

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

HAMPSTEAD AREA WATER COMPANY, INC.

DW 20-117

Request for Change in Rates

SETTLEMENT AGREEMENT – PERMANENT RATES

This Settlement Agreement for Permanent Rates (Settlement Agreement) is entered this 6th day of May 2022, by and among the New Hampshire Department of Energy (DOE), the Office of the Consumer Advocate (OCA), the intervenor Towns of Atkinson and Hampstead¹, and the Hampstead Area Water Company, Inc. (HAWC or the Company) (together, the Settling Parties), in order to, among other things, set permanent rates for the Company, pursuant to RSA 378. The Settling Parties agree to this joint submission to the New Hampshire Public Utilities Commission (Commission) to seek its approval.

I. BACKGROUND AND PROCEDURAL HISTORY

HAWC is a regulated public utility defined by RSA 362:2 and RSA 362:4, providing water service to approximately 3,857 customers in the communities of Atkinson, Chester, Danville, East Kingston, Fremont, Hampstead, Kingston, Newton, Nottingham, Plaistow, Salem, Sandown, and Strafford. On July 23, 2020, HAWC filed a Notice of Intent to File Rate Schedules. On September 22, 2020, the Commission granted the Company's Motion to Withdraw Notice of Intent to File Rate Schedules, Without Prejudice filed the day prior. On September 28, 2020, HAWC filed a new Notice of Intent to File Rate Schedules.

¹ The other intervenors in this matter – all whom did not join this Settlement Agreement – are Karen Steele, who filed prefiled testimony, and Sarah Theriault and the town of Danville, who both did not file prefiled testimony. See Secretarial Letter dated April 9, 2021, at Tab 32 of the online docket.

On November 24, 2020, the Company filed its rate schedules and supporting documentation, based on a 2019 test year, which included a Motion for Protective Order and Confidential Treatment, proposed revised tariff pages, proposed temporary tariff pages, and a proposed Water Infrastructure and Conservation Adjustment mechanism. HAWC proposed to increase its annual revenues on a permanent basis by a total of \$1,523,330, or 65.51 percent, to a total revenue requirement of \$3,848,758. The Company also proposed, among other things, an inclining block volumetric rate, a first for the Company.

For permanent rates, the Company proposed an increase of its current volumetric rate from \$6.11 per hundred cubic feet (ccf) to \$7.22 per ccf.

The Commission issued an Order Suspending Proposed Tariffs and Scheduling Prehearing Conference, Order No. 26,437, on December 18, 2020, which the Company published on its website that same day. On February 22, 2021, the Company filed an Assented-To Motion to Allow Additional Customer Notice and Extend Deadline to Intervene, which the Commission granted by Secretarial Letter dated March 3, 2021. An affidavit of mailing of said Additional Notice occurring on March 5, 2021, was filed on March 17, 2021.

The Company replaced its rate case schedules with a searchable PDF format on March 11, 2021, as requested during the Prehearing Conference on February 10, 2021. A proposed procedural schedule was filed by Commission Staff (now DOE Staff) on March 11, 2021 and approved by the Commission on March 18, 2021. On April 9, the Commission granted the following five petitions for intervention: the Town of Hampstead; the Town of Danville; the Town of Atkinson; Sarah Theriault; and Karen Steele.

On May 19, 2021, DOE filed a Settlement Agreement on Temporary Rates reached with the Company and the OCA² which was approved by the Commission on January 17, 2022. See online docket at Tab 87.

The Settling Parties and the intervenors conducted discovery and attended multiple technical sessions including additional technical sessions and discovery established by the amended procedural schedule approved by the Commission on October 14, 2021, and multiple rounds of discovery served by the intervenors. Prior to filing this rate case, DOE also performed an audit of HAWC's books and records. On October 26, 2021, discussions were held among DOE and the Company during a technical session/settlement conference, and since that time settlement discussions continued including with all the parties. The result of these discussions led to agreement of the Settling Parties on the below terms.

II. TERMS OF PERMANENT RATE SETTLEMENT AGREEMENT

A. Overview and Proposed Timeline for Illustrative Purposes

i. Overview

The Settlement Agreement requests that the Commission approve, among other items all detailed below, a permanent rate revenue requirement and two proposed step adjustments (Step I and Step II). The step adjustments will be an additional filing, or filings, made following the Commission's order approving this Settlement Agreement, and subject to audit by the DOE Audit Division, as shown in the schedules attached to this Settlement Agreement.³

² The Settling Parties reached a settlement on temporary rates filed with the Commission on May 19, 2021, and presented at a settlement hearing on May 28, 2021. The Commission approved this settlement on January 17, 2022, effective that same day.

³ Attached to the Settlement Agreement are the following six schedules: Attachment A (Permanent Rates); Attachment B (Step I Adjustment); Attachment C (Step II Adjustment); Attachment D (Updated Cost of Service Study); Attachment E (Proposed Permanent Rate Tariff and Municipal Fire Protection Tariff Language); and Attachment F (Municipal Fire Service Agreements). These attachments are incorporated as material terms whether or not specifically identified or set forth in the paragraphs of this Settlement Agreement.

The Settling Parties agree and recommend that the Company will file the step adjustment requests no sooner than June 20, 2022. The Settling Parties recognize that HAWC's customers will face at least three distinct rate increases (permanent rate increase, Step I Adjustment rate increase, and Step II Adjustment rate increase). In order to avoid possible rate shock, the Settling Parties agree and recommend that the effective date of the three rate increases should be spread out.⁴ Thus, the Settling Parties agree and recommend that the permanent rates become effective upon issuance of a Commission Order approving this Settlement Agreement. The Settling Parties further agree and recommend that the Step I Adjustment's resulting rates shall not be implemented any sooner than December 16, 2022. The rates resulting from the Step II Adjustment, furthermore, shall not be implemented any sooner than June 16, 2023.

ii. Proposed Timeline

The Settling Parties agree to the following sequential timeline and provide it for illustrative purposes, to the Settling Parties and the Commission, as a framework for the remaining issues in this docket.

1. May 11 and 12, 2022 - Hearing on Permanent Rates
2. Commission Order #1 – Approves Settlement Agreement, including Permanent Rate Revenue Requirement and resulting rates which become effective upon issuance of Order
3. HAWC shall file updated tariffs within 15 days of Commission Order #1
4. HAWC files rate case expenses and temporary to permanent rate reconciliation calculations within 30 days of Commission Order #1, which the DOE will review, subject to possible discovery requests
5. June 20, 2022 – Earliest date for Company to file Step I and Step II Adjustment Filing(s)⁵

⁴ The Settling Parties recognize that these rate increases are not inclusive of the rate case expenses or temporary to permanent rate reconciliation, which is described below.

⁵ The Settling Parties agree that the Company shall make the determination as to the timing and format of the Step Adjustment filings (e.g., if it is a combined filing submitted on the same date or two separate filings). As such, the Settling Parties recommend that the Commission allow adjustment of the proposed timeline without modification of Commission Order #1 approving the Settlement Agreement as the timeline is merely provided for illustrative purposes.

6. DOE submits report to Commission, in consultation with the Settling Parties, seeking approval of rate case expenses and temporary to permanent rate reconciliation
7. Commission Order #2 – Approves rate case expenses and temporary to permanent rate reconciliation
8. DOE Audit Division conducts audit of Step I Adjustment and submits audit report to the parties
9. DOE submits final report, in consultation with the Settling Parties, to the Commission seeking approval of the Step I increase in revenue requirement and resulting rates
10. Commission Order # 3 – Approves Step I Adjustment increase to revenue requirement and resulting rates
11. December 16, 2022 – Earliest effective date for Step I Adjustment resulting rates
12. DOE Audit Division conducts audit of Step II Adjustment and submits audit report to the parties
13. DOE submits final report, in consultation with the Settling Parties, to the Commission seeking approval of the Step II Adjustment increase in revenue requirement and resulting rates
14. Commission Order # 4 – Approves Step II Adjustment increase to revenue requirement and resulting rates
15. June 16, 2023 – Earliest effective date for Step II resulting rates

B. Permanent Rate Revenue Requirement

The Settling Parties agree to an overall revenue requirement of \$2,540,482, which represents an increase of 13.30 percent, or \$298,319, over pro forma 2019 test year annual water revenues of \$2,242,163 (Attachment A, Schedule 4, Column 6). The revenue requirement is based on a total test year rate base of \$5,292,591 which the Settling Parties agree is prudent, used, and useful (Attachment A, Schedule 3, Column 6). The Settling Parties have agreed to an overall rate of return of 6.20 percent which when applied to the agreed upon rate base results in an operating income requirement of \$328,060.

The Settling Parties agree that the foregoing permanent rate revenue requirement represents a reasonable compromise of all issues relating to the permanent rate revenue requirement. The sums expressed above and provided in the attached schedules are the result of compromise and settlement and are liquidations of all adjusted net operating income requirement and revenue requirement issues. The Settling Parties agree that the permanent rate revenue requirement recommended to the Commission in this Settlement Agreement results in permanent rates for HAWC's customers that are just and reasonable and serve the public interest within the meaning of RSA 374:2 and RSA 378:7. The Settling Parties further agree that the resulting rates reflect HAWC's investment in plant that is prudent, used and useful, and based on a reasonable rate base and a just and reasonable rate of return thereon, in compliance with RSA 378:27-29.

C. Step I Adjustment

The Settling Parties agree that the Company shall be allowed a step adjustment, Step I, primarily based upon three components: (1) the costs associated with post-test year plant additions placed in service between January 1 through December 31, 2020, including plant additions related to the Southern New Hampshire Regional Water Project (SNHRWP); (2) the Company's purchase of Manchester Source Development Charge (MSDC) capacity credits from Manchester Water Works in 2020, which is added to rate base as a deferred debit and amortized over 39 years, the remaining life of the SNHRWP contract; and (3) various other operating incoming adjustments. The Settling Parties agree that the Company may file its Step I petition anytime after June 20, 2022, and that the resulting rates, subject to Commission approval, will be effective no earlier than December 16, 2022.

Once filed, the DOE Audit Division will review and submit a report to the parties in this docket. The DOE, and other parties to the docket, will then review the filing and resulting

calculations, in conjunction with the Company, and submit a report to the Commission recommending a final revenue requirement increase and resulting rates.

The Settling Parties agree that the proposed Step I Adjustment, subject to DOE Audit Staff and Settling Parties' review, will result in an increase not to exceed \$258,450 in the Company's revenue requirement, utilizing a rate of return of 4.50 percent. HAWC's rate base will increase by no greater than \$2,368,015, for a total not to exceed of \$7,660,606. The Step I Adjustment represents an approximate 11.53 percent increase over the Company's pro forma 2019 test year water revenues of \$2,242,163, as set forth in the schedules included in Attachment B.

D. Step II Adjustment

The Settling Parties agree that the Company shall be allowed a step adjustment, Step II, primarily based upon three components: (1) the costs associated with post-test year plant additions placed in service between January 1 through December 31, 2021; (2) post-test year plant retirements; and (3) various other operating income adjustments. The Settling Parties agree that the Company may file its Step II petition anytime after June 20, 2022, and that the resulting rates, subject to Commission approval, will be effective no earlier than June 16, 2023.

Once filed, the DOE Audit Division will review and submit a report to the parties in this docket. The DOE, and other parties to the docket, will then review the filing and resulting calculations, in conjunction with the Company, and submit a report to the Commission recommending a final revenue requirement increase and resulting rates.

The Settling Parties agree that the proposed Step II adjustment, subject to DOE Audit Staff and Settling Parties' review, will result in an increase not to exceed \$220,023 in the Company's revenue requirement, utilizing a rate of return of 3.38 percent. HAWC's rate base

will increase by no greater than \$175,549, for a total not to exceed of \$7,836,155. That is an approximate 9.81 percent increase over pro forma 2019 test year water revenues of \$2,242,163, as set forth in the schedules included in Attachment C.

E. Maximum Combined Effect of Permanent Rate Revenue Requirement, Step I, and Step II Adjustment

The Settling Parties agree that the maximum combined effect of the Permanent Rate Revenue Requirement (\$298,319), Step I (not to exceed \$258,450), and Step II (not to exceed \$220,023), would be at total maximum revenue requirement increase of \$776,792 (\$298,319 + not to exceed \$258,450 + no to exceed \$220,023). The resulting revenue requirement, after approval of Step II, would not exceed \$3,018,955 (Attachment A, Schedule 1). That is an approximate 34.64 percent increase in the pro forma 2019 test year water revenues of \$2,242,163.

F. Effective Date of Permanent Rate Revenue Requirement Increase

The Settling Parties agree and recommend that the effective date for these permanent rates should be the earlier of June 17, 2022, or the date the Commission issues an order approving this Settlement Agreement, on a service-rendered basis.

G. Cost of Equity

The Settling Parties agree and recommend approval of a Cost of Common Equity in this proceeding of 9.63 percent with a capital structure for purposes of determining the permanent rate revenue requirement of 55.05 percent debt and 44.95 percent equity (Attachment A, Schedule 2). The Settling Parties agree that use of this Cost of Common Equity will be used in the calculation of the proposed permanent rate revenue requirement and proposed Step I and Step II Adjustments.

H. Rate Design**i. Permanent Rate Revenue Requirement Rates**

The Settling Parties agree to a rate design for permanent rates with customer charges based on pipe size, volumetric charge, and private fire protection based on pipe size. The Settling Parties agree that the following permanent rates, based upon the proposed increase in the Company's annual water sales revenue, are just and reasonable. The proposed rates, shown in the table below, are based upon a monthly rate and a consumption charge per ccf of water consumed.

PERMANENT RATE			
Rate Group	Previously Approved Rate	Proposed Permanent Rate Revenue Requirement Rate	Percentage Change
Meter Charge			
5/8 inch meter	\$10.00	\$11.92	19.2%
3/4 inch meter	\$20.00	\$27.87	39.4%
1 inch meter	\$30.00	\$54.45	81.5%
1 ½ inch meter	\$60.00	\$107.61	79.4%
2 inch meter	\$100.00	\$139.50	39.5%
Consumption Charge (per ccf)	\$6.11	\$6.90	12.9%
Private Fire Protection Charge			
1 ½ inch pipe	\$8.33	\$2.49	(70.1%)
2 inch pipe	\$16.67	\$5.31	(68.1%)
3 inch pipe	\$33.33	\$15.43	(53.7%)
4 inch pipe	\$50.00	\$32.87	(34.3%)
6 inch pipe	\$125.00	\$95.49	(23.6%)

For the meter charge, the majority of HAWC's customers (greater than 90 percent) have a 5/8 inch pipe supplying water, and these rates will result in an increase of 19.2 percent. The Settling Parties note that the private fire protection charge will decrease from its currently approved rate as the customer group will expand by approximately 1,000 customers, to include

residential ratepayers who have not been previously charged the existing rate. A copy of the proposed tariff pages reflecting the permanent rate increase are included as Attachment E.

ii. Estimated Step I Rates

The Settling Parties Agree that the following chart estimates the highest allowable impact on ratepayers as compared to the Permanent Revenue Requirement rates, if the Commission approves those rates detailed above. The estimated rate design is based upon a monthly rate and a consumption charge per ccf of water. The Settling Parties reiterate that these rates presented in the table below are merely illustrative and intended to exhibit the maximum rate allowed by the Settlement Agreement with the possible approval of the Step I increase. The Settling Parties, furthermore, note that only the meter and consumption charge will be adjusted due to the Step I increase to the Company’s revenue requirement. The private fire protection rate will not be adjusted.

STEP I			
Rate Group	Proposed Permanent Rate Revenue Requirement Rate	Proposed Step I Rate	Percentage Change
Meter Charge			
5/8 inch meter	\$11.92	\$12.89	8.1%
3/4 inch meter	\$27.87	\$30.15	8.2%
1 inch meter	\$54.45	\$58.91	8.2%
1 ½ inch meter	\$107.61	\$116.42	8.2%
2 inch meter	\$139.50	\$150.93	8.2%
Consumption Charge (per ccf)	\$6.90	\$7.72	11.9%
Private Fire Protection Charge			
1 ½ inch pipe	\$2.49	\$2.49	0%
2 inch pipe	\$5.31	\$5.31	0%
3 inch pipe	\$15.43	\$15.43	0%
4 inch pipe	\$32.87	\$32.87	0%
6 inch pipe	\$95.49	\$95.49	0%

iii. Estimated Step II Rates

The Settling Parties Agree that the following chart estimates the highest allowable impact on ratepayers as compared to the Step I adjustment rates, if the Commission approves those rates detailed above. The estimated rate design is based upon a monthly rate and a consumption charge per ccf of water. The Settling Parties reiterate that these rates presented in the table below are merely illustrative and intended to exhibit the maximum rate allowed by the Settlement Agreement with possible approval of the Step II increase. The Settling Parties, furthermore, note that only the meter and consumption charge will be adjusted due to the Step II increase to the Company's revenue requirement. The private fire protection rate will not be adjusted.

STEP II			
Rate Group	Proposed Step I Rate	Proposed Step II Rate	Percentage Change
Meter Charge			
5/8 inch meter	\$12.89	\$14.44	12.0%
3/4 inch meter	\$30.15	\$33.77	12.0%
1 inch meter	\$58.91	\$65.99	12.0%
1 ½ inch meter	\$116.42	\$130.42	12.0%
2 inch meter	\$150.93	\$169.08	12.0%
Consumption Charge (per ccf)	\$7.72	\$8.45	9.5%
Private Fire Protection Charge			
1 ½ inch meter	\$2.49	\$2.49	0%
2 inch pipe	\$5.31	\$5.31	0%
3 inch pipe	\$15.43	\$15.43	0%
4 inch pipe	\$32.87	\$32.87	0%
6 inch pipe	\$95.49	\$95.49	0%

I. Municipal Fire Protection Rate and Amended Tariff Language

The Settling Parties agree and recommend that HAWC currently provides water for municipal fire protection to the intervenor towns of Atkinson and Hampstead. The Settling Parties further agree that, for purposes of this Settlement Agreement, Atkinson and Hampstead will no longer be billed on a per hydrant charge or subject to an annual availability fee. Atkinson and Hampstead, instead, will be billed, pursuant to an updated tariff, annually, for the following amounts: Atkinson - \$93,615.00; and Hampstead - \$68,730.00. The Settling Parties agree this rate will be effective after approval of the Settlement Agreement. The Settling Parties further agree that this rate will remain unchanged by the implementation of either the Step I or Step II Adjustments. The Settling Parties note that the rate is based upon the number of hydrants in the Company's test year and applied to the Cost of Service study.

The Settling Parties further agree and recommend that, in order to reduce rate shock and offset the rate increase, the Company's shareholder will make a contribution to HAWC towards the first year's increased municipal fire protection charge totaling \$65,472.50 (\$37,754.20 towards Atkinson's costs, and \$27,718.30 towards Hampstead's costs). Thus, the following amounts will be the effective first annual municipal fire protection rate after permanent rates are approved: Atkinson - \$55,860.80; and Hampstead - \$41,011.70. The Company's shareholder contributions outlined above will not be recovered by inclusion in rate base or otherwise.

The Settling Parties also note that with the increase in rates through the proposed Step I and Step II Adjustments, the municipal fire protection rates would fluctuate. That fluctuation would make it difficult for the intervenor Towns of Hampstead and Atkinson to budget properly. As such, the Company agrees to keep the municipal fire protection charge level and recommend

that the Company will also absorb the revenue shortfall, totaling \$56,708.00 (\$22,821 for Step I and \$33,887 for Step II).

The Settling Parties further agree and recommend that the service provision description included in the Company's current tariff will be modified to include additional language, as shown in Attachment E. Through settlement discussions, HAWC made further commitments regarding its municipal fire protection as shown in Attachment F. The Settling Parties agree and recommend that the Commission approve these terms and applicable tariff amendments.

J. Conversion of Private Fire Protection Charge – From Quarterly to Monthly

The Settling Parties agree and recommend that the Company may change its private fire protection billing cycle from quarterly to monthly.

K. Water Infrastructure and Conservation Adjustment (WICA) Charge, Inclining Block Rates, and MSDC Fee Tariff Amendment

The Settling Parties agree and recommend that the Company's requests for a WICA mechanism, the implementation of inclining block rates, and a tariff amendment to collect the MSDC fee from new service applications, will be withdrawn by the Company. Nothing in the Settlement Agreement prohibits the Company from refileing these requests in its next full rate proceeding.

L. Temporary to Permanent Rate Recoupment

The Settling Parties recognize that the Commission authorized a temporary rate increase for the Company, for service rendered as of June 30, 2021. *Hampstead Area Water Company, Inc.*, Order No. 26,566 (January 17, 2022). As such, the Company is entitled to file for temporary to permanent rate recoupment, per RSA 378:29. The Settling Parties, furthermore, agree and recommend that the temporary to permanent rate recoupment applies only to the time period from the effective date of temporary rates (June 30, 2021) through the date of the

Commission Order approving the Settlement Agreement, permanent rate revenue requirement, and resulting permanent rates. The recoupment period does not extend to the proposed resulting rates of the Step I or Step II Adjustment.

The Company agrees to submit its temporary to permanent rate calculation and proposed recoupment within 30 days of the Commission's order approving this Settlement Agreement. The DOE agrees to review the temporary to permanent rate submission, which includes the possibility of propounding discovery, and submit a report to the Commission, in coordination with the Company, for Commission approval of the resulting proposed credit or surcharge.

M. Rate Case Expenses

The Settling Parties agree and recommend the Commission approve HAWC's recovery of its reasonable rate case expenses for this proceeding through a surcharge to customers. The Company's rate case expenses may include, but are not limited to, consultant expenses, incremental administrative expenses such as copying and delivery charges, and other such rate case related expenditures allowed under N.H. Admin. R., Puc 1906.01. HAWC agrees to file its final rate case expenses and proposal for surcharge recovery, pursuant to Puc 1905.02, no later than 30 days from the date of the Commission's order approving the Settlement Agreement in this proceeding. The Settling Parties agree that the DOE will review the Company's proposal and provide a report for the Commission's consideration prior to the issuance of an order on rate case expense recovery.

The resulting surcharge shall be reflected as a separate item on all customers' bills. As such, the Settling Parties agree that the final report provided by the DOE should combine both its review of the temporary to permanent recoupment, described in the prior section, and rate case

expenses. This provides administrative efficiency for both the Settling Parties and the Commission.

Upon issuance of the Commission's order approving rate case expense recovery, HAWC agrees to file, within 15 days of that order, a compliance tariff supplement including the approved surcharge relating to the total recovery of rate case expenses, as well as the average monthly surcharge per customer, if applicable.

N. Stay Out Provision

The Settling Parties agree and recommend that, in recognition of the June 2023 date of rate implementation for the proposed Step II Adjustment, the earliest the Company will file its next full rate proceeding will be January 1, 2025, utilizing a 2024 test year.

