 1 in order to reflect Plant in Service at test year average.		\$ (219,883)
2	To reverse Co's amended Rate Base Adj # 2 in order to remove post-test year specific plant additions from Plant in Service.		(446,557)
2a	Settlement: To record adjusted shareholder investment in Mt. Roberts land for purposes of determining Permanent Rates. (Schedule 13) (Recorded as Non-revenue Producing Asset for ratemaking purposes.)		262,095
3	To reverse Co's Rate Base Adj # 3 in order to remove post-test year general plant additions from Plant in Service.		(51,372)
4	To adjust costs of certain 2014 fixed asset additions recorded by the Co as of 04/01/14 at the Co's Paradise Shores division per Staff Audit Issue # 12 (See Staff Adj #'s 15 and 59):		
	Structures	\$ 9,834	
	Wells (Mt Roberts)	(7,134)	
	Mains (Mt Roberts)	<u>(2,389)</u>	
	Net Adjustments	311	
	13-month average of assets reflected in test year Rate Base (9 months + 13 months)	x <u>69.23%</u>	215
5	To reduce cost of Mains recorded by the Company as of 04/01/14 at the Paradise Shores division (Mt Roberts) per the Co's response to Staff 2-19 (See Staff Adj #'s 16 and 60):		
	Mains (Mt Roberts)	\$ (300)	
	13-month average of assets reflected in test year Rate Base (9 months + 13 months)	x <u>69.23%</u>	(208)
6	To adjust costs of 2013 and 2014 Meter additions at the Co's Paradise Shores division per Staff Audit Issue # 16 (See Staff Adj #'s 17 and 61):		
	2013 Meter Adjustment	\$ (95)	
	2014 Meter Adjustment: Understatement of Meter addition	\$ 234	
	To reflect test year average	x <u>50.00%</u>	117
			22
7	To reduce test year average of duplicated Pump cost recorded by the Company as of 04/01/14 at the Paradise Shores division per Staff Audit Issue # 18 (See Staff Adj #'s 18, 43, and 62):		
	Duplicated Pump cost recorded by the Co	\$ (4,030)	
	13-month average of asset reflected in test year Rate Base (9 months + 13 months)	x <u>69.23%</u>	(2,790)
8	To reclassify cost of well hydrofracking at the Co's West Point division from O & M Expense to Plant Assets based on Pg 43 of the Staff Audit Report and the Co's response to Staff 2-20 (See Staff Adj #'s 19, 44, and 63):		
	Cost of well hydrofracking at the Co's West Point division	\$ 2,592	
	To reflect the test year average of the proposed adjustment	x <u>50.00%</u>	1,296
8a	Settlement: To remove test year average of capitalized hydrofracking cost at Co's West Point Division. (See Staff Adj #'s 19a, 44a, and 63a)		(1,296)
9	To reclassify cost of truck tire rims from O & M Expense to Plant in Service based on Staff Audit Issue # 25 (See Staff Adj #'s 22, 45, and 66):		
	Cost of truck tire rims reclassified from O & M Expense	\$ 844	
	To reflect the test year average of the proposed adjustment	x <u>50.00%</u>	422
10	To record Non-revenue Producing Plant in Service adjustment relative to Paradise Shores test year additions. (Schedule 4) (See Staff Adj # 23)		102,635
10a	Settlement: To record Non-revenue Producing Plant in Service adjustment relative to Indian Mound test year additions. (Schedule 14) (See Staff Adj # 23a)		<u>40,764</u>
Total Adjustments - Utility Plant in Service			<u>\$ (314,656)</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PROFORMA ADJUSTMENTS TO RATE BASE PER STAFF

Adj #

Accumulated Depreciation:

11	To reverse Co's amended Rate Base Adj # 4 in order to reflect Accumulated Depreciation at test year average.	\$	66,279																																															
12	To modify Co's amended Rate Base Adj # 5 in order to reflect a test year average for Accumulated Depreciation: Co's adj to reflect an additional half-year of depreciation on 2014 plant additions To reflect the test year average of Co's proposed adjustment	\$ (17,498) x 50.00%	8,749																																															
13	To reverse Co's Rate Base Adj # 6 in order to remove accumulated depreciation on post-test year specific plant additions.		12,341																																															
14	To reverse Co's Rate Base Adj # 7 in order to remove accumulated depreciation on post-test year general plant additions.		2,714																																															
15	To adjust the test year average of Accumulated Depreciation relative to adjustments made to certain fixed asset additions at the Co's Paradise Shores division per Staff Audit Issue # 12 (See Staff Adj #'s 4 and 59):																																																	
	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;"><u>Cost Adj</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>Depr %</u></td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 15%; text-align: center;"><u>Accum Depr</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>(9 mos + 13 mos)</u></td> <td style="width: 5%;"></td> </tr> <tr> <td>Structures:</td> <td style="text-align: right;">\$ 9,834</td> <td style="text-align: center;">x</td> <td style="text-align: right;">2.50%</td> <td style="text-align: center;">=</td> <td style="text-align: right;">\$ (246)</td> <td style="text-align: center;">x</td> <td style="text-align: right;">69.23%</td> <td style="text-align: center;">= \$</td> </tr> <tr> <td>Wells (MR):</td> <td style="text-align: right;">(7,134)</td> <td style="text-align: center;">x</td> <td style="text-align: right;">2.50%</td> <td style="text-align: center;">=</td> <td style="text-align: right;">178</td> <td style="text-align: center;">x</td> <td style="text-align: right;">69.23%</td> <td style="text-align: center;">=</td> </tr> <tr> <td>Mains (MR):</td> <td style="text-align: right;">(2,389)</td> <td style="text-align: center;">x</td> <td style="text-align: right;">2.00%</td> <td style="text-align: center;">=</td> <td style="text-align: right;">48</td> <td style="text-align: center;">x</td> <td style="text-align: right;">69.23%</td> <td style="text-align: center;">=</td> </tr> <tr> <td>Totals:</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 311</td> <td></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ (20)</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 33</td> </tr> </table>		<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Accum Depr</u>		<u>(9 mos + 13 mos)</u>		Structures:	\$ 9,834	x	2.50%	=	\$ (246)	x	69.23%	= \$	Wells (MR):	(7,134)	x	2.50%	=	178	x	69.23%	=	Mains (MR):	(2,389)	x	2.00%	=	48	x	69.23%	=	Totals:	\$ 311				\$ (20)			\$ 33	(14)			
	<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Accum Depr</u>		<u>(9 mos + 13 mos)</u>																																											
Structures:	\$ 9,834	x	2.50%	=	\$ (246)	x	69.23%	= \$																																										
Wells (MR):	(7,134)	x	2.50%	=	178	x	69.23%	=																																										
Mains (MR):	(2,389)	x	2.00%	=	48	x	69.23%	=																																										
Totals:	\$ 311				\$ (20)			\$ 33																																										
16	To adjust the test year average of Accumulated Depreciation relative to reduction in Main asset additions at the Co's Paradise Shores division (Mt Roberts) per the Co's response to Staff 2-19 (See Staff Adj #'s 5 and 60):																																																	
	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;"><u>Cost Adj</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>Depr %</u></td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 15%; text-align: center;"><u>Accum Depr</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>(9 mos + 13 mos)</u></td> <td style="width: 5%;"></td> </tr> <tr> <td>Mains (MR):</td> <td style="text-align: right;">\$ (300)</td> <td style="text-align: center;">x</td> <td style="text-align: right;">2.00%</td> <td style="text-align: center;">=</td> <td style="text-align: right;">\$ 6</td> <td style="text-align: center;">x</td> <td style="text-align: right;">69.23%</td> <td style="text-align: center;">=</td> </tr> </table>		<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Accum Depr</u>		<u>(9 mos + 13 mos)</u>		Mains (MR):	\$ (300)	x	2.00%	=	\$ 6	x	69.23%	=	4																														
	<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Accum Depr</u>		<u>(9 mos + 13 mos)</u>																																											
Mains (MR):	\$ (300)	x	2.00%	=	\$ 6	x	69.23%	=																																										
17	To adjust test year average of Accumulated Depreciation relative to adjustments made to Paradise Shores division meter additions for 2013 and 2014 per Staff Audit Issue # 16 (See Staff Adj #'s 6 and 61):																																																	
	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;"><u>@ Year-end</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>Cost Adj</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>Depr %</u></td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 15%; text-align: center;"><u>Ann'l Depr</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>Yrs in Svc</u></td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 15%; text-align: center;"><u>Accum Depr</u></td> </tr> <tr> <td>2013 Meters:</td> <td style="text-align: center;">12/31/13 :</td> <td></td> <td style="text-align: right;">\$ (95)</td> <td style="text-align: center;">x</td> <td style="text-align: right;">5.00%</td> <td style="text-align: center;">=</td> <td style="text-align: right;">\$ 5</td> <td style="text-align: center;">x</td> <td style="text-align: right;">0.50</td> <td style="text-align: center;">=</td> <td style="text-align: right;">\$ 2</td> </tr> <tr> <td></td> <td style="text-align: center;">12/31/14 :</td> <td></td> <td style="text-align: right;">(95)</td> <td style="text-align: center;">x</td> <td style="text-align: right;">5.00%</td> <td style="text-align: center;">=</td> <td style="text-align: right;">5</td> <td style="text-align: center;">x</td> <td style="text-align: right;">1.50</td> <td style="text-align: center;">=</td> <td style="text-align: right;">7</td> </tr> <tr> <td></td> <td style="text-align: center;">Test Year Average</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">= \$ 5</td> </tr> </table>		<u>@ Year-end</u>		<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Ann'l Depr</u>		<u>Yrs in Svc</u>	=	<u>Accum Depr</u>	2013 Meters:	12/31/13 :		\$ (95)	x	5.00%	=	\$ 5	x	0.50	=	\$ 2		12/31/14 :		(95)	x	5.00%	=	5	x	1.50	=	7		Test Year Average										= \$ 5	
	<u>@ Year-end</u>		<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Ann'l Depr</u>		<u>Yrs in Svc</u>	=	<u>Accum Depr</u>																																							
2013 Meters:	12/31/13 :		\$ (95)	x	5.00%	=	\$ 5	x	0.50	=	\$ 2																																							
	12/31/14 :		(95)	x	5.00%	=	5	x	1.50	=	7																																							
	Test Year Average										= \$ 5																																							
	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;"><u>Cost Adj</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>Depr %</u></td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 15%; text-align: center;"><u>Accum Depr</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>Test Yr Avg</u></td> <td style="width: 5%;"></td> </tr> <tr> <td>2014 Meters:</td> <td style="text-align: right;">234</td> <td style="text-align: center;">x</td> <td style="text-align: right;">5.00%</td> <td style="text-align: center;">=</td> <td style="text-align: right;">(12)</td> <td style="text-align: center;">x</td> <td style="text-align: right;">50.00%</td> <td style="text-align: center;">=</td> </tr> </table>		<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Accum Depr</u>		<u>Test Yr Avg</u>		2014 Meters:	234	x	5.00%	=	(12)	x	50.00%	=	(1)																														
	<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Accum Depr</u>		<u>Test Yr Avg</u>																																											
2014 Meters:	234	x	5.00%	=	(12)	x	50.00%	=																																										
18	To adjust test year average of Accumulated Depreciation relative to adjustment made to Paradise Shores division pump addition during the test year per Staff Audit Issue # 18 (See Staff Adj #'s 7, 43, and 62):																																																	
	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;"><u>Cost Adj</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>Depr %</u></td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 15%; text-align: center;"><u>Accum Depr</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>(9 mos + 13 mos)</u></td> <td style="width: 5%;"></td> </tr> <tr> <td>Pumps:</td> <td style="text-align: right;">\$ (4,030)</td> <td style="text-align: center;">x</td> <td style="text-align: right;">10.00%</td> <td style="text-align: center;">=</td> <td style="text-align: right;">\$ 403</td> <td style="text-align: center;">x</td> <td style="text-align: right;">69.23%</td> <td style="text-align: center;">=</td> </tr> </table>		<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Accum Depr</u>		<u>(9 mos + 13 mos)</u>		Pumps:	\$ (4,030)	x	10.00%	=	\$ 403	x	69.23%	=	279																														
	<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Accum Depr</u>		<u>(9 mos + 13 mos)</u>																																											
Pumps:	\$ (4,030)	x	10.00%	=	\$ 403	x	69.23%	=																																										
19	To record test year average of Accumulated Depreciation for adjustment made to reclassify hydrofracking cost at the Co's West Point division from O & M Exp to Plant Assets based on Pg 43 of the Staff Audit Report and the Co's response to Staff 2-20 (See Staff Adj #'s 8, 44, and 63):																																																	
	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;"><u>Cost Adj</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>Depr %</u></td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 15%; text-align: center;"><u>Accum Depr</u></td> <td style="width: 5%;"></td> <td style="width: 15%; text-align: center;"><u>Test Yr Avg</u></td> <td style="width: 5%;"></td> </tr> <tr> <td>Wells:</td> <td style="text-align: right;">\$ 2,592</td> <td style="text-align: center;">x</td> <td style="text-align: right;">3.33%</td> <td style="text-align: center;">=</td> <td style="text-align: right;">\$ (86)</td> <td style="text-align: center;">x</td> <td style="text-align: right;">50.00%</td> <td style="text-align: center;">=</td> </tr> </table>		<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Accum Depr</u>		<u>Test Yr Avg</u>		Wells:	\$ 2,592	x	3.33%	=	\$ (86)	x	50.00%	=	(43)																														
	<u>Cost Adj</u>		<u>Depr %</u>	=	<u>Accum Depr</u>		<u>Test Yr Avg</u>																																											
Wells:	\$ 2,592	x	3.33%	=	\$ (86)	x	50.00%	=																																										
19a	Settlement: To remove test year average of Accumulated Depreciation on capitalized hydrofracking cost at Co's West Point division. (See Staff Adj #'s 8a, 44a, and 63a)		43																																															
20	To adjust the test year average of Accumulated Depreciation relative to corrections made to the depreciation lives of certain well assets per Pgs 19-20 & 30 of the Staff Audit Report and Staff Audit Issue # 15. (Schedule 5) (See Staff Adj # 64)		(1,251)																																															
21	To adjust the test year average of Accumulated Depreciation relative to corrections made to the depreciation lives of certain vehicle assets per Pgs 26-27 & 33 of the Staff Audit Report and Staff Audit Issue # 15. (Schedule 6) (See Staff Adj # 65)		10,180																																															

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PROFORMA ADJUSTMENTS TO RATE BASE PER STAFF

Adj #

22 To adjust test year average of Accumulated Depreciation relative to adjustment to reclassify cost of truck tire rims from O & M Expense to Plant in Service based on Staff Audit Issue # 25 (See Staff Adj #'s 9, 45, and 66):

	<u>Cost Adj</u>		<u>Depr %</u>		<u>Accum Depr</u>		<u>Test Yr Avg</u>		
Vehicles:	\$ 844	x	20.00%	=	\$ (169)	x	50.00%	=	(84)

23 To record Non-revenue Producing Accumulated Depreciation adjustment relative to Paradise Shores test year additions. (Schedule 4) (See Staff Adj # 10) (3,729)

23a Settlement: To record Non-revenue Producing Accumulated Depreciation adjustment relative to Indian Mound test year additions. (Schedule 14) (See Staff Adj # 10a) (882)

Total Adjustments - Accumulated Depreciation **\$ 94,585**

Accumulated Amortization - Acquisition Adjustment (AA):

24 To reverse Co's Rate Base Adj # 8 in order to reflect Accumulated Amortization - AA at test year average. \$ (4,228)

Total Adjustments - Accumulated Amortization of Acquisition Adjustments **\$ (4,228)**

Contributions in Aid of Construction (CIAC):

25 To reverse Co's Rate Base Adj # 13 in order to reflect CIAC at test year average. \$ 8,377

Total Adjustments - Contributions in Aid of Construction (CIAC) **\$ 8,377**

Accumulated Amortization - CIAC:

26 To reverse Co's Rate Base Adj # 14 in order to reflect Accumulated Amortization - CIAC at test year average. \$ (8,668)

27 To modify Co's Rate Base Adj # 15 in order to reflect test year average for Accumulated Amortization - CIAC:
 Co adj to reflect an additional half-year of amortization on 2014 CIAC additions \$ 218
 To reflect the test year average of the Co's proposed adjustment x 50.00% (109)

Total Adjustments - Accumulated Amortization - CIAC **\$ (8,777)**

PROFORMA ADJUSTMENTS TO WORKING CAPITAL:

Cash Working Capital:

28 Settlement: To adjust Cash Working Capital component of rate base for Staff proforma adj's to Co's test year O & M Expense:

Net O & M Expense adj's proposed by Staff (Schedule 3; Column 6):	\$ (118,260)				
% of O & M Exp's attributable to billings in arrears (1,566 / 1,667):	x 93.94%	=	\$ (111,095)		
% of O & M Exp's attributable to billings in advance (101 / 1667):	x -6.06%	=	7,165		
Net O & M Exp adj's subject to Cash Working Capital Adjustment:	(103,930)				
Cash Working Capital Adjustment (75 days / 365 days)	20.55%	=	\$ (21,355)		

Total Adjustments - Cash Working Capital **\$ (21,355)**

Materials and Supplies:

29 To reverse Co's Rate Base Adj # 9 in order to reflect Materials and Supplies at test year average. \$ 9,680

Total Adjustments - Materials and Supplies **\$ 9,680**

**DW 15-209 / DW 15-422
 LAKES REGION WATER COMPANY, INC.
 PERMANENT RATES
 PROFORMA ADJUSTMENTS TO RATE BASE PER STAFF**

Adj #

Prepaid Expenses:

30	To reverse Co's Rate Base Adj # 10 in order to reflect Prepaid Expenses at test year average.	\$ (3,494)
31	To remove test year average of propane payments included in Prepaid Expenses per Staff Audit Issue # 3. (Schedule 7)	<u>(752)</u>
Total Adjustments - Prepaid Expenses		<u>\$ (4,246)</u>

Prepaid Property Taxes:

32	To reverse Co's Rate Base Adj # 11 in order to reflect Prepaid Property Taxes at test year average.	\$ 52
33	To adjust 13-month average of Prepaid Property Taxes rate base item. (Schedule 7)	<u>(7,947)</u>
Total Adjustments - Prepaid Property Taxes		<u>\$ (7,895)</u>

Miscellaneous Deferred Assets:

34	To record 13-month average of 'No Lead Rule' inventory write-off reclassified from O & M Expense to Miscellaneous Deferred Assets per Staff Audit Issue # 25 and to be amortized over 3 years based on the Co's response to Staff 2-31. (Schedule 8) (See Staff Adj #'s 46 and 67)	\$ 10,799
35	To record 13-month average of Paradise Shores well field evaluation costs reclassified from CWIP to Miscellaneous Deferred Assets and to be amortized over 10 years based on Pg's 13-14 of Staff Audit Report. (Schedule 8) (See Staff Adj # 68)	34,206
36	To record 13-month average of certain General Accounting Expenses reclassified from O & M Expense to Miscellaneous Deferred Assets and to be amortized over 3 years. (Schedule 8) (See Staff Adj #'s 50 and 69)	<u>\$ 24,333</u>
Total Adjustments - Miscellaneous Deferred Assets		<u>\$ 69,338</u>

