

Bob Montville

Bob Montville has been a financial advisor and coach to small business owners for the past twenty-six years. He started his small business career with a national consulting firm traveling the United States, Europe and Canada. He has worked with companies listed on Inc. Magazines fastest growing firms as well as businesses in the start-up stage. Most of Bob's current clients have come from client referrals or professionals familiar with his successful work in the small business arena.

His expertise focuses on the financial management of his client companies. He works with his clients to integrate financial data into the entities short and long-term profit strategies.

In addition to his financial consulting experience Bob has taught business courses at the University of New Hampshire, Bentley University and Southern New Hampshire University.

He is a graduate of Bentley University in Waltham, MA with a BA and MA in Finance and Accounting and was a former practicing CPA.

Bob lives in Portsmouth, New Hampshire with his wife Juli. They have two children, a daughter Morgan who works as a medical professional and Michael who is a student/athlete at the University of Maryland.

“My business philosophy is simple. I focus my clients on building a sound financial foundation for their business. This foundation can only be built with consistent profits that find their way to the company’s Balance Sheet. Having assets available to invest allows a company to take advantage of opportunities their competitors may not be able to. In addition, a solid Balance Sheet provides valuable insurance that a company can survive in bad times – this is extremely important in today’s business climate. You build consistent profits and a good Balance Sheet by paying attention to your core business. Deviation from core business segments can often lead to disappointing results and even disasters. I won’t allow my clients to be in the center of a storm they can’t survive.”



Montville Exhibit B Summary of Lakes Region Water Financial Data 2001-2010

Quick Summary: How Did This Company Get Into Its Current Financial Crisis

Analysis is from 2001 to 2010

Net Water Unility Income	\$	521,437	
Other Income Expense		51,296	
Depreciation		920,299	
Conversion of Income to "Spendable Cash"		<u>1,493,032</u>	
Gross additions to utility plant		(2,937,834)	
Less: CIAC contribution		620,797	
Net additions to utility plant		<u>(2,317,037)</u>	
Negatvie Cash Flow due to Capital Additions	\$		(824,005)
Monies Borrowed to Fund Net Capital Additions			1,377,272
What We Had to Pay back on the Borrowed Funds			
Principal		(906,551)	
Interest		<u>(554,972)</u>	
Total			(1,461,523)
Net Cash Flow from 2001 to 2010			<u>(908,256)</u>
Major "Other Sources" to Fund Negatvie Cash Flow			
Stockholder Investments (net of court fine)		692,591	
Less: Interest and Debt Repayment to Stockholders		<u>(95,511)</u>	
Net Equity Infusion			597,080
Accumulation of Accounts Payable (Vendor Funding)			457,027
Other Net Asset Erosian			<u>(146,401)</u>
Net Cash Increase (Decrease) for Period	\$		(550)
Cash Beginning of Period			<u>4511</u>
Cash End of Period	\$		<u><u>3,961</u></u>

Montville Exhibit B Detail of Lakes Region Water Co., Inc. Financial Data 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
BALANCE SHEET											
ASSETS:											
Utility plant											
Plant (net of depreciation)	1,071,355	1,472,791	1,464,375	1,848,713	2,094,059	2,206,592	2,607,751	3,004,675	3,055,363	3,022,644	
Less: CIAC (net)	(114,922)	(376,665)	(366,189)	(355,732)	(435,494)	(425,055)	(606,094)	(701,480)	(684,569)	(667,658)	
Net utility plant	956,433	1,096,126	1,098,186	1,492,981	1,658,565	1,781,537	2,001,657	2,303,195	2,370,794	2,354,986	
Current assets	114,618	119,643	146,944	148,217	201,802	228,720	195,529	191,636	176,371	209,393	
Deferred debits	7,120	20,839	22,608	15,931	38,711	85,352	50,989	45,969	16,121	86,430	
Net Assets	1,078,171	1,236,608	1,267,738	1,657,129	1,899,078	2,095,609	2,248,175	2,540,800	2,563,286	2,650,809	
LIABILITIES & EQUITY:											
Stockholder equity:											
Capital stock	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Paid in capital	217,650	217,650	217,650	217,650	217,650	217,650	356,390	1,064,829	1,048,043	1,063,879	
Retained earnings	264,941	316,212	331,728	339,871	281,512	303,458	331,574	188,421	51,415	104,222	
Mason note	62,596	103,903	137,467	20,104	72,468	118,307	-	-	-	-	
Total stockholder equity	555,187	647,765	696,845	587,625	581,630	649,415	697,964	1,263,250	1,109,458	1,178,101	
Long-term debt	393,732	456,236	397,625	868,005	1,051,587	1,057,701	1,188,460	920,126	969,063	882,784	
Deferred income taxes	79,814	93,636	104,075	105,511	105,511	105,511	105,511	105,511	105,511	105,511	
Current liabilities	49,438	38,971	69,193	95,988	160,350	282,982	256,240	251,913	379,254	484,413	
Total liabilities & equity	1,078,171	1,236,608	1,267,738	1,657,129	1,899,078	2,095,609	2,248,175	2,540,800	2,563,286	2,650,809	