O. Administrative Commitments

The Settling Parties agree that HAWC, as a public water utility, is subject to the N.H. Code Admin. R., Puc 600 rules governing such utilities. As such, the Company agrees to file all required reports, including, but not limited to, Form E-17, Annual Report of Hydrant Inspection (Puc 609.10), and Form E-18, Report of Interruptions of Service Over 30 Minutes Duration (Puc 609.11). The Company also commits to seeking a waiver from the Commission for Puc 605.04 (rule governing test schedules for meters) if it continues its general practice of replacing 5/8 inch and 3/4 inch meters after ten years of service instead of testing said meters.

III. MISCELLANEOUS

A. This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept the Settlement Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Settlement Agreement, and the Settling Parties are

unable to agree with said changes, conditions or findings, the Stipulation shall be deemed to be withdrawn and shall not constitute any part of the record in this proceeding and shall not be used for any other purpose.

B. The Settling Parties agree that the Commission's acceptance of the Settlement Agreement does not constitute continuing approval of, or precedent for, any particular issue in this proceeding other than those specified herein.

C. This Settlement Agreement may be executed in multiple counterparts, which together shall constitute one agreement.

[signatures to follow]

IN WITNESS WHEREOF, the signatories below have executed this Stipulation, each being fully authorized to do so, as of the day indicated below.

The Hampstead Area Water Company, Inc.
By its Attorney,

Date: May 9, 2022

/s/ Anthony S. Augeri
Anthony S. Augeri, Esq.

NH Department of Energy
By its Attorney,

Date: May 9, 2022

/s/ Christopher R. Tuomala
Christopher R. Tuomala, Esq.

Office Of The Consumer Advocate
By its Attorney,

Date: May 9, 2022

/s/ Julianne Desmet
Julianne Desmet, Esq.

The Town of Atkinson
By its Attorney,

Date: May 9, 2022

/s/ Douglas L. Patch
Douglas L. Patch, Esq.

The Town of Hampstead
By

Date: May 9, 2022

/s/ Laurie Warnock
Laurie Warnock, Selectman
Its duly authorized representative

Attachment A

(Permanent Rates)

DW 20-117
 HAMPSTEAD AREA WATER COMPANY, INC.
 PERMANENT RATES
 REVENUE REQUIREMENT

	Company Proposed Temp Rates* Rev. Req.	Company Proposed Permanent Rates** Rev. Req.	Proposed Revenue Req. per Settlement	Proposed Step 1 Revenue Req. per Settlement (Step 1 - Sch. 1)	Proposed Step 2 Revenue Req. per Settlement (Step 2 - Sch. 2)
Pro-forma Rate Base (Sch 3; Col 6)	\$ 5,237,474	\$ 9,966,564	\$ 5,292,591	\$ 7,660,606	\$ 7,836,155
Rate of Return (Sch 2; Col 6)	x 5.78%	5.56%	6.20%		
Net Operating Income Requirement	\$ 302,531	\$ 554,132	\$ 328,060		
Less: Pro-forma Net Operating Income (Sch 4; Col 6)	- \$ 77,678	\$ 77,678	\$ 110,535		
Pro-forma Net Operating Income Deficiency / (Surplus) before Tax Effect	\$ 224,853	\$ 476,454	\$ 217,525		
Divided by Tax Factor (Sch 5)	÷ 72.92%	72.92%	72.92%		
Pro-forma Revenue Deficiency / (Surplus) after Tax Effect	\$ 301,059	\$ 1,523,330	\$ 298,319		
Add: Pro-forma Annual Water Revenue (Sch 4; Col 6)	+ \$ 2,325,428	\$ 2,325,428	\$ 2,242,163		
Proposed Annual Water Revenue	\$ 2,626,487	\$ 3,848,758	\$ 2,540,482	\$ 2,798,932	\$ 3,018,954
Less: Test Year Annual Water Revenue (Sch 4; Col 6)	- \$ 2,325,428	\$ 2,325,428	\$ 2,242,163	\$ -	\$ -
Proposed Increase / (Decrease) in Annual Water Revenue	<u>\$ 301,059</u>	<u>\$ 1,523,330</u>	<u>\$ 298,319</u>	<u>\$ 258,450</u>	<u>\$ 220,023</u>
Percentage Increase to Annual Water Revenue (Prop. Increase / Test Year Revenue of \$2,242,163)	12.95%	65.51%	13.30%	11.53%	9.81%
Proposed Net Increase / (Decrease) to Net Operating Income			\$ 217,525	\$ 188,454	\$ 160,434
* Company proposed Temp Rates - Filing, Tab 42 - Bates 206			Cumulative Increase in Revenue \$ 298,319	\$ 556,769	\$ 776,791
**Company proposed Perm Rates - Filing, Tab 5 - Bates 021			Cumulative Increase in Revenue % 13.30%	24.83%	34.64%

**DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
WEIGHTED AVERAGE COST OF CAPITAL**

	(1)	(2)	(3)	(4)	(4)	(4)	(4)	(5)	(6)
Capital Structure									
	<u>Test-year @ 12/31/19</u>	<u>Company Pro-forma Adj.*</u>	<u>Pro-forma Test-year</u>	<u>Adjustment</u>	<u>Adj. #</u>	<u>Pro-forma per Settlement</u>	<u>Percent</u>	<u>Cost Rate**</u>	<u>Weighted Ave. Cost</u>
Debt									
Long-Term Debt (Sch 2a)	\$ 4,504,426	\$ 2,351,434	\$ 6,855,860	(3,032,434)	1-2	3,823,426	55.05%	3.40%	1.87%
Total Debt	<u>4,504,426</u>	<u>2,351,434</u>	<u>6,855,860</u>	<u>(3,032,434)</u>		<u>3,823,426</u>	<u>55.05%</u>	<u>3.40%</u>	<u>1.87%</u>
Common Equity									
Common Stock	16,767	-	16,767	-		16,767	0.24%		
Additional Paid in Capital	4,054,354	300,000	4,354,354	(300,000)	3	4,054,354	58.37%		
Retained Earnings	(949,024)	-	(949,024)	-		(949,024)	-13.66%		
Total Common Equity	<u>3,122,097</u>	<u>300,000</u>	<u>3,422,097</u>	<u>(300,000)</u>		<u>3,122,097</u>	<u>44.95%</u>	<u>9.63%</u>	<u>4.33%</u>
Total Capitalization	<u>\$ 7,626,523</u>	<u>\$ 2,651,434</u>	<u>\$ 10,277,957</u>	<u>(3,332,434)</u>		<u>6,945,523</u>	<u>100.00%</u>		<u>6.20%</u>

*Company proforma adjustment of \$1,958,934 appears to have inadvertently left out the \$392,500 State / Bank Loan for the MSDC Fee even though the MSDC Fee is listed as an adjustment under the "Adjustments" column.

**Most recent prior Cost of Equity Rate approved was *9.95% in HAWC Rate Case: DW 17-118 dated 11/28/18.

Exhibit No. 3

SETTLEMENT 0021
DW 20-117

Attachment A
Permanent Rates
Schedule 2a

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA LONG-TERM DEBT

GL Acct. #	Date of Note	Lender	Original Amount	NHPUC Docket #	NHPUC Order #	Date of Order	Purpose Line of Credit	Term Demand	Interest Rate Prime	Current Interest Rate	Actual Loan Balances				Actual Interest Expense					Actual Finance Costs					Pro-forma Total Cost of Debt					
											Balance @ 12/31/19	Commanv Debt Adjustment	Debt Adj' per Department	Excess Capacity Adjustment	Adjusted Balance @ 12/31/19	2019 Interest Expense	Commanv Interest Adjustment	Interest Adj per Settlement	Excess Capacity Adjustment	Adjusted Interest Expense	2019 Amortized Finance Costs	Commanv Finance Cost Adjustment	Finance Cost Adj per Settlement	Excess Capacity Adjustment	Adjusted Amortized Finance Costs	Total Annual Debt Cost	2019 Cost Rate			
232.02	03/15/16	Pentucket Bank	1,000,000	DW 16-147	26-215	02/01/19				4.75%	450,000	-	-	-	450,000	11,525	-	-	-	11,525	-	-	-	-	-	-	-	-	11,525	2.56%
232.05	TBD	NHDES	up to 1,200,000	DW 19-147	26.407	09/28/20	Atkinson Tank	30	3.38%	3.38%	681,000	856,578	(1,537,578)	-	681,000	-	28,952	(28,952)	-	-	-	-	-	-	-	-	-	-	-	0.00%
232.06	09/06/05	NHDES	1,315,291	DW 04-132	24.437	02/25/05	SRF Loan: Tank	20	3.352%	3.352%	643,586	-	-	-	643,586	22,672	-	-	-	22,672	-	-	-	-	-	-	-	22,672	3.52%	
232.08	03/31/06	Aquarius Properties	24,000	DW 06-016	24.608	03/24/06	Autumn Hills	20	P+2.25%	5.50%	12,034	-	-	-	12,034	965	-	-	-	965	-	-	-	-	-	-	-	965	8.02%	
232.11	06/24/09	NH DES	1,058,347	DW 08-088	24.937	02/06/09	Hampstead / Atkinson Core Interconnect	20	2.864%	2.864%	681,790	-	-	-	681,790	20,302	-	-	-	20,302	-	-	-	-	-	-	-	20,302	2.98%	
232.12	11/18/16	Ford Motor Credit	38,174	DW 16-826	25.968	11/17/16	2016 F-250	5	4.89%	4.89%	15,786	-	-	-	15,786	900	-	-	-	900	-	-	-	-	-	-	900	5.70%		
232.13	06/26/12	Shribco Realty Two, LLC	12,000	DW 07-133	24.831	03/14/08	Coopers Grove	-	0.00%	0.00%	3,000	-	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
232.14	10/08/16	Ford Motor Credit	41,500	DW 18-121	26.173	09/12/18	2016 F-250	5	4.90%	4.90%	32,895	-	-	-	32,895	1,857	-	-	-	1,857	-	-	-	-	-	-	1,857	5.65%		
232.16	08/02/13	NHDES	255,000	DW 11-226	25.526	06/21/13	Service Line Replacements	20	3.10%	3.10%	203,430	-	-	-	203,430	6,494	-	-	-	6,494	-	-	-	-	-	-	6,494	3.19%		
232.19	09/15/16	Pentucket Bank	2,167,000	DW 16-654	25.930	07/29/16	Refinancing TD Bank loans	15	3.25%	3.25%	1,780,905	-	-	-	1,780,905	60,895	-	-	-	60,895	-	-	-	-	-	-	60,895	3.42%		
232.xx	TBD	NHDES	1,204,815	DW 19-147	26.407	09/28/20	SNH CIAC Additions	30	2.96%	2.96%	-	1,102,356	(1,102,356)	-	-	-	32,222	(32,222)	-	-	-	-	-	-	-	-	-	-	-	0.00%
232.xx	TBD	State / Bank	392,500				Loan for MSDC Fee	20	5.00%	5.00%	-	392,500	(392,500)	-	-	15,359	(15,359)	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Totals - Non-affiliated Companies			7,508,627								4,504,426	2,351,434	(3,032,434)	-	3,823,426	125,610	76,533	(76,533)	-	125,610	-	-	-	-	-	-	125,610	3.29%		
Rounding											-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
Total Notes to Non-affiliated Companies			7,508,627								4,504,426	2,351,434	(3,032,434)	-	3,823,426	125,610	76,533	(76,533)	-	125,610	-	-	-	-	-	-	125,610	3.29%		
Amortize financing costs - 3rd Parties											4,249	-	-	-	4,249	129,859	76,533	(76,533)	-	129,859	-	-	-	-	-	-	129,859			
TOTAL NOTES PAYABLE			\$ 7,508,627								\$ 4,504,426	\$ 2,351,434	\$ (3,032,434)	\$ -	\$ 3,823,426	\$ 129,859	\$ 76,533	\$ (76,533)	\$ -	\$ 129,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,859	3.40%		

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adi #Debt

1	To reverse the Company adjustmet and remove the three loans that had not closed as of the end of the test year - 12/31/2019 See Company Filing Sch. 5b - Bates 097 NH DGWTF for Atkinson Tank NH State Loan for CIAC Tax for the SNHRWIP State/Bank Loan for MSDC fee	\$ (1,537,578) \$ (1,102,356) \$ (392,500) <u>\$ (3,032,434)</u>	<u>\$ (3,032,434)</u>
Total Pro-forma Adjustrments to Long-term Debt			<u>\$ (3,032,434)</u>

Interest

2	To remove the intrerest associated with the loans removed above. Said loans are proposed for Step 1 and 2. See Company Filing Sch. 5b - Bates 097 NH DGWTF for Atkinson Tank NH State Loan for CIAC Tax for the SNHRWIP State/Bank Loan for MSDC fee	\$ (28,952) \$ (32,222) \$ (15,359) <u>\$ (76,533)</u>	<u>\$ (76,533)</u>
Total Pro-forma Adjustments to Long-term Debt Interest Expense			<u>\$ (76,533)</u>

Equity

3	To reduce equity for "Additional Paid in Capital" contribution that was made in 2020 Per Bates 035 & 2020 PUC Annual Report Schedule F-1 Balance Sheet	\$ (300,000)	
Total Pro-forma Adjustments to Equity			<u>\$ (300,000)</u>

**DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA RATE BASE**

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>Permanent Rate Filing</u>			<u>Permanent Rates</u>		
	<u>Filing 13 Month Average</u>	<u>Company Pro-forma Adjust's</u>	<u>Company Pro-forma Rate Base</u>	<u>Adjust's per Settlement (Sch. 3a)</u>	<u>Adj # (Sch. 3a)</u>	<u>Pro-forma Rate Base per Settlement</u>
<u>Net Utility Plant in Rate Base</u>						
Utility Plant in Service	\$ 17,552,712	\$ 8,451,806	\$ 26,004,518	\$ (8,348,066)	4-10	\$ 17,656,452
Less: Accumulated Depreciation	<u>(7,188,383)</u>	<u>(361,178)</u>	<u>(7,549,561)</u>	<u>231,958</u>	11-14	<u>(7,317,603)</u>
Net Utility Plant in Service	10,364,329	8,090,628	18,454,957	(8,116,108)		10,338,849
Less: Contributions in Aid of Construction (CIAC)	(9,215,542)	(5,078,843)	(14,294,385)	5,167,402	15-17	(9,126,983)
Add: Accumulated Amortization - CIAC	<u>3,766,902</u>	<u>205,286</u>	<u>3,972,188</u>	<u>(154,996)</u>	18-20	<u>3,817,192</u>
Net Utility Plant in Rate Base	<u>4,915,689</u>	<u>3,217,071</u>	<u>8,132,760</u>	<u>(3,103,702)</u>		<u>5,029,058</u>
<u>Net Working Capital in Rate Base</u>						
Cash Working Capital	215,243	79,890	295,133	(83,699)	21	211,434
Materials and Supplies	78,575	(41,338)	37,237	-		37,237
Miscellaneous Deferred Debits	74,055	88,834	162,889	(90,884)	22	72,005
Accumulated Deferred Income Taxes - Assets	11,358	1,395,041	1,406,399	(1,395,688)	23	10,711
Accumulated Deferred Income Taxes - Liabilities	(57,445)	(10,409)	(67,854)	-		(67,854)
Rounding	-	-	-	-		-
Net Working Capital in Rate Base	<u>321,786</u>	<u>1,512,018</u>	<u>1,833,804</u>	<u>(1,570,271)</u>		<u>263,533</u>
TOTAL RATE BASE	<u><u>\$ 5,237,475</u></u>	<u><u>\$ 4,729,089</u></u>	<u><u>\$ 9,966,564</u></u>	<u><u>\$ (4,673,973)</u></u>		<u><u>\$ 5,292,591</u></u>

**DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO RATE BASE**

Adj #**Pro-forma Adjustments to Net Utility Plant in Rate Base:**Utility Plant

4	To decrease test-year Utility Plant in service and account for typographical error in 2019 Annual Report between actual year-end balance and reported year-end balance Per Audit Issue #1.	\$ (6,000)
5	To decrease test-year Utility Plant in Service to 2019 year-end per Audit Issue #3.	\$ (1,922)
6	To decrease test-year Utility Plant in Service per excess capacity at Autumn Hills See Sch. 3d	\$ (143,423)
7	To remove Atkinson Tank from Permanent Rates due to in-service date of May 2020 which is outside the test year of 2019 per Bates 033 - Co. Adj # 27	\$ (1,840,246)
8	To remove SNHRWP improvements from Permanent Rates due to in-service date of 2021+ which is outside the test-year of 2019 per Bates 034 - Co. Adj # 28, and Energy 4-68.	\$ (6,065,593)
9	To add back retirement of assets related to the SNHRWP that did not take place in 2019 per Bates 048, 086 - Co. Adj # 29, Energy 1-9, 3-4, and 3-20 Attachment A. (\$90,884) *The Company's filing list this item as a reduction from Utility Plant, however, the item appears to be excluded from the total adjustment to plant in service per the Co. excel formulas. Therefore, no adjustment to add the item back is necessary.	\$ -
10	To remove Other (Dearborn Ridge and Angle Pond) Plant additions from Permanent Rates due to in-service date of 2020 which is outside the test year of 2019. See Bates 086 - Co. Adj # 30, Bates 162 - 163, Energy 2-29(a) and 2019 AR Sch. F-10.	\$ (290,882)
Total Adjustments - Utility Plant in Service		\$ (8,348,066)

Accumulated Depreciation

11	To adjust Accumulated Depreciation per excess capacity at Autumn Hills See Sch. 3d	\$ 77,781
12	To adjust for Accumulated Depreciation for Atkinson Tank Proforma See Bates 085 - Co. Adj # 33	\$ 20,541
13	To adjust for Accumulated Depreciation for SNHRWP Proforma See Bates 086 - Co. Adj # 34	\$ 128,729
14	To adjust for Accumulated Depreciation for 'Other' Plant Additions proforma See Bates 086 - Co. Adj # 35	\$ 4,907
Total Adjustment - Accumulated Depreciation		\$ 231,958

CIAC

15	To adjust CIAC per excess capacity at Autumn Hills See Sch. 3d	\$ 112,997
16	To adjust for CIAC for Atkinson Tank Proforma See Bates 087 - Co. Adj # 43	\$ 983,668
17	To adjust for CIAC for SNHRWP Proforma See Bates 087 Co. Adj # 44	\$ 4,070,737
Total Adjustments - CIAC		\$ 5,167,402

Amortization of CIAC

18	To adjust CIAC per excess capacity at Autumn Hills See Sch. 3d	\$ (57,845)
19	To adjust for Amortization of CIAC for Atkinson Tank Proforma See Bates 087 - Co. Adj # 47	\$ (10,988)

**DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO RATE BASE**

Adj #

20	To adjust for Amortization of CIAC for SNHRWP Proforma See Bates 087 - Co. Adj # 48	\$ (86,163)									
Total Adjustments - Amortization of CIAC		\$ (154,996)									
<u>Net Working Capital in Rate Base:</u>											
<u>Cash working Capital</u>											
21	To adjust for Cash Working Capital for pro-forma adj's to O&M Expenses:										
	Dept. Proforma O&M Expenses	\$ 1,714,789									
	Cash Working Capital % (Monthly Billing) x	12.33%									
	Dept. Proposed Perm Rate Cash Working Capital	\$ 211,433									
	Company Proposed Proforma Amount -	\$ 295,133									
Total Adjustments - Cash Working Capital		\$ (83,699) \$ (83,699)									
22	To adjust for Misc. Deferred Debits and remove the remaining book value of assets retired due to SNHRWP from Deferred Debits. See Bates 086 - Co. Adj # 38, and Sch. 3c	<table border="0" style="margin-left: auto;"> <tr> <td style="padding-right: 20px;">Woodland Pond</td> <td style="text-align: right;">(11,614)</td> <td></td> </tr> <tr> <td style="padding-right: 20px;">Jeese Page</td> <td style="text-align: right; border-bottom: 1px solid black;">(79,270)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">(90,884)</td> <td style="text-align: right;">\$ (90,884)</td> </tr> </table>	Woodland Pond	(11,614)		Jeese Page	(79,270)			(90,884)	\$ (90,884)
Woodland Pond	(11,614)										
Jeese Page	(79,270)										
	(90,884)	\$ (90,884)									
23	To adjust for ADIT - Asset to 2019 year end See Bates 086 - Co. Adj # 40, and Energy 4-56 *Company filing did not include the \$647 adjustment in Rate Base but the adjustment was listed.	<table border="0" style="margin-left: auto;"> <tr> <td style="text-align: right;">(1,395,041)</td> <td></td> </tr> <tr> <td style="text-align: right; border-bottom: 1px solid black;">(647)</td> <td></td> </tr> <tr> <td style="text-align: right;">(1,395,688)</td> <td style="text-align: right;">\$ (1,395,688)</td> </tr> </table>	(1,395,041)		(647)		(1,395,688)	\$ (1,395,688)			
(1,395,041)											
(647)											
(1,395,688)	\$ (1,395,688)										
	ADIT - Liability	\$ -									
Total Adjustments - Net Working Capital		\$ (1,486,572)									