Customer Deposits:

37	To record 13-month average of Customer Deposits rate base item. (Schedule 7)	<u>\$ (1,706)</u>
Total Adjustments - Customer Deposits		<u>\$ (1,706)</u>

Accumulated Deferred Income Taxes:

38	To reverse Co's Rate Base Adj # 12 in order to reflect Accumulated Deferred Income Taxes at test year average.	\$ 17,336
39	To normalize 13-month average of Accumulated Deferred Income Taxes rate base item. (Schedule 7)	<u>(7,946)</u>
Total Adjustments - Accumulated Deferred Income Taxes		<u>\$ 9,390</u>

NET RATE BASE ADJUSTMENTS PER STAFF (See Schedule 2; Column 6)		<u>\$ (171,494)</u>
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DW 10-2007 / DW 10-722
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
OPERATING INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Actual Test Year	Original Proforma Adj's Per Company	Original Proforma Test Year Per Co	Amending Proforma Adj's Per Company	Amended Proforma Test Year Per Co (Att JPL-5/Sch 1)	Proforma Adj's Per Staff (Sch 3a)	Staff Adj # (Sch 3a)	Proforma Test Year Per Staff	Revenue Deficiency (Surplus) (Sch 1)	Operating Income Req'mnt (Sch 1)
Operating Revenues:										
Water Revenues from General Customers	\$ 1,043,143	\$ 398,274	\$ 1,441,417	\$ 18,400	\$ 1,459,817	\$ -		\$ 1,459,817	\$ (323,556)	\$ 1,136,261
Water Revenues from POASI Special Contract	136,526	65,754	202,280	-	202,280	9,585	40	211,865	-	211,865
Other Operating Revenues	136,341	(77,283)	59,058	-	59,058	200	41	59,258	-	59,258
Total Operating Revenues	1,316,010	386,745	1,702,755	18,400	1,721,155	9,785		1,730,940	(323,556)	1,407,384
Operating Expenses:										
Operation & Maintenance Expenses	974,896	1,236	976,132	-	976,132	(118,260)	42 - 57	857,872	-	857,872
Depreciation Expense	164,383	33,334	197,717	(1,564)	196,153	(21,662)	58 - 66	174,491	-	174,491
Amortization of CIAC	(17,129)	(218)	(17,347)	-	(17,347)	-		(17,347)	-	(17,347)
Amortization of Acquisition Adjustment	(5,708)	-	(5,708)	-	(5,708)	-		(5,708)	-	(5,708)
Amortization Expense - Other	-	-	-	-	-	17,654	67 - 69	17,654	-	17,654
Other Tax Expense	74,833	19,204	94,037	(2,455)	91,582	(4,356)	70 - 73	87,226	-	87,226
Total Operating Expenses	1,191,275	53,556	1,244,831	(4,019)	1,240,812	(126,624)		1,114,188	-	1,114,188
Gain (Loss) from Disposition of Utility Property	30,795	(30,795)	-	-	-	-		-	-	-
Net Operating Income (Loss) before Income Taxes	155,530	302,394	457,924	22,419	480,343	136,409		616,752	(323,556)	293,196
Income Tax Expense	28,807	134,884	163,691	18,205	181,896	(33,601)	74 - 77	148,295	(88,140)	60,155
Net Operating Income (Loss)	\$ 126,723	\$ 167,510	\$ 294,233	\$ 4,214	\$ 298,447	\$ 170,010		\$ 468,457	\$ (235,416)	\$ 233,041

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER STAFF

Adj #

Water Revenues from POASI Special Contract

40 **Settlement:** To adjust revenues from POASI Special contract relative to Staff's proforma rate case adjustments. (Schedule 9a) **\$ 9,585**

Total Adjustments - Water Revenues from POASI Special Contract **\$ 9,585**

Other Operating Revenues:

41 To record unbilled test year service revenues from LRW Water Services per Staff Audit Issue #31. **\$ 200**

Total Adjustments - Other Operating Revenues **\$ 200**

Operation & Maintenance Expenses:

42 To reclassify test year O & M Exp's to Utility Plant relative to a 'Structure' asset constructed at the Co's Paradise Shores division per Staff Audit Issue # 17. (See also Staff Audit Issue # 12 and Staff Adj #'s 4,15, and 59) **\$ (15,000)**

43 To adjust O & M Exp's relative to reduction of fixed plant for duplicate Pump cost recorded at the Co's Paradise Shores division per Staff Audit Issue # 18. (See Staff Adj #'s 7, 18, and 62) **4,030**

44 To reclassify O & M Exp's to Utility Plant relative to the cost of hydrofracking a well at the Co's West Point division based on Pg 43 of the Staff Audit Report and the Co's response to Staff 2-20. (See Staff Adj #'s 8, 19, and 63) **(2,592)**

44a **Settlement:** To restore cost of hydrofracking at Co's West Point division to O & M Expenses. (See Staff Adj #'s 8a, 19a, and 63a) **2,592**

45 To reclassify O & M Exp's to Utility Plant relative to the cost of truck tire rims per Staff Audit Issue # 25 per Staff Audit Issue # 25. (See Staff Adj #'s 9, 22, and 66): **(844)**

46 To reclassify O & M Exp's to Miscellaneous Deferred Assets relative to the 'No Lead Rule' materials written off during the test year per Staff Audit Issue # 25. (See Staff Adj #'s 34 and 67) **(12,959)**

46a **Settlement:** To increase O & M Expense relative to annual maintenance and repair of plant in service. **18,103**

47 To reduce O & M Exp's by post-test year wages included in test year expense per Staff Audit Issue # 33. (Also see Staff Adj # 70)

Post-test year wages included in test year O & M Expense	\$ (1,470)	
To adjust wage reduction to reflect 4.00% wage increase per Co's O & M Expense Adj # 2	x 104.00%	(1,529)

48 To reduce Co's O & M Exp Adj # 6 to reflect the Co's actual General Accounting Expense write-off recorded during the test year per the Co's responses to Tech 1-6(c),(d),&(e) and Staff 2-10(c):

Actual General Accounting Expense Write-off per Tech 1-6(c),(d),&(e) and Staff 2-10(c)	\$ 36,586	
Less: General Accounting Expense write-off per Co's O & M Exp Adj # 6	(39,178)	(2,592)

49 To reverse Co's O & M Exp Adj # 9 in order to comport with Commission Order No. 25,454 (01/17/13). **(9,980)**

50 To reclassify test year General Accounting Expenses per Staff Audit Issue # 26 and based on the Co's responses to Staff 1-17(a) and Tech 1-5(a). (Schedules 10a and 10b) (See Staff Adj #'s 36 and 69):

Reclassified to Miscellaneous Deferred Debits	\$ (29,200)	
Reclassified to DW 15-209 Deferred Rate Case Expense	(949)	
Reclassified to DW 14-285 Debt Expense	(1,035)	(31,184)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER STAFF

Adj #

51	To adjust Co's O & M Exp Adj # 7 to reflect test year general legal expenses. (Schedules 11(a), (b), & (c)): 2014 General Legal Exp's as originally recorded by Co (Schedule 11(a)) Reclassified to DW 15-209 Deferred Rate Case Expense Reclassified to DW 13-335 Debt Expense Reclassified as Non-Recurring Adjusted 2014 General Legal Exp's per Staff (Schedule 11(a)): Less: Co's proposed proforma General Legal Exp's per Co's O & M Exp Adj # 7	<table border="0"> <tr><td>\$</td><td>29,017</td><td></td></tr> <tr><td></td><td>(2,495)</td><td></td></tr> <tr><td></td><td>(16,545)</td><td></td></tr> <tr><td></td><td>(1,662)</td><td></td></tr> <tr><td></td><td><u>8,316</u></td><td></td></tr> <tr><td></td><td>(15,700)</td><td>(7,384)</td></tr> </table>	\$	29,017			(2,495)			(16,545)			(1,662)			<u>8,316</u>			(15,700)	(7,384)
\$	29,017																			
	(2,495)																			
	(16,545)																			
	(1,662)																			
	<u>8,316</u>																			
	(15,700)	(7,384)																		
52	To reduce Computer Support Exp by amounts incurred during the test year relative to software that was not fully installed and operational based on the Co's response to Tech 1-1(b).	(1,776)																		
53	To record anticipated decrease in annual health and business insurance premiums per Co's response to Staff DR 1-40. Anticipated decrease in Business Insurance Anticipated decrease in Group Medical Insurance	<table border="0"> <tr><td>\$</td><td>(21,000)</td><td></td></tr> <tr><td></td><td>(7,600)</td><td>(28,600)</td></tr> </table>	\$	(21,000)			(7,600)	(28,600)												
\$	(21,000)																			
	(7,600)	(28,600)																		
53a	<u>Settlement:</u> To reduce decrease in anticipated insurance premiums to actual decrease in property insurance premiums per Pg 73; Sch F-48; Line 99(c) of LRWC's 2015 NHPUC Annual Report: Actual decrease in Property Insurance premiums per '15 Annual Report Less: Staff Adj # 53: To record anticipated decrease in insurance premiums	<table border="0"> <tr><td>\$</td><td>(18,463)</td><td></td></tr> <tr><td></td><td><u>28,600</u></td><td>10,137</td></tr> </table>	\$	(18,463)			<u>28,600</u>	10,137												
\$	(18,463)																			
	<u>28,600</u>	10,137																		
54	To reduce O & M Exp's by 2013 medical reimbursement paid during the test year per Staff Audit Issue # 27.	(285)																		
55	To reverse Co's O & M Exp Adj # 3 due to the anticipated implementation of the Co's pension plan being beyond 12 months after the test year per the Co's response to Staff 1-15.	(16,000)																		
56	To reduce test year Regulatory Commission Expense by amount of expense write-offs of prior Commission cases based on Pg 47 of Staff Audit Report as well as the Co's response to Tech 1-8(g).	(16,943)																		
57	To reduce O & M Exp's by non-recurring expenses incurred during the test year per Staff Audit Issue # 25: Cost of removing tub and shower from office space Cost of loan prepayment fee	<table border="0"> <tr><td>\$</td><td>(1,546)</td><td></td></tr> <tr><td></td><td>(3,908)</td><td>(5,454)</td></tr> </table>	\$	(1,546)			(3,908)	(5,454)												
\$	(1,546)																			
	(3,908)	(5,454)																		

Total Adjustments - Operation & Maintenance Expenses \$ (118,260)

Depreciation Expense:

58 To reverse Co's Depr Exp Adj # 12 in order to remove Depreciation Expense on post-test year plant additions from test year expense. \$ (15,055)

59 To adjust test year Depreciation Exp relative to adjustments made to certain fixed asset additions at the Co's Paradise Shores division per Staff Audit Issue # 12 (See Staff Adj #'s 4 and 15):

	<u>Cost Adj</u>		<u>Depr %</u>			
Structures:	\$ 9,834	x	2.50%	=	\$	246
Wells (Mt Roberts):	(7,134)	x	2.50%	=		(178)
Mains (Mt Roberts):	(2,389)	x	2.00%	=		(48)
Totals:	<u>\$ 311</u>					<u>20</u>

60 To adjust test year Depreciation Exp relative to adjustment made to Main asset additions at the Co's Paradise Shores division (Mt Roberts) per the Co's response to Staff 2-19 (See Staff Adj #'s 5 and 16):

	<u>Cost Adj</u>		<u>Depr %</u>			
Mains (Mt Roberts):	\$ (300)	x	2.00%	=		(6)

61 To adjust test year Depreciation Exp relative to adjustments made to Paradise Shores Meter additions for 2013 and 2014 per Staff Audit Issue # 16 (See Staff Adj #'s 6 and 17):

	<u>Cost Adj</u>		<u>Depr %</u>			
2013 Meters:	\$ (95)	x	5.00%	=	\$	(5)
2014 Meters:	234	x	5.00%	=		12
Totals:	<u>\$ 139</u>					<u>7</u>

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LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER STAFF

<u>Adj #</u>						
62	To adjust test year Depreciation Exp relative to duplicate Pump cost adjustment made to Paradise Shores division per Staff Audit Issue # 18 (See Staff Adj #'s 7, 18, and 43):					
		Pumps:	$\frac{\text{Cost Adj}}{\$ (4,030)}$	x	$\frac{\text{Depr \%}}{10.00\%}$	= (403)
63	To record test year Depreciation Exp relative to cost of hydrofracking a well at the Co's West Point division reclassified from O & M Exp to Plant Assets based on Pg 43 of the Staff Audit Report as well as the Co's response to Staff 2-20 (See Staff Adj #'s 8, 19, and 44):					
		Wells:	$\frac{\text{Cost Adj}}{\$ 2,592}$	x	$\frac{\text{Depr \%}}{3.33\%}$	= 86
63a	<u>Settlement:</u> To remove Depreciation Expense relative to capitalized hydrofracking cost at Co's West Point division. (See Staff Adj #'s 8a, 19a, and 44a)					(86)
64	To adjust annual Depreciation Expense relative to corrections made to the depreciation lives of certain well assets per Pg's 19-20 & 30 of the Staff Audit Report and Staff Audit Issue # 15. (Schedule 5) (See Staff Adj # 20)					1,250
65	To adjust annual Depreciation Expense relative to corrections made to the depreciation lives of certain vehicle assets per Pg's 26-27 & 33 of the Staff Audit Report and Staff Audit Issue # 15. (Schedule 6) (See Staff Adj # 21)					(7,643)
66	To record test year Depreciation Exp relative to cost of truck tire rims reclassified to Plant in Service based on Staff Audit Issue # 25 (See Staff Adj #'s 9, 22, and 45):					
		Vehicles:	$\frac{\text{Cost Adj}}{\$ 844}$	x	$\frac{\text{Depr \%}}{20.00\%}$	= 169
Total Adjustments - Depreciation Expense						\$ (21,662)
<u>Amortization Expense - Other:</u>						
67	To record annual amortization of 'No Lead Rule' costs reclassified from O & M Exp to Miscellaneous Deferred Assets per Staff Audit Issue # 25 and to be amortized over 3 years based on the Co's response to Staff 2-31. (Schedule 8) (See Staff Adj #'s 34 and 46)					\$ 4,320
68	To record annual amortization of Paradise Shores well evaluation costs reclassified from CWIP to Miscellaneous Deferred Assets and to be amortized over 10 years based on Pg's 13-14 of Staff Audit Report. (Schedule 8) (See Staff Adj # 35):					3,601
69	To record annual amortization of General Accounting Expenses reclassified from O & M Exp to Miscellaneous Deferred Assets and to be amortized over 3 years. (Schedule 8) (See Staff Adj #'s 36 and 50)					9,733
Total Adjustments - Amortization Expense - Other						\$ 17,654
<u>Other Tax Expense:</u>						
70	To reduce Other Tax Expense for payroll taxes on post-test year wages recorded during the test year per Staff Audit Issue # 33: Issue # 33 (See Staff Adj # 47):					
	Staff adj for post-test year wages recorded during the test year (Staff Adj # 47)				\$ (1,529)	
	Payroll Tax Percentage			x	<u>7.65%</u>	\$ (117)
71	To reverse Co's amended Tax Expense Adj # 15 in order to remove from test year expense State Property Tax expense on post-test year plant additions.					(3,055)
72	To reverse Co's amended Tax Exp Adj # 17 in order to remove from test year expense municipal property tax expense on post-test year plant additions.					(4,451)
73	<u>Settlement:</u> To adjust Co's proforma test year Property Tax Expense to proforma 2015 level. (Schedule 12)					3,267
Total Adjustments - Other Tax Expense						\$ (4,356)

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LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER STAFF

Adj #

Income Tax Expense:

74	<u>Settlement:</u> To record the State Income Tax Effect of Staff's net adj's to Proforma Net Operating Income (Loss). (Schedule 3b)	\$ 7,810
75	<u>Settlement:</u> To record the Federal Income Tax Effect of Staff's net adj's to Proforma Net Operating Income (Loss). (Schedule 3b) (Schedule 3b)	23,196
76	To adjust Co's amended Income Tax Exp Adj # 21 relative to the State Income Tax effect of the Co's Net Operating Income Adjustments: Amended net increase in net operating income resulting from Co's operating revenue and expense adj's \$ 171,724 Add: Co's amended Income Tax Exp Adj's # 20 & # 21 relative to Federal & State income tax provisions <u>153,089</u> Amended net increase in net operating income before Co's Federal & State income tax adjustments <u>324,813</u> State income tax provision @ marginal rate of 7.90% <u>25,660</u> Less: Co's amended Income Tax Exp Adj # 21 relative to State business tax <u>(28,787)</u> Adjusted State income tax provision (3,127)	(3,127)
77	To adjust Co's amended Income Tax Exp Adj # 20 relative to the Federal Income Tax effect of the Co's Net Operating Income Adjustments: Amended Net increase in net operating income resulting from Co's operating revenue and expense adj's \$ 171,724 Add: Co's amended Income Tax Exp Adj's # 20 & # 21 relative to Federal & State income tax provisions <u>153,089</u> Amended net increase in net operating income before Co's Federal & State income tax provisions <u>324,813</u> Less: State income tax provision per Staff Adj # 76 <u>(25,660)</u> Amended net increase in net operating income resulting from Co's adj's subject to Federal income tax <u>299,153</u> Federal income tax provision @ marginal rate of 21.00% <u>62,822</u> Less: Co's amended Income Tax Exp Adj # 20 relative to Federal income tax <u>(124,302)</u> Adjusted Federal income tax provision (61,480)	(61,480)
Total Adjustments - Income Tax Expense		\$ (33,601)
NET OPERATING INCOME ADJUSTMENTS PER STAFF (See Schedule 3; Column 6)		\$ <u>170,010</u>

PROFORMA ADJUSTMENTS TO FEDERAL AND STATE INCOME TAX EXPENSE PER STAFF

Summary of Operating Income Statement Adj's before Income Taxes per Staff (Schedule 3a):

Operating Revenues:

Water Revenues from General Customers	\$ -
Water Revenues from POASI Special Contract	9,585
Other Operating Revenues	200
	<hr/>

Net Increase / (Decrease) in Operating Revenues 9,785

Operating Expenses:

Operation & Maintenance Expenses	(118,260)
Depreciation Expense	(21,662)
Amortization of CIAC	-
Amortization of Acquisition Adjustment	-
Amortization Expense - Other	17,654
Other Tax Expense	(4,356)
Total Operating Expenses	<u>(126,624)</u>

Gain (Loss) from Disposition of Utility Property -

Net Increase / (Decrease) in Net Operating Income (Loss) before State Income Tax Expense 136,409

State Income Tax Expense:

New Hampshire Business Profits Tax @ 7.90 %	\$ (10,776)
Reduction in test year State Income Tax Expense per Staff Audit Issue # 34	2,966
	<u>(7,810)</u>

Net Increase / (Decrease) in Net Operating Income (Loss) before Federal Income Tax Expense 128,599

Federal Income Tax Expense:

Federal Income Tax @ 21.00%	\$ (27,006)
Reduction in test year Federal Income Tax Expense per Staff Audit Issue # 34	3,810
	<u>(23,196)</u>

Net Proforma Adjustments to Net Operating Income (Loss) before Staff Adj #'s 76 and 77 to amend Co's proforma Income Tax Provisions 105,403