Montville Exhibit B Detail of Lakes Region Water Co., Inc. Financial Data 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10 year Total
STATEMENT OF OPERATIONS:											
Operating revenues	453,708	485,173	536,250	623,850	601,586	703,426	789,831	814,357	990,964	977,637	6,976,782
Operating expenses	(278,464)	(309,112)	(379,086)	(465,380)	(484,267)	(524,878)	(593,254)	(732,416)	(749,958)	(660,971)	(5,177,786)
Depreciation / amortization	(49,016)	(55,978)	(71,821)	(78,354)	(87,321)	(85,845)	(97,931)	(126,900)	(144,004)	(123,129)	(920,299)
Gains on asset disposition	-	-	-	-	-	-	1,500	13,635	-	-	15,135
Taxes other than income	(22,968)	(25,548)	(30,133)	(22,751)	(31,388)	(26,842)	(27,721)	(36,447)	(44,834)	(51,135)	(319,767)
Income taxes	(14,233)	(14,662)	(4,389)	(3,218)	(2,016)	(1,559)	(2,030)	(2,017)	(2,370)	(6,134)	(52,628)
Net water utility income (loss)	89,027	79,873	50,821	54,147	(3,406)	64,302	70,395	(69,788)	49,798	136,268	521,437
Net other income (expense)	1,203	1,757	1,214	1,418	1,445	2,136	3,103	3,428	3,646	4,542	23,892
Court fine	-	-	-	-	-	-	-	-	(110,000)	-	(110,000)
Interest expense (non mason)	(37,409)	(29,105)	(24,533)	(43,917)	(52,437)	(63,784)	(58,576)	(76,793)	(80,450)	(87,968)	(554,972)
Interst expense - mason	(5,912)	(9,121)	(11,986)	(3,505)	(4,545)	(8,112)	-	-	-	-	(43,181)
Net income (loss)	46,909	43,404	15,516	8,143	(58,943)	(5,458)	14,922	(143,153)	(137,006)	52,842	(162,824)

