

HAMPSTEAD AREA
WATER COMPANY, INC

ORIGINAL
 54 SAWYER AVENUE, ATKINSON, NH 03811
 N.H.P.U.C. REG. NO. TEL: 603.362.4299 FAX: 603.362.4936
 www.hampsteadwater.com
 Exhibit No. DW 12-170 #1
 Witness Panel
 DO NOT REMOVE FROM FILE

July 25, 2012



Debra Howland
 Executive Director & Secretary
 Public Utilities Commission
 21 S. Fruit Street, Suite 10
 Concord, N. H. 03301-2429

Re: General Rate Case Filing - Hampstead Area Water Company, Inc.

Dear Ms. Howland:

On behalf of Hampstead Area Water Company ("HAWC" or "Company") enclosed is the original and six copies of the Company's rate filing in DW 12-170 along with a computer disk containing a pdf copy of the enclosed documents. Additionally, a copy has been sent to the Consumer Advocate.

The rate filing includes the following:

- (1) Introductory letter
- (2) Report of proposed changes
- (3) Proposed Tariff Rate Page
- (4) Direct Testimony of Harold Morse
- (5) Direct testimony of Stephen P. St. Cyr
- (6) Exhibits (including adjustments)
- (7) Proposed statement to be transmitted to each customer
- (8) Responses to NHPUC 1604.01 requirements
- (9) An attestation by John Sullivan regarding the rate filing being an accurate reflection of Company's books

The Company believes that it has met the rate filing requirements. It is our understanding that the Commissioners will schedule a prehearing conference to consider motions for intervention and a procedural schedule. The Company anticipates being able to discuss and resolve any issues that may arise during the proceedings. If the Commissioners and/or its Staff have any questions, please contact me at 603-362-5333.

Very truly yours,

Robert C. Levine, Esq.
 General Counsel

RCL/ja

cc: HAWC
 Stephen P. St. Cyr

New Hampshire Public Utilities Commission

Hampstead Area Water Company

DW 12-170

Testimony, Exhibits and

Other Rate Case Requirements

New Hampshire Public Utilities Commission

Hampstead Area Water Company

DW 12-170

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- (9) Responses to 1604.01 Requirements
- (10) Attestation

STATE OF NEW HAMPSHIRE
THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
HAMPSTEAD AREA WATER COMPANY, INC
DW 12-170
PETITION FOR APPROVAL PERMANENT RATES

The Petitioner, Hampstead Area Water Company, Inc. (HAWC), respectfully petitions the N.H. Public Utilities Commission (Commission) for approval of permanent rates. In support of this Petition, HAWC says:

1. HAWC is presently franchised in most areas of Hampstead and Atkinson, New Hampshire, and has franchised satellite systems in various towns in Rockingham County (see Schedule A, attached). HAWC has been granted a system wide, consolidated rate in Docket DW-05-112, by Order No. 24,734. The last general rate case filing by the Company was approved in Docket 08-065 by Order No. 25,000.
2. That HAWC has made a number of strides over the last eight years in response to its customers' needs, and the Company's goals in conjunction with the Public Utilities Commission (PUC) and the Department of Environmental Services (DES). HAWC has achieved improvements in the areas of its water supply, its water quality, its water pressure, leak detection, and water loss control.
3. The Company has also added to its infrastructure making several large capital improvements. Financially, the Company has restructured its affiliate arrangement and restructured its debt and equity structure. The Company has made changes to improve its cash flow and accomplished moderate growth to its customer base. (See Testimony of Harold J. Morse, Exhibit 1).

4. That HAWC is proposing an increase in revenue by \$101,774.00, a 6.99% increase. This would result in average annual revenue of \$512.57 on a per customer basis.
5. That the current rates do not allow HAWC to meet its anticipated operation expenses and earn its proposed rate of return.
6. That in support of its request for a rate increase, the Company provides the following information, as more completely detailed in the Pre-Filed Testimony of Stephen P. St. Cyr, and the Financial Exhibits attached thereto. The Company placed wells, pumphouse, and other equipment in service in June 2011 in its Settler Ridge Water System. The 2011 test year does not reflect operating and maintenance expenses associated with a full year of operation.
7. The Company acquired the assets of the Fairfield Water System in the 1st quarter 2012. The 2011 test year does not reflect any operating and maintenance expenses related to this system.
8. Company has been involved in an ongoing effort to reduce water loss. The 2011 test year reflects some expenses related to water loss, but does not reflect the anticipate increase in expenses to match the Company increased effort to further reduce water loss.
9. The net of the adjustments to the capital structure and the adjustments to the cost rates results in a proposed rate of return of 4.97%. As such, the proposed rate of return of 4.97%, when multiplied by the pro forma rate base of \$5,008,787, results in an operating income requirement of \$248,751. The Company's proposed increase of its revenue by \$59,021 is necessary in order to allow the Company to recover its expenses and to earn a fair and reasonable return on its investment.