Exhibit No. 3

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF RATE BASE

	For the Month Ended												13-Month Average	Co. Proposed Rate Base	Adjustments per Settlement	Rate Base per Settlement	
	12/31/18	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19					12/31/19
Net Utility Plant in Rate Base																	
Total Utility Plant	\$ 17,409,617	\$ 17,416,668	\$ 17,417,968	\$ 17,421,362	\$ 17,427,161	\$ 17,444,336	\$ 17,447,337	\$ 17,497,247	\$ 17,523,671	\$ 17,789,129	\$ 17,790,704	\$ 17,792,253	\$ 17,801,797	\$ 17,552,250	\$ 26,004,518	\$ (8,348,066)	\$ 17,656,452
Less: Accumulated Depreciation	(6,976,995)	(7,020,896)	(7,065,746)	(7,108,290)	(7,105,789)	(7,189,514)	(7,223,565)	(7,260,575)	(7,293,199)	(7,231,133)	(7,276,258)	(7,321,308)	(7,375,714)	(7,188,383)	(7,549,561)	231,958	(7,317,603)
Net Utility Plant in Service	10,432,622	10,395,772	10,352,222	10,313,072	10,321,372	10,254,822	10,223,772	10,236,672	10,230,472	10,557,996	10,514,446	10,470,945	10,426,083	10,363,867	18,454,957	(8,116,108)	10,338,849
Less: Contributions in Aid of Construction	(9,109,850)	(9,109,651)	(9,109,651)	(9,229,976)	(9,229,800)	(9,228,920)	(9,228,653)	(9,228,596)	(9,224,910)	(9,223,980)	(9,222,980)	(9,415,095)	(9,239,980)	(9,215,542)	(14,294,385)	5,167,402	(9,126,983)
Add: Accumulated Amortization - CIAC	3,659,188	3,677,489	3,695,989	3,714,489	3,732,813	3,750,433	3,768,666	3,787,109	3,801,923	3,818,199	3,835,699	3,854,199	3,873,534	3,766,902	3,972,189	(154,996)	3,817,193
Net Utility Plant in Rate Base	\$ 4,981,960	\$ 4,963,610	\$ 4,938,560	\$ 4,797,585	\$ 4,824,385	\$ 4,776,335	\$ 4,763,785	\$ 4,795,185	\$ 4,807,485	\$ 5,152,215	\$ 5,127,165	\$ 4,910,049	\$ 5,059,637	\$ 4,915,227	\$ 8,132,761	\$ (3,103,702)	\$ 5,029,059
Net Working Capital in Rate Base																	
Cash Working Capital:																	
12-Month O&M Expenses														\$ 1,745,684	\$ 2,393,614	\$ -	\$ 1,714,789
Cash Working Capital % (45 days / 365 days)														12.33%	12.33%		12.33%
Cash Working Capital														215,243	295,133	(83,699)	211,433
Materials and Supplies	82,237	95,736	99,211	98,951	117,902	115,438	91,442	87,467	66,191	41,028	45,331	43,305	37,237	78,575	37,237	-	37,237
Miscellaneous Deferred Debits	75,603	75,378	75,150	74,925	74,697	74,472	74,244	74,019	73,791	73,213	72,809	72,408	72,005	74,055	162,889	(90,884)	72,005
Accumulated Deferred Income Taxes - Assets	12,004	11,896	11,789	11,681	11,573	11,465	11,358	11,250	11,142	11,034	10,927	10,819	10,711	11,358	1,405,752	(1,395,041)	10,711
Accumulated Deferred Income Taxes - Liabilities	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(67,854)	(57,445)	(67,854)	-	(67,854)
Net Working Capital in Rate Base	113,266	126,432	129,572	128,979	147,594	144,797	120,466	116,158	94,546	68,697	72,489	69,954	267,342	106,543	1,833,157	(1,569,624)	263,532
TOTAL RATE BASE	\$ 5,095,226	\$ 5,090,042	\$ 5,068,132	\$ 4,926,564	\$ 4,971,979	\$ 4,921,132	\$ 4,884,251	\$ 4,911,343	\$ 4,902,031	\$ 5,220,912	\$ 5,199,654	\$ 4,980,003	\$ 5,326,979	\$ 5,021,770	\$ 9,965,918	\$ (4,673,326)	\$ 5,292,591

Exhibit No. 3

Hampstead Area Water Company

Attachment A
Permanent Rates
Schedule 3c

Miscellaneous Deferred Debits

Line No.	Account Title (a)	Approval (b)	December 2018 Balance (c)	January 2019 Balance (d)	February 2019 Balance (c)	March 2019 Balance (e)	April 2019 Balance (f)	May 2019 Balance (g)	June 2019 Balance (h)	July 2019 Balance (i)	August 2019 Balance (j)	September 2019 Balance (k)	October 2019 Balance (l)	November 2019 Balance (m)	December 2019 Balance (n)	Actual 13 Month Avg Bal (o)	2019 Co. Proforma Adjustments (p)	2019 Co. Proforma Balance (q)	
1	Dearborn Well	DW 08-065	11,604	11,513	11,421	11,330	11,238	11,147	11,055	10,964	10,872	10,781	10,689	10,598	10,507	11,055	(548)	10,507	
2	Bryant Wood Well	DW 08-065	4,506	4,471	4,435	4,400	4,364	4,329	4,293	4,258	4,222	4,187	4,151	4,116	4,080	4,293	(213)	4,080	
3	Rainbow Ridge Extension	DW 10-241	11,751	11,681	11,611	11,541	11,471	11,401	11,331	11,261	11,191	11,121	11,051	10,981	10,911	11,331	(420)	10,911	
4	Little River Purchase	DW 13-323	5,394	5,365	5,335	5,306	5,276	5,247	5,217	5,188	5,158	5,129	5,099	5,070	5,040	5,217	(177)	5,040	
5	Village Drive Well replacement	DW 12-170	20,230	20,230	20,230	20,230	20,230	20,230	20,230	20,230	20,230	20,230	20,061	19,977	19,893	19,809	20,139	(330)	19,809
6	Eastwood Well replacement	DW 12-170	22,118	22,118	22,118	22,118	22,118	22,118	22,118	22,118	22,118	21,934	21,842	21,750	21,658	22,019	(361)	21,658	
7	Total Miscellaneous Deferred Debits		\$ 75,603	\$ 75,378	\$ 75,150	\$ 74,925	\$ 74,697	\$ 74,472	\$ 74,244	\$ 74,019	\$ 73,791	\$ 73,213	\$ 72,809	\$ 72,408	\$ 72,005	\$ 74,055	\$ (2,050)	\$ 72,005	
8	Woodland Pond	DW 20-117															11,614	11,614	
9	Jesse Page	DW 20-117															79,270	79,270	
																	\$ 88,834	\$ 162,889	

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF EXCESS CAPACITY ADJUSTMENTS

Calculation of Excess Capacity Plant and Depreciation / Amortization

	<u>Unadjusted</u>	<u>Autumn Hills Adjustment</u>	<u>Adjusted</u>
Plant in Service	\$ 163,912	\$ (143,423)	\$ 20,489
Accumulated Depreciation	(88,893)	77,781	(11,112)
Net Plant in Service	<u>75,019</u>	<u>(65,642)</u>	<u>9,377</u>
CIAC	(129,139)	112,997	(16,142)
Accum Amort - CIAC	66,108	(57,845)	8,263
Net CIAC	<u>(63,031)</u>	<u>55,152</u>	<u>(7,879)</u>
Net Plant in Rate Base	<u>\$ 11,988</u>	<u>\$ (10,490)</u>	<u>\$ 1,498</u>
Annual Depreciation Expense	\$ 3,278	\$ (2,868)	\$ 410
Annual Amortization Expense - CIAC	(2,796)	2,447	(349)
Net Depreciation Expense	<u>\$ 482</u>	<u>\$ (421)</u>	<u>\$ 61</u>

Calculation of Excess Capacity Percentage:

	<u>Full Build-out (Dept. 4-53)</u>	<u>Actual Customers (Dept. 4-53)</u>	<u>Excess Capacity Customers @ 12/31/19</u>	<u>Excess Capacity Percentage</u>
Autumn Hills	32	4	28 *	87.50%

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
OPERATING INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Company Filing Net Operating Income			Proposed Permanent Rates Net Operating Income				
	Test-Year Actual Average	Company Pro-forma Adjust's	Pro-forma Test Year Total	Pro-forma Adjust's per Settlement (Sch. 4a)	Adj #	Pro-forma Operating Income	Revenue Deficiency (Surplus) (Sch. 1)	Operating Income Requirement (Sch. 1)
Operating Revenue:								
Water Sales Revenue*	2,022,963	1,523,330	3,546,293	(1,304,130)	24-27	2,242,163	298,319	2,540,482
Other Operating Revenue**	302,465	-	302,465	(184,530)	28	117,935		117,935
Total Operating Revenues	\$ 2,325,428	\$ 1,523,330	\$ 3,848,758	\$ (1,488,660)		\$ 2,360,098	\$ 298,319	\$ 2,658,417
Operating Expenses:								
Operation & Maintenance Expenses:								
Source of Supply	35,719	513,761	549,480	(513,761)	29-31	35,719		35,719
Pumping Expenses	390,948	(32,390)	358,558	15,245	32-33	373,803		373,803
Water Treatment Expenses	187,684	-	187,684	-		187,684		187,684
Transmission & Distribution Expenses	167,677	-	167,677	(38,145)	34	129,532		129,532
Customer Accounts Expenses	150,569	-	150,569	(19,341)	35	131,228		131,228
Administrative & General Expenses	813,087	166,559	979,646	(122,823)	36-41	856,823		856,823
Total Operation & Maintenance Expenses	1,745,684	647,930	2,393,614	(678,825)		1,714,789	-	1,714,789
Depreciation Expense	557,503	328,024	885,527	(311,222)	42-46	574,305		574,305
Amortization Expense - CIAC	(221,541)	(192,799)	(414,340)	196,750	47-50	(217,590)		(217,590)
Amortization Expense - Other	3,681	-	3,681	-		3,681		3,681
Taxes Other Than Income	146,846	79,313	226,159	(79,562)	51	146,597		146,597
Total Operating Expenses	2,232,173	862,468	3,094,641	(872,859)		2,221,782	-	2,221,782
Net Operating Income before Income Taxes:	93,255	660,862	754,117	(615,801)		138,316	298,319	436,635
Income Taxes:								
Income Taxes	15,577	184,409	199,986	(172,205)	52-55	27,781	80,794	108,575
Total Income Taxes	15,577	184,409	199,986	(172,205)		27,781	80,794	108,575
NET OPERATING INCOME	\$ 77,678	\$ 476,453	\$ 554,131	\$ (443,596)		\$ 110,535	\$ 217,525	\$ 328,060

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HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

Operating Revenue

24	To decrease Operating Revenue per the Company's Pro-forma adjustment regarding the sale of water to Plaistow that did not take place in 2019 and is not estimated to begin until at least 2022 per Energy 2-31 and Bates 075 - Co. Adj # 1.	\$ (175,180)												
25	To decrease Operating Revenue per the Company's Pro-forma adjustment regarding the additional revenue needed in order the for the Company to earn its rate of return on additional plant that is the subject of this rate case and Bates 075 - Co. Adj # 2.	\$ (1,348,150)												
25a	To increase Operating Revenue to include the two fire hydrants located in Danville which provided Danville at least the capability to fill their fire trucks. Tariff states \$200 per hydrant + \$2,000 Availability Fee per town. See Energy 1-10, TS 1-1, 1-2, 1-3, and 2-2 and Town of Danville Request for Intervenor Status filed 3/23/2021, Tab #24 on the PUC web site.	<table border="0" style="margin-left: auto;"> <tr><td>\$</td><td style="text-align: right;">400</td><td></td></tr> <tr><td>+</td><td style="text-align: right;">2,000</td><td></td></tr> <tr><td colspan="2"></td><td style="text-align: right; border-top: 1px solid black;">2,400</td></tr> <tr><td>\$</td><td style="text-align: right;">2,400</td><td style="text-align: right;">\$ 2,400</td></tr> </table>	\$	400		+	2,000				2,400	\$	2,400	\$ 2,400
\$	400													
+	2,000													
		2,400												
\$	2,400	\$ 2,400												
26	To increase Operating Revenue to include the additional 1,084, 2" Private Fire Protection customers at 2019 Tariff rates. Per Bates 154, Energy 2-4, 3-1, TS 3-4, Steele 3-4 and Tariff page 37.	<table border="0" style="margin-left: auto;"> <tr><td></td><td style="text-align: right;">1,084</td><td></td></tr> <tr><td>x</td><td style="text-align: right;">200</td><td></td></tr> <tr><td colspan="2"></td><td style="text-align: right; border-top: 1px solid black;">216,800</td></tr> <tr><td>\$</td><td style="text-align: right;">216,800</td><td style="text-align: right;">\$ 216,800</td></tr> </table>		1,084		x	200				216,800	\$	216,800	\$ 216,800
	1,084													
x	200													
		216,800												
\$	216,800	\$ 216,800												

Total Adjustments - Operating Revenue

\$ (1,304,130)

Other Revenue

28	To decrease Other Revenue for Rate Recovery Fees authorized in Docket No. DW 17-118 The Co. reported Rate Recovery Revenue of \$191,206, but was only authorized to collect \$184,530. See Audit Report - pg 33 - Revenue	<table border="0" style="margin-left: auto;"> <tr><td>Order No. 26,185</td><td style="text-align: right;">\$ 36,436</td><td></td></tr> <tr><td>Order No. 26,185</td><td style="text-align: right;">\$ 118,261</td><td></td></tr> <tr><td>Order No. 26,248</td><td style="text-align: right;">\$ 29,833</td><td></td></tr> <tr><td colspan="2"></td><td style="text-align: right; border-top: 1px solid black;">184,530</td></tr> <tr><td>\$</td><td style="text-align: right;">184,530</td><td style="text-align: right;">\$ (184,530)</td></tr> </table>	Order No. 26,185	\$ 36,436		Order No. 26,185	\$ 118,261		Order No. 26,248	\$ 29,833				184,530	\$	184,530	\$ (184,530)
Order No. 26,185	\$ 36,436																
Order No. 26,185	\$ 118,261																
Order No. 26,248	\$ 29,833																
		184,530															
\$	184,530	\$ (184,530)															

Total Adjustmtns to Other Revenue

\$ (184,530)

Operating Expenses

Source of Supply

29	Purchased Water 2019 Test Year Actual Company Adjustment 2019 Test Year Proforma To decrease test year expenses for the purchase of 250,000 gallons from MWW that did not take place in 2019. See Bates 075 - Co. Adj # 3, and Energy 3-10	<table border="0" style="margin-left: auto;"> <tr><td>Gallons per Day (GPD)</td><td style="text-align: right;">\$ 250,000</td><td style="text-align: right;">\$ -</td></tr> <tr><td>Gallons to Cubic Feet ÷</td><td style="text-align: right;">\$ 748</td><td style="text-align: right;">\$ 372,075</td></tr> <tr><td>CCF per day</td><td style="text-align: right;">\$ 334</td><td style="text-align: right;">\$ 372,075</td></tr> <tr><td>CCF Cost x</td><td style="text-align: right;">\$ 3.05</td><td style="text-align: right;">\$ (372,075)</td></tr> <tr><td>Days per year x</td><td style="text-align: right;">\$ 365</td><td></td></tr> <tr><td colspan="2"></td><td style="text-align: right; border-top: 1px solid black;">\$ 372,075</td></tr> </table>	Gallons per Day (GPD)	\$ 250,000	\$ -	Gallons to Cubic Feet ÷	\$ 748	\$ 372,075	CCF per day	\$ 334	\$ 372,075	CCF Cost x	\$ 3.05	\$ (372,075)	Days per year x	\$ 365				\$ 372,075
Gallons per Day (GPD)	\$ 250,000	\$ -																		
Gallons to Cubic Feet ÷	\$ 748	\$ 372,075																		
CCF per day	\$ 334	\$ 372,075																		
CCF Cost x	\$ 3.05	\$ (372,075)																		
Days per year x	\$ 365																			
		\$ 372,075																		
30	Purchased Water 2019 Test Year Actual Company Adjustment 2019 Test Year Proforma To decrease test year expenses for the purchase of 100,000 gallons for Plaistow from MWW that did not take place in 2019 and is not estimated to take place until 2022. See Bates 075 - Co. Adj # 4, and Energy 2-31 and 3-10	<table border="0" style="margin-left: auto;"> <tr><td>Gallons per Day (GPD)</td><td style="text-align: right;">\$ 100,000</td><td style="text-align: right;">\$ -</td></tr> <tr><td>Gallons to Cubic Feet ÷</td><td style="text-align: right;">\$ 748</td><td style="text-align: right;">\$ 148,830</td></tr> <tr><td>CCF per day</td><td style="text-align: right;">\$ 134</td><td style="text-align: right;">\$ 148,830</td></tr> <tr><td>CCF Cost x</td><td style="text-align: right;">\$ 3.05</td><td style="text-align: right;">\$ (148,830)</td></tr> <tr><td>Days per year x</td><td style="text-align: right;">\$ 365</td><td></td></tr> <tr><td colspan="2"></td><td style="text-align: right; border-top: 1px solid black;">\$ 148,830</td></tr> </table>	Gallons per Day (GPD)	\$ 100,000	\$ -	Gallons to Cubic Feet ÷	\$ 748	\$ 148,830	CCF per day	\$ 134	\$ 148,830	CCF Cost x	\$ 3.05	\$ (148,830)	Days per year x	\$ 365				\$ 148,830
Gallons per Day (GPD)	\$ 100,000	\$ -																		
Gallons to Cubic Feet ÷	\$ 748	\$ 148,830																		
CCF per day	\$ 134	\$ 148,830																		
CCF Cost x	\$ 3.05	\$ (148,830)																		
Days per year x	\$ 365																			
		\$ 148,830																		
31	Well Expenses 2019 Test Year Actual Company Adjustment 2019 Test Year Proforma To reverse proforma adjustment of reduction in test year well expenses due to anticipated 20% reduction due to SNHRWIP that did not take place in 2019. See Bates 075 - Co. Adj # 5	<table border="0" style="margin-left: auto;"> <tr><td></td><td></td><td style="text-align: right;">\$ 35,720</td></tr> <tr><td></td><td></td><td style="text-align: right;">\$ (7,144)</td></tr> <tr><td></td><td></td><td style="text-align: right; border-top: 1px solid black;">\$ 28,576</td></tr> <tr><td></td><td></td><td style="text-align: right;">\$ 7,144</td></tr> </table>			\$ 35,720			\$ (7,144)			\$ 28,576			\$ 7,144						
		\$ 35,720																		
		\$ (7,144)																		
		\$ 28,576																		
		\$ 7,144																		

Total Proforma Adjustments to Source of Supply

\$ (513,761)

Pumping Expenses

32	Purchased Power- Account 623 2019 Test Year Actual Company Adjustment 2019 Test Year Proforma To reverse proforma adjustment of test year purchased power expense which reflected an anticipated reduction due to SNHRWIP that did not take place in 2019. See Bates 075 - Co. Adj # 6	<table border="0" style="margin-left: auto;"> <tr><td></td><td></td><td style="text-align: right;">\$ 219,181</td></tr> <tr><td></td><td></td><td style="text-align: right;">\$ (32,390)</td></tr> <tr><td></td><td></td><td style="text-align: right; border-top: 1px solid black;">\$ 186,791</td></tr> <tr><td></td><td></td><td style="text-align: right;">\$ 32,390</td></tr> </table>			\$ 219,181			\$ (32,390)			\$ 186,791			\$ 32,390						
		\$ 219,181																		
		\$ (32,390)																		
		\$ 186,791																		
		\$ 32,390																		
33	Pumping Expense- Accounts 624 through 633 2019 Test Year Actual Company Adjustment 2019 Test Year Proforma To normalize test year pumping expenses for 3-year average of 2017, 2018 & 2019.	<table border="0" style="margin-left: auto;"> <tr><td>2017</td><td style="text-align: right;">\$ 106,603</td><td style="text-align: right;">\$ 171,768</td></tr> <tr><td>2018 +</td><td style="text-align: right;">\$ 185,499</td><td style="text-align: right;">-</td></tr> <tr><td>2019 +</td><td style="text-align: right;">\$ 171,767</td><td style="text-align: right;">\$ 171,768</td></tr> <tr><td>/ Average</td><td style="text-align: right;">\$ 154,623</td><td style="text-align: right;">\$ (17,145)</td></tr> <tr><td></td><td style="text-align: right;">-</td><td style="text-align: right;">\$ 171,768</td></tr> <tr><td></td><td style="text-align: right;">\$</td><td style="text-align: right; border-top: 1px solid black;">(17,145)</td></tr> </table>	2017	\$ 106,603	\$ 171,768	2018 +	\$ 185,499	-	2019 +	\$ 171,767	\$ 171,768	/ Average	\$ 154,623	\$ (17,145)		-	\$ 171,768		\$	(17,145)
2017	\$ 106,603	\$ 171,768																		
2018 +	\$ 185,499	-																		
2019 +	\$ 171,767	\$ 171,768																		
/ Average	\$ 154,623	\$ (17,145)																		
	-	\$ 171,768																		
	\$	(17,145)																		

Total Proforma Adjustments to Pumping Expenses

\$ 15,245

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HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

Water Treatment Expenses

Treatment Expenses (Filters)

2019 Test Year Actual		\$	174,184
Company Adjustment		\$	-
2019 Test Year Proforma		\$	174,184
Dept. Adjustment		\$	-

Total Proforma Adjustments to Water Treatment Expenses

\$ -

Transmission and Distribution Expenses

34 2019 Test Year Actual	2017	\$	83,991	\$	167,677
Company Adjustment	2018 +	\$	136,927	\$	-
2019 Test Year Proforma	2019 +	\$	167,677	\$	167,677
To normalize test year T&D expenses to 3-year average of 2017, 2018, & 2019.	/ Average	\$	129,532	\$	(38,145)
	-	\$	167,677		
		\$	(38,145)		

Total Proforma Adjustments to Transmission and Distribution Expenses

\$ (38,145)

Customer Accounts Expenses

35 2019 Test Year Actual	2017	\$	113,121	\$	150,569
Company Adjustment	2018 +	\$	129,994	\$	-
2019 Test Year Proforma	2019 +	\$	150,569	\$	150,569
To normalize Customer expenses to 3-year average of 2017, 2018, & 2019.	/ Average	\$	131,228	\$	(19,341)
	-	\$	150,569		
		\$	(19,341)		

Total Proforma Adjustments to Customer Accounts Expenses

\$ (19,341)

Administration and General Expenses

36 <u>Wages</u>					
2019 Test Year Actual				\$	376,432
Company Adjustment				\$	147,721
2019 Test Year Proforma	Co. Requested Adjustment	\$	147,721	\$	524,153
To decrease the Co. adjustment to 75% of amount requested	% of Adj. Agreed upon *		75%		
	Agreed upon Adj.	\$	110,791	\$	(36,930)
	Co. Requested Adjustment -	\$	(147,721)		
	Dept. Adjustment	\$	(36,930)		
37 <u>Payroll Taxes</u>					
2019 Test Year Actual				\$	28,797
Company Adjustment				\$	11,301
2019 Test Year Proforma	Co. Requested Adjustment	\$	11,301	\$	40,098
To decrease the Co. adjustment to 75% of amount requested	% of Adj. Agreed upon *		75%		
	Agreed upon Adj.	\$	8,476	\$	(2,825)
	Co. Requested Adjustment -	\$	(11,301)		
	Dept. Adjustment	\$	(2,825)		
38 <u>Benefits - 401k, Health Inc & Life Ins</u>					
2019 Test Year Actual				\$	34,711
Company Adjustment				\$	22,862
2019 Test Year Proforma	Co. Requested Adjustment	\$	22,862	\$	57,573
To decrease Co. adjustment to 75% of amount requested	% of Adj. Agreed upon *		75%		
	Agreed upon Adj.	\$	17,147	\$	(5,716)
	Co. Requested Adjustment -	\$	(22,862)		
	Dept. Adjustment	\$	(5,716)		
39 <u>Regulatory Commission Expenses</u>					
2019 Test Year Actual				\$	76,106
Company Adjustment				\$	-
2019 Test Year Proforma				\$	76,106
To remove recognition of authorized Rate Case expenses from Account 928 in Docket No. DW 17-118 and pg. 48-49 of PUC Audit Report - Audit Issue #9.	Order No. 26,185	\$	36,436	\$	(68,806)
	Order No. 26,248 +	\$	29,833		
	Overstatement of Rate Case Expenses AI #9 +	\$	2,537		
		\$	68,806		
40 <u>Management Agreement</u> (recorded under Account 923 - Outside Services)					
2019 Test Year Actual				\$	169,153
Company Adjustment				\$	8,458
2019 Test Year Proforma				\$	177,611
See Energy 1-11				\$	-
41 <u>Outside Services</u> (Account 923)					
2019 Test Year Actual				\$	433,784
Company Adjustment				\$	(25,783)
2019 Test Year Proforma				\$	408,001
To increase Co. Adj. from \$25,783 to account for additional non-recurring expenses and then amortize that over 4 years rather than 3 years.	Legal, Acct & Internal Costs -	(43,197)		\$	(8,546)
See Energy 1-11, and Audit Issue # 9	EJ Callahan Tax Review -	(2,575)			
	Dept. Adjustment	(45,772)			
	/ 4 year Amort. Period ÷	(11,443)			
	= Dept. Adjustment	(34,329)			