Staff Adj # 76 to correct Co's State Income Tax Provision as amended 3,127

Staff Adj # 77 to correct Co's Federal Income Tax Provision as amended 61,480

Net Proforma Adjustments to Net Operating Income (Loss) per Staff (See Schedule 3; Column 6) \$ 170,010

**CALCULATION OF NON-REVENUE PRODUCING PLANT ADDITION ADJUSTMENTS - PARADISE SHORES
IN SUPPORT OF STAFF ADJUSTMENTS # 10 and # 23**

	Source of Supply and Pumping Plant				Transmission and Distribution Plant			TOTAL
	# 304 Structures	# 307 Wells	#311 Pumps	# 339 Misc	# 331 Mains	# 333 Services	# 334 Meters	
Plant in Service:								
Revised Test Year Plant Additions per Co (Att JPL-5 / Sch 7)	\$ 69,896	\$ 143,607	\$ 44,431	\$ 365	\$ 79,283	\$ 1,810	\$ 11,764	\$ 351,156
Plant in Service Adjustments:								
Staff Adj # 4: Staff Audit Issue # 12	9,834	(7,134)	-	-	(2,389)	-	-	311
Staff Adj # 5: Co response to Staff 2-19	-	-	-	-	(300)	-	-	(300)
Staff Adj # 6: Staff Audit Issue # 16	-	-	-	-	-	-	234	234
Staff Adj # 7: Staff Audit Issue # 18	-	-	(4,030)	-	-	-	-	(4,030)
Total Adjustments	9,834	(7,134)	(4,030)	-	(2,689)	-	234	(3,785)
Test Year Plant Additions after Adjustments	79,730	136,473	40,401	365	76,594	1,810	11,998	347,371
Test Year Average %	x 69.23% x	x 69.23% x	x 69.23% x	x 69.23% x	x 69.23% x	x 50.00% x	x 50.00% x	x 69.23%
Test Year Average of Adjusted Plant in Service	55,198	94,481	27,970	253	53,027	905	5,999	240,488
Difference between Year-end Value and Test Year Average of Paradise Shores Test Year Plant Additions	\$ 24,532	\$ 41,992	\$ 12,431	\$ 112	\$ 23,567	\$ 905	\$ 5,999	\$ 106,883
Non-Revenue Producing Plant in Service Adjustment	\$ 24,532	\$ 41,992	\$ 12,431	\$ 112	\$ 23,567			\$ 102,635
Accumulated Depreciation:								
Revised Accum Deprec on Test Yr Add's per Co (Att JPL-5 / Sch 7)	\$ (873)	\$ (1,766)	\$ (2,220)	\$ (37)	\$ (792)	\$ (29)	\$ (294)	\$ (6,011)
Accumulated Depreciation Adjustments:								
Co's amended Rate Base Adj # 5: To add 1/2-yr of Accum Depr	(873)	(1,766)	(2,220)	(37)	(792)	(29)	(294)	(6,011)
Staff Adj # 15: Staff Audit Issue # 12	(246)	178	-	-	48	-	-	(20)
Staff Adj # 16: Co response to Staff 2-19	-	-	-	-	6	-	-	6
Staff Adj # 17: Staff Audit Issue # 16	-	-	-	-	-	-	(12)	(12)
Staff Adj # 18: Staff Audit Issue # 18	-	-	403	-	-	-	-	403
Staff Adj # 20: Staff Audit Issue # 15 (See Schedule 5)	-	(1,133)	-	-	-	-	-	(1,133)
Total Accumulated Depreciation Adjustments	(1,119)	(2,721)	(1,817)	(37)	(738)	(29)	(306)	(6,767)
Accumulated Depreciation on Test Year Plant Additions after Adjustments	(1,992)	(4,487)	(4,037)	(74)	(1,530)	(58)	(600)	(12,778)
Test Year Average %	x 69.23% x	x 69.23% x	x 69.23% x	x 69.23% x	x 69.23% x	x 50.00% x	x 50.00% x	x 69.23%
Test Year Average of Adjusted Accumulated Depreciation	(1,379)	(3,106)	(2,795)	(51)	(1,059)	(29)	(300)	(8,846)
Difference between Year-end Value and Test Year Average of Paradise Shores Accumulated Depreciation on Test Year Plant Additions	\$ (613)	\$ (1,381)	\$ (1,242)	\$ (23)	\$ (471)	\$ (29)	\$ (300)	\$ (3,932)
Non-Revenue Producing Accumulated Depreciation Adjustment	\$ (613)	\$ (1,381)	\$ (1,242)	\$ (23)	\$ (471)			\$ (3,729)

**CALCULATION OF WELL ASSET DEPRECIATION RATE ADJUSTMENT PER STAFF
 IN SUPPORT OF STAFF ADJUSTMENTS # 20 and # 64**

Staff Adjustment to Accumulated Depreciation:

2010 West Point Well (Per Pg's 19-20 of Staff Audit Report):

Recorded Cost of Asset:				
		\$	8,781	
Test Year Average of Accumulated Depreciation per Staff:				
Depreciation Rate per Staff (30-year / 3.33%)			3.33%	
Annual Depreciation		\$	292	
Accumulated Depreciation: Beginning of Test Year (end of service year 4)	x		3.5 = \$ (1,023)	
Accumulated Depreciation: End of Test Year (end of service year 5)	x		4.5 = (1,316)	\$ (1,170)

Less: Test Year Average of Accumulated Depreciation per Company:

Depreciation Rate per Company (50-year / 2.00%)			2.00%	
Annual Depreciation		\$	176	
Accumulated Depreciation: Beginning of Test Year (end of service year 4)	x		3.5 = \$ (615)	
Accumulated Depreciation: End of Test Year (end of service year 5)	x		4.5 = (790)	(702) \$ (467)

2014 Paradise Shores Well (Per Pg 30 of Staff Audit Report & Audit Issue # 15):

Revised Cost per Co (Att JPL-5 / Sch 7)	\$	143,607
Less: Staff Adj # 4: Staff Audit Issue # 12		(7,134)
Adjusted Cost of Well Assets	\$	136,473

Test Year Average of Accumulated Depreciation per Staff:

Depreciation Rate per Staff (30-year / 3.33%)			3.33%	
Annual Depreciation		\$	4,545	
13-month average reflected in test year Rate Base (9 months + 13 months)	x		69.23% =	\$ (3,146)

Less: Test Year Average of Accumulated Depreciation per Company:

Depreciation Rate per Company (40-year / 2.50%)			2.50%	
Annual Depreciation		\$	3,412	
13-month average reflected in test year Rate Base (9 months + 13 months)	x		69.23% =	(2,362) (784)

Total Adjustment to Test Year Average Accumulated Depreciation

\$ (1,251)

Staff Adjustment to Depreciation Expense:

Increase in Annual Depreciation Expense - 2010 West Point Well	\$	117
Increase in Annual Depreciation Expense - 2014 Paradise Shores Well		1,133
Total Adjustment to Annual Depreciation Expense	\$	1,250

**CALCULATION OF VEHICLE ASSET DEPRECIATION RATE ADJUSTMENT PER STAFF
 IN SUPPORT OF STAFF ADJUSTMENTS # 21 and # 65**

Staff Adjustment to Accumulated Depreciation:

2011 Vehicle Purchase (Based on Co's Vehicle Schedules included in response to Tech 1-3):

Cost of Assets:			
2011 Ford Pickup	\$	34,068	
Test Year Average of Accumulated Depreciation per Staff:			
Depreciation Rate per Staff (5-year / 20.00%)		20.00%	
Annual Depreciation	\$	6,814	
Accumulated Depreciation: Beginning of Test Year (end of service year 3)	x	2.5 = \$	(17,034)
Accumulated Depreciation: End of Test Year (end of service year 4)	x	3.5 =	(23,848) \$ (20,441)

Less: Test Year Average of Accumulated Depreciation per Company:			
Depreciation Rate per Company (4-year / 25.00%)		25.00%	
Annual Depreciation	\$	8,517	
Accumulated Depreciation: Beginning of Test Year (end of service year 3)	x	2.5 = \$	(21,293)
Accumulated Depreciation: End of Test Year (end of service year 4)	x	3.5 =	(29,810) (25,551) \$ 5,110

2013 Vehicle Purchases (Per Pg's 26-27 of Staff Audit Report & Audit Issue # 15):

Cost of Assets:			
2013 Ford F-250 Pickup	\$	46,918	
Cap and Accessories	5,533	\$	52,451
2013 Ford F-250 Pickup		31,536	
Total		\$	83,987
Test Year Average of Accumulated Depreciation per Staff:			
Depreciation Rate per Staff (5-year / 20.00%)		20.00%	
Annual Depreciation	\$	16,797	
Accumulated Depreciation: Beginning of Test Year (end of service year 1)	x	0.5 = \$	(8,399)
Accumulated Depreciation: End of Test Year (end of service year 2)	x	1.5 =	(25,196) \$ (16,797)

Less: Test Year Average of Accumulated Depreciation per Company:			
Depreciation Rate per Company (4-year / 25.00%)		25.00%	
Annual Depreciation	\$	20,997	
Accumulated Depreciation: Beginning of Test Year (end of service year 1)	x	0.5 = \$	(10,498)
Accumulated Depreciation: End of Test Year (end of service year 2)	x	1.5 =	(31,495) (20,997) 4,199

2014 Vehicle Purchase (Per Pg 33 of Staff Audit Report & Audit Issue # 15):

Cost of Assets:			
2014 Ford F-150 Pickup	\$	32,271	
Accessories		2,532	
Total		\$	34,803
Test Year Average of Accumulated Depreciation per Staff:			
Depreciation Rate per Staff (5-year / 20.00%)		20.00%	
Annual Depreciation	\$	6,961	
Test Year Average (service year 1)	x	50.00% =	\$ (3,480)

Less: Test Year Average of Accumulated Depreciation per Company:			
Depreciation Rate per Company (4-year / 25.00%)		25.00%	
Annual Depreciation	\$	8,701	
Test Year Average (service year 1)	x	50.00% =	(4,350) 870

Total Adjustment to Test Year Average Accumulated Depreciation - Vehicles **\$ 10,180**

Staff Adjustment to Depreciation Expense:

Decrease in Annual Depreciation Expense - 2011 Vehicle	\$	(1,703)
Decrease in Annual Depreciation Expense - 2013 Vehicles		(4,199)
Decrease in Annual Depreciation Expense - 2014 Vehicle		(1,740)
Total Adjustment to Annual Depreciation Expense	\$	(7,643)

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

CALCULATION OF OTHER TEST YEAR RATE BASE ITEM ADJUSTMENTS PER STAFF
IN SUPPORT OF STAFF ADJUSTMENTS # 31, # 33, # 37, and # 39

	12/31/13	01/31/14	02/28/14	03/31/14	04/30/14	05/31/14	06/30/14	07/31/14	08/31/14	09/30/14	10/31/14	11/30/14	12/31/14	AVERAGE
Prepaid Expenses:														
Prepaid Expenses per Co Filing (See Att JPL-5; Sch 3)	\$ 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
Less: 'Prepaid Propane' per Co response to Staff 2-33	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(418)	(752)
Adjusted Prepaid Expenses per Staff	34,079	30,685	26,919	23,433	19,667	16,311	35,034	41,358	37,592	44,469	41,053	41,559	36,827	32,999
Less: Prepaid Expenses per Co Filing (See Att JPL-5; Sch 3)	(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)
Staff Adjustment to Prepaid Expenses	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (418)	\$ (752)
Prepaid Property Tax Expense:														
Staff Analysis of Prepaid Property Tax Expense:														
(Based on Co's Prepaid Property Tax Workpaper included in the Company's response to Staff 1-25(d))														
Prepaid Property Taxes @ 12/31/13	\$ 11,783	\$ 7,855	\$ 3,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,813
Hidden Valley Sale (\$263 Expensed in February)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balmoral Improvement Association (\$500 Paid in April)	-	-	-	-	333	292	250	208	167	125	83	42	-	115
First Issue Billings (\$13,783 - \$263 - \$500 = \$13,020)	-	-	-	-	-	-	6,510	4,340	2,170	-	-	-	-	1,002
Prepaid Property Taxes @ 12/31/14	-	-	-	-	-	-	-	-	-	-	-	-	11,727	902
Prepaid Property Tax Expense per Staff	11,783	7,855	3,928	-	333	292	6,760	4,548	2,337	125	83	42	11,727	3,832
Less: Prepaid Property Tax Exp per Co Filing (See Att JPL-5; Sch 3)	(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)
Staff Adjustment to Prepaid Property Tax Expense	\$ -	\$ (3,928)	\$ (7,856)	\$ (11,783)	\$ (11,450)	\$ (11,491)	\$ (6,023)	\$ (7,235)	\$ (9,446)	\$ (11,658)	\$ (11,700)	\$ (11,741)	\$ -	\$ (7,947)
Customer Deposits:														
Staff Analysis of Customer Deposit Activity:														
(Based on Co's General Ledger activity in its Account # 50-220-235-0 obtained from the Commission Audit Staff)														
Less: Customer Deposits per Company Filing	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,706)	\$ (1,956)	\$ (1,956)	\$ (1,956)	\$ (1,956)	\$ (1,956)	\$ (1,956)	\$ (1,706)
Staff Adjustment to Customer Deposits	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,706)	\$ (1,956)	\$ (1,956)	\$ (1,706)				
Accumulated Deferred Income Taxes:														
Staff Normalization of Accumulated Deferred Income Taxes	\$ (171,289)	\$ (172,854)	\$ (174,419)	\$ (175,984)	\$ (177,549)	\$ (179,114)	\$ (180,680)	\$ (182,245)	\$ (183,810)	\$ (185,375)	\$ (186,940)	\$ (188,505)	\$ (190,070)	\$ (180,680)
Less: Accum Deferred Income Taxes per Co Filing (See Att JPL-5; Sch 3)	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
Staff Adjustment to Accumulated Deferred Income Taxes	\$ -	\$ (1,565)	\$ (3,130)	\$ (4,695)	\$ (6,260)	\$ (7,825)	\$ (9,391)	\$ (10,956)	\$ (12,521)	\$ (14,086)	\$ (15,651)	\$ (17,216)	\$ -	\$ (7,948)

**CALCULATION OF MISCELLANEOUS DEFERRED ASSET ADJUSTMENTS PER STAFF
 IN SUPPORT OF STAFF ADJUSTMENTS # 34, # 35, # 36, # 67, #68, and # 69**

	<u>Initial Balance</u>	<u>Years Amortized</u>	<u>Annual Expense</u>	<u>Test Year Average</u>
'No Lead Rule' Write-off (See Staff Adjustment # 46):	\$ 12,959	3	\$ 4,320	\$ 10,799
Paradise Shores Well Field Evaluation (See Att JPL-6 / Pg's 13-14):	36,006	10	3,601	34,206
General Accounting Expenses (See Staff Adjustment # 50):	<u>29,200</u>	3	<u>9,733</u>	<u>24,333</u>
Total Miscellaneous Deferred Assets	<u><u>\$ 78,165</u></u>		<u><u>\$ 17,654</u></u>	<u><u>\$ 69,338</u></u>

**LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
SUMMARY**

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
Revenue Requirement after Tax Effect (Schedule 9b)	\$ 176,184	\$ 637	\$ 176,821	\$ 4,067	\$ (180)	\$ 3,888	\$ (30,813)	\$ 4,147	\$ (26,666)	\$ 2,345	\$ (793)	\$ 1,551	\$ 151,783	\$ 3,811	\$ 155,594
Total Operating Expenses (Schedule 9e)	189,173	7,736	196,909	94,339	(13,252)	81,086	(6,391)	(10)	(6,401)	39,641	(20,712)	18,929	316,761	(26,238)	290,523
Less: Other Operating Revenues	-	-	-	(10,095)	-	(10,095)	-	-	-	(9,834)	-	(9,834)	(19,929)	-	(19,929)
Total Revenues to be Collected via All Water Rates	<u>\$ 365,357</u>	<u>\$ 8,373</u>	<u>\$ 373,730</u>	<u>\$ 88,311</u>	<u>\$ (13,432)</u>	<u>\$ 74,879</u>	<u>\$ (37,205)</u>	<u>\$ 4,137</u>	<u>\$ (33,068)</u>	<u>\$ 32,152</u>	<u>\$ (21,506)</u>	<u>\$ 10,646</u>	<u>\$ 448,616</u>	<u>\$ (22,427)</u>	<u>\$ 426,188</u>
Revenues Specific to POASI Special Contract	<u>\$ 365,357</u>	<u>\$ 8,373</u>	<u>\$ 373,730</u>	<u>\$ 88,311</u>	<u>\$ (13,432)</u>	<u>\$ 74,879</u>	<u>\$ (37,205)</u>	<u>\$ 4,137</u>	<u>\$ (33,068)</u>				<u>\$ 416,464</u>	<u>\$ (921)</u>	<u>\$ 415,542</u>
	<u>CCF Usage</u>		<u>CCF Usage</u>	<u>Customers</u>		<u>Customers</u>	<u>Customers</u>		<u>Customers</u>						
POASI	16,090		16,090	1		1	1		1						
Paradise Shores	8,480		8,480	392		392	-		-						
Total	24,570		24,570	393		393	1		1						
Rates	\$ 14.87 /ccf		\$ 15.21 /ccf	\$ 224.71 /cust		\$ 190.53 /cust	\$ (37,205) POASI only		\$ (33,068) POASI only						
Revenues:															
POASI	\$ 239,259	\$ 5,483	\$ 244,742	\$ 225	\$ (34)	\$ 191	\$ (37,205)	\$ 4,137	\$ (33,068)	\$ -	\$ -	\$ -	\$ 202,280	\$ 9,585	\$ 211,865
Paradise Shores	126,098	2,890	128,988	88,086	(13,397)	74,689	-	-	-	32,152	(21,506)	10,646	246,336	(32,013)	214,323
Total	<u>\$ 365,357</u>	<u>\$ 8,373</u>	<u>\$ 373,730</u>	<u>\$ 88,311</u>	<u>\$ (13,432)</u>	<u>\$ 74,879</u>	<u>\$ (37,205)</u>	<u>\$ 4,137</u>	<u>\$ (33,068)</u>	<u>\$ 32,152</u>	<u>\$ (21,506)</u>	<u>\$ 10,646</u>	<u>\$ 448,616</u>	<u>\$ (22,428)</u>	<u>\$ 426,188</u>