10. The Company is also requesting a step increase of \$42,723. In 2011 the Company sought and received approval from both the DES and PUC to borrow state revolving funds to replace service lines. Also, in 2011, the Company sought and received approval from the PUC to borrow funds to make various system improvements. Among the various system improvements, the Company plans to replace 2 wells, various pumps, filters, mains, meters and a vehicle. This work is planned for 2012. This step increase would allow the Company to recover its investment in plant and reflect such costs in revenue and rates.
11. That the Company is requesting a permanent revenue increase of \$59,021, effective July 1, 2012 and a step increase of \$42,723 effective upon completion of the work anticipated on September 30, 2013. The average annual amount for a general customer will increase from \$479.09 to \$512.57, an increase of \$33.48, which results in a 6.99% proposed rate increase.
12. That the Company has applied the proposed rate increase to all its metered customers. In order to assist in cash flow, the Company is requesting to adjust its rate structure by increasing its base rate as proposed. (See Proposed Tariff Rate Change Page, Exhibit 3). The Company is not proposing to change its fire protection rates.
13. That the Company requests that its existing rate be used for consideration as temporary rates in this filing effective as of July 1, 2012.
14. That, in summary, the Company is requesting a permanent revenue increase of \$59,021, effective July 1, 2012. The permanent revenue increase of \$59,021 enables the Company to earn a proposed 4.97% rate of return on its investment, reflected in a proforma rate base of \$5,008,787. Also, the Company is requesting a step increase of \$42,723, effective upon completion of the work anticipated on September 30, 2013. The step

increase of \$42,723 enables the Company to earn a proposed 4.55% rate of return on its investment, reflected in a projected rate base of \$386,569. The average annual amount for a general customer will increase from \$479.09 to \$512.57, an increase of \$33.48 or 6.99%.

15. It would be in the public good for HAWC to have an increase in rate established. HAWC provides the following in support:

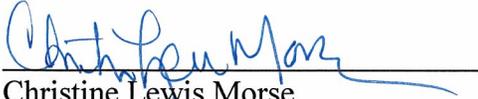
- A. The rate filing schedules are attached in the Financial Exhibits (submitted collectively and attached to the Pre-Filed Testimony of Stephen P. St. Cyr). As can be seen by the Pre-Filed Testimony of Stephen P. St Cyr and the attached Exhibits, the rate increase is warranted due to the need for increased revenue.
- B. HAWC is requesting this system wide permanent rate increase be effective as of July 1, 2012.
- C. For all the reasons set out hereinabove, it would be in the public good for HAWC to have a new system wide rate increase.

WHEREFORE your Petitioner prays:

- A. That the Commission find that it would be in the public good for the HAWC to be permitted to charge the system wide rate increase as proposed;
- B. That the Commission, by appropriate order, grant the HAWC permission to charge the system wide permanent rate increase as proposed, effective July 1, 2012.
- C. That the Commission make such further findings and orders as may be appropriate on the circumstances.

Dated the 24th day of July, 2012

Respectfully submitted,
HAMPSTEAD AREA WATER COMPANY, INC.



Christine Lewis Morse
Vice President

Schedule A

HAWC System History

| Company | Year | Docket | Order | Franchise Area |
|------------------------------------|------|------------|--------|-----------------------------------|
| Walnut Ridge Water Company | 1977 | DE 76-179 | 12,827 | 1,826 Acres |
| Lancaster Farms-Salem | 1984 | DR 84-267 | 17,312 | 144 Acres |
| Bricketts Mill-Hampstead | 1985 | DE 85-149 | 17,848 | 80 Acres |
| Squire Ridge-Hampstead | 1985 | DE 85-274 | 17,967 | 140 Acres |
| Kent Farm-Hampstead | 1987 | DE 86-198 | 18,560 | 1,700 Acres |
| Kent Farm-Hampstead | 1987 | DE 86-198 | 18,598 | Supp Order |
| Woodland Pond-Hampstead | 1987 | DE 87-211 | 18,980 | 701 Acres |
| Bryant Woods-Atkinson | 1988 | DE 87-226 | 19,230 | 2,340 Acres |
| Hampstead Area Water Company | 1989 | DE 89-047 | 19,717 | Hampstead Merger* |
| Hampstead Area Water Company | 1989 | DE 89-047 | 19,751 | 1,650 Bryant Woods Merger** |
| Walnut Ridge Water Company | 1990 | DE 90-129 | 19,992 | 55 Acres |
| HAWC-Bricketts Mill Extension | 1990 | DE 90-049 | 19,783 | 1,246 Acres |
| HAWC-Hampstead | 1991 | DE 91-121 | 20,224 | 1,350 Acres |
| HAWC-Hampstead | 1991 | DE 91-144 | 20,320 | 370 Acres |
| HAWC-Rainbow Ridge-Plaistow | 1993 | DE 92-129 | 20,774 | 152 Acres |
| HAWC-Stoneford-Sandown | 1996 | DE 96-201 | 22,551 | 3,483 Acres |
| HAWC-Colby Pond-Danville | 1998 | DE 97-154 | 22,854 | 177 Acres |
| HAWC-Oak Hill-Chester | 2000 | DW 00-059 | 23,577 | |
| HAWC-Walnut Ridge & Lancaster | 2002 | DW 01-204 | 23,954 | Atkinson Merger*** |
| HAWC-Camelot Court- Nottingham | 2004 | DW 02-198 | 24,296 | 44 Acres |
| HAWC-Cornerstone-Sandown | 2004 | DW 02-198 | 24,296 | 188 Acres |
| HAWC-Lamplighter-Kingston | 2004 | DW 02-198 | 24,296 | 13.66 Acres |
| HAWC-Maplevale-East Kingston | 2004 | DW 03-150 | 24,299 | 107 Acres |
| HAWC-Dearborn Ridge-Atkinson | 2005 | DW 04-055 | 24,501 | 541 Acres |
| HAWC-Hampstead Expansion | 2005 | DW 04-062 | 24,520 | 238 Acres |
| HAWC-Mill Woods-Sandown | 2005 | DW 05-063 | 24,544 | 35 Acres |
| HAWC-Waterford Village- Sandown | 2005 | DW 05-070 | 24,545 | 90.37 Acres |
| HAWC-Atkinson Expansion | 2005 | DW 05-092 | 24,592 | 333 Acres |
| HAWC-Autumn Hills-Sandown | 2006 | DW 06-016- | 24,608 | 33.68 Acres |
| HAWC - Cooper Grove-Kingston | 2008 | DW-07-133 | 24,831 | 211 Acres |
| HAWC - Black Rocks Village | 2008 | DW-07-134 | 24,856 | 391 Acres |
| HAWC – Sargent Woods | 2008 | DW-07-130 | 24,884 | 65.97 Acres |
| HAWC – Oak Hill Extension | 2010 | DW-10-204 | 25,166 | 27.851 Acres |
| HAWC – Fairfield Estates | 2011 | DW-11-218 | 25,318 | 21.97 Acres |