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HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

Original Amount of Expenses	(38,675)
/ 3 year Amort. Period	(12,892)
= Co. Adjustment	(25,783)
Less Dept. Adjustment	(34,329)
= Additional Adjustment	8,546

Total Proforma Adjustments to Administrative and General Expenses

\$ (122,823)

Total Proforma Adjustments to Operating and Maintenance Expenses

\$ (678,825)

Depreciation Expense

42	2019 Test Year Actual	\$ 557,503
	Company Adjustment	\$ 19,670
	2019 Test Year Proforma	\$ 577,173
	No further adjustment as this relates to regular, non-SNHRWP, 2019 plant additions.	\$ -
43	2019 Test Year Actual Atkinson Tank	\$ -
	Company Adjustment	\$ 41,081
	2019 Test Year Proforma	\$ 41,081
	To remove depreciation expense for plant addition that was not used and useful until 2020.	\$ (41,081)
44	2019 Test Year Actual for SNHRWP	\$ -
	Company Adjustment	\$ 257,458
	2019 Test Year Proforma	\$ 257,458
	To remove depreciation expense for plant additions that were not used and useful until 2020.	\$ (257,458)
45	2019 Test Year Actual for Other Plant (Angle Pond and Dearborn Ridge).	\$ -
	Company Adjustment	\$ 9,815
	2019 Test Year Proforma	\$ 9,815
	To remove depreciation expense for plant additions that were not used and useful until 2020.	\$ (9,815)
46	To adjust for excess capacity at Autumn Hills See Sch. 3d	\$ (2,868)
Total Adjustments to Depreciation Expense		\$ (311,222)

Amortization of CIAC

47	2019 Test Year Actual	\$ (221,541)
	Company Adjustment	\$ 1,504
	2019 Test Year Proforma	\$ (220,037)
		\$ -
48	2019 Test Year Actual Atkinson Tank	\$ -
	Company Adjustment	\$ (21,978)
	2019 Test Year Proforma	\$ (21,978)
	To remove amortization expense for plant addition that was not used and useful until 2020	\$ 21,978
49	2019 Test Year Actual for SNHRWIP	\$ -
	Company Adjustment	\$ (172,325)
	2019 Test Year Proforma	\$ (172,325)
	To remove depreciation expense for plant addition that was not used and useful until 2020	\$ 172,325
50	Dept. Adjustment for excess capacity at Autumn Hills See Sch. 3d	\$ 2,447
Total Adjustments to Amortization of CIAC		\$ 196,750

Amortization Expense - Other

	2019 Test Year Actual	\$ 3,597
	Company Adjustment	\$ -
	2019 Test Year Proforma	\$ 3,597
	Subsequent Adjustment: N/A see PUC Audit Report pg 23.	\$ -
Total Adjustments to Amortization Expense - Other		\$ -

Taxes other than Income

51	2019 Test Year Actual	\$ 146,846
	Company Adjustment	\$ 79,313
	2019 Test Year Proforma	\$ 226,159
	To reverse Company addition to property taxes for plant additions that were not used and useful at 12/31/2019. As well as the penalty for late filing of State Utility Tax payments. See Audit Issue # 10, and Co. filing Sch. 3D, 3E & 3F on Bates 088, 91, & 092.	\$ (79,562)
	Atkinson Tank	\$ (17,945)
	SNHRWP +	\$ (58,547)
	Other Plant +	\$ (2,820)
	Late Filing Penalty +	\$ (250)
		\$ (79,562)

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

Total Adjustments to Taxes Other than Income		\$ (79,562)
<u>Income Taxes</u>		
<u>State Business Taxes</u>		
52	2019 Test Year Actual	\$ 3,032
	Company Adjustment	<u>\$ 35,005</u>
	2019 Test Year Proforma	\$ 38,037
	To remove State taxes associated with SNH Plant that was not used and useful in 2019. See Sch. 4b	\$ (35,005)
<u>Federal Income Taxes</u>		
53	2019 Test Year Actual	\$ -
	Company Adjustment	<u>\$ 95,749</u>
	2019 Test Year Proforma	\$ 95,749
	To remove Federal Income Taxes associated with plant that was not used and useful in 2019. See Sch. 4b	\$ (95,749)
54	<u>Combined State and Federal Taxes</u>	
	Increase Combined State and Federal Income Taxes relative to the net increase in operating expenses. See Sch. 4b	\$ 12,204
<u>Provision for Deferred Taxes</u>		
55	2019 Test Year Actual	\$ 3,032
	Company Adjustment	<u>\$ 53,655</u>
	2019 Test Year Proforma	\$ 56,687
	To remove the expected 2020 deferred taxes due to timing difference associated with the receipt of CIAC on the Atkinson Tank and SNHRWP plant additions. 2020 is outside the test-year of 2019.	\$ (53,655)
 Total Adjustments to Taxes other than Income and Income Taxes		 \$ (172,205)
 Total Proforma Adjustment to Operating Expenses		 <u><u>\$ (1,045,064)</u></u>

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
CALCLATION OF INCOME TAX ADJUSTMENT

	<u>Company</u>	<u>Energy</u>	<u>Difference</u>
Net Adjustments to Net Operating Income before Taxes	660,862	(615,801)	\$ 45,061
Additional Income subject to State and Federal Taxes			45,061
Company's Combined Effective Tax Rate (State & Federal)			<u>27.08%</u>
Additional State and Federal Taxes			\$ 12,204

**DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
PERMANENT RATES
EFFECTIVE TAX FACTOR**

	<u>Permanent Rates</u>	<u>Step Adjustment</u>
Taxable Income	100.00%	100.00%
Less: NH Business Profits Tax	<u>7.70%</u>	<u>7.70%</u>
Federal Taxable Income	92.30%	92.30%
Federal Income Tax Rate	<u>21.00%</u>	<u>21.00%</u>
Effective Federal Income Tax Rate	19.38%	19.38%
Add: NH Business Profits Tax	<u>7.70%</u>	<u>7.70%</u>
Effective Tax Rate	<u><u>27.08%</u></u>	<u><u>27.08%</u></u>
Percent of Income Available if No Tax	100.00%	100.00%
Effective Tax Rate	<u>27.08%</u>	<u>27.08%</u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>72.92%</u></u>	<u><u>72.92%</u></u>
Tax Multiplier	<u><u>0.37142</u></u>	<u><u>0.37142</u></u>

Attachment B

(Step I Adjustment)

Exhibit No. 3
DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
FIRST STEP ADJUSTMENT: 2020 PROJECTS
CALCULATION OF STEP ADJUSTMENT

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Account	Atkinson Tank	Other Plant	West Side Dr.	MSDC Fee	Total	Adj #	
	(Step 1 - Sch 3a)	(Step 1 - Sch 3b)	(Step 1 - Sch. 3c)	(Step 1 - Sch. 3c)			
Additions / (Retirements)	\$ 1,597,603	\$ 290,882	\$ 1,314,140	\$ 892,500	\$ 4,095,125		56-59, 67
Less: Accumulated Dep./ Amort. (1 Full Year)	(40,106)	(9,815)	(86,688)	(22,885)	(159,493)		60-62, 70
Less: CIAC**	(1,004,917)	-	(1,302,918)	-	(2,307,835)		63-64
Add: Accumulated Amort. of CIAC (1 Full Year)	40,106	-	85,948	-	126,053		65-66
Add: CIAC Tax	272,132	-	352,830	-	624,962		68-69
Less: Accumulated Amort. of CIAC Tax (1 Full Year)	(9,071)	-	(11,761)	-	(20,832)		71-72
Net Changes to Rate Base from Plant Additions	855,746	281,067	351,551	869,615	2,357,980		
Cash working Capital:							
Net Increase in O&M Expenses	81,385						
Net Increase in Cash Working Capital	x 12.33%						
	\$ 10,035				\$ 10,035		73
Total change to Rate Base					\$ 2,368,015		
Rate of Return (Step 1 - Sch. 2)					4.50%		74-76
Increase in Net Operating Income Requirement					\$ 106,660		
Less: Revenue from New Customers	-	-	-	-	(50,524)		77
Add: Net Increase/ (Decrease) to O&M Expense	-	-	-	-	81,385		78-80
Add: Annual Depreciation Expense	40,106	9,815	86,688	-	136,608		81-83
Less: Annual Amortization of CIAC	(25,227)	-	(85,948)	-	(111,175)		84-85
Add: Amortization of Other	9,071	-	11,761	22,885	43,717		86-88
Add: Annual Property Tax Expense	17,780	3,198	14,323	-	35,301		89-91
Add: Additional income taxes*	-	-	-	-	16,477		92
Increase / (Decrease) in Net Operating Income	\$ 41,730	\$ 13,012	\$ 26,824	\$ 22,885	\$ 258,450		
Step Increase					\$ 258,450		
Proforma Test Year Water Sales Revenues (Attachment A, Sch. 4, Col. 8)					\$ 2,540,482		
% Increase in Annual Water Revenues					11.53%		

*Additional income taxes are a result of the additional equity associated with the Step 1 Rate Base additions.

* = Net Change to Rate Base * Tax Gross up Factor on Step 1 RoR - Sch. 2

*See Step 1 RoR - Sch.2

Exhibit No. 3
 DW 20-117
 HAMPSTEAD AREA WATER COMPANY, INC.
 STEP ADJUSTMENT
 RATE OF RETURN

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Adj #	Amount	Weighted Average	Interest Rate	Annual Interest	Annual Amortization of Finance Cost	Total Annual Cost of Debt	Annual Cost Rate	Weighted Average Rate
(a) Calculation of Rate of Return for Step 1 projects								
DES Loan (Atkinson Tank + Atk Tank CIAC Tax)	\$ 883,214		3.38%	\$ 29,853	\$ -	\$ 29,853	3.38%	
DES Loan (Westside Drive CIAC Tax)	352,830		2.96%	10,444	-	10,444	2.96%	
Additional Debt	74-75	\$ 1,236,044	80.5%	\$ 40,296	\$ -	\$ 40,296	3.26%	2.62%
Additional Equity	76	\$ 300,000	19.5%				9.63%	1.88%
Total		\$ 1,536,044	100.0%					4.50%

(c) Weighted Tax Effect Due to Additional Equity to Company

	Weighted Cost	Tax Multiplier	Pre-Tax Cost	Tax Gross-Up
Additional Debt	2.62%	x 1.00	2.62%	0.00%
Additional Equity	1.88%	x 1.37	2.58%	0.70%
Total	4.50%		5.20%	0.70%

(d) Calculation of Tax Multiplier and Effective Tax Rate

Taxable Income	100.00%	Income Available to FIT	100.00%
Less NHBPT	-7.70%	Less Effective Tax Rate	27.08%
Fed. Taxable Income	92.30%	Diviser for Rev Req.	72.92%
Fed. Tax Rate	21.00%		
Effective FIT Rate	19.38%	Effective Tax rate	27.08%
Add NHBPT	7.70%	Diviser	72.92%
Effective Tax Rate	27.08%	Tax Multiplier for Equity	37.14%

Exhibit No. 3

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
FIRST STEP ADJUSTMENT: 2020 PROJECTS
PRO-FORMA LONG-TERM DEBT

GL Acct. #	Date of Note	Lender	Original Amount	NHPUC Docket #	NHPUC Order #	Date of Order	Purpose	Term	Interest Rate	Current Interest Rate	Actual Loan Balances				Actual Interest Expense				Actual Finance Costs					Pro-forma Total Cost of Debt				
											Actual Balance @ 12/31/19	Company Debt Adjustment	Debt Adj per Settlement	Excess Capacity Adjustment*	Site 1 Adjusted Balance	Pro-forma Interest Expense	Company Interest Adjustment	Interest Adj per Settlement	Excess Capacity Adjustment*	Adjusted Interest Expense	2019 Amortized Finance Costs	Company Finance Cost Adjustment	Finance Cost Adj per Settlement	Excess Capacity Adjustment*	Adjusted Amortized Finance Costs	Total Annual Debt Cost	2019 Cost Rate	
232.02	03/13/19	Pentucket Bank	1,000,000	DW 16-147	26.216	02/01/19	Line of Credit	Demand	Prime	4.75%	450,000	-	-	-	450,000	11,525	-	-	-	11,525	-	-	-	-	-	11,525	2.56%	
232.05	07/27/20	NHDES	856,578	DW 18-136	26.230	03/29/19	Atkinson / SNH Tank**	30	3.38%	3.38%	-	-	883,214	-	-	29,853	-	29,853	-	-	-	-	-	-	29,853	3.38%		
232.06	09/06/05	NHDES	1,315,291	DW 04-132	24.437	02/25/05	SRF Loan: Tank	20	3.352%	3.352%	643,586	-	-	643,586	22,672	-	-	-	22,672	-	-	-	-	-	22,672	3.52%		
232.08	03/31/06	Aquarius Properties	24,000	DW 06-016	24.608	03/24/06	Autumn Hills	20	P+2.25%	5.50%	12,034	-	-	12,034	965	-	-	-	965	-	-	-	-	-	965	8.02%		
232.11	06/24/09	NH DES	1,058,347	DW 08-088	24.937	02/06/09	Hampstead / Atkinson Core Interconnect	20	2.864%	2.864%	681,790	-	-	681,790	20,302	-	-	-	20,302	-	-	-	-	-	20,302	2.98%		
232.12	11/18/16	Ford Motor Credit	38,174	DW 16-826	25.968	11/17/16	2016 F-250	5	4.89%	4.89%	15,786	-	-	15,786	900	-	-	-	900	-	-	-	-	-	900	5.70%		
232.13	06/26/12	Shibco Realty Two, LLC	12,000	DW 07-133	24.831	03/14/08	Coopers Grove	-	0.00%	0.00%	3,000	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
232.14	10/08/18	Ford Motor Credit	41,500	DW 18-121	26.173	09/12/18	2016 F-250	5	4.90%	4.90%	32,895	-	-	32,895	1,857	-	-	-	1,857	-	-	-	-	-	1,857	5.65%		
232.16	08/02/13	NHDES	255,000	DW 11-226	25.526	06/21/13	Service Line Replacements	20	3.10%	3.10%	203,430	-	-	203,430	6,494	-	-	-	6,494	-	-	-	-	-	6,494	3.19%		
232.18	10/28/14	Hillcrest Estates	34,000	DW 14-319	25.757	01/16/15	Snow's Brook, Plaistow	-	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
232.19	09/15/16	Pentucket Bank	2,167,000	DW 16-654	25.930	07/29/16	Refinancing TD Bank loans	15	3.25%	3.25%	1,780,905	-	-	1,780,905	60,895	-	-	-	60,895	-	-	-	-	-	60,895	3.42%		
232.xx	TBD	NHDES	1,204,815	DW 19-147	26.407	09/28/20	SNH CIAC Additions	30	2.96%	2.96%	-	-	352,830	-	-	10,444	-	10,444	-	-	-	-	-	-	10,444	2.96%		
Totals - Non-affiliated Companies			8,006,705								3,823,426	-	1,236,044	-	5,059,470	125,610	-	40,296	-	165,906	-	-	-	-	-	165,906	3.28%	
Rounding																												
Total Notes to Non-affiliated Companies			8,006,705								3,823,426	-	1,236,044	-	5,059,470	125,610	-	40,296	-	165,906	-	-	-	-	-	165,906	3.28%	
Amortize financing costs - 3rd Parties																4,249	-	40,296	-	4,249	-	-	-	-	-	4,249		
																129,859	-	-	-	170,155	-	-	-	-	-	170,155		
TOTAL NOTES PAYABLE			\$ 8,006,705								\$ 3,823,426	\$ -	\$ 1,236,044	\$ -	\$ 5,059,470	\$ 129,859	\$ -	\$ 40,296	\$ -	\$ 170,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,155	3.36%	

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
FIRST STEP ADJUSTMENT: 2020 PROJECTS
PRO-FORMA ADJUSTMENTS TO RATE OF RETURN

Adj #Debt

74	*To add back the NH DES Loan for the Atkinson Tank (Loan includes Plant & CIAC Tax)	Actual DES Loan	\$ 875,084	
		Acrued Interest	\$ 8,130	
			<u>\$ 883,214</u>	\$ 883,214
	*To add back NH DES Loan to cover Westside Drive Booster CIAC Tax			\$ 352,830
	Total Pro-forma Adjustments to Long-term Debt			<u>\$ 1,236,044</u>

Interest

75	To add back the annual intrerest associated with the DES Atkinson Tank Loan		\$ 29,853	
	To add back the annual intrerest associated with the DES CIAC Tax Loan		\$ 10,444	
	Total Pro-forma Adjustmwnnts to Long-term Debt Interest Expense			<u>\$ 40,296</u>

Equity

76	To add back equity for "Additonal Paid in Capital" contribution that was made in 2020 Per Bates 035 & 2020 PUC Annual Report Sch. F-1		\$ 300,000	
	Total Pro-forma Adjustments to Equity			<u>\$ 300,000</u>

**DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
FIRST STEP ADJUSTMENT: 2020 PROJECTS
PRO-FORMA ADJUSTMENTS TO RATE BASE**

Adj #**Pro-forma Adjustments to Net Utility Plant in Rate Base:**

<u>Utility Plant</u>			
56	To add Atkinson Tank: In-service date of May 2020. See Energy 4-68, 5-21, and Step 1 - Sch. 3a	\$	1,597,603
57	To add Other Plant Additions (Dearborn Ridge and Angle Pond): In-service date of 2020. See Energy 5-7, Company Filing Bates 092, and Step 1 - Sch. 3b	\$	290,882
58	N/A	\$	-
59	To add the West Side Drive Booster Station: In-service date of Oct. 2020 See Step 1 SNH Plant - Sc. 3c	\$	1,314,140
Total Adjustments - Utility Plant in Service		\$	3,202,625
<u>Accumulated Depreciation of Utility Plant</u>			
60	To reduce Atkinson Tank by full year of depreciation expense See Energy 5-21 and Step 1 - Sch. 3a	\$	(40,106)
61	To reduce Other Plant Additions by full year of depreciation expense See Step 1 - Sch. 3b	\$	(9,815)
62	To reduce West Side Drive Booster Station by full year of depreciation expense See Step 1 SNH Plant - Sch. 3c	\$	(86,688)
Total Adjustment - Accumulated Depreciation		\$	(136,608)
<u>CIAC</u>			
63	To add CIAC for Atkinson Tank See Energy 5-21 and Step 1 - Sch. 3a	\$	(1,004,917)
64	To add CIAC for West Side Drive Booster Station See Step 1 SNH CIAC - Sch. 3c	\$	(1,302,918)
Total Adjustments - CIAC		\$	(2,307,835)
<u>Accumulated Amortization of CIAC</u>			
65	To add full year of Amortization of CIAC for Atkinson Tank See Energy 5-21 and Step 1 - Sch. 3a	\$	25,227
66	To add full year of Amortization of CIAC for West Side Drive Booster Station See Step 1 SNH CIAC - Sch. 3c	\$	85,948
Total Adjustments - Amortization of CIAC		\$	111,175
<u>Accumulated Amortization of Other</u>			
70	To add full year of amortization of MSDC Fee See Step 1 - Sch. 3d	\$	892,500
			2.56%
		<hr/>	22,885
71	To add full year of amortization of Atk Tank CIAC Tax Loan. Amort. Period is 30 years. See Step 1 - Sch. 3a	\$	272,132
			3.33%
		<hr/>	9,071
72	To add full year of amortization of West Side Drive Booster CIAC Tax Loan. Amort. Period is 30 years. See Step 1 - Sch. 3c	\$	352,830
			3.33%
		<hr/>	11,761

**DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
FIRST STEP ADJUSTMENT: 2020 PROJECTS
PRO-FORMA ADJUSTMENTS TO RATE BASE**

Adj #

Total Adjustments - Amortization of Other		\$ 43,717
 <u>Net Working Capital in Rate Base:</u>		
<u>Cash Working Capital</u>		
73	To adjust Cash Working Capital for pro-forma adj's to O&M Expenses: See Step 1 - Sch.1	\$ 10,035
Total Adjustments - Cash Working Capital		
67	To adjust Misc. Deferred Debits for the MSDC Fee See Step 1 - Sch. 3d	\$ 892,500
68	To adjust Misc. Deferred Debits for the Deferred Tax associated with the Atkinson Tank See Step 1 Sch. 3a	\$ 272,132
69	To adjust Misc. Deferred Debits for the Deferred Tax associated with the Westside Drive Booster See Step 1 - Sch. 3c	\$ 352,830
Total Adjustments - Working Capital		\$ 1,517,462

Exhibit No. 3

Hampstead Area Water Company

Attachment B

Step 1

Schedule 3a

Atkinson Tank

Revised by Company 9/7/2021

Per Energy 5-21

Adjusted to remove CIAC Tax Allocation
from Plant, and utilize CIAC Tax rate of .2708.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Plant / Depreciation Expense / Accumulated Depreciation							
		Costs	CIAC Tax allocated to Plant	Adjusted Costs	Depr Rate	Annual Depr Expense	Accum Depr
303	Tank Easement	\$ 50,000	\$ -	\$ 50,000	2.00%	\$ 1,000	\$ 500
311	Generator	6,300	-	6,300	10.00%	630	315
311	REPCO Control Panel	11,259	-	11,259	10.00%	1,126	563
311	Pumping Material	43,481	-	43,481	10.00%	4,348	2,174
330	Flow Meter	3,994	-	3,994	2.22%	89	44
330	Solarbee Gridbee Electric Mixer	20,200	-	20,200	2.22%	448	224
330	1 Million Gallon Concrete Tank	799,800	-	799,800	2.22%	17,756	8,878
330	Tank	662,569	-	662,569	2.22%	14,709	7,355
	Total	\$ 1,597,603	\$ -	\$ 1,597,603		\$ 40,106	\$ 20,053