Montville Exhibit B Detail of Lakes Region Water Co., Inc. Financial Data 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
STATEMENT OF CASH FLOW											
Net water utility income (loss)	89,027	79,873	50,821	54,147	(3,406)	64,302	70,395	(69,788)	49,798	136,268	521,437
Net other income (expense)	1,203	1,757	1,214	1,418	1,445	29,540	3,103	3,428	3,646	4,542	51,296
Depreciation / amortization	49,016	55,978	71,821	78,354	87,321	85,845	97,931	126,900	144,004	123,129	920,299
(Increase)/decrease in current assets	(6,349)	(7,199)	(27,301)	5,415	(10,769)	(77,470)	34,452	2,406	19,636	(34,095)	(101,274)
(Increase)/decrease in deferred debits	(528)	(13,719)	(1,769)	6,677	(22,780)	(46,641)	34,363	5,020	29,848	(70,309)	(79,838)
Increase / (decrease) in current liabilities	14,064	(2,490)	30,222	26,795	64,373	122,632	(26,742)	(4,327)	127,341	105,159	457,027
Increase / (decrease) in deferred income taxes	9,024	13,812	10,439	1,436	-	-	-	-	-	-	34,711
Total from utility operations	155,457	128,012	135,447	174,242	116,184	178,208	213,502	63,639	374,273	264,694	1,803,658
Investing activities:											
Gross additions to utility plant	(105,532)	(465,060)	(72,921)	(473,149)	(342,622)	(208,817)	(457,002)	(493,824)	(211,603)	(107,304)	(2,937,834)
Less: CIAC contribution		269,389	-		90,290	-	152,144	108,974	-		620,797
Net additions to utility plant	(105,532)	(195,671)	(72,921)	(473,149)	(252,332)	(208,817)	(304,858)	(384,850)	(211,603)	(107,304)	(2,317,037)
Financing activities:											
Proceeds from new debt	37,500	141,549	25,000	503,161	266,595	90,668	102,718	23,715	155,065	31,301	1,377,272
Principal payments	(55,730)	(79,145)	(83,611)	(32,781)	(83,013)	(84,554)	(176,230)	(87,778)	(106,128)	(117,581)	(906,551)
Interest payments	(37,409)	(29,105)	(24,533)	(43,917)	(52,437)	(63,784)	(58,576)	(76,793)	(80,450)	(87,968)	(554,972)
Total financing activities	(55,639)	33,299	(83,144)	426,463	131,145	(57,670)	(132,088)	(140,856)	(31,513)	(174,248)	(84,251)
Stockholder activities:											
Paid in capital	-	-	-	-	-	-	343,011	460,581	(16,786)	15,785	802,591
Court fine	-	-	-	-	-	-	-	-	(110,000)	-	(110,000)
Net debt increase / (decrease)	10,263	41,307	33,567	(117,363)	52,364	45,839	(118,307)	-	-	-	(52,330)
Interest payments	(5,912)	(9,121)	(11,986)	(3,505)	(4,545)	(8,112)	-	-	-	-	(43,181)
Total stockholder activities	4,351	32,186	21,581	(120,868)	47,819	37,727	224,704	460,581	(126,786)	15,785	597,080
Net cash increase/(Decrease) for period	(1,363)	(2,174)	963	6,688	42,816	(50,552)	1,260	(1,486)	4,371	(1,073)	(550)
Cash - beginning of period	4,511	3,148	974	1,937	8,625	51,441	889	2,149	663	5,034	4,511
Cash - end of period	3,148	974	1,937	8,625	51,441	889	2,149	663	5,034	3,961	3,961
Simple Percentage Analysis											