*Merged Bricketts Mill, Kent Farm, Squire Ridge and Woodland Pond into HAWC

**Merged Bryant Woods into Walnut Ridge with requirement that the Bryant Woods rates apply

***Merged Lancaster Farms and Walnut Ridge into HAWC

**Hampstead Area Water Company
New Hampshire Public Utilities Commission
DW 12-170**

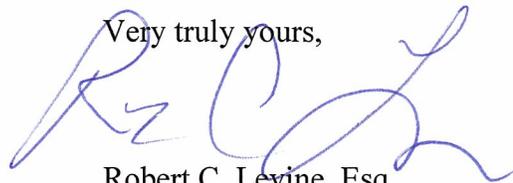
Introductory Letter

Hampstead Area Water Company (“HAWC” or “Company”) respectfully requests that the Commissioners accept this filing in support of its request for an increase in the water rate that the Company charges its customers. If the rate filing is accepted as submitted, the Company would have a permanent revenue increase of \$59,021, effective July 1, 2012. The permanent revenue increase of \$59,021 enables the Company to earn a proposed 4.97% rate of return on its investment, reflected in a proforma rate base of \$5,008,787. Also, the Company is requesting a step increase of \$42,723, effective upon completion of the work anticipated on September 30, 2013. The step increase of \$42,723 enables the Company to earn a proposed 4.55% rate of return on its investment, reflected in a projected rate base of \$386,569. The average annual amount for a general customer will increase from \$479.09 to \$512.57, an increase of \$33.48 or 6.99%. At December 31, 2011 the Company had 3,039 customers.

In part due to capital investments in its Settlers Ridge Water System, the acquisition of the Fairfield Water System and increased effort to reduce water loss, the Company anticipates an increase in expenses beyond what is reflected in test year expenses. The Company has made a few proforma adjustments in its filing. The proforma adjustments are an attempt to adjust test year revenue and expenses to what the Company believes such revenue and expenses need to be in order for the Company to recover its costs and to earn a fair and reasonable return on its investment. The Company is requesting that the proposed rate be effective for service rendered commencing July 1, 2012. The Company requests that its existing rate be used for consideration as temporary rates in this filing effective as of July 1, 2012.

With respect to the specific rate filing and its exhibits and supporting schedules, we have engaged the services of Stephen P. St. Cyr of St. Cyr & Associates to prepare the rate filing and exhibits, and to draft and present testimony on the merits of the case. Enclosed is his testimony, the exhibits and supporting schedules, the Testimony of Harold J. Morse, President of Hampstead Area Water Company, Inc., and the other rate filing requirements.

Very truly yours,



Robert C. Levine, Esq.
General Counsel

Hampstead Area Water Company

Calculation of Rates

| | |
|---|---------------------|
| Total Revenue Requirement | \$1,663,055.00 |
| Less: Fire Protection Revenue | -\$36,223.00 |
| Less: Other Water Revenues | <u>-\$69,137.00</u> |
| Total Revenue Requirement for General Customers | \$1,557,695.00 |