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CIAC / Amortization Expense / Accumulated Amortization							
		CIAC			Amort Rate	Annual Amort of CIAC	Accum Amort of CIAC
303	Tank Easement	\$ 31,450			2.00%	\$ 629	\$ 315
311	Generator	3,963			10.00%	396	198
311	REPCO Control Panel	7,082			10.00%	708	354
311	Pumping Material	27,350			10.00%	2,735	1,367
330	Flow Meter	2,512			2.22%	56	28
330	Solarbee Gridbee Electric Mixer	12,706			2.22%	282	141
330	1 Million Gallon Concrete Tank	503,088			2.22%	11,169	5,584
330	Tank	416,767			2.22%	9,252	4,626
	Total	\$ 1,004,917				\$ 25,227	\$ 12,614

Note: 62.9% per Grant Agreement.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Calculation of CIAC Tax							
		CIAC			CIAC Tax Rate 27.08%	CIAC Tax C x D	Annual** CIAC Tax Amortization
303	Tank Easement	\$ 31,450			27.08%	\$ 8,517	
311	Generator	3,963			27.08%	1,073	
311	REPCO Control Panel	7,082			27.08%	1,918	
311	Pumping Material	27,350			27.08%	7,406	
330	Flow Meter	2,512			27.08%	680	
330	Solarbee Gridbee Electric Mixer	12,706			27.08%	3,441	
330	1 Million Gallon Concrete Tank	503,088			27.08%	136,236	
330	Tank	416,767			27.08%	112,861	
	Total	\$ 1,004,917				\$ 272,132	\$ 9,071

State Utility Property Taxes and Town of Atkinson Property Taxes

State Utility Property Taxes

Total Increase in Plant	\$ 1,597,603
Total Increase in Accum Depr & Amort	20,053
Net Total Increase in Plant	\$ 1,577,550
Total Increase in Plant per Thousands	\$ 1,578
Tax Value as % of Net Book Value	49.35%
State Utility Property Tax Rate	\$ 6.60
Total Increase in State Utility Property Taxes	\$ 5,138

Town of Atkinson Property Taxes

Total Increase in Plant	\$ 1,597,603
Total Increase in Accum Depr & Amort	20,053
Net Total Increase in Plant	\$ 1,577,550
Total Increase in Plant per Thousands	\$ 1,578
Tax Value as % of Net Book Value	49.35%
Town of Atkinson Property Tax Rate	\$ 16.24
Total Increase in Town of Atkinson Property Taxes	\$ 12,642

Total State Utility and Town of Atkinson Property Taxes \$ 17,780

NHDRA Assessed value as of 4/1/20	\$ 6,158,500
Net Plant at 12/31/19*	\$ 12,479,945
Percent of assessed value to net plant	49.35%

*2019 HAWC PUC Annual Report Sch. F-1, Line 3

**CIAC Tax amortization period is 30 years to match the DES loan used to pay the tax.

Hampstead Area Water Company

Attachment B

Step 1

Schedule 3b

Other Plant

Adjusted to match % DRA Book value to updated figures in Atk Tank of 5-21

Plant / Depreciation Expense / Accumulated Depreciation

		Depr Rate	Annual Depr Expense	Accum Depr
Angle Pond				
	<u>Costs</u>			
304 Pump House and Site Work	\$ 20,575	2.50%	\$ 514	\$ 257
307 Wells	135,245	3.33%	4,504	2,252
309 Supply Mains	43,278	2.00%	866	433
311 Pumping Equipment	10,820	10.00%	1,082	541
320 Treatment Equipment (filtrators, etc.)	54,098	3.60%	1,948	974
Total	<u>\$ 264,016</u>		<u>\$ 8,913</u>	<u>\$ 4,457</u>
Dearborn Ridge				
307 Wells	24,366	3.33%	\$ 811	\$ 406
320 Treatment Equipment (filtrators, etc.)	2,500	3.60%	90	45
Total	<u>\$ 26,866</u>		<u>\$ 901</u>	<u>\$ 451</u>
Total	<u>\$ 290,882</u>		<u>\$ 9,815</u>	<u>\$ 4,907</u>

State Utility Property Taxes and Town of Atkinson Property TaxesState Utility Property Taxes

Total Increase in Plant	\$ 290,882
Total Increase in Accum Depr & Amort	4,907
Net Total Increase in Plant	<u>\$285,975</u>
Total Increase in Plant per Thousands	\$285.97
Tax Value as % of Net Book Value	49.35%
State Utility Property Tax Rate	6.60
Total Increase in State Utility Property Taxes	<u>\$ 931</u>

Town of Atkinson Property Taxes

Total Increase in Plant	\$ 290,882
Total Increase in Accum Depr & Amort	4,907
Net Total Increase in Plant	\$285,975
Total Increase in Plant per Thousands	\$285.97
Tax Value as % of Net Book Value	49.35%
Town of Atkinson Property Tax Rate	16.06
Total Increase in Town of Atkinson Property Taxes	<u>\$ 2,266</u>

Total State Utility and Town of Atkinson Property Taxes	\$ 3,198
--	-----------------

NHDRA Assessed value as of 4/1/19	\$6,158,500
Net Plant at 12/31/19*	12,479,945
Percent of assessed value to net plant	49.35%

Hampstead Area Water Company

Attachment B
Step 1
Schedule 3c
SPSt. Cyr
11/2/2021

Westside Drive

Adjusted to remove CIAC Tax Allocation
from Plant, and utilize CIAC Tax rate of .2708.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<u>Plant / Depreciation Expense / Accumulated Depreciation</u>								
		Costs	CIAC Tax allocated to Plant	Adjusted Costs	Depr Rate	Annual Depr Expense		Accum Depr
303	Land Rights	\$ 23,026		\$ 23,026	5.00%	\$ 1,151		\$ 576
304	Structures - Pump Station and Site Work	580,996		580,996	2.50%	14,525		7,262
310	Power Generator Equipment	80,472		80,472	10.00%	8,047		4,024
311	Pumping Equipment	629,646		629,646	10.00%	62,965		31,482
	Total	\$ 1,314,140		\$ 1,314,140		\$ 86,688		\$ 43,344

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<u>CIAC / Amortization Expense / Accumulated Amortization</u>								
		CIAC			Amort Rate	Annual Amort of CIAC		Accum Amort of CIAC
303	Land Rights	\$ 22,830		\$ 22,830	5.00%	\$ 1,142		\$ 571
304	Structures - Pump Station and Site Work	576,034		576,034	2.50%	14,401		7,200
310	Power Generator Equipment	79,784		79,784	10.00%	7,978		3,989
311	Pumping Equipment	624,270		624,270	10.00%	62,427		31,214
	Total	\$ 1,302,918		\$ 1,302,918		\$ 85,948		\$ 42,974

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<u>Calculation of CIAC Tax</u>								
		CIAC		Comb Tax Rate		CIAC Tax CxD	Annual** CIAC Tax Amortization	
303	Land Rights	\$ 22,830		0.2708		\$ 6,182		
304	Structures - Pump Station and Site Work	576,034		0.2708		155,990		
310	Power Generator Equipment	79,784		0.2708		21,606		
311	Pumping Equipment	624,270		0.2708		169,052		
	Total	\$ 1,302,918		0.2708		\$ 352,830	\$ 11,761	

State Utility Property Taxes and Town of Atkinson Property Taxes

State Utility Property Taxes	
Total Increase in Plant	\$ 1,314,140
Total Increase in Accum Depr & Amort	43,344
Net Total Increase in Plant	\$ 1,270,796
Total Increase in Plant per Thousands	\$ 1,271
Tax Value as % of Net Book Value	49.35%
State Utility Property Tax Rate	\$ 6.60
Total Increase in State Utility Property Taxes	\$ 4,139

Town of Atkinson Property Taxes

Total Increase in Plant	\$ 1,314,140
Total Increase in Accum Depr & Amort	43,344
Net Total Increase in Plant	\$ 1,270,796
Total Increase in Plant per Thousands	\$ 1,271
Tax Value as % of Net Book Value	49.35%
Town of Atkinson Property Tax Rate	\$ 16.24
Total Increase in Town of Atkinson Property Taxes	\$ 10,184

Total State Utility and Town of Atkinson Property Taxes

	\$ 14,323
NHRA Assessed value as of 4/1/20	\$ 6,158,500
Net Plant at 12/31/19*	\$ 12,479,945
Percent of assessed value to net plant	49.35%

*2019 HAWC PUC Annual Report, Sch. F-1, Line 3

**CIAC Tax amortization period is 30 years to match the DES loan used to pay the tax.

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
STEP ADJUSTMENT
CALCULATION OF MSDC

<u>Manchester Water Works - MSDC</u>	Original Cost	Amortization Rate	Annual Amortization
	\$ 892,500	2.56%	\$ (22,885)

*Contract expires	2058
**Contract signed by HAWC -	2019
Contract length in years	39
	1
	÷ 39
Annual Amortization Rate	2.56%

*See Energy 2-18, Final SIA, page 17 of 112, Article 3, #15, Term and Termination

**See Energy 2-18, Final SIA, page 21 of 112, Signatory Pages

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
FIRST STEP ADJUSTMENT: 2020 PROJECTS
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

<u>Operating Revenue</u>			
77	To increase Operating Revenue, net of Company's combined effective income tax rate, for additional customers per 2020 Annual Report. See Bates 159, Co. 2019 & 2020 Annual Reports Sch. A-6, and Step 1 New Cust. Rev. - Sch. 4a		
	Total Adjustments - Operating Revenue		\$ 50,524
 <u>Operating Expenses</u>			
<u>Source of Supply</u>			
78	<u>Purchased Water- Account 602</u> To add back Company proforma for cost to purchase annual allotment of water from MWW. The Company contracted to purchase 250,000 gallons per day, or 91,250,000 gallons per year. (250,000 / 748 x \$3.05 x 365) See Bates 075, and 2020 Annual Report Sch. S-2.	Gal. Purchased from MWW in 2020 29,655,000 Convert to CCF ÷ 748 39,646 Cost per CCF x \$ 3.05 Cost of 2020 Gallons \$ 120,919	\$ 120,919
79	<u>Well Expenses</u> To add back the Company's proforma adjustment of reduction in test year well expenses due to anticipated 20% reduction due to SNHRWIP. See Energy 2-10, and 3-4.		\$ (7,144)
	Total Proforma Adjustments to Source of Supply		\$ 113,775
 <u>Pumping Expenses</u>			
80	<u>Purchased Power- Account 623</u> To add back the Company's proforma adjustment of test year purchased power expense which reflected an anticipated reduction due to SNHRWIP See Energy 2-11, 3-5.		\$ (32,390)
	Total Proforma Adjustments to Pumping Expenses		\$ (32,390)
	Total Proforma Adjustments to Operating and Maintenance Expenses		\$ 81,385
 <u>Depreciation Expense</u>			
81	To add back full year of depreciation expense for Atk Tank. See Step 1 - Sch. 3a		\$ 40,106
82	To add back full year of depreciation expense for Other plant addition (Dearborn Ridge and Angle Pond Wells) See Step 1 - Sch. 3b		\$ 9,815
83	To add back full year of depreciation expense for West Side Drive Booster. See Step 1 - Sch. 3c		\$ 86,688
	Total Adjustments to Depreciation Expense		\$ 136,608
 <u>Amortization Expense - CIAC</u>			
84	To add back full year of amortization expense of CIAC for Atk Tank. See Step 1 - Sch. 3a		\$ (25,227)
85	To add back full year of amortization expense of CIAC for West Side Drive Booster. See Step 1 - Sch. 3c		\$ (85,948)
	Total Adjustments to Amortization of CIAC		\$ (111,175)
 <u>Amortization Expense - Other</u>			
86	To adjust for the amortization of the 250,000 GPD fee of \$892,500 over 39 years. See Energy 2-6, 3-2, and Energy 2-18 b - page 17 and page 98, and Step 1 - Sch. 3D		22,885
87	To adjust for the amortization of the CIAC Tax associated with the Atk Tank See Step 1 - Sch. 3a		9,071
88	To adjust for the amortization of the CIAC Tax associated with the West Side Drive Booster See Step 1 - Sch. 3c		11,761
	Total Adjustments to Amortization Expense - Other		43,717
 <u>Taxes other than Income</u>			
89	To add back the Co. amount of property taxes for the Atk Tank See Step 1 - Sch. 3a		\$ 17,780
90	To add back the Co. amount of property taxes for the 'Other Plant' See Step 1 - Sch. 3b		\$ 3,198
91	To add back the Co. amount of property taxes for the West Side Drive Booster See Step 1 - Sch. 3c		\$ 14,323
	Total Adjustments to Taxes Other than Income		\$ 35,301
 <u>Income Taxes</u>			
92	Combined State and Federal Income Taxes See Step 1 - Sch. 1		\$ 16,477

Exhibit No. 3

SETTLEMENT 0048
DW 20-117

Attachment B
Step 1
Schedule 4

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
FIRST STEP ADJUSTMENT: 2020 PROJECTS
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

Total Adjustments to Taxes other than Income and Income Taxes

\$ 16,477

Total Proforma Adjustment to Operating Expenses

\$ 202,314

DW 20-117
Hampstead Area Water Company, Inc.
Step Adjustment
Calculation of New Customer Revenue

2019 Annual Report Customer Count		3,857	
2020 Annual Report Customer Count	-	3,994	
2020 Additional Customers		<u>(137)</u>	
Projected Water Sales After Permanent Rate Increase		\$ 2,540,482	
2020 Annual Report Customer Count	÷	<u>3,994</u>	
Average Projected Annual Revenue per Customer		\$ 636	
Months in a year	÷	<u>12</u>	
Average Projected Monthly Revenue per Customer		\$ 53	
2020 Additional Customers		137	
Monthly Revenue per Customer	*	<u>\$ 53</u>	
Additional Monthly Revenue		\$ 7,261	
Additional Monthly Revenue		\$ 7,261	
Months in a year	*	<u>12</u>	
Additional Annual Revenue		\$ 87,132	
Additional Annual Revenue		\$ 87,132	
Incremental Expenses - See Step 1 - Sch. 4b	-	<u>\$ 17,843</u>	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Company's Effective Tax Rate	x	<u>27.08%</u>	
Income Taxes on New Customer Revenue		\$ 18,766	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Income Taxes on New Customer Revenue	-	<u>\$ 18,766</u>	
After-tax New Customer Revenue		\$ 50,524	<u>\$ 50,524</u>

HAWC

Incremental Expenses to offset additional revenues associated with 2020 new customers

4.27%

	<u>12/31/19</u>	<u>Company</u>	<u>Department</u>
Metered Sales to Residential Customers	1,967,875	84,095	
Fire Protection Revenue	55,088		
Late Fees	38,074		
Other Water Revenue	73,185		
Total Revenue	<u>2,134,222</u>		
Net Depreciation & CIAC	339,643	\$ 3,905	\$ 3,905
Property Taxes	146,846	\$ 858	\$ -
Other Taxes	15,577		
Labor on Outside Jobs	30,462		
Well Expenses & Water Purchased	35,720	\$ 1,526	\$ 1,526
Power Purchased for Pumping	219,181	\$ 9,366	\$ 4,683
Pumping Expenses	171,768	\$ 7,340	\$ -
Chemicals	13,500	\$ 577	\$ 577
Treatment Expense (Filters)	174,184	\$ 7,444	\$ 3,722
Transm & Distribution Exp (Mains)	57,308	\$ 2,449	\$ -
Meter Expenses & Customer Installations	57,174	\$ 2,443	\$ -
Maintenance of Storage Tanks	1,935		
Maintenance of Services	44,691	\$ 1,910	\$ -
Maintenance of Hydrants	6,569		
Meter Reading Expenses	9,948	\$ 425	\$ 425
Customer Records & Collections	140,621	\$ 6,009	\$ 3,005
Uncollectable Accounts	0		
Administrative & General Salaries	29,746		
Office Supplies & Other Expenses	57,864		
Outside Services - Engineering	117,899		
Outside Services - Management Fees	169,153		
Outside Services - Accounting	85,650		
Outside Services - Legal	61,082		
Insurance Expense	44,136		
Employee Pensions & Benefits	78,931		
Franchise Requirements	5,840		
Misc General Expenses	4,277		
Misc Expenses - Vehicle Expenses	35,013		
General Rents	16,928		
Total Expenses	<u>2,171,643</u>	<u>\$ 44,253</u>	<u>\$ 17,843</u>
Net Operating Income	<u>(37,422)</u>		
Rate Case Recovery Fees	191,206		
Regulatory Commission Expenses	(76,106)		
Interest Expense	(129,880)		
Interest Income	235		
Misc Nonutility Expenses	0		
Net Income (Loss)	<u>(51,967)</u>		
Meters	570	137	78,090
Annual Depr on 137 Meters	78,090	5.00%	3,905

SPSt. Cyr
11/9/2021

Attachment C

(Step II Adjustment)

Exhibit No. 3
DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2021 PROJECTS
CALCULATION OF STEP ADJUSTMENT

Account	Shannon Road Water Main (Att. C, Sch. 3a)	H2 Base Project (Att. C, Sch. 3a)	H2 Meditation Project (Att. C, Sch. 3a)	Main St. PRV Project (Att. C, Sch. 3a)	Sawyer Tank Mixer Project (Att. C, Sch. 3a)	East Road Water Main (Att. C, Sch. 3a)	Retirements	Total	Adj #
Additions / (Retirements)	690,542	1,520,674	263,799	257,717	63,157	121,015	(90,884)	2,826,020	93-99
Less: Accumulated Dep./ Amort. (1 Full Year)	(13,811)	(63,927)	(10,095)	(6,405)	(2,274)	(2,420)	-	(98,932)	100-105
Less: CIAC	(690,542)	(1,520,674)	(263,799)	(257,717)	(63,157)	(121,015)	-	(2,916,904)	106-111
Add: Accumulated Amort. of CIAC (1 Full Year)	13,811	63,927	10,095	6,405	2,274	2,420	-	98,932	112-117
Add: CIAC Tax	53,172	117,092	20,313	19,844	4,863	9,318	-	224,602	118-123
Less: Accumulated Amort. of CIAC Tax (1 Full Year)	(1,772)	(3,903)	(677)	(661)	(162)	(311)	-	(7,487)	124-129
Net Changes to Rate Base from Plant Additions	\$ 51,399	\$ 113,189	\$ 19,635	\$ 19,183	\$ 4,701	\$ 9,008	\$ (90,884)	\$ 126,231	
Cash Working Capital:									
Net Increase in O&M Expenses	399,986								
x 12.33%	\$ 49,318								
Total Change to Rate Base								+ \$ 49,318	130
Rate of Return (Schedule 1a)								= \$ 175,549	
								x 3.38%	131-132
Increase in Net Operating Income Requirement								\$ 5,934	
Less: Revenue from Water for Resale	-	-	-	-	-	-	-	(175,180)	133
Less: Revenue from New Customers	-	-	-	-	-	-	-	(50,524)	134
Add: Net Increase/ (Decrease) to O&M Expense	-	-	-	-	-	-	-	399,986	135-136
Add: Annual Depreciation Expense	13,811	63,927	10,095	6,405	2,274	2,420	-	98,932	137-142
Less: Annual Amortization of CIAC	(13,811)	(63,927)	(10,095)	(6,405)	(2,274)	(2,420)	-	(98,932)	143-148
Add: Annual Amortization of CIAC Tax	1,772	3,903	677	661	162	311	-	7,487	149-154
Add: Annual Property Tax Expense	7,706	16,780	2,917	2,869	699	1,350	-	32,320	155-160
*=Net Change to Rate Base * Additional Equity Gross up Factor								-	
Increase in Pre Income Tax Revenue Requirement	\$ 9,478	\$ 20,683	\$ 3,594	\$ 3,530	\$ 861	\$ 1,661	\$ -	\$ 220,023	
Step Increase								\$ 220,023	
Proforma Test Year Water Sales Revenues (Attachment A, Sch. 4, Col. 8)								\$ 2,540,482	
% Increase in Annual Water Revenues								9.81%	

*Additional income taxes are a result of the additional equity associated with the Step 2 Rate Base additions.
* = Net Change to Rate Base * Tax Gross up Factor on Step 2 RoR - Sch. 2
*See Step 2 RoR - Sch.2

Exhibit No. 3

DW 20-117
 HAMPSTEAD AREA WATER COMPANY, INC.
 SECOND STEP ADJUSTMENT: 2021 PROJECTS
 RATE OF RETURN

(a) Calculation of Rate of Return for Step 1 projects

	Adj. #	Amount	Weighted Average	Interest Rate	Annual Interest	Annual Amortization of Finance Cost	Total Annual Cost of Debt	Annual Cost Rate	Weighted Average Rate
DES Loan (CIAC Tax)	131-132	\$ 224,602		3.38%	\$ 7,592	\$ -	\$ 7,592	3.38%	
		-		0.00%	-	-	-	0.00%	
Total New Debt Service		\$ 224,602	100.0%		\$ 7,592	\$ -	\$ 7,592	3.38%	3.38%
Additional Equity to Company		\$ -	0.0%					9.63%	0.00%
Total		\$ 224,602	100.0%						3.38%

(c) Weighted Tax Effect Due to Additional Equity to Company

	Weighted Cost	Tax Multiplier	Pre-Tax Cost	Tax Gross-Up
Additional Debt	3.38%	x 1.00	3.38%	0.00%
Additional Equity	0.00%	x 1.37	0.00%	0.00%
Total	3.38%		3.38%	0.00%

(d) Calculation of Tax Multiplier and Effective Tax Rate

Taxable Income	100.00%	Income Available to FIT	100.00%
Less NHBPT	-7.70%	Less Effective Tax Rate	27.08%
Fed. Taxable Income	92.30%	Diviser for Rev Req.	72.92%
Fed. Tax Rate	21.00%		
Effective FIT Rate	19.38%	Effective Tax rate	27.08%
Add NHBPT	7.70%	Diviser	72.92%
Effective Tax Rate	27.08%	Tax Multiplier of Equity	37.14%

Exhibit No. 3

SETTLEMENT 0054
DW 20-117

Attachment C
Step 2
Schedule 2a

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2021 PROJECTS
PRO-FORMA LONG-TERM DEBT