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
REVENUE REQUIREMENT

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
NET PLANT IN RATE BASE:															
Total Utility Plant in Service (Schedule 9c)	1,728,362	202,256	1,930,618	114,927	200	115,127	4,525	-	4,525	129,468	139	129,607	1,977,282	202,595	2,179,877
Less: Accumulated Depreciation (Schedule 9c)	(297,650)	(5,650)	(303,300)	(79,030)	3,278	(75,752)	3,350	-	3,350	(63,462)	(328)	(63,790)	(436,792)	(2,700)	(439,492)
Net Utility Plant in Service	1,430,712	196,606	1,627,318	35,897	3,478	39,375	7,875	-	7,875	66,006	(189)	65,817	1,540,490	199,895	1,740,385
Contributions in Aid of Construction (CIAC) (Schedule 9d)	(8,974)	-	(8,974)	-	-	-	(303,495)	-	(303,495)	(176,603)	-	(176,603)	(489,072)	-	(489,072)
Less: Accumulated Amortization - CIAC (Schedule 9d)	1,164	-	1,164	-	-	-	43,610	-	43,610	124,779	-	124,779	169,553	-	169,553
Net Contributions in Aid of Construction	(7,810)	-	(7,810)	-	-	-	(259,885)	-	(259,885)	(51,824)	-	(51,824)	(319,519)	-	(319,519)
Net Utility Plant in Rate Base	1,422,902	196,606	1,619,508	35,897	3,478	39,375	(252,010)	-	(252,010)	14,182	(189)	13,993	1,220,971	199,895	1,420,866
WORKING CAPITAL IN RATE BASE (See Schedule 9g):															
Materials and Supplies	1,118	-	-	-	-	-	-	-	-	-	-	-	1,118	-	1,118
Prepayments - Other	8,828	(99)	8,729	-	-	-	-	-	-	-	-	-	8,828	(99)	8,729
Prepaid Taxes	2,779	-	2,779	-	-	-	-	-	-	-	-	-	2,779	-	2,779
Miscellaneous Deferred Debits	-	39,066	39,066	-	-	-	-	-	-	-	-	-	-	39,066	39,066
Customer Deposits	-	(464)	(464)	-	-	-	-	-	-	-	-	-	-	(464)	(464)
Accumulated Deferred Income Taxes - Depreciation	(39,381)	-	(39,381)	(2,619)	-	(2,619)	(103)	-	(103)	(2,950)	-	(2,950)	(45,053)	-	(45,053)
Subtotal	(26,656)	38,503	11,847	(2,619)	-	(2,619)	(103)	-	(103)	(2,950)	-	(2,950)	(32,328)	38,503	6,175
Calculation of Cash Working Capital (See Schedule 9h):															
Operation & Maintenance Expenses	220,392	(23,922)	196,469	-	-	-	-	-	-	38,700	(21,064)	17,636	259,092	(44,987)	214,105
Cash Working Capital % (75 days + 365 days)	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%
Cash Working Capital	45,286	(4,916)	40,370	-	-	-	-	-	-	7,952	(4,328)	3,624	53,238	(9,244)	43,994
Total Working Capital in Rate Base	18,630	33,587	52,217	(2,619)	-	(2,619)	(103)	-	(103)	5,002	(4,328)	674	20,910	29,259	50,169
Total Rate Base	1,441,532	230,193	1,671,725	33,278	3,478	36,756	(252,113)	-	(252,113)	19,184	(4,517)	14,667	1,241,881	229,154	1,471,035
Rate of Return (See Schedule 1)	x 10.00%	x 7.70%	x 10.00%	x 10.00%	x 7.70%	x 10.00%	x 10.00%	x 7.70%	x 10.00%	x 7.70%	x 10.00%	x 7.70%	x 10.00%	x 7.70%	x 7.70%
Revenue Requirement before Tax Effect	144,153	(15,498)	128,655	3,328	(499)	2,829	(25,211)	5,809	(19,402)	1,918	(790)	1,129	124,188	(10,978)	113,210
Income Tax Factor (See Schedule 1)	+ 81.82%	+ 72.76%	+ 81.82%	+ 81.82%	+ 72.76%	+ 81.82%	+ 81.82%	+ 72.76%	+ 81.82%	+ 72.76%	+ 81.82%	+ 72.76%	+ 81.82%	+ 72.76%	+ 72.76%
Revenue Requirement after Tax Effect	\$ 176,184	\$ 637	\$ 176,821	\$ 4,067	\$ (180)	\$ 3,888	\$ (30,813)	\$ 4,147	\$ (26,666)	\$ 2,345	\$ (793)	\$ 1,551	\$ 151,783	\$ 3,811	\$ 155,594

PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
UTILITY PLANT IN SERVICE

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
UTILITY PLANT IN SERVICE (See Schedule 9f):															
303.20 Land and Land Rights	109,256	262,095	371,351	-	-	-	-	-	-	-	-	-	109,256	262,095	371,351
304.20 Structures and Improvements	112,035	9,834	121,869	-	-	-	-	-	-	-	-	-	112,035	9,834	121,869
307.20 Wells and Springs	338,833	(51,364)	287,469	-	-	-	-	-	-	-	-	-	338,833	(51,364)	287,469
311.20 Pumping Equipment	99,907	(6,848)	93,059	-	-	-	-	-	-	-	-	-	99,907	(6,848)	93,059
339.21 Other Miscellaneous Equipment (Division)	805	-	805	-	-	-	-	-	-	-	-	-	805	-	805
339.22 Other Miscellaneous Equipment (Common)	370	-	370	-	-	-	-	-	-	-	-	-	370	-	370
339.30 Other Miscellaneous Equipment (Treatment)	465	-	465	-	-	-	-	-	-	-	-	-	465	-	465
330.40 Distribution Reservoirs and Standpipes	413,194	-	413,194	-	-	-	-	-	-	-	-	-	413,194	-	413,194
331.40 Transmission and Distribution Mains	609,090	(11,461)	597,629	-	-	-	-	-	-	-	-	-	609,090	(11,461)	597,629
333.40 Services	-	-	-	-	-	-	-	-	-	40,590	-	40,590	40,590	-	40,590
334.40 Meters and Meter Installation	-	-	-	-	-	-	4,525	-	4,525	88,878	139	89,017	93,403	139	93,542
335.40 Hydrants	9,235	-	9,235	-	-	-	-	-	-	-	-	-	9,235	-	9,235
339.41 Other Miscellaneous Equipment (Division)	896	-	896	-	-	-	-	-	-	-	-	-	896	-	896
339.42 Other Miscellaneous Equipment (Common)	4,227	-	4,227	-	-	-	-	-	-	-	-	-	4,227	-	4,227
303.50 Land and Land Rights	-	-	-	4,741	-	4,741	-	-	-	-	-	-	-	-	4,741
304.50 Structures and Improvements	-	-	-	27,292	-	27,292	-	-	-	-	-	-	-	-	27,292
340.50 Office Furniture and Equipment	-	-	-	2,389	-	2,389	-	-	-	-	-	-	-	-	2,389
341.51 Transportation Equipment - Construction	30,049	-	30,049	-	-	-	-	-	-	-	-	-	30,049	-	30,049
341.52 Transportation Equipment - Pickups	-	-	-	39,978	200	40,178	-	-	-	-	-	-	39,978	200	40,178
343.50 Tools, Shop, and Garage Equipment	-	-	-	21,605	-	21,605	-	-	-	-	-	-	21,605	-	21,605
344.50 Laboratory Equipment	-	-	-	553	-	553	-	-	-	-	-	-	553	-	553
346.00 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347.50 Miscellaneous Equipment	-	-	-	18,365	-	18,365	-	-	-	-	-	-	18,365	-	18,365
348.50 Other Tangible Plant (Rounding)	-	-	-	4	-	4	-	-	-	-	-	-	4	-	4
Total Utility Plant In Service	<u>\$ 1,728,362</u>	<u>\$ 202,256</u>	<u>\$ 1,930,618</u>	<u>\$ 114,927</u>	<u>\$ 200</u>	<u>\$ 115,127</u>	<u>\$ 4,525</u>	<u>\$ -</u>	<u>\$ 4,525</u>	<u>\$ 129,468</u>	<u>\$ 139</u>	<u>\$ 129,607</u>	<u>\$ 1,977,282</u>	<u>\$ 202,595</u>	<u>\$ 2,179,877</u>
ACCUMULATED DEPRECIATION (See Schedule 9f):															
303.20 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.20 Structures and Improvements	(16,838)	(1,119)	(17,957)	-	-	-	-	-	-	-	-	-	(16,838)	(1,119)	(17,957)
307.20 Wells and Springs	(43,092)	(2,168)	(45,260)	-	-	-	-	-	-	-	-	-	(43,092)	(2,168)	(45,260)
311.20 Pumping Equipment	(39,380)	(1,676)	(41,056)	-	-	-	-	-	-	-	-	-	(39,380)	(1,676)	(41,056)
339.21 Other Miscellaneous Equipment (Division)	(244)	(37)	(281)	-	-	-	-	-	-	-	-	-	(244)	(37)	(281)
339.22 Other Miscellaneous Equipment (Common)	(344)	-	(344)	-	-	-	-	-	-	-	-	-	(344)	-	(344)
339.30 Other Miscellaneous Equipment (Treatment)	2,053	-	2,053	-	-	-	-	-	-	-	-	-	2,053	-	2,053
330.40 Distribution Reservoirs and Standpipes	(38,348)	-	(38,348)	-	-	-	-	-	-	-	-	-	(38,348)	-	(38,348)
331.40 Transmission and Distribution Mains	(145,187)	(650)	(145,837)	-	-	-	-	-	-	-	-	-	(145,187)	(650)	(145,837)
333.40 Services	-	-	-	-	-	-	-	-	-	(20,101)	(29)	(20,130)	(20,101)	(29)	(20,130)
334.40 Meters and Meter Installation	-	-	-	-	-	-	3,350	-	3,350	(43,361)	(299)	(43,660)	(40,011)	(299)	(40,310)
335.40 Hydrants	(1,054)	-	(1,054)	-	-	-	-	-	-	-	-	-	(1,054)	-	(1,054)
339.41 Other Miscellaneous Equipment (Division)	(415)	-	(415)	-	-	-	-	-	-	-	-	-	(415)	-	(415)
339.42 Other Miscellaneous Equipment (Common)	(2,739)	-	(2,739)	-	-	-	-	-	-	-	-	-	(2,739)	-	(2,739)
303.50 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	(9,593)	-	(9,593)	-	-	-	-	-	-	(9,593)	-	(9,593)
340.50 Office Furniture and Equipment	-	-	-	(1,817)	-	(1,817)	-	-	-	-	-	-	(1,817)	-	(1,817)
341.51 Transportation Equipment - Construction	(12,062)	-	(12,062)	-	-	-	-	-	-	-	-	-	(12,062)	-	(12,062)
341.52 Transportation Equipment - Pickups	-	-	-	(34,549)	-	(34,549)	-	-	-	-	-	-	(34,549)	-	(34,549)
343.50 Tools, Shop, and Garage Equipment	-	-	-	(20,680)	3,278	(17,402)	-	-	-	-	-	-	(20,680)	3,278	(17,402)
344.50 Laboratory Equipment	-	-	-	(553)	-	(553)	-	-	-	-	-	-	(553)	-	(553)
346.00 Communication Equipment	-	-	-	9	-	9	-	-	-	-	-	-	9	-	9
347.50 Miscellaneous Equipment	-	-	-	(11,849)	-	(11,849)	-	-	-	-	-	-	(11,849)	-	(11,849)
348.50 Other Tangible Plant (Rounding)	-	-	-	2	-	2	-	-	-	-	-	-	2	-	2
Total Accumulated Depreciation	<u>\$ (297,650)</u>	<u>\$ (5,650)</u>	<u>\$ (303,300)</u>	<u>\$ (79,030)</u>	<u>\$ 3,278</u>	<u>\$ (75,752)</u>	<u>\$ 3,350</u>	<u>\$ -</u>	<u>\$ 3,350</u>	<u>\$ (63,462)</u>	<u>\$ (328)</u>	<u>\$ (63,790)</u>	<u>\$ (436,792)</u>	<u>\$ (2,700)</u>	<u>\$ (439,492)</u>

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
UTILITY PLANT IN SERVICE

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
DEPRECIATION EXPENSE (See Schedule 9f):															
303.20 Land and Land Rights	-		-	-		-	-		-	-		-	-		-
304.20 Structures and Improvements	1,733	1,119	2,852	-		-	-		-	-		-	1,733	1,119	2,852
307.20 Wells and Springs	5,338	2,168	7,506	-		-	-		-	-		-	5,338	2,168	7,506
311.20 Pumping Equipment	4,537	1,676	6,213	-		-	-		-	-		-	4,537	1,676	6,213
339.21 Other Miscellaneous Equipment (Division)	45	37	82	-		-	-		-	-		-	45	37	82
339.22 Other Miscellaneous Equipment (Common)	-		-	-		-	-		-	-		-	-		-
339.30 Other Miscellaneous Equipment (Treatment)	23		23	-		-	-		-	-		-	23		23
330.40 Distribution Reservoirs and Standpipes	9,157		9,157	-		-	-		-	-		-	9,157		9,157
331.40 Transmission and Distribution Mains	11,301	650	11,951	-		-	-		-	-		-	11,301	650	11,951
333.40 Services	-		-	-		-	-		-	836	29	865	836	29	865
334.40 Meters and Meter Installation	-		-	-		-	226		226	3,198	301	3,499	3,424	301	3,725
335.40 Hydrants	185		185	-		-	-		-	-		-	185		185
339.41 Other Miscellaneous Equipment (Division)	10		10	-		-	-		-	-		-	10		10
339.42 Other Miscellaneous Equipment (Common)	221		221	-		-	-		-	-		-	221		221
303.50 Land and Land Rights	-		-	-		-	-		-	-		-	-		-
304.50 Structures and Improvements	-		-	546		546	-		-	-		-	546		546
340.50 Office Furniture and Equipment	-		-	5		5	-		-	-		-	5		5
341.51 Transportation Equipment - Construction	2,865		2,865	-		-	-		-	-		-	2,865		2,865
341.52 Transportation Equipment - Pickups	-		-	8,037	(1,771)	6,266	-		-	-		-	8,037	(1,771)	6,266
343.50 Tools, Shop, and Garage Equipment	-		-	617		617	-		-	-		-	617		617
344.50 Laboratory Equipment	-		-	-		-	-		-	-		-	-		-
346.00 Communication Equipment	-		-	-		-	-		-	-		-	-		-
347.50 Miscellaneous Equipment	-		-	2,170		2,170	-		-	-		-	2,170		2,170
348.50 Other Tangible Plant (Rounding)	-		-	-		-	-		-	-		-	-		-
Total Depreciation Expense	\$ 35,415	\$ 5,650	\$ 41,065	\$ 11,375	\$ (1,771)	\$ 9,604	\$ 226	\$ -	\$ 226	\$ 4,034	\$ 330	\$ 4,364	\$ 51,050	\$ 4,209	\$ 55,259

Calculation of POASI Special Contract Revenue Adjustment
in Support of Staff Adjustment # 40
Contributions in Aid of Construction (CIAC)

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
CONTRIBUTIONS IN AID OF CONSTRUCTION:															
303.20 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-	-	(210,000)	-	(210,000)	-	-	-	(210,000)	-	(210,000)
331.40 Transmission and Distribution Mains	-	-	-	-	-	-	(90,000)	-	(90,000)	(158,566)	-	(158,566)	(248,566)	-	(248,566)
333.40 Services	-	-	-	-	-	-	-	-	-	(18,037)	-	(18,037)	(18,037)	-	(18,037)
334.40 Meters and Meter Installation	-	-	-	-	-	-	(3,495)	-	(3,495)	-	-	-	(3,495)	-	(3,495)
335.40 Hydrants	(8,974)	-	(8,974)	-	-	-	-	-	-	-	-	-	(8,974)	-	(8,974)
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347.50 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Contributions in Aid of Construction	<u>\$ (8,974)</u>	<u>\$ -</u>	<u>\$ (8,974)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (303,495)</u>	<u>\$ -</u>	<u>\$ (303,495)</u>	<u>\$ (176,603)</u>	<u>\$ -</u>	<u>\$ (176,603)</u>	<u>\$ (489,072)</u>	<u>\$ -</u>	<u>\$ (489,072)</u>
ACCUMULATED AMORTIZATION - CIAC:															
303.20 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-	-	30,335	-	30,335	-	-	-	30,335	-	30,335
331.40 Transmission and Distribution Mains	-	-	-	-	-	-	11,700	-	11,700	108,306	-	108,306	120,006	-	120,006
333.40 Services	-	-	-	-	-	-	-	-	-	16,473	-	16,473	16,473	-	16,473
334.40 Meters and Meter Installation	-	-	-	-	-	-	1,575	-	1,575	-	-	-	1,575	-	1,575
335.40 Hydrants	1,164	-	1,164	-	-	-	-	-	-	-	-	-	1,164	-	1,164
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347.50 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Accumulated Amortization - CIAC	<u>\$ 1,164</u>	<u>\$ -</u>	<u>\$ 1,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,610</u>	<u>\$ -</u>	<u>\$ 43,610</u>	<u>\$ 124,779</u>	<u>\$ -</u>	<u>\$ 124,779</u>	<u>\$ 169,553</u>	<u>\$ -</u>	<u>\$ 169,553</u>

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
AMORTIZATION OF CIAC:															
303.20 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-	-	(4,667)	-	(4,667)	-	-	-	(4,667)	-	(4,667)
331.40 Transmission and Distribution Mains	-	-	-	-	-	-	(1,800)	-	(1,800)	(3,183)	-	(3,183)	(4,983)	-	(4,983)
333.40 Services	-	-	-	-	-	-	-	-	-	(601)	-	(601)	(601)	-	(601)
334.40 Meters and Meter Installation	-	-	-	-	-	-	(175)	-	(175)	-	-	-	(175)	-	(175)
335.40 Hydrants	(179)	-	(179)	-	-	-	-	-	-	-	-	-	(179)	-	(179)
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347.50 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Amortization of CIAC	\$ (179)	\$ -	\$ (179)	\$ -	\$ -	\$ -	\$ (6,642)	\$ -	\$ (6,642)	\$ (3,784)	\$ -	\$ (3,784)	\$ (10,605)	\$ -	\$ (10,605)

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
UTILITY PLANT ADJUSTMENTS

	303.20 Land	304.20 Structures	307.20 Wells	311.20 Pumps	331.4 Mains	333.4 Services	334.4 Meters	339.2 Misc Equip	341.52 Vehicle - PU	Total
Utility Plant in Service:										
Co's revisions to remove AFUDC from 2014 Mt. Roberts equipment additions (See Att JPL-5 / Sch 7)			\$ (44,230)	\$ (2,818)	\$ (8,772)					\$ (55,820)
Settlement: Staff Adj # 2a: To record adjusted shareholder investment in Mt. Roberts land	262,095									262,095
Staff Adj # 4: To adjust 2014 Paradise Shores additions per Audit Issue # 12		9,834	(7,134)		(2,389)					311
Staff Adj # 5: To reduce 2014 Paradise Shores mains per Co response to Staff 2-19					(300)					(300)
Staff Adj # 6: To adjust 2013 & 2014 Paradise Shores meter additions per Audit Issue # 16							139			139
Staff Adj # 7: To remove cost of duplicate pump entry per Audit Issue # 18				(4,030)						(4,030)
Staff Adj # 9: To record cost of truck tire rims per Audit Issue # 25 (\$844 x 23.70%)									200	200
Total Adjustments - Utility Plant in Service	\$ 262,095	\$ 9,834	\$ (51,364)	\$ (6,848)	\$ (11,461)	\$ -	\$ 139	\$ -	\$ 200	\$ 202,595

Accumulated Depreciation:

Co's revisions to remove Accumulated Depreciation on 2014 Mt Roberts AFUDC (See Att JPL-5 / Sch 7)			\$ 553	\$ 141	\$ 88					\$ 782
Co's amended Rate Base Adj # 5: To record additional 1/2 year of depr on '14 additions (Att JPL-5 / Sch 3A)		(873)	(1,766)	(2,220)	(792)	(29)	(294)	(37)		(6,011)
Staff Adj # 15: Adjustment relative to 2014 Paradise Shores additions per Audit Issue # 12		(246)	178		48					(20)
Staff Adj # 16: Adjustment relative to 2014 Paradise Shores mains per response to Staff 2-19					6					6
Staff Adj # 17: Adjustment relative to 2013-14 Paradise Shores meters per Audit Issue # 16							(5)			(5)
Staff Adj # 18: Adjustment relative to duplicate Paradise Shores pump entry per Audit Issue # 18				403						403
Staff Adj # 20: Adjustment relative to change in service life of 2014 Paradise Shores well addition			(1,133)							(1,133)
Staff Adj # 21: Adjustment relative to change in service life of Pickup Trucks (\$14,001 x 23.70%)									3,318	3,318
Staff Adj # 22: Adjustment relative to reclass of truck tire rims per Audit Issue # 25 (\$(169) x 23.70%)									(40)	(40)
Total Adjustments - Accumulated Depreciation	\$ -	\$ (1,119)	\$ (2,168)	\$ (1,676)	\$ (650)	\$ (29)	\$ (299)	\$ (37)	\$ 3,278	\$ (2,700)

Depreciation Expense:

Co's Depr Exp Adj # 10A: To remove depr exp on AFUDC recorded during the test year (Att JPL-5 / Sch 1B)			\$ (553)	\$ (141)	\$ (88)					\$ (782)
Co's amended Depr Exp Adj # 11: To record additional 1/2 year of depr on '14 additions (Att JPL-5 / Sch 1B)		873	1,766	2,220	792	29	294	37		6,011
Staff Adj # 59: Adjustment relative to 2014 Paradise Shores additions per Audit Issue # 12		246	(178)		(48)					20
Staff Adj # 60: Adjustment relative to 2014 Paradise Shores mains per response to Staff 2-19					(6)					(6)
Staff Adj # 61: Adjustment relative to 2013-14 Paradise Shores meter additions per Audit Issue # 16							7			7
Staff Adj # 62: Adjustment relative to duplicate Paradise Shores pump entry per Audit Issue # 18				(403)						(403)
Staff Adj # 64: Adjustment relative to change in service life of 2014 Paradise Shores well additions			1,133							1,133
Staff Adj # 65: Adjustment relative to change in service life of Pickup Trucks (\$(7,643) x 23.70%)									(1,811)	(1,811)
Staff Adj # 66: Adjustment relative to reclass of truck tire rims per Audit Issue # 25 (\$169 x 23.70%)									40	40
Total Adjustments - Depreciation Expense	\$ -	\$ 1,119	\$ 2,168	\$ 1,676	\$ 650	\$ 29	\$ 301	\$ 37	\$ (1,771)	\$ 4,209₄₁

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
WORKING CAPITAL RATE BASE ADJUSTMENTS

Working Capital Rate Base Adjustments:	<u>162.00 Prepays</u>	<u>186.00 Deferred</u>	<u>235.00 Deposits</u>	<u>Total</u>
Staff Adj # 31: To reduce ppd exp's by ppd propane per Audit Issue # 3 (-\$418 x 23.70%)	\$ (99)			\$ (99)
Staff Adj # 34: To record 'no-lead rule' deferred asset per Audit Issue # 25 (\$8,639 x 23.70%)		2,047		2,047
Staff Adj # 35: Paradise Shores well field evaluation reclassified from CWIP		32,405		32,405
Staff Adj # 36: Gen'l accounting exp's reclassified as a deferred asset (\$19,467 x 23.70%)		4,614		4,614
Staff Adj # 37: To record customer deposits (-\$1,956 x 23.70%)			(464)	(464)
Total Adjustments - Working Capital Rate Base	<u>\$ (99)</u>	<u>\$ 39,066</u>	<u>\$ (464)</u>	<u>\$ 38,503</u>

LAKES REGION WATER COMPANY, INC.
 PERMANENT RATES
 CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
 IN SUPPORT OF STAFF ADJUSTMENT # 40
 OPERATION & MAINTENANCE EXPENSE ADJUSTMENTS

Operation & Maintenance Expenses:	Administrative & General														Total			
	Supply	Pumping	Treatment	T&D	Accounts	Sal - Supt	Sal - Field	Sal - Off (0.5)	Sal - Off (2.5)	Prof Svc's	Svc's - Disc	Insurance	Group Ins	Pension		Rate Case	Reg Comm	Office
Co's O&M Adj # 1: To adj test year hours to reflect full year (\$22,274 x (\$34,953 + \$147,230))	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,288								\$ 5,288
Co's O&M Adj # 2: To reflect 4% wage increase (h)	133	-	25	637	323	623	397	195	1,415									3,747
Co's O&M Adj # 3: To record pension plan for Co employees (\$16,000 x 23.70%)														3,792				3,792
Co's O&M Adj # 4: To adjust water test expense to 3 year average (\$3,272 x (\$897 + \$11,906))			246															246
Co's O&M Adj # 5: To adjust bad debts expense to 3 year average (-\$9,076 x (\$5,376 + \$18,076))					(2,700)													(2,700)
Co's O&M Adj # 6: To eliminate accounting vendor discount (f)											9,286							9,286
Co's O&M Adj # 7: To adjust general law expense to 3 year average (-\$13,317 x (\$6,889 + \$28,017))										(3,162)								(3,162)
Co's O&M Adj # 8: To eliminate rate case expenses recovered during the test year (j)															(18,308)			(18,308)
Co's O&M Adj # 9: To record amortization of DW 07-105 costs (\$9,980 x 23.70%)																2,365		2,365
Co's O&M Adj # 10: To eliminate non-recurring office expenses (-\$4,956 x (\$10,915 + \$44,828))																	(1,207)	(1,207)
Staff Adj # 42: Source of supply exp's reclassified from O&M Exp to fixed plant per Audit Issue # 17	(15,000)																	(15,000)
Staff Adj # 43: Adjustment for duplicate Pump cost per Audit Issue # 18		4,030																4,030
Staff Adj # 45: To reclass tire rim exp's to rate base per Audit Issue # 25 (-\$844 x (\$4,519 + \$19,034))				(200)														(200)
Staff Adj # 46: To reclass 'no lead rule' exp's to rate base per Audit Issue # 25 (-\$12,959 x (\$10,082 + \$37,343))				(3,502)														(3,502)
Settlement: Staff Adj # 46a: To increase O & M Exp for ann'l maint/repair of plant in service (\$18,103 x 23.70%)	1,073	1,073	1,073	1,073														4,290
Staff Adj # 47: Removal of post-test year wages per Audit Issue # 33 (k)	(14)	-	(3)	(88)	(34)	(68)	(42)	(21)	(128)									(378)
Staff Adj # 48: To reduce Co's O&M Adj # 6 to reflect actual discount (-\$2,592 x (\$9,286 + \$39,178))											(614)							(614)
Staff Adj # 49: To reverse Co's O&M Adj # 9																(2,365)		(2,365)
Staff Adj # 50: To reclassify test year general accounting expenses (-\$31,184 x (\$10,257 + \$43,206))										(7,403)								(7,403)
Staff Adj # 51: To adj Co's O&M Adj # 7 relative to general legal exp's (-\$7,384 x (\$6,889 + \$29,017))										(1,753)								(1,753)
Staff Adj # 52: To reduce computer support expense (-\$1,778 x (\$3,052 + \$12,855))										(422)								(422)
Staff Adj # 53: To reduce ins exp (-\$21,000 x (\$10,729 + \$55,594)) / (-\$7,800 x (\$13,511 + \$56,852))											(4,053)	(1,806)						(5,859)
Settlement: Staff Adj # 53a: To adj ins reduction (\$2,537 x (\$10,729 + \$55,594)) / (\$7,800 x (\$13,511 + \$56,852))											490	1,806						2,296
Staff Adj # 54: Prior year medical reimbursement per Audit Issue # 27 (-\$285 x (\$13,511 + \$56,852))												(68)						(68)
Staff Adj # 55: To reverse Co's O&M Adj # 3 relative to pension plan														(3,792)				(3,792)
Staff Adj # 56: To reduce comm exp by prior rate case exp write-off (-\$16,943 x (\$15,195 + \$20,885))																(12,268)		(12,268)
Staff Adj # 57: Non-recurring office exp's per Audit Issue # 25 (-\$5,454 x (\$10,915 + \$44,828))																	(1,328)	(1,328)
Total Adjustments - Operation & Maintenance Expenses	\$ (13,809)	\$ 5,103	\$ 1,341	\$ (2,080)	\$ (2,411)	\$ 557	\$ 355	\$ 174	\$ 6,575	\$ (12,740)	\$ 8,672	\$ (3,563)	\$ (68)	\$ -	\$ (18,308)	\$ (12,268)	\$ (2,535)	\$ (44,987)

(h) Calculation of 4% Wage Increase:

	Supply	Pumping	Treatment	T&D	Accounts	Sal - Supt	Sal - Field	Sal - Off (0.5)	Sal - Off (2.5)	Total
Paradise Shores Test Year Salaries	\$ 3,315	\$ -	\$ 625	\$ 15,919	\$ 8,086	\$ 15,589	\$ 9,923	\$ 4,872	\$ 30,082	\$ 88,391
Adjustment for Test Year Hours	-	-	-	-	-	-	-	-	5,288	5,288
Total Proforma Salaries	3,315	-	625	15,919	8,086	15,589	9,923	4,872	35,370	93,679
Proforma Wage Increase %	4.00% x	4.00% x	4.00% x	4.00% x	4.00% x	4.00% x	4.00% x	4.00% x	4.00% x	4.00%
Proforma Salary Increase	\$ 133	\$ -	\$ 25	\$ 637	\$ 323	\$ 623	\$ 397	\$ 195	\$ 1,415	\$ 3,747

(i) 2015 Appendix A; Pg 2 / 4; Line 114.5; Items Includable Cust # Basis

(j) 2015 Appendix A; Pg 2 / 4; Line 103; Items Non-POASI Only

(k) Calculation of Reduction of Post-test Year Wages per Audit Issue # 33:

	Supply	Pumping	Treatment	T&D	Accounts	Sal - Supt	Sal - Field	Sal - Off (0.5)	Sal - Off (2.5)	Total
LRWC Test Year Salaries	\$ 22,846	\$ -	\$ 6,214	\$ 50,488	\$ 25,918	\$ 65,583	\$ 41,378	\$ 20,522	\$ 128,708	\$ 359,480
% of LRWC Total Salaries	6.36%	0.00%	1.73%	14.06%	7.21%	18.24%	11.51%	5.71%	36.25%	100.00%
Total Test Year Wage Adjustment per Staff Adj # 47	\$ (96)	\$ -	\$ (26)	\$ (215)	\$ (110)	\$ (279)	\$ (176)	\$ (87)	\$ (539)	\$ (1,529)
Paradise Shores Test Year Salaries	\$ 3,315	\$ -	\$ 625	\$ 15,919	\$ 8,086	\$ 15,589	\$ 9,923	\$ 4,872	\$ 30,082	\$ 88,391
Paradise Shores Test Year Salaries as % of LRWC Test Year Salaries	14.84%	N/A	10.06%	31.53%	31.20%	23.74%	23.86%	23.74%	23.74%	24.59%
Paradise Shores Portion of Test Year Wage Adjustment per Staff Adj # 47	\$ (14)	\$ -	\$ (3)	\$ (68)	\$ (34)	\$ (68)	\$ (42)	\$ (21)	\$ (128)	\$ (376)

**CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
AMORTIZATION EXPENSE ADJUSTMENTS**

	<u>Annual Amortization</u>
Amortization Expense:	
Staff Adj # 67: Annual amortization of 'No Lead Rule' costs ($\$4,320 \times 23.70\%$)	\$ 1,024
Staff Adj # 68: Annual amortization of Paradise Shores well evaluation costs	3,601
Staff Adj # 69: Annual amortization of deferred asset related to accounting costs ($\$9,733 \times 23.70\%$)	<u>2,307</u>
Total Adjustments - Amortization Expense	<u><u>\$ 6,932</u></u>

**CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
OTHER TAX ADJUSTMENTS**

	Property Tax	Payroll Tax	Total
Other Tax Expense:			
Co's amended Tax Adj # 14: To adj State RE Tx for '14 Additions (Att JPL-5 / Sch 1B) (\$2,900 x 23.70%)	\$ 687		\$ 687
Co's amended Tax Adj # 16: To adj Municipal RE Tax for '14 Additions (Att JPL-5 / Sch 1B) (\$351,156 x \$0.00633)	2,223		2,223
Co's Tax Adj # 18: To adj PR tax relative to Co Adj # 1 (\$5,288 x 7.65%)		405	405
Co's Tax Adj # 19: To adj PR tax relative to Co Adj # 2 (\$3,747 x 7.65%)		287	287
Staff Adj # 70: To adjust PR Tax relative to Staff Adj # 48 (-\$376 x 7.65%)		(29)	(29)
<u>Settlement: Staff Adj # 73: To adjust test year RE Tax expense (I)</u>	4,035		4,035
Total Adjustments - Other Tax Expense	\$ 6,945	\$ 663	\$ 7,608
(I) Calculation of Paradise Shores portion of Staff Adj # 73 (See Schedule 12):			
2015 Direct RE Taxes - Paradise Shores	\$ 10,600		
Less: Co's revision to remove AFUDC from rate base - Paradise Shores (-\$55,038 x 87.40% x \$0.00647)	(311)		
Less: Staff Rate Base Adj's - Paradise Shores (\$221,460 x 87.40% x \$0.00647)	1,252		
Adjusted Direct RE Taxes - Paradise Shores	11,541		
Less: 2014 Direct RE Taxes - Paradise Shores (Co Response to Staff 1-25)	(4,874)	\$ 6,667	
2015 State RE Tax - All Divisions	19,693		
Less: Co's amendment to remove AFUDC from rate base - Paradise Shores (-\$55,038 x 87.40% x \$0.0066)	(317)		
Less: Staff Rate Base Adj's (\$220,934 x 87.40% x \$0.0066)	1,274		
Adjusted State RE Tax - All Divisions	20,650		
Add: 2015 Municipal RE Tax - Administrative	781		
Total 2015 Indirect RE Taxes - All Divisions	21,431		
Paradise Shores Allocation %	x 23.70%		
Total 2015 Indirect RE Taxes - Paradise Shores	5,079		
Less: 2014 Indirect RE Taxes - Paradise Shores (Co Response to Staff 1-25)	(4,801)	278	
Net 2015 Incremental RE Taxes - Paradise Shores		6,945	
Less: Co's amended Tax Adj's # 14 & 16 - Paradise Shores		(2,910)	\$ 4,035

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

**ANALYSIS OF GENERAL ACCOUNTING EXPENSE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 50**

(Based on Analysis of Co's Responses to Staff 1-17(a) and Tech 1-5(a) re: Accounting Services - Norman E. Roberge)

Invoice #	Invoice Date	Dates of Service	Description	General	Deferred Asset	Total
2014-01	03/14/14	01/01/14 - 01/31/14	Provide training to the new manager; Provide assistance in developing rate case exhibits; Provided oversight and assistance in the preparation of the NHPUC Annual Report;	\$ 6,920.00		\$ 6,920.00
2014-02	03/15/14	02/01/14 - 02/28/14	Assisted in annual closing of the books (NDS); Orchestrated and assisted in the completion of the annual POASI calculation; Assisted in reconciliation of the POASI Y/E	3,680.00		3,680.00
2014-03	04/07/14	03/01/14 - 03/31/14	Accounts Receivable; Assisted in the preparation of Department of Revenue Administration Form PA-20;	9,240.00		9,240.00
2014-04	05/17/14	04/28/14	Assisted staff in evaluation new financial software; Assist in work order process and updating Property, Plant and Equipment records (additions and retirements); and Prepare	600.00		600.00
2014-05	05/18/14	05/01/14 - 05/08/14	Journal Entries (adjusting, correcting entries etc.)	2,080.00		2,080.00
13342	08/13/14	08/13/14	Meet with Tim and Steve Review monthly financials for 2013 & 2012 Discuss cash flow statements for 2014 and needed adjustments	480.00		480.00
13388	09/01/14	08/16/14	POASI projections 10, 15 & 25 years 1) Current Asset Structure 2) With Mt Roberts 3) With Mt Roberts and CIAC contribution	320.00		320.00
		08/21/14	POASI projections	80.00		80.00
		08/26/14	Assist with questions from NH DRA concerning PA-20 filing	200.00		200.00
13612	10/19/14	09/24/14	at Lakes Region Add new accounts to excel financials Discuss workorders Discuss new accounting software Update monthly comparisons for 2013 and 2014	640.00		640.00
13872	11/26/14	10/12/14	at Lakes Region Try to resolve balance sheet problems (not successful) Work on workorders Discuss fixed assets	520.00		520.00

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF GENERAL ACCOUNTING EXPENSE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 50

(Based on Analysis of Co's Responses to Staff 1-17(a) and Tech 1-5(a) re: Accounting Services - Norman E. Roberge)

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Dates of Service</u>	<u>Description</u>	<u>General</u>	<u>Deferred Asset</u>	<u>Total</u>
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DW 13-209 / DW 13-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

**ANALYSIS OF GENERAL ACCOUNTING EXPENSE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 50**

(Based on Analysis of Co's Responses to Staff 1-17(a) and Tech 1-5(a) re: Accounting Services - Norman E. Roberge)

Invoice #	Invoice Date	Dates of Service	Description	General	Deferred Asset	Total
		10/20/14	at Lakes Region Relink balance sheet to other excel files Review work order recording progress Assign and review work required to be completed or in progress for next visit in 1st wk of Dec	680.00		680.00
13828	12/04/14	12/03/14	at Lakes Region Review work order recording progress Prepare Jake time allocation entries - Jan-Oct Review work required to be completed Property & Equipment analysis	640.00		640.00
13830	12/12/14	12/11/14	at Lakes Region Review work order recording progress Review work required to be completed Discussions with TJ and Jake Property & Equipment analysis	640.00		640.00
13892	12/18/14	12/17/14	at Lakes Region Property & Equipment analysis	600.00		600.00
139893	12/24/14	12/22/14	at Lakes Region Property & Equipment analysis	640.00		640.00
13905	12/31/14	12/29/14 12/30/14	Property & Equipment analysis Property & Equipment analysis	560.00 680.00		560.00 680.00
		01/01/14 - 12/30/14	Staff Adjustment	(29,200.00)	29,200.00	-
TOTALS				\$ -	\$ 29,200.00	\$ 29,200.00

DW 15-209 / DW 15-424
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF GENERAL ACCOUNTING EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 50

(Based on Analysis of Co's Response to Staff 1-17(a) re: Accounting Services - Stephen P. St. Cyr & Associates)