Revenue Requirement from Base Rate:

| | # of meters | Existing Annual Amount | Proposed Percent Increase | Proposed Annual Amount | Total | |
|--------------------------------------|----------------|------------------------------|---------------------------------|------------------------------|---------------------|--------|
| 5/8 | 3,030 | \$120.00 | 6.99% | \$128.40 | \$389,052.00 | |
| 3/4 | 0 | \$240.00 | 6.99% | \$256.56 | \$0.00 | |
| 1 | 58 | \$360.00 | 6.99% | \$385.20 | \$22,341.60 | |
| 1 1/2 | 2 | \$720.00 | 6.99% | \$770.28 | \$1,540.56 | |
| 2 | 2 | \$1,200.00 | 6.99% | \$1,283.88 | \$2,567.76 | |
| Revenue Requirement from Base Rate | | | | | <u>\$415,501.92</u> | 26.67% |
| Revenue Requirement from Consumption | | | | | \$1,142,193 | 73.33% |
| 2011 Consumption per 100 cubic feet | | | | | 225,352 | |
| Consumption rate per 100 cubic feet | | | | | \$5.07 | |

GENERAL SERVICE - METERED

RATE SCHEDULE – "GM"

AVAILABILITY:

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

| | |
|--------------------|--|
| Town of Atkinson: | Atkinson Core System (Walnut Ridge) |
| Atkinson: | Dearborn Ridge |
| Chester: | Oak Hill |
| Danville: | Colby Pond |
| East Kingston: | Cricket Hill/Maplevale |
| Fremont | Black Rocks Village |
| Town of Hampstead: | Hampstead Core System |
| Kingston: | Lamplighter Estates, Coopers Grove |
| Newton | Sargent Woods |
| Nottingham: | Camelot Court |
| Plaistow: | Rainbow Ridge |
| Salem: | Lancaster Farm |
| Sandown: | Stoneford, Autumn Hills, Fairfield Estates, Mills Woods, Waterford Village |
| Sandown/Fremont: | Cornerstone 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. 5/8 inch meter | \$10.70 |
| ii. 3/4 inch meter | \$21.38 |
| iii. 1 inch meter | \$32.10 |
| iv. 1 1/2 inch meter | \$64.19 |
| v. 2 inch meter | \$106.99 |

All Consumption - \$5.07 per 100 cubic feet

TERMS OF PAYMENT:

Bills under this rate are net and will be rendered quarterly and are due and payable upon presentation. All accounts Twenty Five (25) days past due will be assessed a late fee of Ten Dollars (\$10.00) at the discretion of the Company.

Authorized by NHPUC Order # _____ in Docket DW-12-170

Issued _____

Issued by: _____

Effective: _____

Christine Lewis Morse
Vice President

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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
RE: HAMPSTEAD AREA WATER COMPANY, INC.
DW-12-170
PETITION FOR APPROVAL PERMANENT RATES
PRE-FILED TESTIMONY OF HAROLD MORSE

Q. Please state your name, address, and position with Hampstead Area Water Company, Inc.

A. My name is Harold Morse. My business address is 54 Sawyer Avenue, Atkinson, New Hampshire. I am the President of Hampstead Area Water Company, Inc., which we refer to as "HAWC".

Q. Describe the overall history of HAWC?

A. HAWC received its first franchise in 1977 and is presently franchised in most areas of Hampstead and Atkinson, New Hampshire, and has franchised satellite systems in various towns in Rockingham County (see Schedule A, attached to the Petition). HAWC is a New Hampshire corporation, authorized by this Commission to produce and distribute water within the Company's authorized franchise areas throughout southeastern New Hampshire.

Q. Can you describe the Company evolution over the past eight years?

A. The Company has evolved in a number of ways over the last eight years in response to its customers' needs, and the Company's goals in conjunction with the Public Utilities Commission (PUC) and the Department of Environmental

1 Services (DES).

2 Q. Can you enumerate those for the Commission?

3 A. HAWC has achieved improvements in the stability of its water supply, its water
4 quality, its water pressure, while also addressing its and water loss control. The
5 Company has also added to its infrastructure making several large capital
6 improvements. Financially, the Company as restructured its affiliate arrangement
7 and restructuring its debt and equity structure. The Company has made changes
8 to improve its cash flow and accomplished moderate growth to its customer base.

9 Q. How has the Company improved its water supply and water pressure?

10 A. HAWC improved it water supply by adding well fields which were identified by
11 the large groundwater study HAWC commissioned in coordination with the DES.
12 The resulting wells provided 244 gals/min in additional capacity to the core
13 system. Of the 244 gals/min, 204 gals/min are currently connected to the system.
14 In addition to the large groundwater study, HAWC has rehabilitated and re-
15 permitted various sources in both its satellite systems as well as the Core System.
16 HAWC also constructed a 500,000 elevated water storage tank in Hampstead,
17 providing for additional storage capacity and pressure stability for the Core
18 System. HAWC continues to implement water quality pursuant to DES
19 regulations with comprehensive testing and the installation of appropriate
20 treatment measures where necessary. In order to assure adequate pressure within
21 the various systems HAWC, through its capital improvements planning, identifies
22 repairs and replaces pumps and pumping equipment throughout its systems, as
23 needed.

1 Q. What has the Company done regarding water loss?

2 A. HAWC has improved its ability to detect leaks by implementing a monthly billing
3 system. This allows for a monthly analysis to be performed on water loss and
4 helps to identify discrepancies in water usage allowing for quicker investigation
5 and repairs. HAWC is also identifying and repairing service connections,
6 distribution mains, and valves as an ongoing program of water loss prevention. In
7 an effort to expand this program HAWC recently contracted with a leak detection
8 specialist. The results from that program have been very beneficial, recovering
9 various leakage throughout the Atkinson Core System. HAWC is also currently
10 replacing service lines from the water mains to the customers shut off valve under
11 SRF funding through the NHDES. The Company repairs all leaks as they are
12 identified.