GL Acct. #	Date of Note	Lender	Original Amount	NHPUC Docket #	NHPUC Order #	Date of Order	Purpose	Term	Interest Rate	Current Interest Rate	Actual Loan Balances				Actual Interest Expense				Actual Finance Costs				Pro-forma Total Cost of Debt				
											Step 1 Adjusted Balance	Commanv Debt Adjustment	Debt Adj per Settlement	Excess Capacity Adjustment*	Step 2 Adjusted Balance	Proforma Interest Expense	Commanv Interest Adjustment	Interest Adj per Settlement	Excess Capacity Adjustment*	Adjusted Interest Expense	2019 Amortized Finance Costs	Commanv Finance Cost Adjustment	Finance Cost Adj per Settlement	Excess Capacity Adjustment*	Adjusted Amortized Finance Costs	Total Annual Debt Cost	2019 Cost Rate
232.02	03/13/19	Pentucket Bank	1,000,000	DW 19-147	26,218	02/01/19	Line of Credit	Demand	Prime	4.75%	450,000	-	-	-	450,000	11,525	-	-	-	11,525	-	-	-	-	-	11,525	2.56%
232.05	TBD	NHDES	up to 1,200,000	DW 19-147	26,407	09/28/20	Atkinson Tank	30	3.38%	3.38%	883,214	-	-	-	883,214	29,853	-	-	-	29,853	-	-	-	-	-	29,853	3.38%
232.06	09/06/05	NHDES	1,315,291	DW 04-132	24,437	02/25/05	SRF Loan: Tank	20	3.352%	3.352%	643,586	-	-	-	643,586	22,672	-	-	-	22,672	-	-	-	-	-	22,672	3.52%
232.08	03/31/06	Aquarius Properties	24,000	DW 06-016	24,608	03/24/06	Autumn Hills	20	P+2.25%	5.50%	12,034	-	-	-	12,034	965	-	-	-	965	-	-	-	-	-	965	8.02%
232.11	06/24/09	NH DES	1,058,347	DW 08-088	24,937	02/06/09	Hampstead / Atkinson Core Interconnect	20	2.864%	2.864%	681,790	-	-	-	681,790	20,302	-	-	-	20,302	-	-	-	-	-	20,302	2.98%
232.12	11/18/16	Ford Motor Credit	38,174	DW 16-826	25,968	11/17/16	2016 F-250	5	4.89%	4.89%	15,786	-	-	-	15,786	900	-	-	-	900	-	-	-	-	-	900	5.70%
232.13	06/26/12	Shribo Realty Two, LLC	12,000	DW 07-133	24,831	03/14/08	Coopers Grove	-	0.00%	0.00%	3,000	-	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	0.00%
232.14	10/08/18	Ford Motor Credit	41,500	DW 18-121	26,173	09/12/18	2016 F-250	5	4.90%	4.90%	32,895	-	-	-	32,895	1,857	-	-	-	1,857	-	-	-	-	-	1,857	5.65%
232.16	08/02/13	NHDES	255,000	DW 11-226	25,526	06/21/13	Service Line Replacements	20	3.10%	3.10%	203,430	-	-	-	203,430	6,494	-	-	-	6,494	-	-	-	-	-	6,494	3.19%
232.18	10/28/14	Hillcrest Estates	34,000	DW 14-319	25,757	01/16/15	Snow's Brook, Plaistow	-	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
232.19	09/15/16	Pentucket Bank	2,167,000	DW 16-654	25,930	07/29/16	Refinancing TD Bank loans	15	3.25%	3.25%	1,780,905	-	-	-	1,780,905	60,895	-	-	-	60,895	-	-	-	-	-	60,895	3.42%
232.xx	TBD	NHDES	1,204,815	DW 19-147	26,407	09/28/20	SNH CIAC Additions CIAC Tax	30	3.38%	3.38%	352,830	224,602	-	-	577,432	10,444	-	7,592	-	18,036	-	-	-	-	-	18,036	3.12%
Totals - Non-affiliated Companies			7,150,127								5,059,470	224,602	-	-	5,284,072	165,907	-	7,592	-	173,499	-	-	-	-	-	173,499	3.28%
Rounding											-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Total Notes to Non-affiliated Companies			7,150,127								5,059,470	224,602	-	-	5,284,072	165,907	-	7,592	-	173,499	-	-	-	-	-	173,499	3.28%
Amortize financing costs - 3rd Parties											4,249	-	-	-	4,249	170,156	-	7,592	-	177,748	-	-	-	-	-	177,748	
TOTAL NOTES PAYABLE			\$ 7,150,127								\$ 5,059,470	\$ 224,602	\$ -	\$ -	\$ 5,284,072	\$ 170,156	\$ -	\$ 7,592	\$ -	\$ 177,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,748	3.36%

Attachment C
Step 2
Schedule 2b

**DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2021 PROJECTS
PRO-FORMA ADJUSTMENTS TO RATE OF RETURN**

Adj #**Equity**

\$ -

Total Pro-forma Adjustments to Equity**\$ -****Debt**

131	*To add back the Loan to cover the "7.7% SoNH BPT CIAC Tax" associated with SNHRWIP contributions.	\$ 224,602	\$ 224,602
	Total Pro-forma Adjustments to Long-term Debt		\$ 224,602

Interest

132	To add back the annual interest associated with loan to cover the "CIAC Tax" from SNHRWIP	\$ 7,592	\$ 7,592
	Total Pro-forma Adjustments to Long-term Debt Interest Expense		\$ 7,592

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2021 PROJECTS
PRO-FORMA ADJUSTMENTS TO RATE BASE

Adj #**Pro-forma Adjustments to Net Utility Plant in Rate Base:**Utility Plant

93	To add Shannon Road Water Main project. In service date of 2021. See Step 2 - Sch. 3a - Col. 5	690,542
94	To add H2 Base project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 5	1,520,674
95	To add H2 Meditation project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 5	263,799
96	To add Main St. PRV project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 5	257,717
97	To add Sawyer Tank Mixer project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 5	63,157
98	To add East Road Water Main project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 5	121,015
99	To remove the Net Book Value (NBV) of pump stations retired due to SNHRWP. See Company Adjustment # 29, Bates 085 See Energy TS 4-10	(90,884)

Total Adjustments - Utility Plant in Service**\$ 2,826,020**Accumulated Depreciation

100	To reduce Shannon Road project by full year of depreciation expense. In service date of 2021. See Step 2 - Sch. 3a - Col. 7	(13,811)
101	To reduce H2 Base Project by full year of depreceiation expense. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7	(63,927)
102	To reduce H2 Meditation project by full year depreciation expense. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7	(10,095)
103	To reduce Main St. PRV project by full year of depreciation expense. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7	(6,405)
104	To reduce Sawyer Tank Mixer project by full year of depreciation expense. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7	(2,274)
105	To reduce East Road Water Main project by full year of depreciation expense. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7	(2,420)

Total Adjustment - Accumulated Depreciation**\$ (98,932)**CIAC

106	To add Shannon Road project CIAC. In service date of 2021. See Step 2 - Sch. 3b - Col. 5	(690,542)
107	To add H2 Base project CIAC. In-service date of 2021. See Step 2 - Sch. 3b - Col. 5	(1,520,674)
108	To add H2 Meditation project CIAC. In-service date of 2021. See Step 2 - Sch. 3b - Col. 5	(263,799)
109	To add Main St. PRV project CIAC. Amort. In-service date of 2021. See Step 2 - Sch. 3b - Col. 5	(257,717)
110	To add Sawyer Tank Mixer project CIAC. Amort. In-service date of 2021. See Step 2 - Sch. 3b - Col. 5	(63,157)

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2021 PROJECTS
PRO-FORMA ADJUSTMENTS TO RATE BASE

Adj #

111	To add East Road Water Main project CIAC. Amort. In-service date of 2021. See Step 2 - Sch. 3b - Col. 5		(121,015)
Total Adjustments - CIAC			\$ (2,916,904)
<u>Amortization of CIAC</u>			
112	To reduce Shannon Road project CIAC. In service date of 2021. See Step 2 - Sch. 3b - Col. 7		13,811
113	To reduce H2 Base project CIAC. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		63,927
114	To reduce Meditation project CIAC. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		10,095
115	To reduce Main St. PRV project CIAC. Amort. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		6,405
116	To reduce Sawyer Tank Mixer project CIAC. Amort. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		2,274
117	To reduce East Road Water Main project CIAC. Amort. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		2,420
Total Adjustments - Amortization of CIAC			\$ 98,932
<u>Amortization of Other</u>			
124	To add full year of amortization of Shannon Road CIAC Tax. Amort. Period is 30 years. See Step 2 - Sch. 3c - Col. 7	\$ 53,172 x 3.33% <u>(1,772)</u>	(1,772)
125	To add full year of amortization of H2 Base project CIAC Tax. Amort. Period is 30 years. See Step 2 - Sch. 3c - Col. 7	\$ 117,092 x 3.33% <u>(3,903)</u>	(3,903)
126	To add full year of amortization of Meditation project CIAC Tax. Amort. Period is 30 years. See Step 2 - Sch. 3c - Col. 7	\$ (20,313) x 3.33% <u>(677)</u>	(677)
127	To add full year of amortization of Main St. PRV project CIAC Tax. Amort. Period is 30 years. See Step 2 - Sch. 3c - Col. 7	\$ (19,844) x 3.33% <u>(661)</u>	(661)
128	To add full year of amortization of Sawyer Tank Mixer Project CIAC Tax. Amort. Period is 30 years. See Step 2 - Sch. 3c - Col. 7	\$ (4,863) x 3.33% <u>(162)</u>	(162)
129	To add full year of amortization of East Road Water Main CIAC Tax. Amort. Period is 30 years. See Step 2 - Sch. 3c - Col. 7	\$ (9,318) x 3.33% <u>(311)</u>	(311)
Total Amortization of Other			\$ (7,487)
<u>Net Working Capital in Rate Base:</u>			
<u>Cash working Capital</u>			
130	To adjust Cash Working Capital for pro-forma adj's to O&M Expenses:		
	Increase to O&M Expenses per Settlement	\$ 399,986	
	Cash Working Capital Percentage (Monthly Billing) x	12.33%	
	Proposed Step 2 Cash Working Capital per Settlement	\$ 49,318	\$ 49,318
Total Adjustments - Cash Working Capital			\$ 49,318

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2021 PROJECTS
PRO-FORMA ADJUSTMENTS TO RATE BASE**Adj #**

118	To add Shannon Road project CIAC Tax. In service date of 2021. See Step 2 - Sch. 3c - Col. 5	53,172
119	To add H2 Base project CIAC Tax. In-service date of 2021. See Step 2 - Sch. 3c - Col. 5	117,092
120	To add Meditation project CIAC Tax. In-service date of 2021. See Step 2 - Sch. 3c - Col. 5	20,313
121	To add Main St. PRV project CIAC Tax. Amort. In-service date of 2021. See Step 2 - Sch. 3c - Col. 5	19,844
122	To add Sawyer Tank Mixer project CIAC Tax. Amort. In-service date of 2021. See Step 2 - Sch. 3c - Col. 5	4,863
123	To add East Road Water Main project CIAC Tax. Amort. In-service date of 2021. See Step 2 - Sch. 3c - Col. 5	9,318
Total Adjustments - Net Working Capital		\$ 224,602

Hampstead Area Water Company

Attachment C

SNH Plant

Step 2

Schedule 3a

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Plant / Depreciation Expense / Accumulated Depreciation							
PUC Acct. No.	Description	Costs	CIAC Tax allocated to Plant	Adjusted Costs	Depr. Rate	Annual Depreciation Expense	Accumulated Depreciation
Shannon Road Water Main							
331	Mains	\$ 690,542		\$ 690,542	2.00%	\$ 13,811	\$ 6,905
	Total	<u>\$ 690,542</u>		<u>\$ 690,542</u>		<u>\$ 13,811</u>	<u>\$ 6,905</u>
H2 Base Project							
304	Structures	\$ 510,642		\$ 510,642	2.50%	\$ 12,766	\$ 6,383
311	Pumping Equipment	231,244		231,244	10.00%	23,124	11,562
320	Treatment Equipment	778,788		778,788	3.60%	28,036	14,018
	Total	<u>\$ 1,520,674</u>		<u>\$ 1,520,674</u>		<u>\$ 63,927</u>	<u>\$ 31,963</u>
H2 CO Meditation							
304	Structures	\$ 217,129		\$ 217,129	2.50%	\$ 5,428	\$ 2,714
311	Pumping Equipment	46,670		46,670	10.00%	4,667	2,334
	Total	<u>\$ 263,799</u>		<u>\$ 263,799</u>		<u>\$ 10,095</u>	<u>\$ 5,048</u>
H2 CO Main ST. PRV							
304	Structures	\$ 250,217		\$ 250,217	2.50%	\$ 6,255	\$ 3,128
335	Hydrants	7,500		7,500	2.00%	150	75
	Total	<u>\$ 257,717</u>		<u>\$ 257,717</u>		<u>\$ 6,405</u>	<u>\$ 3,203</u>
H2 CO Sawyer Tank Mixer							
320	Treatment Equipment	\$ 63,157		\$ 63,157	3.60%	\$ 2,274	\$ 1,137
	Total	<u>\$ 63,157</u>		<u>\$ 63,157</u>		<u>\$ 2,274</u>	<u>\$ 1,137</u>
East Road Water Main							
331	T&D Mains	\$ 121,015		\$ 121,015	2.00%	\$ 2,420	\$ 1,210
	Total	<u>\$ 121,015</u>		<u>\$ 121,015</u>		<u>\$ 2,420</u>	<u>\$ 1,210</u>
	Total	<u>\$ 2,916,904</u>		<u>\$ 2,916,904</u>		<u>\$ 98,932</u>	<u>\$ 49,466</u>

SPSt. Cyr
11/2/2021

Hampstead Area Water Company

Attachment C

SNH Plant CIAC

Step 2

Schedule 3b

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CIAC / Accumulated Amortization of CIAC / Amortization of CIAC							
PUC Acct. No.	Description	CIAC	CIAC Tax Allocated to Plant	Adjusted CIAC	Amort Rate	Annual Amort of CIAC	Accumulated Amortization of CIAC
Shannon Road Water Main							
331	Mains	\$ 690,542		\$ 690,542	2.00%	\$ 13,811	\$ 6,905
	Total	\$ 690,542		\$ 690,542		\$ 13,811	\$ 6,905
H2 Base Project							
304	Structures	\$ 510,642		\$ 510,642	2.50%	\$ 12,766	\$ 6,383
311	Pumping Equipment	231,244		231,244	10.00%	23,124	11,562
320	Treatment Equipment	778,788		778,788	3.60%	28,036	14,018
	Total	\$ 1,520,674		\$ 1,520,674		\$ 63,927	\$ 31,963
H2 CO Meditation							
304	Structures	\$ 217,129		\$ 217,129	2.50%	\$ 5,428	\$ 2,714
311	Pumping Equipment	46,670		46,670	10.00%	4,667	2,334
	Total	\$ 263,799		\$ 263,799		\$ 10,095	\$ 5,048
H2 CO Main ST. PRV							
304	Structures	\$ 250,217		\$ 250,217	2.50%	\$ 6,255	\$ 3,128
335	Hydrants	7,500		7,500	2.00%	150	75
	Total	\$ 257,717		\$ 257,717		\$ 6,405	\$ 3,203
H2 CO Sawyer Tank Mixer							
320	Treatment Equipment	\$ 63,157		\$ 63,157	3.60%	\$ 2,274	\$ 1,137
	Total	\$ 63,157		\$ 63,157		\$ 2,274	\$ 1,137
East Road Water Main							
331	T&D Mains	\$ 121,015		\$ 121,015	2.00%	\$ 2,420	\$ 1,210
	Total	\$ 121,015		\$ 121,015		\$ 2,420	\$ 1,210
	Total	\$ 2,916,904		\$ 2,916,904		\$ 98,932	\$ 49,466

SPSt. Cyr
11/2/2021

Hampstead Area Water Company

Attachment C
Step 2
Schedule 3c

SNH Plant CIAC Tax

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CIAC Tax / Amortization of CIAC Tax / Accumulated Amortization of CIAC Tax							
PUC Acct. No.	Description	CIAC	Company Combined Tax rate	CIAC Tax	Amort Rate	Annual Amort of CIAC Tax	Accumulated Amortization of CIAC Tax
Shannon Road Water Main							
331	Mains	\$ 690,542	7.70%	\$ 53,172	3.33%	\$ 1,772	\$ 886
	Total	<u>\$ 690,542</u>		<u>\$ 53,172</u>		<u>\$ 1,772</u>	<u>\$ 886</u>
H2 Base Project							
304	Structures	\$ 510,642	7.70%	\$ 39,319	3.33%	\$ 1,311	\$ 655
311	Pumping Equipment	231,244	7.70%	\$ 17,806	3.33%	594	297
320	Treatment Equipment	778,788	7.70%	\$ 59,967	3.33%	1,999	999
	Total	<u>\$ 1,520,674</u>		<u>\$ 117,092</u>		<u>\$ 3,903</u>	<u>\$ 1,952</u>
H2 CO Meditation							
304	Structures	\$ 217,129	7.70%	\$ 16,719	3.33%	\$ 557	\$ 279
311	Pumping Equipment	46,670	7.70%	3,594	3.33%	120	60
	Total	<u>\$ 263,799</u>		<u>\$ 20,313</u>		<u>\$ 677</u>	<u>\$ 339</u>
H2 CO Main ST. PRV							
304	Structures	\$ 250,217	7.70%	\$ 19,267	3.33%	\$ 642	\$ 321
335	Hydrants	7,500	7.70%	578	3.33%	19	10
	Total	<u>\$ 257,717</u>		<u>\$ 19,844</u>		<u>\$ 661</u>	<u>\$ 331</u>
H2 CO Sawyer Tank Mixer							
320	Treatment Equipment	\$ 63,157	7.70%	\$ 4,863	3.33%	\$ 162	\$ 81
	Total	<u>\$ 63,157</u>		<u>\$ 4,863</u>		<u>\$ 162</u>	<u>\$ 81</u>
East Road Water Main							
331	T&D Mains	\$ 121,015	7.70%	\$ 9,318	3.33%	\$ 311	\$ 155
	Total	<u>\$ 121,015</u>		<u>\$ 9,318</u>		<u>\$ 311</u>	<u>\$ 155</u>
	Total	<u>\$ 2,916,904</u>	7.70%	<u>\$ 224,602</u>	3.33%	<u>\$ 7,487</u>	<u>\$ 3,743</u>

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Calculation of CIAC Tax by Plant Account Number							
		CIAC		Combined Tax Rate		CIAC Tax Cx D	
304	Structures - Pump Station and Site Work	\$ 977,988		0.077		\$ 75,305	
311	Pumping Equipment	277,914		0.077		21,399	
320	Treatment Equipment	841,945		0.077		64,830	
331	T&D Mains	811,557		0.077		62,490	
335	Hydrants	<u>\$ 7,500</u>		0.077		578	
	Total	<u>\$ 2,916,904</u>				<u>\$ 224,602</u>	

SPSt. Cyr
11/2/2021

Hampstead Area Water Company

Attachment C

SNHRWIP

Step 2

Schedule 3d

Calculation of SNH Plant Property Taxes

	Shannon Road Water Main	H2 Base Project	H2 CO Meditation	H2 CO Main St. PRV	H2 CO Sawyer Tank Mixer	East Road Water Main	Total Projected Costs
Total Project Costs	\$ 690,542	\$ 1,520,674	\$ 263,799	\$ 257,717	\$ 63,157	\$ 121,015	\$ 2,916,904
Accumulated Depreciation	6,905	31,963	5,048	3,203	1,137	1,210	49,466
Net Plant	\$683,637	\$1,488,711	\$258,751	\$254,514	\$62,020	\$119,805	\$2,867,438
Thousand Dollars of Assessed Value	\$ 684	\$ 1,489	\$ 259	\$ 255	\$ 62	\$ 120	\$ 2,867
Tax Value as % of Net Book Value	49.35%	49.35%	49.35%	49.35%	49.35%	49.35%	49.35%
Combined State and Local Property Tax Rate	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84
State and Local Property Taxes	\$ 7,706	\$ 16,780	\$ 2,917	\$ 2,869	\$ 699	\$ 1,350	\$ 32,320

Combined State and Local Property Tax Rate:

State	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60
Atkinson	16.24	16.24	16.24	16.24	16.24	16.24	16.24
Total	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84

SPSt. Cyr
11/2/2021

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2021 PROJECTS
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

<u>Operating Revenue</u>			
133	To add back Company Proforma for Operating Revenue regarding sale of 100,000 gallons of water to Plaistow that is not scheduled to begin until 2022 per Dept. 2-31. See also bates 038.	\$	175,180
134	To add additional revenue from additional customers in 2021, net of income taxes See Step 2 - Sch. 4a	\$	50,524
Total Adjustments - Operating Revenue			\$ 225,704
<u>Operating Expenses</u>			
<u>Source of Supply</u>			
135	<u>Purchased Water- Account 602</u> To add back remaining portion of Company proforma for cost to purchase 250k gallons per day from MWW. (250,000 / 748 x \$3.05 x 365) See 2020 Annual Report Sch. S-2	Annual Cost \$ 372,075 Cost recovered in Step 1 - \$ (120,919) Remaining Cost for Step 2	\$ 251,156
136	<u>Purchased Water</u> To add back Company Proforma for the purchase of 100,000 gallons for Plaistow from MWW scheduled to begin in 2022 contingent upon purchases actually started. See Energy 2-31 and Bates 039.	Gallons per Day \$ 100,000 CCf Conversion ÷ \$ 748 \$ 134 Cost per CCF x \$ 3.05 Days in year x \$ 365	\$ 148,830
Total Proforma Adjustments to Source of Supply			\$ 148,830
Total Proforma Adjustments to Operating and Maintenance Expenses			\$ 399,986
<u>Depreciation Expense</u>			
137	To add Annual Depreciation Expense for Shannon Road project. In service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 13,811
138	To add Annual Depreciation Expense for H2 Base project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 63,927
139	To add Annual Depreciation Expense for H2 Co Meditation project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 10,095
140	To add Annual Depreciation Expense for Main St. PRV project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 6,405
141	To add Annual Depreciation Expense for Sawyer Tank Mixer project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 2,274
142	To add Annual Depreciation Expense for East Road Water Main project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 2,420
Total Adjustments to Depreciation Expense			\$ 98,932
<u>Amortization of CIAC</u>			
143	To add Annual Amortization Expense for Shannon Road project. In service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (13,811)
144	To add Annual Amortization Expense for H2 Base project. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (63,927)
145	To add Annual Amortization Expense for H2 Co Meditation project. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (10,095)
146	To add Annual Amortization Expense for Main St. PRV project. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (6,405)
147	To add Annual Amortization Expense for Sawyer Tank Mixer project. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (2,274)
148	To add Annual Amortization Expense for East Road Water Main project. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (2,420)
Total Adjustments to Amortization of CIAC			\$ (98,932)
<u>Amortization of Other</u>			
149	To add Annual Amortization Expense for Shannon Road project. In service date of 2021. See Step 2 - Sch. 3c - Col. 7		\$ 1,772
150	To add Annual Amortization Expense for H2 Base project. In-service date of 2021. See Step 2 - Sch. 3c - Col. 7		\$ 3,903
151	To add Annual Amortization Expense for H2 Co Meditation project. In-service date of 2021. See Step 2 - Sch. 3c - Col. 7		\$ 677