Invoice #	Invoice Date	Dates of Service	Description	General	DW 14-285 Financing	DW 15-209 Rate Case	Total
12958	04/12/14	03/12/14 - 03/31/14	2013 Year End / Other	\$ 1,509.38			\$ 1,509.38
12958	04/12/14	03/31/14	Staff Adjustment: Talk w/Tom re: Mt. Roberts rate case (DW 15-209)	(28.75)		28.75	-
12970	05/15/14	04/07/14 - 04/29/14	2013 Year End / Other	402.50			402.50
12970	05/15/14	04/07/14	Staff Adjustments: Talk w/Tom re: financing (DW 14-285)	(28.75)	28.75		-
		04/08/14	Talk w/Tom re: financing (DW 14-285)	(28.75)	28.75		-
		04/16/14	Talk w/Tim re: rate case (DW 15-209)	(28.75)		28.75	-
		04/17/14	Meet w/Tim re: . . . Financing, Mt. Roberts, Swissvale, rate case (DW 14-285 / DW 15-209)	(115.00)	57.50	57.50	-
		04/29/14	Review PUC order (DW 14-285)	(57.50)	57.50		-
13405	08/08/14	07/11/14 - 07/25/14	2013 Year End / Other 2014 Financing 2014 Rate Case	603.75 172.50 431.25			603.75 172.50 431.25
13405	08/08/14	07/11/14 - 07/25/14	Audit Staff Adjustments: Audit Issue # 26 (DW 14-285 / DW 15-209)	(603.75)	172.50	431.25	-
13436	09/05/14	08/06/14 - 08/28/14	2013 Year End / Other 2014 Financing 2014 Rate Case	71.88 661.25 258.75			71.88 661.25 258.75
13436	09/05/14	08/06/14 - 08/28/14	Audit Staff Adjustments: Audit Issue # 26 (DW 14-285 / DW 15-209)	(920.00)	661.25	258.75	-

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

**ANALYSIS OF GENERAL ACCOUNTING EXPENSES
 IN SUPPORT OF STAFF ADJUSTMENT # 50**

(Based on Analysis of Co's Response to Staff 1-17(a) re: Accounting Services - Stephen P. St. Cyr & Associates)

Invoice #	Invoice Date	Dates of Service	Description	General	DW 14-285 Financing	DW 15-209 Rate Case	Total
13544	10/10/14	09/05/14 - 09/16/14	2013 Year End / Other 2014 Rate Case	143.75 28.75			143.75 28.75
13544	10/10/14	09/11/14	Audit Staff Adjustments: Audit Issue # 26 (DW 15-209)	(28.75)		28.75	-
13732	11/07/14	10/28/14	2014 Year End / Other	28.75			28.75
13846	12/09/14	11/04/14 - 11/19/14	2014 Year End / Other	373.75			373.75
13919	01/03/15	12/01/14 - 12/29/14	2014 Year End / Other	172.50			172.50
13919	01/03/15	12/24/14	Staff Adjustments: Talk w/Tim re: financing, Mt. Roberts sch / sup docs (DW 14-285 / DW 15-209)	(86.25)	28.75	57.50	-
		12/29/14	Talk w/Tom re: P&S, petition, filing, etc. (DW 15-209)	(57.50)		57.50	-
TOTALS				\$ 2,875.01	\$ 1,035.00	\$ 948.75	\$ 4,858.76

DW 13-209 / DW 13-335
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2014 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Tech 1-6(a))

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Dates of Service</u>	<u>Description</u>	<u>General</u>	<u>DW 13-335 Financing</u>	<u>DW 15-209 Rate Case</u>	<u>Non-Recurring</u>	<u>Total</u>
114079	01/31/14	01/02/14 - 01/16/14	General Advice	\$ 483.00				\$ 483.00
114080	01/31/14	01/07/14 - 01/10/14	Sale of Land to Raymond Graham Revocable Trust	105.00				105.00
114081	01/31/14	11/07/13 - 12/23/13	CoBank Loan	3,929.23				3,929.23
		01/08/14 - 01/31/14	CoBank Loan	3,247.44				3,247.44
114081	01/31/14	Staff Adjustment: 11/07/13 - 01/31/14	CoBank Loan (DW 13-335)	(7,176.67)	7,176.67			-
	02/14/14	02/14/14	Settlement Costs - Sale of Tuftonboro Property	1,536.00				1,536.00
	02/14/14	Staff Adjustment: 12/14/14	Non-recurring Expense	(1,536.00)			1,536.00	-
114416	02/28/14	02/20/14 - 02/22/14	General Advice	782.00				782.00
114417	02/28/14	02/06/14	Sale of Land to Raymond Graham Revocable Trust	35.00				35.00
114418	02/28/14	02/03/14 - 02/28/14	CoBank Loan	2,438.00				2,438.00
114418	02/28/14	Staff Adjustment: 02/03/14 - 02/28/14	CoBank Loan (DW 13-335)	(2,438.00)	2,438.00			-
114603	03/31/14	03/03/14 - 03/27/14	General Advice	506.00				506.00

DW 13-209 / DW 13-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2014 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
 (Based on Analysis of Co's Response to Tech 1-6(a))

Invoice #	Invoice Date	Dates of Service	Description	General	DW 13-335 Financing	DW 15-209 Rate Case	Non-Recurring	Total
114604	03/31/14	03/04/14 - 03/31/14	CoBank Loan	207.00				207.00
114604	03/31/14	03/04/14 - 03/31/14	Staff Adjustment: CoBank Loan (DW 13-335)	(207.00)	207.00			-
115033	04/30/14	04/01/14 - 04/30/14	General Advice	1,564.00				1,564.00
115405	04/30/14	04/07/14 - 04/30/14	CoBank Loan	529.00				529.00
115405	04/30/14	04/07/14 - 04/30/14	Staff Adjustment: CoBank Loan (DW 13-335)	(529.00)	529.00			-
115713	05/31/14	05/05/14 - 05/30/14	General Advice	736.00				736.00
115714	05/31/14	05/30/14	Sale of Land to Raymond Graham Revocable Trust	52.50				52.50
115715	05/31/14	05/02/14 - 05/30/14	CoBank Loan	2,330.00				2,330.00
115715	05/31/14	05/02/14 - 05/30/14	Staff Adjustment: CoBank Loan (DW 13-335)	(2,330.00)	2,330.00			-
116131	06/30/14	06/03/14 - 06/19/14	General Advice	2,277.00				2,277.00
		06/03/14 - 06/19/14	Courtesy Discount	(684.25)				(684.25)
		06/03/14 - 06/16/14	Reclassification to Mt. Roberts Costs	(621.00)				(621.00)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2014 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Tech 1-6(a))

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Dates of Service</u>	<u>Description</u>	<u>General</u>	<u>DW 13-335 Financing</u>	<u>DW 15-209 Rate Case</u>	<u>Non-Recurring</u>	<u>Total</u>
116132	06/30/14	06/05/14 - 06/24/14	CoBank Loan	3,590.86				3,590.86
116132	06/30/14	06/05/14 - 06/24/14	Staff Adjustment: CoBank Loan (DW 13-335)	(3,590.86)	3,590.86			-
116318	07/31/14	07/08/14 - 07/31/14	General Advice	460.00				460.00
		07/09/14 - 07/24/14	Reclassification to Mt Roberts Costs	(184.40)				(184.40)
116318	07/31/14	07/24/14	Staff Adjustment: Rate Case - Mt Roberts (DW 15-209)	(69.00)		69.00		-
116319	07/31/14	07/29/14 - 07/30/14	CoBank Loan	46.00				46.00
		07/29/14 - 07/30/14	Courtesy Discount	(902.75)				(902.75)
116319	07/31/14	07/29/14 - 07/30/14	Staff Adjustment: CoBank Loan (DW 13-335)	(46.00)	46.00			-
	08/01/14		Upton & Hatfield Discount Adjustment	(470.25)				(470.25)
117001	08/31/14	08/22/14 08/31/14	General Advice Courtesy Discount	345.00 (86.25)				345.00 (86.25)
117002	08/31/14	08/04/14 08/31/14	CoBank Loan Courtesy Discount	256.00 (28.75)				256.00 (28.75)
117002	08/31/14	08/04/14	Staff Adjustment: CoBank Loan (DW 13-335)	(227.25)	227.25			-

DW 13-209 / DW 15-209
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2014 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Tech 1-6(a))

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Dates of Service</u>	<u>Description</u>	<u>General</u>	<u>DW 13-335 Financing</u>	<u>DW 15-209 Rate Case</u>	<u>Non-Recurring</u>	<u>Total</u>
117081	09/30/14	09/03/14 - 09/22/14	General Advice	1,155.00				1,155.00
117082	09/30/14	09/05/14 - 09/10/14	Mt Roberts Project	402.50				402.50
117082	09/30/14	Staff Adjustment: 09/05/14 - 09/10/14	Rate Case - Mt Roberts (DW 15-209)	(402.50)		402.50		-
117711	10/31/14	10/03/14 - 10/06/14	General Advice	52.50				52.50
117711	10/31/14	Staff Adjustment: 10/03/14	Rate Case - Mt Roberts (DW 15-209)	(23.00)		23.00		-
117712	10/31/14	10/01/14 - 10/28/14 10/31/14	Mt Roberts Project Courtesy Discount	2,417.50 (417.50)				2,417.50 (417.50)
117712	10/31/14	Staff Adjustment: 09/05/14 - 09/10/14	Rate Case - Mt Roberts (DW 15-209)	(2,000.00)		2,000.00		-
118109	11/30/14	11/21/14 - 11/28/14	General Advice	910.00				910.00
118110	11/30/14	11/06/14 - 11/19/14	advs Bruce W. and Nancy B. Lewis, Olga L. Gordon, Trustee	126.00				126.00
	11/30/14	11/06/14 - 11/19/14	advs Bruce W. and Nancy B. Lewis, Olga L. Gordon, Trustee	126.00				126.00
118110	11/30/14	Staff Adjustment: 11/06/14 - 11/19/14	Invoice Recorded Twice	(126.00)			126.00	-

DW 10-200 / DW 10-22
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2014 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Tech 1-6(a))

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Dates of Service</u>	<u>Description</u>	<u>General</u>	<u>DW 13-335 Financing</u>	<u>DW 15-209 Rate Case</u>	<u>Non-Recurring</u>	<u>Total</u>
		12/23/14	General Advice	1,767.50				1,767.50
118583	12/31/14	12/05/14	advs Bruce W. and Nancy B. Lewis, Olga L. Gordon, Trustee	-				-
TOTALS				<u>\$ 8,315.60</u>	<u>\$ 16,544.78</u>	<u>\$ 2,494.50</u>	<u>\$ 1,662.00</u>	<u>\$ 29,016.88</u>

DW 13-209 / DW 13-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2013 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Staff 2-10(a))

Invoice #	Invoice Date	Dates of Service	Description	General	DW 13-335 Financing	Non-Recurring	Total
108566	01/31/13	01/02/13 - 01/31/13	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	\$ 1,476.00			\$ 1,476.00
109143	02/28/13	12/06/12 - 02/27/13	General Advice	945.00			945.00
		12/06/12 - 02/27/13	Courtesy Discount	(415.00)			(415.00)
109144	02/28/13	02/06/13	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	48.94			48.94
110036	04/30/13	04/17/13	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	40.00			40.00
11620			Ransmeier & Spellman	(2,897.31)			(2,897.31)
			Ransmeier & Spellman Reclass	(9,386.79)			(9,386.79)
11620			Staff Adjustment: Non-recurring	12,284.10		(12,284.10)	-
110241	05/31/13	05/09/13	General Advice	67.50			67.50
111030	07/31/13	07/29/13 - 07/30/13	General Advice	990.00			990.00
111356	08/31/13	08/28/13 - 08/29/13	Sale of Land to Raymond Graham Revocable Trust	391.00			391.00
112042	09/30/13	09/03/13 - 09/26/13	CoBank Loan	2,123.50			2,123.50
112042	09/30/13	09/03/13 - 09/26/13	Staff Adjustment: CoBank Loan (DW 13-335)	(2,123.50)	2,123.50		-
112493	10/31/13	09/06/13 - 10/28/13	Sale of Land to Raymond Graham Revocable Trust	1,170.50			1,170.50

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2013 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Staff 2-10(a))

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Dates of Service</u>	<u>Description</u>	<u>General</u>	<u>DW 13-335 Financing</u>	<u>Non-Recurring</u>	<u>Total</u>
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LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2013 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Staff 2-10(a))

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Dates of Service</u>	<u>Description</u>	<u>General</u>	<u>DW 13-335 Financing</u>	<u>Non-Recurring</u>	<u>Total</u>
112494	10/31/13	10/01/13 - 10/30/13	CoBank Loan	5,330.50			5,330.50
		10/01/13 - 10/30/13	Courtesy Discount	(1,000.00)			(1,000.00)
112494	10/31/13	09/03/13 - 09/26/13	Staff Adjustment: CoBank Loan (DW 13-335)	(4,330.50)	4,330.50		-
112987	11/30/13	11/01/13 - 11/24/13	Sale of Land to Raymond Graham Revocable Trust	561.00			561.00
113077	12/31/13	12/31/13	General Advice	225.00			225.00
113078	12/31/13	12/13/13 - 12/30/13	Sale of Land to Raymond Graham Revocable Trust	1,139.00			1,139.00
TOTALS				<u>\$ 6,638.94</u>	<u>\$ 6,454.00</u>	<u>\$(12,284.10)</u>	<u>\$ 808.84</u>

DW 13-209 / DW 13-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2012 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Staff 2-10(a))

Invoice #	Invoice Date	Dates of Service	Description	General	Non-Recurring	Total
103162		12/01/11 - 12/31/11		\$ 247.50		\$ 247.50
103162		12/01/11 - 12/31/11	Staff Adjustment: December 2011	(247.50)	247.50	-
103643	01/31/12	01/13/12 - 01/20/12	General Advice	1,180.00		1,180.00
9976			Stephen P. St. Cyr	52.50		52.50
9976			Staff Adjustment: Stephen P. St. Cyr (Accounting Fees)	(52.50)	52.50	-
104873	04/30/12	04/02/12 - 04/30/12	General Advice	720.00		720.00
105236	05/31/12	05/01/12 - 05/30/12	General Advice	1,060.00		1,060.00
105691	06/30/12	06/07/12 - 06/28/12	General Advice	1,280.00		1,280.00
106116	07/31/12	07/02/12 - 07/30/12	General Advice	980.00		980.00
106505	08/31/12	08/09/12 - 08/10/12	Hidden Valley Property Owners' Association	280.50		280.50
106506	08/31/12	08/02/12 - 08/31/12	General Advice	3,083.00		3,083.00
106968	09/30/12	09/20/12	Hidden Valley Property Owners' Association	66.00		66.00

LAKES REGION WATER COMPANY, INC.

PERMANENT RATES

ANALYSIS OF 2012 GENERAL LEGAL EXPENSES

IN SUPPORT OF STAFF ADJUSTMENT # 51

(Based on Analysis of Co's Response to Staff 2-10(a))

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Dates of Service</u>	<u>Description</u>	<u>General</u>	<u>Non-Recurring</u>	<u>Total</u>
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DW 10-209 / DW 10-722
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2012 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Staff 2-10(a))

Invoice #	Invoice Date	Dates of Service	Description	General	Non-Recurring	Total
106969	09/30/12	09/04/12 - 09/26/12	General Advice	2,239.00		2,239.00
107556	10/31/12	10/03/12 - 10/31/12	General Advice	740.00		740.00
107556	10/31/12	10/31/12	Staff Adjustment: Research law re: emergency rates . . .	(200.00)	200.00	-
107557	10/31/12	10/01/12 - 10/31/12	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	2,026.10		2,026.10
		10/01/12 - 10/31/12	Courtesy Discount	(840.00)		(840.00)
107770	11/30/12	11/01/12	Hidden Valley Property Owners' Association	33.00		33.00
107771	11/30/12	11/30/12	General Advice	80.00		80.00
107772	11/30/12	11/01/12 - 11/28/12	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	2,890.18		2,890.18
108187	12/31/12	12/12/12 - 12/28/12	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	476.00		476.00
TOTALS				<u>\$ 16,093.78</u>	<u>\$ 500.00</u>	<u>\$ 16,593.78</u>

DW 13-209 / DW 13-422
LAKES REGION WATER COMPANY, INC.
DW 13-335 FINANCING COSTS

IN SUPPORT OF FOOTNOTE (e) on SCHEDULE 1ai

(Based on Company Responses to Tech 1-6 and Staff Data Request 2-10, 2-18, and 2-32)

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Service Dates</u>	<u>Description</u>	<u>Amount</u>
112042	09/30/13	09/03/13 - 09/26/13	CoBank Loan (Staff Adjustment - Sch 11b)	\$ 2,123.50
112494	10/31/13	10/01/13 - 10/30/13	CoBank Loan (Staff Adjustment - Sch 11b)	4,330.50
114081	01/31/14	11/07/13 - 01/31/14	CoBank Loan (Staff Adjustment - Sch 11a)	7,176.67
114418	02/28/14	02/03/14 - 02/28/14	CoBank Loan (Staff Adjustment - Sch 11a)	2,438.00
114604	03/31/14	03/04/14 - 03/31/14	CoBank Loan (Staff Adjustment - Sch 11a)	207.00
115405	04/30/14	04/07/14 - 04/30/14	CoBank Loan (Staff Adjustment - Sch 11a)	529.00
115715	05/31/14	05/02/14 - 05/30/14	CoBank Loan (Staff Adjustment - Sch 11a)	2,330.00
116132	06/30/14	06/05/14 - 06/24/14	CoBank Loan (Staff Adjustment - Sch 11a)	3,590.86

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
DW 13-335 FINANCING COSTS
IN SUPPORT OF FOOTNOTE (e) on SCHEDULE 1ai

(Based on Company Responses to Tech 1-6 and Staff Data Request 2-10, 2-18, and 2-32)

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Service Dates</u>	<u>Description</u>	<u>Amount</u>
116319	07/31/14	07/29/14 - 07/30/14	CoBank Loan (Staff Adjustment - Sch 11a)	46.00
117002	08/31/14	08/14/14	CoBank Loan (Staff Adjustment - Sch 11a)	227.25
118111	11/30/14	11/10/14 - 11/18/14	CoBank Loan	227.50
118584	12/31/14	12/22/14 - 12/23/14	CoBank Loan	<u>87.50</u>
Total Debt Costs				<u><u>\$ 23,313.78</u></u>

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

MUNICIPAL AND STATE REAL ESTATE TAX ADJUSTMENT TO 2015 LEVEL
IN SUPPORT OF STAFF ADJUSTMENT # 73

(Based on Staff's Analysis of Co's Responses to Staff Data Requests 1-24, 1-25, 2-13, and 2-14)