13 Q. What has HAWC accomplished for capital improvements?

14 A. One of the largest projects HAWC has accomplished recently is the
15 interconnection of its two largest systems in Atkinson and Hampstead, joining
16 these systems together. This allows HAWC to share the assets of each respective
17 system across the combined system, thereby adding additional stability,
18 redundancy, and capacity to its core system. HAWC yearly reviews its capital
19 improvement needs and utilizes SRF financing through DES to implement the
20 same.

21 Q. What did the company do to address concerns Staff had regarding its affiliate
22 arrangement with Lewis Builders Development, Inc. (Lewis)?

23 A. HAWC, in collaboration with Staff of the PUC, was able to implement an affiliate

1 arrangement in regards to work done by Lewis to the benefit of each company and
2 HAWC'S customer base. HAWC formalized the arrangement through a
3 management agreement as well as a protocol between the companies concerning
4 systems built by Lewis as developer which HAWC took over and operated.

5 Q. What has HAWC done regarding its financial structure?

6 A. HAWC refinanced its affiliated intercompany debt with TD Bank, eliminating
7 affiliate intercompany debt and restructured its equity position. This enabled
8 HAWC to achieve financial flexibility in its operations. The Company also went
9 to a system wide consolidated rate and the aforementioned monthly billing, as
10 well as implementing a formalized program for addressing rate case filings on a
11 timely basis, all of which has helped to stabilize cash flow.

12 Q. How has the Company grown?

13 A. HAWC has been slowly growing its customer base by adding service connections
14 along its core systems and expanding additional satellite systems. These have
15 come from developments constructed by Lewis, as well as those constructed by
16 outside developers. The Oak Hill expansion and the addition of the Fairfield
17 Estates system are two most recent expansions. HAWC also has added additional
18 customers along its interconnection mains and existing mains, thus adding to its
19 customer base.

20 Q. Does this conclude your testimony?

21 A. Yes.

2 **STATE OF NEW HAMPSHIRE**

3 **PUBLIC UTILITIES COMMISSION**

4 **RE: HAMPSTEAD AREA WATER COMPANY, INC.**

5 **DW-12-170**

6 **Q. PETITION FOR APPROVAL PERMANENT RATES**

7 **PRE-FILED TESTIMONY OF STEPHEN P. ST. CYR**

8 Q. Please state your name and address.

9 A. Stephen P. St. Cyr of Stephen P. St. Cyr & Associates, 17 Sky Oaks Drive,
10 Biddeford, Me. 04005.

11 Q. Please state your present employment position and summarize your professional
12 and educational background.

13 A. I am presently employed by St. Cyr & Associates, which primarily provides
14 accounting, management, regulatory and tax services. The Company devotes a
15 significant portion of the practice to serving utilities. The Company has a number
16 of regulated water and sewer utilities among its cliental. I have prepared and
17 presented a number of rate case filings before the New Hampshire Public Utilities
18 Commission ("PUC"). Prior to establishing St. Cyr & Associates, I worked in the
19 utility industry for 16 years, holding various managerial accounting and
20 regulatory positions. I have a Business Administration degree with a
21 concentration in accounting from Northeastern University in Boston, MA. I

1 obtained my CPA certificate in Maryland.

2 Q. Is St. Cyr & Associates presently providing services to Hampstead Area Water
3 Company (Company)?

4 A. Yes. St. Cyr & Associates assists the Company in its year end closing and
5 preparation of financial statement and tax returns. St. Cyr & Associates assists
6 the Company in various regulatory filings including expansion of its franchise,
7 financing of construction projects and adjusting rates. It has been engaged to
8 prepare the various revenue / rates exhibits, supporting schedules and written
9 testimony.

10 Q. What is the purpose of your testimony?

11 A. The purpose of my testimony is to support the Company's efforts to increase rates
12 to its customers so as to reflect in rates its 2012 additions to plant and its 2011
13 expenses adjusted for known and measurable changes.

14 Q. Does the Company have PUC approval of the financing for the 2012 additions?

15 A. Yes. On October 8, 2011 the Company filed a petition with the Commission
16 seeking authority to borrow up to \$180,000 in long term debt. The Company
17 proposed to borrow from the State Revolving Loan Fund ("SRF"). The purpose
18 of the proposed financing is to replace 100 service lines in its core system within
19 the Town of Atkinson. On December 8, 2011 the PUC approved the borrowing of
20 SRF in Order #25,299. The Company started the replacement project in June
21 2012 and expects to complete it in October 2012.

1 Also, On August 31, 2011 the Company filed a petition with the PUC requesting
2 PUC approval to finance various 2011 capital additions including replacing
3 meters, mains, services, pumps, media, filters, etc. Funding was provided by its
4 affiliated company, LBDI. On January 10, 2012 the PUC approved the borrowing
5 from LBDI in Order # 25,316. Funding from this financing will be used for the
6 2012 additions.