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2021 PROJECTS
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

152	To add Annual Amortization Expense for Main St. PRV project. In-service date of 2021. See Step 2 - Sch. 3c - Col. 7	\$ 661
153	To add Annual Amortization Expense for Sawyer Tank Mixer project. In-service date of 2021. See Step 2 - Sch. 3c - Col. 7	\$ 162
154	To add Annual Amortization Expense for East Road Water Main project. In-service date of 2021. See Step 2 - Sch. 3c - Col. 7	\$ 311
Total Adjustments to Amortization of Other		\$ 7,487
 <u>Taxes Other than Income</u>		
155	To add Annual Property Tax Expense for Shannon Road project. In service date of 2021. See Step 2 - Sch. 3d	\$ 7,706
156	To add Annual Property Tax Expense for H2 Base project. In-service date of 2021. See Step 2 - Sch. 3d	\$ 16,780
157	To add Annual Property Tax Expense for H2 Co Meditation project. In-service date of 2021. See Step 2 - Sch. 3d	\$ 2,917
158	To add Annual Property Tax Expense for Main St. PRV project. In-service date of 2021. See Step 2 - Sch. 3d	\$ 2,869
159	To add Annual Property Tax Expense for Sawyer Tank Mixer project. In-service date of 2021. See Step 2 - Sch. 3d	\$ 699
160	To add Annual Property Tax Expense for East Road Water Main project. In-service date of 2021. See Step 2 - Sch. 3d	\$ 1,350
Total Adjustments to Taxes Other than Income		\$ 32,320
 <u>Income Taxes</u>		
<u>Combined State and Federal Income Taxes</u>		
See Step 2 - Sch. 1		\$ -
Total Adjustments to Income Taxes		\$ -
 Total Proforma Adjustment to Operating Expenses		\$ 432,306

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2021 PROJECTS
CALCULATION OF NEW CUSTOMER REVENUE

2019 Annual Report Customer Count		3,857	
2020 Annual Report Customer Count	-	3,994	
2020 Additional Customers		<u>(137)</u>	
Projected Water Sales After Permanent Rate Increase		\$ 2,540,482	
2020 Annual Report Customer Count	÷	<u>3,994</u>	
Average Projected Annual Revenue per Customer		\$ 636	
Months in a year	÷	<u>\$ 12</u>	
Average Projected Monthly Revenue per Customer		\$ 53	
2020 Additional Customers		137	
Monthly Revenue per Customer	*	<u>\$ 53</u>	
Additional Monthly Revenue		\$ 7,261	
Additional Monthly Revenue		\$ 7,261	
Months in a year	*	<u>\$ 12</u>	
Additional Annual Revenue		\$ 87,132	
Additional Annual Revenue		\$ 87,132	
Incremental Expenses - See Step 2 - Sch. 4b	-	<u>\$ 17,843</u>	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Company's Effective Tax Rate	x	<u>27.08%</u>	
Income Taxes on New Customer Revenue		\$ 18,766	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Income Taxes on New Customer Revenue	-	<u>\$ 18,766</u>	
After-tax New Customer Revenue		\$ 50,524	<u>\$ 50,524</u>

HAWC

Incremental Expenses to offset additional revenues associated with 2020 new customers

4.27%

	<u>12/31/19</u>	<u>Company</u>	<u>Department</u>
Metered Sales to Residential Customers	1,967,875	84,095	
Fire Protection Revenue	55,088		
Late Fees	38,074		
Other Water Revenue	73,185		
Total Revenue	<u>2,134,222</u>		
Net Depreciation & CIAC	339,643	\$ 3,905	\$ 3,905
Property Taxes	146,846	\$ 858	\$ -
Other Taxes	15,577		
Labor on Outside Jobs	30,462		
Well Expenses & Water Purchased	35,720	\$ 1,526	\$ 1,526
Power Purchased for Pumping	219,181	\$ 9,366	\$ 4,683
Pumping Expenses	171,768	\$ 7,340	\$ -
Chemicals	13,500	\$ 577	\$ 577
Treatment Expense (Filters)	174,184	\$ 7,444	\$ 3,722
Transm & Distribution Exp (Mains)	57,308	\$ 2,449	\$ -
Meter Expenses & Customer Installations	57,174	\$ 2,443	\$ -
Maintenance of Storage Tanks	1,935		
Maintenance of Services	44,691	\$ 1,910	\$ -
Maintenance of Hydrants	6,569		
Meter Reading Expenses	9,948	\$ 425	\$ 425
Customer Records & Collections	140,621	\$ 6,009	\$ 3,005
Uncollectable Accounts	0		
Administrative & General Salaries	29,746		
Office Supplies & Other Expenses	57,864		
Outside Services - Engineering	117,899		
Outside Services - Management Fees	169,153		
Outside Services - Accounting	85,650		
Outside Services - Legal	61,082		
Insurance Expense	44,136		
Employee Pensions & Benefits	78,931		
Franchise Requirements	5,840		
Misc General Expenses	4,277		
Misc Expenses - Vehicle Expenses	35,013		
General Rents	16,928		
Total Expenses	<u>2,171,643</u>	<u>\$ 44,253</u>	<u>\$ 17,843</u>
Net Operating Income	<u>(37,422)</u>		
Rate Case Recovery Fees	191,206		
Regulatory Commission Expenses	(76,106)		
Interest Expense	(129,880)		
Interest Income	235		
Misc Nonutility Expenses	0		
Net Income (Loss)	<u>(51,967)</u>		
Meters	570	137	78,090
Annual Depr on 137 Meters	78,090	5.00%	3,905

SPSt. Cyr

11/9/2021

Attachment D

(Updated Cost of Service Study)

Hampstead Area Water Company

For the New Hampshire Public Utilities Commission

DW 20-117

Proposed Settlement - Fire Rates Smoothed

Contact: Dave Fox, Manager

Tel: 774.243.0619

Email: dfox@raftelis.com



HAMPSTEAD AREA
WATER COMPANY, INC



RAFTELIS

Hampstead Area Water Company
Summary of Rates and Revenues - Permanent, Step1, and Step 2

User Charge Revenues						
Water Revenues	Permanent	Step 1	Step 2	Permanent	Step 1	Step 2
	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
<u>Customer Charges</u>						
5/8"	\$ 11.92	\$ 12.89	\$ 14.44	\$ 541,406	\$ 585,464	\$ 655,865
1"	54.45	58.91	65.99	42,471	45,950	51,472
1 1/2"	107.61	116.42	130.42	2,583	2,794	3,130
2"	139.50	150.93	169.08	8,370	9,056	10,145
<i>Subtotal: Customer Charges</i>				\$ 594,830	\$ 643,263	\$ 720,612
<u>Volumetric Revenues</u>						
Residential - Tier 1	\$ 6.90	\$ 7.72	\$ 8.45	\$ 377,290	\$ 422,128	\$ 462,044
Residential - Tier 2	6.90	7.72	8.45	1,008,481	1,128,329	1,235,024
Non-Residential	6.90	7.72	8.45	288,323	322,588	353,092
<i>Subtotal: Volumetric Revenues</i>				\$ 1,674,095	\$ 1,873,045	\$ 2,050,159
<i>Total: Water Revenues</i>				\$ 2,268,925	\$ 2,516,309	\$ 2,770,771
Fire Service Revenues						
<u>Public Fire Protection</u>						
Per Hydrant	\$ 1,185	\$ 1,185	\$ 1,185	\$ 162,345	\$ 162,345	\$ 162,345
Annual Availability	-	-	-	-	-	-
<i>Subtotal: Public Fire Protection</i>				\$ 162,345	\$ 162,345	\$ 162,345
<u>Private Fire Protection</u>						
1 1/2"	\$ 2.49	\$ 2.49	\$ 2.49	\$ 30	\$ 30	\$ 30
2"	5.31	5.31	5.31	69,455	69,455	69,455
4"	32.87	32.87	32.87	3,156	3,156	3,156
6"	95.49	95.49	95.49	13,751	13,751	13,751
<i>Subtotal: Private Fire Protection</i>				\$ 86,391	\$ 86,391	\$ 86,391
<i>Total: Fire Service Revenues</i>				\$ 248,736	\$ 248,736	\$ 248,736
Calculated User Charge Revenues				\$ 2,517,661	\$ 2,765,044	\$ 3,019,507
Check Against Rate Year Retail Revenue Requirement				2,540,482	2,798,932	3,018,955
Difference				(22,821)	(33,887)	552
Difference (%)				-0.90%	-1.21%	0.02%

PERMANENT

Hampstead Area Water Company

DW 20-117

May 6, 2022

Draft

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Hampstead Area Water Company
Comparison of Existing and Permanent Rates

Rates	Existing	Permanent	Percent
Water Rates	<u>Rates</u>	<u>Rates</u>	<u>Change</u>
<u>Customer Charges (Billed Monthly)</u>			
5/8"	\$ 10.00	\$ 11.92	19.2%
3/4"	\$ 20.00	27.87	39.4%
1"	30.00	54.45	81.5%
1 1/2"	60.00	107.61	79.4%
2"	100.00	139.50	39.5%
<u>Volumetric Charges</u>			
Per Ccf	\$ 6.11	\$ 6.90	12.9%
Residential - Tier 1	6.11	6.90	12.9%
Residential - Tier 2	6.11	6.90	12.9%
Non-Residential	6.11	6.90	12.9%
Fire Rates			
<u>Public Fire Protection (Billed Annually)</u>			
Per Hydrant	\$ 200.00	\$ 1,185.00	492.5%
Annual Availability	2,000.00	-	-100.0%
<u>Private Fire Protection (Billed Monthly)</u>			
1 1/2"	\$ 8.33	\$ 2.49	-70.1%
2"	16.67	5.31	-68.1%
3"	33.33	15.43	-53.7%
4"	50.00	32.87	-34.3%
6"	125.00	95.49	-23.6%

PERMANENT

Hampstead Area Water Company
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February 11, 2022
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Hampstead Area Water Company
Customer Impact Schedule - Existing to Permanent

Cons. (Ccf/Month)	Meter Size	Class	<u>Existing</u>			<u>Permanent</u>			<u>Change</u>	
			<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>\$</u>	<u>%</u>
3	5/8"	Residential	\$ 18.33	\$ 10.00	\$ 28.33	\$ 20.70	\$ 11.92	\$ 32.62	4.29	15.1%
5	5/8"	Residential	30.55	10.00	40.55	34.50	11.92	46.42	5.87	14.5%
10	5/8"	Residential	61.10	10.00	71.10	69.00	11.92	80.92	9.82	13.8%
25	1"	Residential	152.75	30.00	182.75	172.50	54.45	226.95	44.20	24.2%
50	1"	Residential	305.50	30.00	335.50	345.00	54.45	399.45	63.95	19.1%
50	1 1/2"	Non-Residential	305.50	60.00	365.50	345.00	107.61	452.61	87.11	23.8%
75	2"	Non-Residential	458.25	100.00	558.25	517.50	139.50	657.00	98.75	17.7%
150	2"	Non-Residential	916.50	100.00	1,016.50	1,035.00	139.50	1,174.50	158.00	15.5%
250	2"	Non-Residential	1,527.50	100.00	1,627.50	1,725.00	139.50	1,864.50	237.00	14.6%
500	2"	Non-Residential	3,055.00	100.00	3,155.00	3,450.00	139.50	3,589.50	434.50	13.8%

PERMANENT

Hampstead Area Water Company
DW 20-117
May 6, 2022
Draft
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Hampstead Area Water Company
Revenue Proof - Existing & Permanent

User Charge Revenues			Existing	Proposed		Existing	Proposed	
Water Revenues	Units		Rates	Rates	Frequency	Revenue	Revenue	
<u>Customer Charges</u>								
5/8"	3,785	\$	10.00	\$	11.92	12	\$ 454,200	\$ 541,406
3/4"	-	\$	20.00	\$	27.87	12	-	-
1"	65		30.00		54.45	12	23,400	42,471
1 1/2"	2		60.00		107.61	12	1,440	2,583
2"	5		100.00		139.50	12	6,000	8,370
<i>Subtotal: Customer Charges</i>						\$ 485,040	\$ 594,830	
<u>Volumetric Revenues</u>								
Residential - Tier 1	54,680	\$	6.11	\$	6.90		\$ 334,093	\$ 377,290
Residential - Tier 2	146,157		6.11		6.90		893,017	1,008,481
Non-Residential	41,786		6.11		6.90		255,313	288,323
<i>Subtotal: Volumetric Revenues</i>						\$ 1,482,423	\$ 1,674,095	
<i>Total: Water Revenues</i>						\$ 1,967,463	\$ 2,268,925	
 Fire Service Revenues								
<u>Public Fire Protection</u>								
Per Hydrant	137	\$	200	\$	1,185	1	\$ 27,400	\$ 162,345
Annual Availability	2		2,000		-	1	4,000	-
<i>Subtotal: Public Fire Protection</i>						\$ 31,400	\$ 162,345	
<u>Private Fire Protection</u>								
1 1/2"	1	\$	8.33	\$	2.49	12	\$ 100	\$ 30
2"	1,090		16.67		5.31	12	218,000	69,455
3"	-		33.33		15.43	12	-	-
4"	8		50.00		32.87	12	4,800	3,156
6"	12		125.00		95.49	12	18,000	13,751
<i>Subtotal: Private Fire Protection</i>						\$ 240,900	\$ 86,391	
<i>Total: Fire Service Revenues</i>						\$ 272,300	\$ 248,736	
 Calculated User Charge Revenues						\$ 2,239,763	\$ 2,517,661	
Check Against Rate Year Retail Revenue Requirement							2,540,482	
Difference							(22,821)	
Difference (%)							-0.90%	

STEP 1

Hampstead Area Water Company

DW 20-117

May 6, 2022

Draft

Page 4 of 10

Hampstead Area Water Company
Comparison of Permanent and Step 1 Rates

Rates	Proposed Permanent	Proposed Step 1	Percent Change
Water Rates			
<u>Customer Charges (Billed Monthly)</u>			
5/8"	\$ 11.92	\$ 12.89	8.1%
3/4"	27.87	30.15	8.2%
1"	54.45	58.91	8.2%
1 1/2"	107.61	116.42	8.2%
2"	139.50	150.93	8.2%
<u>Volumetric Charges</u>			
Per Ccf	\$ 6.90	\$ 7.72	11.9%
Residential - Tier 1	6.90	7.72	11.9%
Residential - Tier 2	6.90	7.72	11.9%
Non-Residential	6.90	7.72	11.9%
Fire Rates			
<u>Public Fire Protection (Billed Annually)</u>			
Per Hydrant	\$ 1,185.00	\$ 1,185.00	0.0%
Annual Availability	-	-	n/a
<u>Private Fire Protection (Billed Monthly)</u>			
1 1/2"	\$ 2.49	\$ 2.49	0.0%
2"	5.31	5.31	0.0%
3"	15.43	15.43	0.0%
4"	32.87	32.87	0.0%
6"	95.49	95.49	0.0%

STEP 1

Hampstead Area Water Company
DW 20-117
August 26, 2020
Draft
Page 5 of 10

Hampstead Area Water Company
Customer Impact Schedule - Permanent to Step 1

Cons. (Ccf/Month)	Meter Size	Class	<u>Proposed Permanent</u>			<u>Proposed Step 1</u>			<u>Change</u>	
			<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>\$</u>	<u>%</u>
3	5/8"	Residential	\$ 20.70	\$ 11.92	\$ 32.62	\$ 23.16	\$ 12.89	\$ 36.05	3.43	10.5%
5	5/8"	Residential	34.50	11.92	46.42	38.60	12.89	51.49	5.07	10.9%
10	5/8"	Residential	69.00	11.92	80.92	77.20	12.89	90.09	9.17	11.3%
25	1"	Residential	172.50	54.45	226.95	193.00	58.91	251.91	24.96	11.0%
50	1"	Residential	345.00	54.45	399.45	386.00	58.91	444.91	45.46	11.4%
50	1 1/2"	Non-Residential	345.00	107.61	452.61	386.00	116.42	502.42	49.81	11.0%
75	2"	Non-Residential	517.50	139.50	657.00	579.00	150.93	729.93	72.93	11.1%
150	2"	Non-Residential	1,035.00	139.50	1,174.50	1,158.00	150.93	1,308.93	134.43	11.4%
250	2"	Non-Residential	1,725.00	139.50	1,864.50	1,930.00	150.93	2,080.93	216.43	11.6%
500	2"	Non-Residential	3,450.00	139.50	3,589.50	3,860.00	150.93	4,010.93	421.43	11.7%

STEP 1

Hampstead Area Water Company
DW 20-117
May 6, 2022
Draft
Page 6 of 10

Hampstead Area Water Company
Revenue Proof - Permanent & Step 1

User Charge Revenues		Permanent	Step 1		Proposed Perm.	Proposed Step 1
Water Revenues	Units	Rates	Rates	Frequency	Revenue	Revenue
<u>Customer Charges</u>						
5/8"	3,785	\$ 11.92	\$ 12.89	12	\$ 541,406	\$ 585,464
3/4"	-	27.87	30.15	12	-	-
1"	65	54.45	58.91	12	42,471	45,950
1 1/2"	2	107.61	116.42	12	2,583	2,794
2"	5	139.50	150.93	12	8,370	9,056
<i>Subtotal: Customer Charges</i>					\$ 594,830	\$ 643,263
<u>Volumetric Revenues</u>						
Residential - Tier 1	54,680	\$ 6.90	\$ 7.72		\$ 377,290	\$ 422,128
Residential - Tier 2	146,157	6.90	7.72		1,008,481	1,128,329
Non-Residential	41,786	6.90	7.72		288,323	322,588
<i>Subtotal: Volumetric Revenues</i>					\$ 1,674,095	\$ 1,873,045
<i>Total: Water Revenues</i>					\$ 2,268,925	\$ 2,516,309
Fire Service Revenues						
<u>Public Fire Protection</u>						
Per Hydrant	137	\$ 1,185	\$ 1,185	1	\$ 162,345	\$ 162,345
Annual Availability	2	-	-	1	-	-
<i>Subtotal: Public Fire Protection</i>					\$ 162,345	\$ 162,345
<u>Private Fire Protection</u>						
1 1/2"	1	\$ 2.49	\$ 2.49	12	\$ 30	\$ 30
2"	1,090	5.31	5.31	12	69,455	69,455
3"	-	15.43	15.43	12	-	-
4"	8	32.87	32.87	12	3,156	3,156
6"	12	95.49	95.49	12	13,751	13,751
<i>Subtotal: Private Fire Protection</i>					\$ 86,391	\$ 86,391
<i>Total: Fire Service Revenues</i>					\$ 248,736	\$ 248,736
Calculated User Charge Revenues					\$ 2,517,661	\$ 2,765,044
Check Against Rate Year Retail Revenue Requirement						2,798,932
Difference						(33,887)
Difference (%)						-1.21%

STEP 2

Hampstead Area Water Company
DW 20-117
May 6, 2022
Draft
Page 7 of 10

Hampstead Area Water Company
Comparison of Step 1 and Step 2 Rates

Rates	Proposed Step 1	Proposed Step 2	Percent Change
Water Rates			
<u>Customer Charges (Billed Monthly)</u>			
5/8"	\$ 12.89	\$ 14.44	12.0%
3/4"	30.15	33.77	12.0%
1"	58.91	65.99	12.0%
1 1/2"	116.42	130.42	12.0%
2"	150.93	169.08	12.0%
<u>Volumetric Charges</u>			
Per Ccf	\$ 7.72	\$ 8.45	9.5%
Residential - Tier 1	7.72	8.45	9.5%
Residential - Tier 2	7.72	8.45	9.5%
Non-Residential	7.72	8.45	9.5%
Fire Rates			
<u>Public Fire Protection (Billed Annually)</u>			
Per Hydrant	\$ 1,185.00	\$ 1,185.00	0.0%
Annual Availability	-	-	n/a
<u>Private Fire Protection (Billed Monthly)</u>			
1 1/2"	\$ 2.49	\$ 2.49	0.0%
2"	5.31	5.31	0.0%
3"	15.43	15.43	0.0%
4"	32.87	32.87	0.0%
6"	95.49	95.49	0.0%

STEP 2

Hampstead Area Water Company
DW 20-117
May 6, 2022
Draft
Page 8 of 10

Hampstead Area Water Company
Customer Impact Schedule - Step 1 to Step 2

<u>Cons. (Ccf/Month)</u>	<u>Meter Size</u>	<u>Class</u>	<u>Proposed Step 1</u>			<u>Proposed Step 2</u>			<u>Change</u>	
			<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>\$</u>	<u>%</u>
3	5/8"	Residential	\$ 23.16	\$ 12.89	\$ 36.05	\$ 25.35	\$ 14.44	\$ 39.79	3.74	10.4%
5	5/8"	Residential	38.60	12.89	51.49	42.25	14.44	56.69	5.20	10.1%
10	5/8"	Residential	77.20	12.89	90.09	84.50	14.44	98.94	8.85	9.8%
25	1"	Residential	193.00	58.91	251.91	211.25	65.99	277.24	25.33	10.1%
50	1"	Residential	386.00	58.91	444.91	422.50	65.99	488.49	43.58	9.8%
50	1 1/2"	Non-Residential	386.00	116.42	502.42	422.50	130.42	552.92	50.50	10.1%
75	2"	Non-Residential	579.00	150.93	729.93	633.75	169.08	802.83	72.90	10.0%
150	2"	Non-Residential	1,158.00	150.93	1,308.93	1,267.50	169.08	1,436.58	127.65	9.8%
250	2"	Non-Residential	1,930.00	150.93	2,080.93	2,112.50	169.08	2,281.58	200.65	9.6%
500	2"	Non-Residential	3,860.00	150.93	4,010.93	4,225.00	169.08	4,394.08	383.15	9.6%

