

Pennichuck East Acquisition

3/30/2009

Revenue requirement/Investment analysis for community water system acquisition:

System Name: Winnisquam Village, Tilton, NH

Developer: R.J. Moreau Communities

Pro Forma

Proposed Investment (Rate Base)	68,700	times	
Rate of Return Goal	12%	=	
Net Operating Income			8,244
Net Operating Income pre-tax	0.6039		13,651
Operating Deductions			34,714
Revenue requirement			48,365
divided by no. of customers	86	=	562.39 per customer
Rate group to be used	PEU		
Annual Revenue at PEU rate			\$ 52,331

Projected Revenue from existing tariffs:

	Annual Revenue	Annual Contribution (Subsidy)
Revenue per customer from PWW rates	391.84	(170.55)
Revenue per customer from PEU rates	608.51	46.12
Revenue per customer from PAC rates	510.72	(51.67)

Operating Expenses Summary:

Production	
Laboratory Expense	\$ 2,450
Purification Expense	1,883
Operating Labor	2,400
Other Prod. Material & Exp.	600
Maintenance	1,250
Power Purchased	8,004
Total Prod.	16,588
Distribution Expense	3,010
Customer Acct./Coll.	2,580
Admin & Gen (mgt fee)	8,600
Total O&M	30,778
Depreciation Expense	1,786
Taxes	2,150
Total Oper. Deduct	34,714

Data & Cost Calculations:				
Number of customers:		86		
Production per customer		150	gpd	
Annual production per customer		54.75	thou gals	
Item	Unit Cost	Units		Annual cost
Monthly bact (incl travel)	\$ 50.	1	mos.	\$ 50
SDWA	1,200	1	sample	1,200
VOC/SOC	1,200	1	sample	1,200
Total lab exp				2,450
Purification - per Mgals	0.40	4708.5	thou gals	1,883
Operating Labor				2400
Other Prod. Mat & Exp				600
Maint. - Structures				550
Maint. - Prod. Equip				100
Maint. - Purif. Equip				600
Power Purchased	1.70	4708.5	thou gals	8,004
Distribution				
Maint. - Mains	25	86	customers	2,150
Maint. - Services	5	86	customers	430
Maint. - Meters/Hydrants	5	86	customers	430
Meter Read/Coll	30	86	customers	2,580
Management fee	100	86	customers	8,600
Depreciation Rate	2.60%			
Property tax rate per M	25			
Return Goal - after tax	12%			
Prop. val for prop tax	1000	86	customers	86,000
Purchase price per customer	450	86	customers	38,700
Franchise/Acquisition Cost	5,000			5,000
Meter Investment	250	86	customers	21,500
System Improvements				
SCADA			T-Box	3,500
Total Investment				68,700

Rate Group	Fixed Chg	Per 100 CF
PWW Core Rate	16.55	2.64 (expected temp rate fall 06)
PEU rate (Non L	16.49	5.61
PAC rate	14.38	4.62

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