7 Q. How do the SRF and LBDI financings impact this rate filing?

8 A. The Company has proformed the impact of the 2012 SRF and LBDI financings
9 into the rate filing as a step adjustment. The step adjustment is shown on
10 schedule 6 and will be discussed later in my testimony.

11 Q. Is there anything that you would like to discuss before you continue your
12 testimony?

13 A. Yes. A number of the expense proforma adjustments are related to the Settlers
14 Ridge additions, the Fairfield Water System, and DES recommendations. I would
15 like to discuss those events first.

16 **Settlers Ridge Water System**

17 On September 10, 2010 HAWC filed a petition seeking authority to borrow
18 \$536,505 in long term debt from its affiliate, Lewis Builders Development, Inc.
19 (“LBDI”). HAWC used the proceeds of the financing to acquire four wells and
20 construct a pump house and other equipment in order to provide service from
21 these new wells. The PUC approved the acquisition of assets and the financing in

1 order no. 25,195 dated February 18, 2011. The wells, pumphouse, and other
2 equipment went into service in June 2011. The test year reflected only 6 or 7
3 months of related expenses.

4 **Fairfield Water System**

5 On September 26, 2011 the Company filed a petition for authority to provide
6 water service in a fifteen-unit residential development located on Fairfield Lane in
7 the Town of Sandown. The Fairfield Homeowners Association requested that
8 HAWC acquire and operate its existing system. The original costs of the water
9 system are \$70,055 and HAWC will record that amount as a Contribution in Aid
10 of Construction (“CIAC”). On January 18, 2012 the PUC approved the
11 acquisition of assets, the expansion of the franchise area and the charging of
12 existing rates. The acquisition of the asset took place during the 1st quarter 2012.
13 The test year does not reflect any operating and maintenance expenses related to
14 this system.

15 **DES recommendations regarding water loss**

16 The Company has been involved in an ongoing effort to reduce water loss. While
17 the Company has made progress, it needs to make further progress and expend
18 funds to do so. During 2011 DES made specific recommendations to assist
19 HAWC with reducing water loss and achieving compliance. The specific
20 recommendations pertained to source meters, service meters, water accounting,
21 leak detection, and pressure management. While there are some expenses related

1 to water loss in the test year, the Company expects to increase its effort and, as a
2 result, increase its expenses.

3 Q. Is there anything else that you would like to address before you address the rate
4 filing and the rate schedules?

5 A. No.

6 Q. Are you familiar with the pending rate application of the Company and with the
7 various exhibits submitted as Schedules 1 through 7 inclusive, with related pages
8 and attachments?

9 A. Yes, I am. The exhibits were prepared by me, utilizing the financial records of
10 the Company with the assistance of Company personnel.

11 Q. What is the test year that the Company is using in this filing?

12 A. The Company is utilizing the twelve months ended December 31, 2011.

13 Q. Would you summarize the schedule entitled AComputation of Revenue
14 Deficiency for the Test Year ended December 31, 2011?

15 A. Yes. This schedule summarizes the supporting schedules. The actual revenue
16 deficiency for the test period amounts to (\$3,301). It is based upon a 5 quarter
17 average balance for 2011 of \$4,625,212 as summarized in Schedule 3. The
18 Company is utilizing its actual rate of return of 5.44% for the actual test year.
19 The actual rate of return of 5.44% when multiplied by the rate base of \$4,625,212,
20 results in an operating income requirement of \$251,493. As shown on Schedule
21 1, the actual net operating income for the test period was \$254,794. The

1 operating income requirement less the net operating income results in an
2 operating income deficiency of (\$3,301). The tax effect on the operating income
3 deficiency is \$0, resulting in a revenue deficiency of (\$3,301).

4 The proforma revenue deficiency for the test year amounts to \$0. The Company
5 made various adjustments to its rate base, mostly related to adjusting the 5 quarter
6 average balances to 2011 year end balances. The Company adjusted the rate of
7 return to reflect its proforma capital structure, its proforma cost of debt, and a
8 10.75% cost of equity. The net of the adjustments to the capital structure and the
9 adjustments to the cost rates results in a rate of return of 4.97%. As such, the rate
10 of return of 4.97%, when multiplied by the rate base of \$5,008,787, results in an
11 operating income requirement of \$248,751. The Company increased its revenue
12 by \$59,021 in order to allow the Company to recover its expenses and to earn a
13 fair and reasonable return on its investment.

14 Q. Would you please summarize Schedule 1, AStatement of Income,@ for the twelve
15 months ended December 31, 2011?

16 A. The first column (column b) of Schedule 1 shows the actual operating results of
17 the Company from January 1, 2011 through December 31, 2011. The Company
18 has filed its 2011 NHPUC Annual Report, which further supports the rate filing.
19 During the twelve months ended December 31, 2011, the Company operating
20 revenues amounted to \$1,561,311, a decrease of \$100,417, or 6%. The decrease
21 in operating revenue in 2011 was due to the recovery of rate case expenditures in

1 2010. The decrease was partially offset by an increase in revenue from metered
2 sales to general customers. The increase in revenue from metered sales to general
3 customers is due to an increase in the number of customers, partially offset by a
4 decrease in the amount of water consumed. The Company customer base has
5 remained stable. The Company had 3,039 customers at December 31, 2011.