STEP 2

Hampstead Area Water Company
DW 20-117
May 6, 2022
Draft
Page 9 of 10

Hampstead Area Water Company
Revenue Proof - Step 1 & Step 2

User Charge Revenues			Step 1	Step 2		Proposed Step 1	Proposed Step 2	
Water Revenues	Units		Rates	Rates	Frequency	Revenue	Revenue	
<u>Customer Charges</u>								
5/8"	3,785	\$	12.89	\$	14.44	12	\$ 585,464	\$ 655,865
3/4"	-		30.15		33.77	12	-	-
1"	65		58.91		65.99	12	45,950	51,472
1 1/2"	2		116.42		130.42	12	2,794	3,130
2"	5		150.93		169.08	12	9,056	10,145
<i>Subtotal: Customer Charges</i>							\$ 643,263	\$ 720,612
<u>Volumetric Revenues</u>								
Residential - Tier 1	54,680	\$	7.72	\$	8.45		\$ 422,128	\$ 462,044
Residential - Tier 2	146,157		7.72		8.45		1,128,329	1,235,024
Non-Residential	41,786		7.72		8.45		322,588	353,092
<i>Subtotal: Volumetric Revenues</i>							\$ 1,873,045	\$ 2,050,159
<i>Total: Water Revenues</i>							\$ 2,516,309	\$ 2,770,771
 Fire Service Revenues								
<u>Public Fire Protection</u>								
Per Hydrant	137	\$	1,185	\$	1,185	1	\$ 162,345	\$ 162,345
Annual Availability	2		-		-	1	-	-
<i>Subtotal: Public Fire Protection</i>							\$ 162,345	\$ 162,345
<u>Private Fire Protection</u>								
1 1/2"	1	\$	2.49	\$	2.49	12	\$ 30	\$ 30
2"	1,090		5.31		5.31	12	69,455	69,455
3"	-		15.43		15.43		-	-
4"	8		32.87		32.87	12	3,156	3,156
6"	12		95.49		95.49	12	13,751	13,751
<i>Subtotal: Private Fire Protection</i>							\$ 86,391	\$ 86,391
<i>Total: Fire Service Revenues</i>							\$ 248,736	\$ 248,736
Calculated User Charge Revenues						\$ 2,765,044	\$ 3,019,507	
Check Against Rate Year Retail Revenue Requirement							3,018,955	
Difference							552	Difference Due to Rounding
Difference (%)							0.02%	Difference Due to Rounding

Attachment E

(Proposed Permanent Rate Tariff and Municipal Fire Protection Tariff Language)

NHPUC NO. 3 WATER
HAMPSTEAD AREA WATER CO., INC.
Superseding NHPUC NO. 2 - WATER

First Revised Page 1
Superseding Original Page 1

NHPUC NO. 3 - WATER

HAMPSTEAD AREA WATER COMPANY

TARIFF

FOR

WATER SERVICE

IN

THE STATE OF NEW HAMPSHIRE

Dated: ~~April 11, 2017~~ November 24, 2020

Effective: ~~April 30, 2017~~

Authorized by Docket No. DW ~~16-85120-117~~

Issued by: _____

Christine Lewis Morse

Title: Vice President

_____ Dated: ~~April 6, 2017~~

NHPUC NO. 3 – WATER
HAMPSTEAD AREA WATER CO., INC

~~Fourth-Fifth~~ Revised Page 34
Superseding ~~Third-Fourth~~ Revised Page 34

GENERAL SERVICE - METERED

RATE SCHEDULE –GM

AVAILABILITY: This schedule is available to all metered water service in the Company’s following franchise areas:

Atkinson:	Atkinson Core System (Walnut Ridge), Dearborn Ridge
Chester:	Oak Hill, Lincoln Lane
Danville:	Colby Pond
East Kingston:	Cricket Hill/Maplevale
Fremont	Black Rocks Village
Town of Hampstead:	Hampstead Core System
Kingston:	Lamplighter Estates, Coopers Grove, Kings Landing
Newton	Sargent Woods
Nottingham:	Camelot Court
Plaistow:	Rainbow Ridge, Little River Village, Snow’s Brook
Salem:	Lancaster Farm, Tisdale Trailer Park
Sandown:	Stoneford, Autumn Hills, Mills Woods, Waterford Village, Fairfield Estates, Wells Village, Kelley Green
Sandown/Fremont:	Cornerstone Estates
Strafford	Bow Lake Estates

CHARACTER OF SERVICE:

The Company will make every effort to maintain normal pressures but shall not be liable for the failure of either the supply or the distribution system when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or waste or unlawful use of water. Outdoor use may be restricted.

RATES: Water Rates (Monthly Rate)

i. 3/8 inch meter	\$10.00 <u>11.92</u>
ii. 3/4 inch meter	\$20.00 <u>27.87</u>
iii. 1 inch meter	\$30.00 <u>54.45</u>
iv. 1 1/2 inch meter	\$60.00 <u>107.61</u>
v. 2 inch meter	\$100.00 <u>139.50</u>

All Consumption - ~~\$6.11~~6.90 per 100 cubic feet

TERMS OF PAYMENT:

Bills under this rate are net and will be rendered monthly and are due and payable upon presentation. All accounts more than twenty five (25) days past due will be assessed a late fee of Ten Dollars (\$10.00) per month at the discretion of the Company.

Authorized by NH PUC Order # 26,153 in Docket DW 17-145 dated June 26, 2018, Order # 26,195 in Docket DW 17-118 dated November 29, 2018, Order # 26,301 in Docket DW 19-011 dated October 22, 2019, and Order # 26,381 in Docket 19-031 dated July 21, 2020

~~Issued~~Dated: ~~July 21, 2020~~November 24, 2020

Issued by: _____
Christine Lewis Morse

Effective: ~~August 17, 2020~~

Title: Vice President

Authorized by Docket No. DW ~~16-851~~20-117

Dated: ~~April 6, 2017~~

Rates reconciled to June 30, 2021, authorized by Order No. 26,566

NHPUC NO. 3 – WATER
HAMPSTEAD AREA WATER CO., INC

~~Second-Third~~ Revised Page 35
Superseding ~~First-Second~~ Page 35

MUNICIPAL FIRE PROTECTION SERVICE-ATKINSON

RATE SCHEDULE - GM

AVAILABILITY:

This schedule is available to all municipal fire service in the Company’s franchise area in the Atkinson Core System for the purposes of public safety, where such service is paid for from tax revenues by and of the Town of Atkinson:

CHARACTER OF SERVICE:

The Town shall notify the Company, either through its Fire Department, by receipt of Town approved Site Plans, or in writing showing an appropriate vote by the governing body of the Town stating where hydrants are to be placed that the Town requests. Such notification must be received by the Company before hydrant installation will begin. The Company will make every effort to maintain normal pressures at all times on the distribution system but shall not be held liable for the failure of either the supply or distribution division of its system to adequately furnish its normal quantity of water when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or the waste or unlawful use of water. The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized firefighting personnel for the control and extinguishment of any fire, or for any other use authorized by the Company.

~~The Town of Atkinson shall notify the Company, in writing, of an appropriate vote by the governing body of the city, town, village, or other political subdivision stating where hydrants are to be placed. Such notification must be received by the Company before the installation of any hydrant. The installation and maintenance of hydrants and the supplying of water through such hydrants is for the sole use of the authorized firefighting personnel for the control and extinguishment of any fire or for any other use authorized by the Company. Rendering of service under this schedule shall in no way be construed to hold the Company liable to furnish at any time or any specific point in its distribution system any minimum flow or pressure, either static or residual.~~

RATES:

Annual ~~Hydrant Municipal Fire Protection~~ Charge: ~~\$93,615.00~~ ~~\$200.00~~ per annum ~~for each fire hydrant installed~~, payable in advance ~~for each hydrant installed~~ plus any additional State and Federal taxes on CIAC payments or the CIAC value created by the contribution of each fire hydrant.

~~Annual Availability Fee: \$2,000.00 per annum payable in advance in addition to the Annual Hydrant Charge.~~

TERMS OF PAYMENT:

Bills under this rate are net and will be rendered annually in October and are due and payable upon presentation.

SPECIAL PROVISIONS:

All hydrants, lead valves, branches and other appurtenances shall remain the property of the Company.

~~Authorized by Docket No. DW 16-851 dated April 6, 2017~~

Dated: ~~December 11, 2018~~ November 24, 2020

Issued by: _____

Christine Lewis Morse

Effective: ~~April 30, 2017~~ _____

Title: Vice President

Authorized by Docket No. DW ~~16-851~~ 20-117

Dated: ~~April 6, 2017~~

NHPUC NO. 3 – WATER
HAMPSTEAD AREA WATER CO., INC

~~Original First Revised~~ Page 36
~~Superseding Original~~ Page 36

MUNICIPAL FIRE PROTECTION SERVICE-HAMPSTEAD

RATE SCHEDULE - GM

AVAILABILITY:

This schedule is available to all municipal fire service in the Company’s franchise area in the Hampstead Core System for the purposes of public safety, where such service is paid for from tax revenues by and of the Town of Hampstead:

CHARACTER OF SERVICE:

The Town shall notify the Company, either through its Fire Department, by receipt of Town approved Site Plans, or in writing showing an appropriate vote by the governing body of the Town stating where hydrants are to be placed that the Town requests. Such notification must be received by the Company before hydrant installation will begin. The Company will make every effort to maintain normal pressures at all times on the distribution system but shall not be held liable for the failure of either the supply or distribution division of its system to adequately furnish its normal quantity of water when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or the waste or unlawful use of water. The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized firefighting personnel for the control and extinguishment of any fire, or for any other use authorized by the Company.

~~The Town of Hampstead shall notify the Company, in writing, of an appropriate vote by the governing body of the city, town, village, or other political subdivision stating where hydrants are to be placed. Such notification must be received by the Company before the installation of any hydrant. The installation and maintenance of hydrants and the supplying of water through such hydrants is for the sole use of the authorized firefighting personnel for the control and extinguishment of any fire or for any other use authorized by the Company. Rendering of service under this schedule shall in no way be construed to hold the Company liable to furnish at any time or any specific point in its distribution system any minimum flow or pressure, either static or residual.~~

RATES:

Annual ~~Hydrant Municipal Fire Protection~~ Charge: ~~\$200.00~~\$68,730.00 per annum ~~for each fire hydrant installed,~~ payable in advance ~~for each hydrant installed,~~ plus any additional State and Federal taxes on CIAC payments or the CIAC value created by the contribution of each fire hydrant.

~~Annual Availability Fee: \$2,000.00 per annum payable in advance in addition to the Annual Hydrant Charge.~~

TERMS OF PAYMENT:

Bills under this rate are net and will be rendered annually in October and are due and payable upon presentation.

SPECIAL PROVISIONS:

All hydrants, lead valves, branches and other appurtenances shall remain the property of the Company.

Dated: ~~April 11, 2017~~November 24, 2020

Issued by: _____

Christine Lewis Morse

Effective: April 30, 2017 _____

Title: Vice President

Authorized by Docket No. DW ~~16-851~~20-117

Dated: April 6, 2017

NHPUC NO. 3 – WATER
HAMPSTEAD AREA WATER CO., INC.

Original Page 36a

PUBLICMUNICIPAL FIRE PROTECTION SERVICE

Terms of Use for Hydrants in the Towns of Atkinson and Hampstead

Testing

- The company will test hydrants to establish baseline flow and notify the Town fire department when testing is scheduled so that they may observe. Hampstead Area Water Company (HAWC) will conduct the testing and document the findings.
- All hydrants on the system shall be tested and marked within the first year. Testing after the first year shall be made after any substantial improvement or impact on the system on the hydrants that will indicate the result of the impact. All new hydrants shall be tested for their fire flow capability. Other testing will follow AWWA recommendations.
- All testing will be done in accordance with the AWWA M17 standard. The testing will determine the amount of fire flow water available at 20 psi during peak demand times.
- Where feasible the company will design any transmission (main) line extensions to support a 1000 GPM fire flow.

Marking of hydrants:

- HAWC currently marks hydrants and agrees to work with the Town fire department to continue to do so.
- HAWC agrees to mark hydrants with a flag or other affixed device.
- Fire hydrant bonnets shall be color coded or otherwise marked with a Town fire department - approved system indicating the available flow capacity after a flow analysis is completed. The hydrant bonnet shall be painted in one of the colors listed below corresponding to its GPM.

- (1) Light blue [1,500 GPM or greater]
- (2) Green [1,000—1,499 GPM]
- (3) Orange [500–999 GPM]
- (4) Red [less than 500 GPM]

Clear Space Around Hydrants.

A 36 in. clear space shall be created around the circumference of newly installed fire hydrants except as otherwise required or approved by the Town fire department.

- A clear space of not less than 60 in. shall be created in front of each newly installed hydrant connection having a diameter greater than 2½ in.

Hydrants Out of Service.

- Where water supplies or fire hydrants are out of service for maintenance or repairs, a visible indicator shall be used to indicate that the hydrant is out of service.
- HAWC agrees to provide advance notice to the Town when it takes a hydrant off-line for more than 12 hours for maintenance.

Dated: November 24, 2020

Issued by: _____

Christine Lewis Morse

Effective: _____

Title: Vice President

Authorized by Docket No. DW 20-117 _____

Dated: _____

Terms of Use for Hydrants in the Towns of Atkinson and Hampstead - continued

Additional details:

- HAWC agrees to meet with the Town fire department to review training plans. Town fire department must provide 48-hour advance notice to HAWC for all training other than hydrant training at the fire station hydrant with minimal water flow. Training other than hydrant training at the fire station hydrant with minimal water flow can occur up to four times per year. All training will not occur during peak summer month usage.
- Training shall be limited to four times a year per department; this is outside of the training and testing of new hydrants or new buildings protected by water-based fire suppression systems. Town fire department will provide the company with at least 48 hours of notice for testing of new buildings protected by water-based fire suppression systems.
- HAWC shall always maintain a minimum useable amount of 250,000 gallons of fire protection water available in its water storage system in its core system.
- All maintenance shall be the responsibility of HAWC and in compliance with the hydrant manufacturer’s specifications. Any time the Town fire department operates a hydrant they are required to pump down the hydrant and seat the valve properly and provide notice to HAWC as soon as possible for inspection.
- Any hydrant it installs installed for temporary non-fire protection purposes will have a 2.5” discharge port.
- HAWC shall bill for the hydrants annually in October for the coming year at rates approved by the Commission, and every October thereafter until a change in fire protection rates are approved by the Commission.
- No Town fire department operation shall be permitted that would likely cause contamination of the water system.
- Any failures of the ~~public~~municipal fire protection system where the water main must be shut down for repair the Company will notify the Town fire department as soon as possible.
- All hydrants within the system shall have a 4.5” NSTM and two 2.5” discharge ports with caps. Hydrants shall be installed to the current AWWA standard. All hydrants shall have operating nuts that turn in the same direction, subject to Puc 606.03(b) requirements.
- HAWC shall be responsible for maintaining the system in good repair and functional barring failures due to acts of God, accidents (e.g. car crashes into hydrant), and vandalism. HAWC shall not be responsible for damage or repairs due to negligence of the fire department. (e.g. failing to pump down fire hydrants after use).

Dated: November 24, 2020

Issued by: _____

Christine Lewis Morse

Effective: _____

Title: Vice President

Authorized by Docket No. DW 20-117

Dated:

NHPUC NO. 3 – WATER
HAMPSTEAD AREA WATER CO., INC.

Original Page 36c

Terms of Use for Hydrants in the Towns of Atkinson and Hampstead - continued

- HAWC shall provide copies of its emergency response plans to the town’s fire chief, for the limited use of emergency personnel only.
- HAWC shall file the annual hydrant inspection reports required by PUC rules and provide a copy to the town’s fire chief.
- The approving authority for the placement of new hydrants shall be the Town fire chief or their designee in cooperation with the Planning Board provided the fire chief or their designee signs the company form authorizing the hydrant placement and payment for the hydrant in accordance with the existing tariff prior to installation.
- Subject to Commission approval, these terms shall be incorporated into the company’s tariff.

Dated: November 24, 2020

Issued by:

Effective:

Christine Lewis Morse
Title: Vice President

Authorized by Docket No. DW 20-117

Dated:

NHPUC NO. 3 – WATER
HAMPSTEAD AREA WATER CO., INC.

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GENERAL PRIVATE FIRE PROTECTION SERVICE

RATE SCHEDULE - GM

AVAILABILITY:

This schedule is available to all metered water service in the Company’s following franchise areas:

Atkinson:	Atkinson Core System (Walnut Ridge), Dearborn Ridge
Chester:	Oak Hill, Lincoln Lane
Danville:	Colby Pond
East Kingston:	Cricket Hill/Maplevale
Fremont	Black Rocks Village
Town of Hampstead:	Hampstead Core System
Kingston:	Lamplighter Estates, Coopers Grove, Kings Landing
Newton	Sargent Woods
Nottingham:	Camelot Court
Plaistow:	Rainbow Ridge, Little River Village, Snow’s Brook
Salem:	Lancaster Farm,
Sandown:	Stoneford, Autumn Hills, Mill Woods, Waterford Village, Fairfield Estates, <u>Kelley Green</u>
Sandown/Fremont:	Cornerstone Estates
<u>Strafford:</u>	<u>Bow Lake Estates</u>

CHARACTER OF SERVICE:

The Company shall be notified, in writing, of an appropriate vote by the governing body of the city, town, village, or other political subdivision stating where hydrants or fire protection water supply distribution pipes are to be placed. Such notification must be received by the Company before the installation. The installation and maintenance of hydrants and the supplying of water through such hydrants is for the sole use of the authorized firefighting personnel for the control and extinguishment of any fire or for any other use authorized by the Company. Rending of service under this schedule shall in no way be construed to hold the Company liable to furnish at any time or any specific point in its distribution system any minimum flow or pressure, either static or residual.

RATES:

Fire Protection Rate – System-Wide

Private Fire Service (~~Annual~~Monthly Fee)

i. 1 ½ diameter pipe	\$100.00 <u>2.49</u>
ii. 2 inch diameter pipe	\$200.00 <u>5.31</u>
iii. 3 inch diameter pipe	\$400.00 <u>15.43</u>
iv. 4 inch diameter pipe	\$600.00 <u>32.87</u>
v. 6 inch diameter pipe	\$1,500.00 <u>95.49</u>

Dated: ~~April 11, 2017~~November 24, 2020

Issued by: _____

Christine Lewis Morse

Effective: ~~April 30, 2017~~ _____

Title: Vice President

Authorized by Docket No. DW ~~16-851~~20-117

Dated: ~~April 6, 2017~~

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HAMPSTEAD AREA WATER CO., INC.

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TERMS OF PAYMENT:

Bills under this rate are net and will be rendered ~~quarterly~~ monthly and are due and payable upon presentation.

SPECIAL PROVISIONS:

All hydrants, lead valves, distribution pipes, branches, and other appurtenances up to the shut off valve service shall remain the property of the Company.

Dated: ~~April 11, 2017~~ November 24, 2020

Effective: ~~April 30, 2017~~

Authorized by Docket No. DW ~~16-85~~ 20-117

Issued by: _____

Christine Lewis Morse

Title: Vice President

Dated: ~~April 6, 2017~~

Attachment F

(Municipal Fire Service Agreements)

Terms of Use for Hydrants in the Towns of Atkinson and Hampstead

Testing

- The company will test hydrants to establish baseline flow and notify the Town fire department when testing is scheduled so that they may observe. Hampstead Area Water Company (HAWC) will conduct the testing and document the findings.
- All hydrants on the system shall be tested and marked within the first year. Testing after the first year shall be made after any substantial improvement or impact on the system on the hydrants that will indicate the result of the impact. All new hydrants shall be tested for their fire flow capability. Other testing will follow AWWA recommendations.
- All testing will be done in accordance with the AWWA M17 standard. The testing will determine the amount of fire flow water available at 20 psi during peak demand times.
- Where feasible the company will design any transmission (main) line extensions to support a 1000 GPM fire flow.

Marking of hydrants:

- HAWC currently marks hydrants and agrees to work with the Town fire department to continue to do so.
- HAWC agrees to mark hydrants with a flag or other affixed device.
- Fire hydrant bonnets shall be color coded or otherwise marked with a Town fire department - approved system indicating the available flow capacity after a flow analysis is completed. The hydrant bonnet shall be painted in one of the colors listed below corresponding to its GPM.

- (1) Light blue [1,500 GPM or greater]
- (2) Green [1,000—1,499 GPM]
- (3) Orange [500–999 GPM]
- (4) Red [less than 500 GPM]

Clear Space Around Hydrants.

- A 36 in. clear space shall be created around the circumference of newly installed fire hydrants except as otherwise required or approved by the Town fire department.
- A clear space of not less than 60 in. shall be created in front of each newly installed hydrant connection having a diameter greater than 2¹/₂ in.

Hydrants Out of Service.

- Where water supplies or fire hydrants are out of service for maintenance or repairs, a visible indicator shall be used to indicate that the hydrant is out of service.
- HAWC agrees to provide advance notice to the Town when it takes a hydrant off-line for more than 12 hours for maintenance.

Additional details:

- HAWC agrees to meet with the Town fire department to review training plans. Town fire department must provide 48-hour advance notice to HAWC for all training other than hydrant training at the fire station hydrant with minimal water flow. Training other than hydrant training at the fire station hydrant with minimal water flow can occur up to four times per year. All training will not occur during peak summer month usage.
- Training shall be limited to four times a year per department; this is outside of the training and testing of new hydrants or new buildings protected by water-based fire suppression systems. Town fire department will provide the company with at least 48 hours of notice for testing of new buildings protected by water-based fire suppression systems.
- HAWC shall always maintain a minimum useable amount of 250,000 gallons of fire protection water available in its water storage system in its core system.
- All maintenance shall be the responsibility of HAWC and in compliance with the hydrant manufacturer's specifications. Any time the Town fire department operates a hydrant they are required to pump down the hydrant and seat the valve properly and provide notice to HAWC as soon as possible for inspection.
- Any hydrant it installs installed for temporary non-fire protection purposes will have a 2.5" discharge port.
- HAWC shall bill for the hydrants annually in October for the coming year at rates approved by the Commission, and every October thereafter until a change in fire protection rates are approved by the Commission.
- No Town fire department operation shall be permitted that would likely cause contamination of the water system.
- Any failures of the public fire protection system where the water main must be shut down for repair the Company will notify the Town fire department as soon as possible.

- All hydrants within the system shall have a 4.5” NSTM and two 2.5” discharge ports with caps. Hydrants shall be installed to the current AWWA standard. All hydrants shall have operating nuts that turn in the same direction, subject to Puc 606.03(b) requirements.
- HAWC shall be responsible for maintaining the system in good repair and functional barring failures due to acts of God, accidents (e.g. car crashes into hydrant), and vandalism. HAWC shall not be responsible for damage or repairs due to negligence of the fire department. (e.g. failing to pump down fire hydrants after use).
- HAWC shall provide copies of its emergency response plans to the town’s fire chief, for the limited use of emergency personnel only.
- HAWC shall file the annual hydrant inspection reports required by PUC rules and provide a copy to the town’s fire chief.
- The approving authority for the placement of new hydrants shall be the Town fire chief or their designee in cooperation with the Planning Board provided the fire chief or their designee signs the company form authorizing the hydrant placement and payment for the hydrant in accordance with the existing tariff prior to installation.
- Subject to Commission approval, these terms shall be incorporated into the company’s tariff.