Water System	Taxing Entity	Identification #	2015 Municipal Property Taxes						Total Taxes
			1'st Issue			2'nd Issue			
			Valuation	Rate	Billing	Valuation	Rate	Billing	
Far Echo	Moultonborough	000888 - 888000 - 000003	99,000	3.17	314	No 2'nd Issue Billing			314
Paradise Shores	Balmoral	072-092 083-100			100				100
		072-093 083-122			100				100
		072-094 082-123			100				100
		072-095 083-124			100				100
		093-030 082-015			100				100
	Moultonborough	000071 - 001000 - 000000	248,600	3.17	788	No 2'nd Issue Billing			788
		000072 - 092000 - 000000	8,300	3.17	26	7,900	6.47	25	51
		000072 - 093000 - 000000	8,300	3.17	26	8,000	6.47	25	52
		000072 - 094000 - 000000	8,300	3.17	26	7,900	6.47	25	51
		000072 - 095000 - 000000	317,189	3.17	1,005	317,189	6.47	1,047	2,052
	000093 - 030000 - 000000	8,600	3.17	27	8,300	6.47	26	54	
	000888 - 888000 - 000002	99,000	3.17	314	1,090,000	6.47	6,738	7,052	
West Point	Moultonborough	000272 - 030000 - 000000	50,600	3.17	160	49,800	6.47	162	322
		000888 - 888000 - 000004	99,000	3.17	314	No 2'nd Issue Billing			314
Waterville Valley Gateway	Thornton	000011 - 000005 - 00000W	196,900	8.20	1,615	196,900	16.50	1,634	3,249
Hidden Valley	Tuftonboro	000070 - 000002 - 000048	249,600	4.13	1,031	226,100	8.75	948	1,978
		000070 - 000002 - 000049	36,200	4.13	150	36,200	8.75	167	317
	Hidden Valley POA	000070 - 000002 - 000048-4						250	250
		000070 - 000002 - 000048-9						250	250
Wentworth Cove	Laconia	166 / 358 / 20	107,300	9.91	1,063	83,500	19.83	592	1,656
Deer Run	Campton	02 / 01 / 500 / 0 / 0	32,600	11.28	343	32,600	20.45	324	667
Woodland Grove	Conway	000266 - 000074 - 000000	116,300	8.59	999	116,300	17.53	1,040	2,039
Echo Lake Woods	Conway	000216 - 000027 - 000000	74,300	8.59	638	74,300	17.53	664	1,302
Brake Hill	Gilford	227-192.000	26,080	15.77	206	26,280	15.52	202	408
Tamworth	Tamworth	201-039-300	297,400	19.16	2,849	269,974	20.37	2,650	5,499
Deer Cove	Ossipee	000044 - 999000 - 000UTL	3,400	9.03	31	3,400	18.43	32	63

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
MUNICIPAL AND STATE REAL ESTATE TAX ADJUSTMENT TO 2015 LEVEL
IN SUPPORT OF STAFF ADJUSTMENT # 73
 (Based on Staff's Analysis of Co's Responses to Staff Data Requests 1-24, 1-25, 2-13, and 2-14)

Water System	Taxing Entity	Identification #	2015 Municipal Property Taxes						Total Taxes
			1'st Issue			2'nd Issue			
			Valuation	Rate	Billing	Valuation	Rate	Billing	

**PERMANENT RATES
MUNICIPAL AND STATE REAL ESTATE TAX ADJUSTMENT TO 2015 LEVEL
IN SUPPORT OF STAFF ADJUSTMENT # 73**

(Based on Staff's Analysis of Co's Responses to Staff Data Requests 1-24, 1-25, 2-13, and 2-14)

Water System	Taxing Entity	Identification #	2015 Municipal Property Taxes						Total Taxes
			Valuation	1'st Issue Rate	Billing	Valuation	2'nd Issue Rate	Billing	
Lake Ossipee Village	Freedom	000034 - 000034 - 000000	211,500	4.97	1,051	212,700	9.94	1,063	2,114
Indian Mound	Ossipee	000073 - 999000 - 000UTL	70,600	8.53	602	70,600	17.35	623	1,225
Gunstock Glen	Gilford	227-142.000	142,700	15.77	1,125	142,900	15.52	1,093	2,218
Administrative	Moultonborough	000071 - 015000 - 000000	246,400	3.17	781	No 2'nd Issue Billing			781
2015 Municipal Property Tax Assessment			<u>\$ 2,758,169</u>		<u>\$ 15,985</u>	<u>\$ 2,980,843</u>		<u>\$ 19,581</u>	<u>\$ 35,566</u>
Add: 2015 NH State Utility Property Tax									
State Valuation							\$ 2,983,722		
State Tax Rate per \$1,000							x \$ 6.60		
2015 State Utility Tax Assessment							+ \$ 1,000		19,693
Total 2015 Property Tax Assessment									<u>\$ 55,258</u>

Adjustment for Property Taxes relative to Staff Plant Adjustments:

Company amendment to remove AFUDC from test year Rate Base - Paradise Shores (Att JPL-5 / Sch 7)
Settlement: Staff Adj # 2a: To record adjusted shareholder investment in Mt. Roberts land - Paradise Shores
 Staff Adj #'s 4 and 15: Staff Audit Issue # 12 - Paradise Shores
 Staff Adj #'s 5 and 16: Co response to Staff 2-19 - Paradise Shores
 Staff Adj #'s 6 and 17: Staff Audit Issue # 16 - Paradise Shores
 Staff Adj #'s 7 and 18: Staff Audit Issue # 18 - Paradise Shores
 Staff Adj #'s 8 and 19: Reclassification of Hydrofracking Exp - West Point
Settlement: Staff Adj #'s 8a and 19a: Removal of capitalized Hydrofracking costs - West Point
 Staff Adj # 20: Staff Audit Issue # 15 - Paradise Shores
 Staff Adj # 20: Staff Audit Issue # 15 - West Point
 Staff Adj # 35: Reclass well evaluation costs from CWIP to Deferred Assets - Paradise Shores
 Total Plant Adjustments
 Tax Assessment Value as a % of Taxable Utility Plant per Book (m)
 Tax Assessment of Staff's Plant Adjustments
 Combined Tax Rate (\$6.47(Moultonborough) + \$6.60 (State))

Plant in Service	Accum Depr	Net Plant
\$ (55,820)	\$ 782	\$ (55,038)
262,095	-	262,095
311	(20)	291
(300)	6	(294)
139	(5)	134
(4,030)	403	(3,627)
2,592	(86)	2,506
(2,592)	86	(2,506)
-	(1,133)	(1,133)
-	(526)	(526)
(36,006)	-	(36,006)
<u>\$ 166,389</u>	<u>\$ (493)</u>	<u>\$ 165,896</u>
		x 87.40%
		<u>\$ 144,990</u>
		x 13.07
		<u>1,895</u>

Pro-forma Property Tax Expense per Staff

\$ 57,153

Less: Pro-forma Property Tax Expense per Company:

Actual Property Tax Expense - 2014

\$ (47,515)

Co's Amended Property Tax Adj # 14 relative to state property tax expense (Att JPL-5 / Sch 1B)

(2,900)

Co's Amended Property Tax Adj # 16 relative to municipal property tax expense (Att JPL-5 / Sch 1B)

(3,471)

(53,886)

Staff Pro-forma Adjustment to Property Tax Expense

\$ 3,267

LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
MUNICIPAL AND STATE REAL ESTATE TAX ADJUSTMENT TO 2015 LEVEL
IN SUPPORT OF STAFF ADJUSTMENT # 73
(Based on Staff's Analysis of Co's Responses to Staff Data Requests 1-24, 1-25, 2-13, and 2-14)

Water System	Taxing Entity	Identification #	2015 Municipal Property Taxes						Total Taxes
			Valuation	1'st Issue Rate	Billing	Valuation	2'nd Issue Rate	Billing	
(m) Tax Assessment %:			Book Value @ 12/31/14 (Per Co's 2014 Ann'l Rpt)						
	Total Utility Plant		\$	5,136,724					
	Less: Accumulated Depreciation			(1,582,018)					
	Net Plant			3,554,706					
	Add: Inventory			4,717					
	Less: Non-Real Estate Gen'l Plant			(147,129)					
	Taxable Utility Plant per Book		\$	3,412,294					
				Tax Assessment Value				% of Taxable Plant per Book	
	Municipal:		\$	2,980,843	=			87.36%	
	State:		\$	2,983,722	=			87.44%	
	Average:		\$	2,982,283	=			87.40%	

**LAKES REGION WATER COMPANY, INC.
PERMANENT RATES**

**SETTLEMENT: ANALYSIS OF MT ROBERTS PROPERTY ACQUISITION
IN SUPPORT OF STAFF ADJUSTMENT # 2a**

<u>Date</u>	<u>Payee</u>	<u>Description</u>	<u>Original Costs Proposed by Co</u>	<u>Amending Reduction of AFUDC Per Co</u>	<u>Amended Costs Proposed Per Co</u>	<u>Investment Reductions Per Staff</u>	<u>Adjusted Shareholder Investment</u>
07/30/06	Nancy Montague	Purchase of Land and Buildings	\$ 307,805	\$ (107,805)	\$ 200,000		\$ 200,000
07/31/06	Cleveland, Waters & Bass	Legal Expense relative to purchase	1,051	(368)	683		683
10/31/06	Cleveland, Waters & Bass	Legal Expense relative to purchase	1,621	(548)	1,073		1,073
12/31/06	Town of Moultonborough	2006 Property Tax Bill	2,698	(891)	1,807	1,807	
01/15/07	Wright Survey	01/15/07 Invoice - Survey Expense	4,197	(1,377)	2,820		2,820
03/01/07	Wright Survey	02/16/07 Invoice - Survey Expense	3,260	(1,050)	2,210		2,210
03/22/07	Wright Survey	03/15/07 Invoice - Survey Expense	2,949	(941)	2,008		2,008
04/26/07	Wright Survey	04/21/07 Invoice - Survey Expense	3,751	(1,180)	2,571		2,571
05/01/07	Keith R Nelson	Legal Expense relative to purchase	146	(46)	100		100
12/31/07	Town of Moultonborough	2007 Property Tax Bill	3,141	(879)	2,262	2,262	
07/01/08	Nancy Montague	Consideration: Release of Lease-Conveyance Agreement	66,959	(16,959)	50,000		50,000
10/10/08	Hambrook Land Surveying	Special Exception - Moultonborough ZBA	827	(197)	630		630
12/31/08	Town of Moultonborough	2008 Property Tax Bill	3,176	(717)	2,459	2,459	
12/31/09	Town of Moultonborough	2009 Property Tax Bill	2,926	(491)	2,435	2,435	
01/05/10	Cleveland, Waters & Bass	Legal on land purchase - Swansea, MA	1,786	(298)	1,488		1,488
12/31/10	Town of Moultonborough	2010 Property Tax Bill	2,674	(281)	2,393	2,393	
12/31/11	Town of Moultonborough	2011 Property Tax Bill	2,530	(96)	2,434	2,434	
12/31/12	Town of Moultonborough	2012 Property Tax Bill	2,501	-	2,501	2,501	
12/31/13	Town of Moultonborough	2013 Property Tax Bill	1,909	-	1,909	1,909	
Totals			\$ 415,907	\$ (134,124)	\$ 281,783	\$ 19,688	\$ 262,095

**SETTLEMENT: CALCULATION OF NON-REVENUE PRODUCING PLANT ADDITION ADJUSTMENTS - INDIAN MOUND
IN SUPPORT OF STAFF ADJUSTMENTS # 10a and # 23a**

	Source of Supply and Pumping Plant		Transmission and Distribution Plant			TOTAL
	#311 Pumps	# 339 Miscellaneous	# 330 Tanks	# 331 Mains	# 334 Meters	
Plant in Service:						
Test Year Plant Additions (Att JPL-5 / Sch 7)	\$ 661	\$ 254	\$ 875	\$ 42,517	\$ 272	\$ 44,579
Plant in Service Adjustments:						
N/A	-	-	-	-	-	-
Total Adjustments	-	-	-	-	-	-
Test Year Plant Additions after Adjustments	661	254	875	42,517	272	44,579
Test Year Average % (Per NHPUC Audit Staff)	x 7.69%	x 7.69%	x 23.08%	x 7.69%	x 7.69%	x 7.99%
Test Year Average of Adjusted Plant in Service	51	20	202	3,271	21	3,564
Difference between Year-end Value and Test Year Average of Indian Mound Test Year Plant Additions	\$ 610	\$ 234	\$ 673	\$ 39,246	\$ 251	\$ 41,015
Non-Revenue Producing Plant in Service Adjustment	\$ 610	\$ 234	\$ 673	\$ 39,246		\$ 40,764
Accumulated Depreciation:						
Accumulated Depreciation recorded by Co (Att JPL-5 / Sch 7)	\$ (33)	\$ (12)	\$ (9)	\$ (425)	\$ (7)	\$ (486)
Accumulated Depreciation Adjustments:						
Co's Accumulated Depreciation Adj # 5	(33)	(12)	(9)	(425)	(7)	(486)
Total Accumulated Depreciation Adjustments	(33)	(12)	(9)	(425)	(7)	(486)
Accumulated Depreciation on Test Year Plant Additions after Adjustments	(66)	(24)	(18)	(850)	(14)	(972)
Test Year Average	x 7.69%	x 7.69%	x 23.08%	x 7.69%	x 7.69%	x 7.98%
Test Year Average of Adjusted Accumulated Depreciation	(5)	(2)	(4)	(65)	(1)	(78)
Difference between Year-end Value and Test Year Average of Accumulated Depreciation on Indian Mound Test Year Plant Additions	\$ (61)	\$ (22)	\$ (14)	\$ (785)	\$ (13)	\$ (894)
Non-Revenue Producing Accumulated Depreciation Adjustment	\$ (61)	\$ (22)	\$ (14)	\$ (785)		\$ (882)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
CALCULATION OF STEP ADJUSTMENT

Net Increase in Rate Base:			
Plant in Service:	Indian Mound Project (Schedule 2):		
	Proposed asset additions	195,728	
	Less: 1/2 Year Accumulated Depreciation	<u>(3,128)</u>	192,600
	Logics Accounting Software (Schedule 3):		
	Proposed Asset Additions	33,467	
	Less: 1/2 Year Accumulated Depreciation	<u>(1,673)</u>	31,794
Cash Working Capital:	Annual Pension Expense (Schedule 5)	\$ 12,929	
	Computer Support Expense - net (Schedule 3)	<u>(2,666)</u>	
	Net Increase in O & M Expense	<u>10,263</u>	
	% of O & M Exp's attributable to billings in arrears (1,566 / 1,667):	x 93.94% =	9,641
	% of O & M Exp's attributable to billings in advance (101 / 1667):	x -6.06% =	<u>(622)</u>
	Net O & M Exp adj's subject to Cash Working Capital Adjustment:	9,019	
	Cash Working Capital % (75 days + 365 days)	x 20.55%	<u>2,109</u>
Deferred Assets:	DW 07-105 Deferred Asset (Schedule 4):		
	Proposed Cost	49,902	
	Less: 1/2 Year Amortization	<u>(4,990)</u>	44,912
Net Increase in Rate Base			\$ 271,414
Rate of Return (Schedule 1a)			x 7.49%
Increase in Net Operating Income Requirement			\$ 20,328
O & M Expense:	Annual Pension Expense (Schedule 5)	\$ 12,929	
	Computer Support Expense - net (Schedule 3)	<u>(2,666)</u>	10,263
Depreciation Exp (net of retirements):	Indian Mound Project (Schedule 2)	\$ 6,121	
	Logics Accounting Software System (Schedule 3)	<u>(314)</u>	5,807
Amortization Expense:	DW 07-105 Deferred Asset (Schedule 4)		9,980
Property Tax Expense:	Indian Mound Project (Schedule 2)		4,032
Income Tax Expense:			
Net Increase in Rate Base		\$ 271,414	
Income Tax Gross-up Factor (Sch 1a / Footnote (d))		x 2.21%	<u>6,004</u>
Increase in Revenue Requirement			\$ 56,413
Less: Increase in POASI Special Contract (Schedule 6a)			<u>(3,501)</u>
Step Increase			\$ 52,912
Actual Water Revenues from General Customers (Attachment JPL-1 / Schedule 3)			\$ 1,043,143
% Increase in Annual Water Revenues from General Customers			5.07%

DW 10-205 / DW 10-222
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
WEIGHTED AVERAGE COST OF CAPITAL

	(1)	(2)	(3)	(4)	(5)	(6)
CAPITAL STRUCTURE						
	Proforma Balance Per Att JPL-1 / Sch 1a	Financing for 2015 Projects	Proforma Capitalization For Step Adjustment	Percent	COST RATE	WEIGHTED AVERAGE COST OF CAPITAL FOR STEP ADJUSTMENT
Proforma Long-Term Debt:						
Total Long-Term Debt	\$ 1,171,803	(a) \$ 130,000	\$ 1,301,803	38.46%	4.11% (b)	1.58%
Proforma Common Equity:						
Common Equity	10,000	-	10,000	0.30%		
Additional Paid-in Capital	1,423,631	-	1,423,631	42.06%		
Capital Stock Expense	(7,360)	-	(7,360)	-0.22%		
Retained Earnings	656,934	-	656,934	19.41%		
Total Common Equity	2,083,205	-	2,083,205	61.54%	9.60% (c)	5.91%
Proforma Total Capitalization	\$ 3,255,008	\$ 130,000	\$ 3,385,008	100.00%		7.49%

(a) Determination of Proforma Long-Term Debt:

Proforma Total Common Equity (Att JPL-1 / Sch 1a / Col 5)	\$ 2,083,205				
Proforma Equity % (Att JPL-1 / Sch 1a / Col 6a)	64.00%	+			
Proforma Total Capitalization	3,255,008				
Less: Balance of Proforma Total Common Equity	(2,083,205)				
Proforma Long-Term Debt	<u>\$ 1,171,803</u>				

(b) Schedule 1ai

(c) See Att JPL-1 / Sch 1a / Footnote (c)

(d) Income Tax on Equity Component:

	(1)		(2)		(3)	(4)
	Weighted Cost		Tax Multiplier		Pre-Tax Cost	Tax Gross-up ((3) - (1))
Debt	1.58%	x	1.00	=	1.58%	0.00%
Equity	5.91%	x	1.37	=	8.12%	2.21%
Total	<u>7.49%</u>				<u>9.70%</u>	<u>2.21%</u>

DW 15-285 / DW 15-722
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
CALCULATION OF COST OF DEBT

Description	Date of Issue	Date of Maturity	Interest Rate	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
				LONG-TERM DEBT			COST OF DEBT					TOTAL COST RATE
				Proforma Balance Per Att JPL-1 / Sch 1ai	CoBank Loan for 2015 Projects	Proforma Balance For Step Adjustments	Proforma Debt Cost Per Att JPL-1 / Sch 1ai	Annual Interest on Additional Debt	Ann'l Amort of Finance Cost on Additional Debt	Proforma Balance For Step Adjustments		
Operating Loans:												
CoBank (5 Year)	06/24/14	06/30/19	2.70% (f)	288,483	-	288,483	9,663	-	-	9,663	3.35%	
CoBank (15 Year - refinance)	06/24/14	06/30/29	4.50% (f)	461,341	-	461,341	22,350	-	-	22,350	4.84%	
CoBank (DW 14-285: 2015 Indian Mound)	(e) 07/20/15	06/20/29	2.43% (f)	-	130,000	130,000	-	3,159	425 (g)	3,584	2.76%	
Total Operating Loans				<u>749,824</u>	<u>130,000</u>	<u>879,824</u>	<u>32,013</u>	<u>3,159</u>	<u>425</u>	<u>35,597</u>	<u>4.05%</u>	
Equipment Loans:												
Ford Motor Credit - 2011 Ford F350XL	09/13/10	09/13/15	7.89%	5,430	-	5,430	321	-	-	321	5.91%	
Ford Motor Credit - 2011 Ford F150XL	07/21/11	07/21/16	7.89%	11,707	-	11,707	924	-	-	924	7.89%	
Ford Motor Credit - 2013 Ford F250 Super	08/16/13	08/15/18	5.95%	28,120	-	28,120	1,673	-	-	1,673	5.95%	
Ford Motor Credit - 2013 Ford F250 Super	08/26/13	08/26/18	5.95%	20,210	-	20,210	1,202	-	-	1,202	5.95%	
Ford Motor Credit - 2014 Ford F150	08/06/14	08/06/19	6.24%	29,947	-	29,947	1,869	-	-	1,869	6.24%	
Cat Financial - 2014 Excavator	03/27/14	04/05/19	0.71%	43,440	-	43,440	308	-	-	308	0.71%	
Total Equipment Loans				<u>138,854</u>	<u>-</u>	<u>138,854</u>	<u>6,297</u>	<u>-</u>	<u>-</u>	<u>6,297</u>	<u>4.53%</u>	
Total Long-Term Debt				<u>\$ 888,678</u>	<u>\$ 130,000</u>	<u>\$ 1,018,678</u>	<u>\$ 38,310</u>	<u>\$ 3,159</u>	<u>\$ 425</u>	<u>\$ 41,894</u>	<u>4.11%</u>	

(e) Loan information based on Co's response to Tech 4-5.