6 The Company's operating expenses consists of operation and maintenance
7 expenses, depreciation and amortization expenses, and taxes. Total 2011
8 operating expenses amounted to \$1,306,517, a decrease of \$9,314 or .7%.

9 Operation and maintenance expenses decreased \$53,971, primarily due to
10 decreases in regulatory expenses, purchased power and customer accounts. The
11 Company has also experienced increases in depreciation expenses and taxes other
12 than income taxes.

13 The Company's net operating income amounted to \$254,794.

14 The Company reviewed a number of expense accounts in its preparation of the
15 rate filing. In its review, the Company determined that certain expenses needed to
16 be adjusted in order to reflect what would be considered normal and reoccurring.

17 Q. Please explain each of the proforma adjustments made to revenue as shown on
18 Schedule 1, in the second column (column c) and further supported on Schedule
19 1A.

20 A. The Company made three proforma adjustments to revenue.

21 Operating Revenues

1 1. Rate Case Surcharge

2 During 2011 the Company recovered a small amount of rate case expenditures
3 approved by the PUC. As such, the Company is eliminating the recovery of such
4 expenditures.

5 2. Fairfield Customers

6 As explained earlier, in 2012, the Company completed the purchase of the
7 Fairfield water system. The Company began charging Fairfield customers for
8 water on March 26, 2012. There are no revenues associated with Fairfield
9 customers in the test year. As such, the Company applied the annual system
10 average to the 15 customers and adjusted revenue by \$7,186 (15 x \$479.09)

11 3. Revenue

12 The proforma adjustment to revenue represents the additional revenue of \$52,343
13 needed to recover the increase in its expenses and to earn a reasonable return on
14 its rate base.

15 The total proforma adjustment to revenue amounts to \$59,021.

16 Q. Did the Company make any proforma adjustments to expenses?

17 A. Yes. The Company made a number of proforma adjustments to expenses as
18 follows:

19 Operating and Maintenance Expenses

20 Again, as explained earlier, in 2011 the Company purchased the wells,
21 pumphouse and other equipment at Settlers Ridge, and in 2012, the Company

1 completed the purchase of the Fairfield water systems. Expenses associated with
2 these “new water systems” are either partially reflected or not reflected in 2011
3 test year expenses. As such, management has used its judgment to estimate
4 various increases and reflected such increases as proforma adjustments to
5 operating and maintenance expenses. The specific proforma adjustments are #s,
6 4, 5, 6, 7, 8, and 13.

7 Also, as explained earlier, during 2011 DES made specific recommendations to
8 assist HAWC with reducing water loss and achieving compliance. Expenses
9 associated with the DES recommendations are not fully reflected in 2011 test year
10 expenses. As such, management has used its judgment to estimate various
11 increases and reflected such increases as proforma adjustments to operating and
12 maintenance expenses. The specific proforma adjustments are #s, 9, 10, 11, 12
13 and 13.

14 Unrelated to Settlers Ridge, Fairfield or the DES recommendations, the Company
15 made a few other adjustments related to regulatory commission expenses, outside
16 services and miscellaneous expenses. Adjustment 14 adjusts regulatory expenses
17 for (\$508). The adjustment corresponds to the adjustment 1. Adjustment 15
18 adjusts outside services for anticipated expenses incurred during the PUC audit of
19 the test year. The Company anticipates incurring \$3,000 and proposes to reflect
20 \$1,000 in the test year, essentially recovering the audit related expenses over a 3
21 year period. Adjustment 16 adjusts miscellaneous expenses. During the test year

1 the Company's miscellaneous expenses amounted to (\$259) due to cash discounts
2 and other miscellaneous items. The adjustment of \$500 restores the test year
3 expense to a minimal amount of \$241.

4 The total proforma adjustment to operating and maintenance expenses amounts to
5 \$50,492.

6 Depreciation Expenses

7 In 2011 the Company recorded \$16,932 of depreciation expense on 2011
8 additions to plant. This amount represents a half year depreciation on such assets.
9 Adjustment 17 represents a half year depreciation so that the test year can fully
10 reflect depreciation on the 2011 additions.

11 Amortization of CIAC

12 In 2011 the Company recorded (\$303) of amortization of CIAC on 2011
13 contributions. This amount represents a half year amortization on such
14 contributions. Adjustment 18 represents a half year amortization of CIAC so that
15 the test year can fully reflect amortization of CIAC on the 2011 contributions.

16 Amortization Expenses – 2008 Ice Storm

17 In 2011 the Company recorded \$7,625 of amortization expense related to the
18 2008 ice storm. In July 2012 the Company expects to complete the recovery of
19 the 2008 ice storm costs. As such, the Company is eliminating the \$7,625.