Montville Exhibit B Detail of Lakes Region Water Co., Inc. Financial Data 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
DEBT											
Net Utility Plant	\$ 956,433	\$ 1,096,126	\$ 1,098,186	\$ 1,492,981	\$ 1,658,565	\$ 1,781,537	\$ 2,001,657	\$ 2,303,195	\$ 2,370,794	\$ 2,354,986	
Long-Term Debt	\$ 393,732	\$ 456,236	\$ 397,625	\$ 868,005	\$ 1,051,587	\$ 1,057,701	\$ 1,188,460	\$ 920,126	\$ 969,063	\$ 882,784	
Percentage of Net Utility Plant	41.17%	41.62%	36.21%	58.14%	63.40%	59.37%	59.37%	39.95%	40.88%	37.49%	
Equity	\$ 555,187	\$ 647,765	\$ 696,845	\$ 587,625	\$ 581,630	\$ 649,415	\$ 697,964	\$ 1,263,250	\$ 1,109,458	\$ 1,178,101	
Percentage of Net Utility Plant	58.05%	59.10%	63.45%	39.36%	35.07%	36.45%	34.87%	54.85%	46.80%	50.03%	
Rate of Return											
Rate Base Beginning of Period:											
Net Utility Plant	\$ 899,917	956,433	1,096,126	1,098,186	1,492,981	1,658,565	1,781,537	2,001,657	2,303,195	2,370,794	
Deferred income tax	\$ (70,790)	(79,814)	(93,636)	(104,075)	(105,511)	(105,511)	(105,511)	(105,511)	(105,511)	(105,511)	
Total	\$ 829,127	\$ 876,619	\$ 1,002,490	\$ 994,111	\$ 1,387,470	\$ 1,553,054	\$ 1,676,026	\$ 1,896,146	\$ 2,197,684	\$ 2,265,283	
Rate Base End of Period:											
Net Utility Plant	\$ 956,433	\$ 1,096,126	\$ 1,098,186	\$ 1,492,981	\$ 1,658,565	\$ 1,781,537	\$ 2,001,657	\$ 2,303,195	\$ 2,370,794	\$ 2,354,986	
Deferred income tax	\$ (79,814)	\$ (93,636)	\$ (104,075)	\$ (105,511)	\$ (105,511)	\$ (105,511)	\$ (105,511)	\$ (105,511)	\$ (105,511)	\$ (105,511)	
Total	\$ 876,619	\$ 1,002,490	\$ 994,111	\$ 1,387,470	\$ 1,553,054	\$ 1,676,026	\$ 1,896,146	\$ 2,197,684	\$ 2,265,283	\$ 2,249,475	
Simple Rate Base Average ([Beginning + Ending] / 2)	\$ 852,873	\$ 939,555	\$ 998,301	\$ 1,190,791	\$ 1,470,262	\$ 1,614,540	\$ 1,786,086	\$ 2,046,915	\$ 2,231,484	\$ 2,257,379	
Net water utility income (loss)	\$ 89,027	\$ 79,873	\$ 50,821	\$ 54,147	\$ (3,406)	\$ 64,302	\$ 70,395	\$ (69,788)	\$ 49,798	\$ 136,268	
Rate of Return: income (loss) divided by rate base average	10.44%	8.50%	5.09%	4.55%	-0.23%	3.98%	3.94%	-3.41%	2.23%	6.04%	

Data Source

National Association of Water Companies
Washington, DC

2008

Financial & Operating Data
for Investor-Owned Water Companies
Economic Research Program

	Rate Case Data Authorized % Equity Return Last Rate Case	Operating Revenue	# of Employees
Aqua Ohio	21.9%	\$ 40,128,910	94
Aqua Penn	11.0%	321,563,717	539
Aquarion Connecticut	10.0%	132,635,624	270
Aquarion Massachusetts	10.5%	12,247,102	24
Aquarion New Hampshire	9.5%	4,876,269	12
Arizona American	6.5%	74,277,613	193
Baton Rouge	12.5%	41,605,623	228
California American	10.2%	129,041,952	273
Chaparral City	11.0%	7,471,697	17
College Utility Corp	10.7%	2,338,169	6
Golden Heart Utilities	10.7%	6,828,068	16
Golden State	10.2%	238,134,354	569
Illinois American	10.4%	183,457,342	482
Indiana American	10.0%	156,401,128	336
Iowa American	10.4%	26,778,691	68
Kentucky American	10.0%	60,085,606	140
Maryland American	10.5%	3,802,565	10
Missouri American	10.0%	181,050,984	731
New Jersey American	10.3%	513,276,549	888
New Mexico American	9.7%	9,780,973	24
Newtown Artesian	0.0%	4,601,216	12
Ohio American	10.9%	32,895,824	113
San Jose Water Company	10.1%	207,118,813	342
Suburban Water Systems	10.0%	52,346,819	112
Texas American	12.0%	3,142,439	13
United Arkansas	6.1%	8,842,850	41
United Connecticut	8.5%	4,009,291	12
United Delaware	10.8%	22,127,816	53
United Idaho	10.3%	37,871,949	94
United New Jersey	10.3%	149,454,183	362
United New York	9.6%	56,918,029	104
United Owego	10.0%	1,188,779	5
United Pennsylvania	9.0%	30,405,508	93
United Rhode Island	10.4%	2,873,558	10
United Toms River	10.0%	16,983,198	50
United West Chester	9.6%	11,390,205	0
York Water Compnay	10.0%	32,837,478	110