(f) Interest rates on CoBank loans reflect a 75 basis point per annum reduction relative to the Co's participation in CoBank's Patronage Program. (See Att JPL-1 / Sch1ai; Re: CoBank DW 14-285, 3.18% - 0.75% = 2.43%)

(g) Total Finance Costs per Att JPL-2/Sch 1ai

	\$ 6,371
Loan Term (Years)	+
Annual Amortization of Finance Costs	<u>\$ 425</u>

DW 14-285 / DW 14-285
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
DW 14-285 FINANCING COSTS (STEPHEN P. ST. CYR & ASSOCIATES)
(Based on Company Responses to Staff Data Request 1-17, 2-18, and 3-5)

Invoice Date	Service Dates	Description	Amount
05/15/14	04/07/14 - 04/29/14	2013 Year End / Other (Staff Adjustment - Sch 10b)	\$ 172.50
08/08/14	07/11/14 - 07/25/14	2013 Year End / Other (Staff Adjustment - Sch 10b)	172.50
09/05/14	08/06/14 - 08/28/14	2013 Year End / Other (Staff Adjustment - Sch 10b)	661.25
10/10/14	09/02/14 - 09/29/14	2014 Financing	1,466.25
11/07/14	10/01/14 - 10/30/14	2014 Financing	2,213.75
12/09/14	11/04/14 - 11/28/14	2014 Financing	862.50
01/03/15	12/01/14 - 12/29/14	2014 Financing	603.75
01/03/15	12/01/14 - 12/29/14	2014 Year End / Other (Staff Adjustment - Sch 10b)	28.75
02/08/15	01/15/15	2014 Financing	57.50
03/05/15	02/11/15 - 02/19/15	2014 Financing	100.63
Not Provided	05/04/15	2014 Financing	<u>31.25</u>
Total Debt Costs			<u>\$ 6,370.63</u>

LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
ANALYSIS OF INDIAN MOUND PROJECT (2015)

	<u>Cost</u>	<u>Year Acquired</u>	<u>Year Retired</u>	<u>Deprec Rate</u>	<u>Annual Deprec</u>	<u>Accum Deprec</u>	<u>Net Book Value</u>
Asset Additions (Per Staff 3-4(a)):							
Structures and Improvements	\$ 169,472	2015	N/A	2.50%	\$ 4,237	\$ (2,118)	\$ 167,354
Pumping Equipment	13,615	2015	N/A	10.00%	1,362	(681)	12,934
Water Treatment Equipment	7,284	2015	N/A	3.60%	262	(131)	7,153
Distribution Reservoirs and Standpipes	1,801	2015	N/A	2.20%	40	(20)	1,781
Miscellaneous Equipment	3,556	2015	N/A	10.00%	356	(178)	3,378
Total	<u>\$ 195,728</u>				<u>\$ 6,256</u>	<u>\$ (3,128)</u>	<u>\$ 192,600</u>

Asset Retirements (as of test-year end based on Staff 3-4(b)):							
Structures and Improvements	\$ 6,738	1998	2016	2.00%	\$ 135	\$ (2,571)	\$ 4,167
Pumping Equipment	3,340	1991	2016	10.00%	-	(3,340)	-
Pumping Equipment	5,749	2002	2016	10.00%	-	(5,749)	-
Water Treatment Equipment	828	1997	2016	10.00%	-	(828)	-
Total	<u>\$ 16,655</u>				<u>\$ 135</u>	<u>\$ (12,488)</u>	<u>\$ 4,167</u>

Net Change in Annual Depreciation Expense: **\$ 6,121**

Calculation of Annual Property Tax Expense:

Net Book Value of Asset Additions	\$ 192,600
Tax Assessment Value as a % of Taxable Utility Plant per Book (See Att JPL-1; Sch 12)	x 87.40%
Tax Assessment Value of Asset Additions	168,333
Combined Tax Rate (\$17.35(Ossipee) + \$6.60(State) / \$1,000)	x \$0.02395
Annual Property Tax Expense	<u>\$ 4,032</u>

**INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
 ANALYSIS OF ACCOUNTING SOFTWARE SYSTEM ACQUISITION**

	<u>Cost</u>	<u>Year Acquired</u>	<u>Year Retired</u>	<u>Deprec Rate</u>	<u>Annual Deprec</u>	<u>Accum Deprec</u>	<u>Net Book Value</u>	<u>Annual Maint Fee (Tech 1-1(e))</u>
Asset Addition:								
New Accounting System (Per Staff 3-2)	<u>\$ 33,467</u>	2015	N/A	10.00%	<u>\$ 3,347</u>	<u>\$ (1,673)</u>	<u>\$ 31,794</u>	<u>\$ 8,124</u>
Asset Retirement:								
Previous Accounting System (as of test year-end per Staff 3-2)	<u>\$ 36,610</u>	2005	2016	10.00%	<u>\$ 3,661</u>	<u>\$ (34,780)</u>	<u>\$ 1,830</u>	<u>\$ 10,790</u>
Net Change in Annual Expense:					<u>\$ (314)</u>			<u>\$ (2,666)</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
ANALYSIS OF DW 07-105 DEFERRED ASSET

	<u>Deferred Costs</u>	<u>Amort Rate</u>	<u>Annual Amort</u>	<u>Accum Amort</u>	<u>Net Deferred Asset</u>
Deferred Asset:					
DW 07-105 Deferred Costs	<u>\$ 49,902</u>	20.00%	<u>\$ 9,980</u>	<u>\$ (4,990)</u>	<u>\$ 44,912</u>

LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
ANALYSIS OF ANNUAL PENSION EXPENSE

Test Year Wage & Salary Expense	\$ 378,949
Co O & M Adj # 1: To adj employee salary to reflect full year	22,274
Co O & M Adj # 2: To reflect 4.00% salary increase	15,270
Staff Adj # 48: To eliminate post-test year wages	<u>(1,529)</u>
Total Proforma Test Year Wage & Salary Expense	414,964
<u>Settlement</u> : Annual Projected Pension Contribution %	x <u>3.00%</u>
Annual Projected Contribution	12,449
Annual Projected Pension Fee	480
Annual Projected Pension Cost	<u><u>\$ 12,929</u></u>

LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
SUMMARY

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
Revenue Requirement after Tax Effect (Schedule 6b)	\$ 1,076	\$ 731	\$ -	\$ 5	\$ 1,812
Total Operating Expenses (Schedule 6d)	4,263	1,326	-	266	5,854
Less: Other Operating Revenues	-	-	-	-	-
Total Revenues to be Collected via All Water Rates	\$ 5,338	\$ 2,057	\$ -	\$ 271	\$ 7,666
Revenues Specific to POASI Special Contract	\$ 5,338	\$ 2,057	\$ -		\$ 7,395
	CCF Usage	Customers	Customers		
POASI	16,090	1	1		
Paradise Shores	8,480	392	-		
Total	24,570	393	1		
Rates	\$ 0.22 /ccf	\$ 5.23 /cust	\$ - POASI only		
Revenues:					
POASI	\$ 3,496	\$ 5	\$ -	\$ -	\$ 3,501
Paradise Shores	1,843	2,051	-	271	4,165
Total	\$ 5,338	\$ 2,057	\$ -	\$ 271	\$ 7,666

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
REVENUE REQUIREMENT

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
NET PLANT IN RATE BASE:					
Total Utility Plant in Service (Schedule 6c)	-	7,932	-	-	7,932
Less: Accumulated Depreciation (Schedule 6c)	-	(397)	-	-	(397)
Net Utility Plant in Service	-	7,535	-	-	7,535
Contributions in Aid of Construction (CIAC)	-	-	-	-	-
Less: Accumulated Amortization - CIAC	-	-	-	-	-
Net Contributions in Aid of Construction	-	-	-	-	-
Net Utility Plant in Rate Base	-	7,535	-	-	7,535
WORKING CAPITAL IN RATE BASE:					
Materials and Supplies	-	-	-	-	-
Prepayments - Other	-	-	-	-	-
Prepaid Taxes	-	-	-	-	-
Deferred Assets ((\$49,902 - \$4,990) x 23.70%) (Schedule 4)	10,644	-	-	-	10,644
Customer Deposits	-	-	-	-	-
Accumulated Deferred Income Taxes - Depreciation	-	-	-	-	-
Subtotal	10,644	-	-	-	10,644
Calculation of Cash Working Capital:					
Operation & Maintenance Expenses (Schedule 6d)	2,166	-	-	266	2,432
Cash Working Capital % (75 days + 365 days)	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%
Cash Working Capital	445	-	-	55	500
Total Working Capital in Rate Base	11,089	-	-	55	11,144
Total Rate Base	11,089	7,535	-	55	18,679
Rate of Return (Sch 1a)	x 7.49%	x 7.49%	x 7.49%	x 7.49%	x 7.49%
Revenue Requirement before Tax Effect	831	564	-	4	1,399
Income Tax Gross-up Factor @ Sch 1a / Footnote (d)	245	167	-	1	413
Revenue Requirement after Tax Effect	\$ 1,076	\$ 731	\$ -	\$ 5	\$ 1,812

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
UTILITY PLANT IN SERVICE

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
UTILITY PLANT IN SERVICE:					
303.20	Land and Land Rights	-	-	-	-
304.20	Structures and Improvements	-	-	-	-
307.20	Wells and Springs	-	-	-	-
311.20	Pumping Equipment	-	-	-	-
339.21	Other Miscellaneous Equipment (Division)	-	-	-	-
339.22	Other Miscellaneous Equipment (Common)	-	-	-	-
339.30	Other Miscellaneous Equipment (Treatment)	-	-	-	-
330.40	Distribution Reservoirs and Standpipes	-	-	-	-
331.40	Transmission and Distribution Mains	-	-	-	-
333.40	Services	-	-	-	-
334.40	Meters and Meter Installation	-	-	-	-
335.40	Hydrants	-	-	-	-
339.41	Other Miscellaneous Equipment (Division)	-	-	-	-
339.42	Other Miscellaneous Equipment (Common)	-	-	-	-
303.50	Land and Land Rights	-	-	-	-
304.50	Structures and Improvements	-	-	-	-
340.50	Office Furniture and Equipment	-	-	-	-
341.51	Transportation Equipment - Construction	-	-	-	-
341.52	Transportation Equipment - Pickups	-	-	-	-
343.50	Tools, Shop, and Garage Equipment	-	-	-	-
344.50	Laboratory Equipment	-	-	-	-
346.00	Communication Equipment	-	-	-	-
347.50	Miscellaneous Equipment (\$33,467 x 23.70%) (Schedule 3)	-	7,932	-	7,932
348.50	Other Tangible Plant (Rounding)	-	-	-	-
	Total Utility Plant in Service	<u>\$ -</u>	<u>\$ 7,932</u>	<u>\$ -</u>	<u>\$ 7,932</u>
ACCUMULATED DEPRECIATION:					
303.20	Land and Land Rights	-	-	-	-
304.20	Structures and Improvements	-	-	-	-
307.20	Wells and Springs	-	-	-	-
311.20	Pumping Equipment	-	-	-	-
339.21	Other Miscellaneous Equipment (Division)	-	-	-	-
339.22	Other Miscellaneous Equipment (Common)	-	-	-	-
339.30	Other Miscellaneous Equipment (Treatment)	-	-	-	-
330.40	Distribution Reservoirs and Standpipes	-	-	-	-
331.40	Transmission and Distribution Mains	-	-	-	-
333.40	Services	-	-	-	-
334.40	Meters and Meter Installation	-	-	-	-
335.40	Hydrants	-	-	-	-
339.41	Other Miscellaneous Equipment (Division)	-	-	-	-
339.42	Other Miscellaneous Equipment (Common)	-	-	-	-
303.50	Land and Land Rights	-	-	-	-
304.50	Structures and Improvements	-	-	-	-
340.50	Office Furniture and Equipment	-	-	-	-
341.51	Transportation Equipment - Construction	-	-	-	-
341.52	Transportation Equipment - Pickups	-	-	-	-
343.50	Tools, Shop, and Garage Equipment	-	-	-	-
344.50	Laboratory Equipment	-	-	-	-
346.00	Communication Equipment	-	-	-	-
347.50	Miscellaneous Equipment (-\$1,673 x 23.70%) (Schedule 3)	-	(397)	-	(397)
348.50	Other Tangible Plant (Rounding)	-	-	-	-
	Total Accumulated Depreciation	<u>\$ -</u>	<u>\$ (397)</u>	<u>\$ -</u>	<u>\$ (397)</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
UTILITY PLANT IN SERVICE

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
DEPRECIATION EXPENSE:					
303.20	Land and Land Rights	-	-	-	-
304.20	Structures and Improvements	-	-	-	-
307.20	Wells and Springs	-	-	-	-
311.20	Pumping Equipment	-	-	-	-
339.21	Other Miscellaneous Equipment (Division)	-	-	-	-
339.22	Other Miscellaneous Equipment (Common)	-	-	-	-
339.30	Other Miscellaneous Equipment (Treatment)	-	-	-	-
330.40	Distribution Reservoirs and Standpipes	-	-	-	-
331.40	Transmission and Distribution Mains	-	-	-	-
333.40	Services	-	-	-	-
334.40	Meters and Meter Installation	-	-	-	-
335.40	Hydrants	-	-	-	-
339.41	Other Miscellaneous Equipment (Division)	-	-	-	-
339.42	Other Miscellaneous Equipment (Common)	-	-	-	-
303.50	Land and Land Rights	-	-	-	-
304.50	Structures and Improvements	-	-	-	-
340.50	Office Furniture and Equipment	-	-	-	-
341.51	Transportation Equipment - Construction	-	-	-	-
341.52	Transportation Equipment - Pickups	-	-	-	-
343.50	Tools, Shop, and Garage Equipment	-	-	-	-
344.50	Laboratory Equipment	-	-	-	-
346.00	Communication Equipment	-	-	-	-
347.50	Miscellaneous Equipment (\$3,347 x 23.70%) (Schedule 3)	-	793	-	793
348.50	Other Tangible Plant (Rounding)	-	-	-	-
	Total Depreciation Expense	<u>\$ -</u>	<u>\$ 793</u>	<u>\$ -</u>	<u>\$ 793</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
OPERATING EXPENSES

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
OPERATING EXPENSES:					
Operation & Maintenance Expenses:					
Source of Supply Expenses	-	-	-	-	-
Pumping Expenses	-	-	-	-	-
Water Treatment Expenses	-	-	-	-	-
Transmission and Distribution Expenses	-	-	-	-	-
Customer Account Expense	-	-	-	-	-
Subtotal	-	-	-	-	-
Administrative and General Expenses:					
Salary and Wages Expense:					
Superintendent (1.0)	-	-	-	-	-
Field Personnel (3.0)	-	-	-	-	-
Office (0.5)	-	-	-	-	-
Office (2.5)	-	-	-	-	-
Total Salary and Wages Expense	-	-	-	-	-
Outside Professional Services (-\$2,666 x 23.70%) (Schedule 3)	-	(632)	-	-	(632)
Outside Professional Services - Discount	-	-	-	-	-
Property Insurance Expense (Allocated by Utility Plant)	-	-	-	-	-
Group Insurance (Allocated by Wages)	-	-	-	-	-
Pension Plan (\$12,929 x 23.70%) (Schedule 5) (Allocation per (h))	1,634	1,164	-	266	3,064
Late Case Expenses	-	-	-	-	-
Regulatory Commission Expense	-	-	-	-	-
Materials	-	-	-	-	-
Contracted Services	-	-	-	-	-
Heat / Electric Expense - Office	-	-	-	-	-
Telephone Expense	-	-	-	-	-
Office Expense	-	-	-	-	-
Big Safe Expense	-	-	-	-	-
Bank Charges Expense	-	-	-	-	-
Operating Permits Expense	-	-	-	-	-
Total Administrative and General Expenses	1,634	532	-	266	2,432
Total Operation & Maintenance Expenses	1,634	532	-	266	2,432
Depreciation Expense	-	793	-	-	793
Amortization of Contributions in Aid of Construction	-	-	-	-	-
Amortization Expense - Other (\$9,980 x 23.70%) (Schedule 4)	2,365	-	-	-	2,365
Payroll Tax Expense (Allocated by Wages)	-	-	-	-	-
Property Tax Expense (i)	263	-	-	-	263
Total Operating Expenses	\$ 4,263	\$ 1,326	\$ -	\$ 266	\$ 5,854

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS (POST-AUDIT)
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
OPERATING EXPENSES

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
1) Payroll Allocation:	Balance @ 12/31/2014	Adjustments	Adjusted Balance		
Volume Basis Wages -					
Source of Supply Wages	\$ 3,315	\$ 118	\$ 3,433		
Water Treatment Wages	625	-	625		
Transmission and Distribution Wages	15,919	22	15,941		
Admin & Gen'l: Superintendent	15,569	557	16,126		
Admin & Gen'l: Field	9,923	355	10,278		
Admin & Gen'l: Office (0.5)	4,872	174	5,046	Allocation @ 12/31/14	Adjusted Allocation
Total Volume Basis Wages	50,223	1,226	51,449	56.82%	53.33%
Customer Basis Wages - Admin & Gen'l: Office (2.5)	30,082	6,575	36,657	34.03%	37.99%
Non-POASI Wages - Customer Account Wages	8,086	289	8,375	9.15%	8.68%
Total Wages	\$ 88,391	\$ 8,090	\$ 96,481	100.00%	100.00%
2) Property Tax Expense (See Att JPL-1 / Sch 12):					
<u>Direct RE Taxes - Paradise Shores:</u>					
Paradise Shores			\$ -		
Tax Assessment Value as a % of Taxable Utility Plant per Book			x 87.40%		
Tax Assessment Value of Land Purchase			-		
Municipal Tax Rate (Moultonborough)			x \$0.00647	\$ -	
<u>Indirect RE Taxes - Paradise Shores:</u>					
Paradise Shores		\$ -			
Net Book Value of Indian Mound Additions (Schedule 2)		192,600	192,600		
Tax Assessment Value as a % of Taxable Utility Plant per Book			x 87.40%		
Tax Assessment Value of Land Purchase			168,333		
State Tax Rate			x \$0.00660		
Total State Property Taxes			\$ 1,111		
Paradise Shores Allocation %			x 23.70%	263	
Property Tax Expense - Paradise Shores				\$ 263	