PENNICHUCK WATER WORKS, INC.
COMPUTATION OF REVENUE DEFICIENCY
For The Twelve Months Ended December 31, 2007

COMBINED
Schedule A

	TEST YEAR	PRO FORMA ADJUSTMENTS	PRO FORMA TEST YEAR	STEP INCR #1 PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCR #1 FORMA TEST YEAR	STEP INCR #2 PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCREASES FORMA TEST YEAR
Consolidated Rate Base	$ 72,945,003	$ 3,974,060	$ 76,919,063	$ 7,179,944	$ 84,099,007	$ 8,151,558	$ 92,250,566
RATE of Return	7.89%		7.81%		7.81%		7.81%
Income Required	$ 5,755,361		$ 6,008,497		$ 6,569,355		$ 7,206,110
Adjusted NOI (1)	$ 4,680,242	$ (600,475)	$ 4,079,767	$ (100,571)	$ 3,979,196	$ (85,599)	$ 3,893,596
Deficiency	$ 1,075,119		$ 1,928,730		$ 2,590,159		$ 3,312,514
Tax Factor	60.39%		60.39%		60.39%		60.39%
Revenue Deficiency	$ 1,780,293		$ 3,193,791	$ 1,095,263	$ 4,289,054	$ 1,196,149	$ 5,485,203
Water Revenues	$ 21,312,996	$ 390,072	$ 21,703,068	$ -	$ 21,703,068	$ -	$ 21,703,068
Proposed Revenue Inc	8.35%		14.72%	5.05%	19.76%	5.51%	25.27%