20 Amortization Expense – 2011 System Evaluation

21 In 2011 the Company undertook a project to provide water to affected

1 homeowners in the area of the Beede Superfund Site. HAWC and Beede
2 representatives worked closely to provide an extension of the Rainbow Ridge
3 Water system. However, the Beede group found an alternative source of water
4 that was in closer proximity and the evaluation came to an end. The Company
5 incurred \$16,786 in evaluating the project. The costs associated with the
6 Rainbow Ridge Water System extension project were relative to planning and
7 meeting with the Beede Superfund Group. These costs included meeting with
8 various engineers and project representatives, drafting proposals and contracts,
9 and preparing surveyed plans and details. Such costs were prudently incurred and
10 should be recovered. As such, the Company proposed to recover \$16,786 over 3
11 years and has made an adjustment for \$5,595.

12 The Company made no other proforma adjustments to expenses. The total
13 proforma adjustments to expenses amount to \$65,064.

14 The Company did review a number of other operating expenses, but decided that
15 the expenses are reasonable and reoccurring, and provide a proper basis in which
16 to establish future rates.

17 Q. Does column d of Schedule 1 represent the sum of the actual test year amounts
18 (column b) plus the proforma adjustments (column c)?

19 A. Yes it does.

20 Q. Does column e and f represent the revenue and expenses for the twelve months
21 ended December 31, 2010 and 2009, respectively?

1 A. Yes it does.

2 Q. Would you please explain Schedule 2 entitled ABalance Sheet@?

3 A. Yes. This schedule shows the year end balances reflected on the balance sheets of
4 the Company for 2011, 2010 and 2009.

5 Utility Plant consists of numerous structures, wells, pumps, tanks, mains, services,
6 meters, vehicles, and other plant. At December 31, 2011 the Company had utility
7 plant of \$13,517,250. Utility Plant consisted of \$13,345,420 and \$171,830 of
8 utility plant in service and construction work in progress, respectively. In 2011
9 the Company added \$792,914 to plant consisting of structures, wells, pumping
10 equipment, water treatment equipment and transmission and distribution plant.
11 The Company also retired plant amounting to \$35,142 in 2011. Accumulated
12 Depreciation represents the depreciation on these same assets from the date of
13 purchase through December 31, 2011, using a straight line depreciation method
14 over the estimated useful life.

15 The Company's current assets amount to \$671,991, which includes \$124,053 of
16 cash, \$386,931 of accounts receivable, \$57,599 of prepaid expenses and \$103,408
17 accrued utility revenues. The Company also has deferred assets including
18 \$89,120 of unamortized debt expense, \$50,596 of miscellaneous deferred debits
19 and \$21,055 of deferred tax assets.

20 The Company's Equity Capital consists of \$16,767 of common stock, \$2,104,354
21 of other paid in capital, and retained earnings of (\$1,232,715). The Company's

1 sole shareholder is Christine Lewis Morse. The number of shares authorized and
2 outstanding is 300 and 100, respectively, with no par value. The Company's
3 other long term debt outstanding amounts to \$4,838,650. TD Bank and the State
4 of New Hampshire hold most of the debt. In 2011 the Company refinanced an
5 existing TD Bank loan and finance debt previously held by Lewis Builders
6 Development. The Company was able to achieve lower interest rates on both
7 loans. The Company's current and accrued liabilities amount to \$101,648, which
8 includes \$74,005 of payables. The Company has net contribution in aid of
9 construction of \$4,620,081. The Company and its customers continue to benefit
10 from CIAC, primarily from Lewis Builders.

11 Q. Would you please explain Schedule 3 entitled ARate Base@?

12 A. Columns (b) - (f) show the actual balances of the rate base items as per the
13 Company's quarterly, internal financial statements. Column (g) shows the actual
14 5 quarter average balances, except for cash working capital, which reflects the
15 cash working capital for 2011. Column (h) shows the 2011 proforma
16 adjustments. Column (i) shows the proforma 2011 balances.

17 The rate base consists of Utility Plant, less Accumulated Depreciation, plus Cash
18 Working Capital, Material & Supplies, Prepayments, Accumulated Deferred
19 Income Taxes and Net Contributions in Aid of Construction. The actual 5 quarter
20 average rate base amounts to \$4,625,212. The Company made eight adjustments
21 to rate base. Four of the eight adjustments pertain to adjusting the 5 quarter

1 average balances to the year end balance. In order to properly reflect rate base, all
2 of its plant and plant related items at year end are completed and providing
3 service to customers. A substance part of the plant is non revenue producing.
4 The portion of the plant that is revenue producing, the Company has made an
5 adjustment to revenue. To not fully reflect plant and the related items in rate base
6 would be to not allow recovery of a portion of the assets. The specific proforma
7 adjustments related to year end rate base are 21, 22, 25, and 26.

8 Two of the eight adjustments pertain to adjusting the year end balance for the
9 additional half year of depreciation and amortization of CIAC. These adjustments
10 pertain to test year expense adjustments for depreciation (adjustment 17) and
11 amortization of CIAC (adjustment 18). Since the Company has proposed
12 adjusting depreciation expense and amortization of CIAC to reflect a full year's
13 expense, the Company also has to adjust accumulated depreciation and
14 accumulated amortization of CIAC for a like amount. The specific proforma
15 adjustments related to the additional half year of expense are numbers 23 and 27.

16 The proforma adjustment to material & supplies (adjustment 24) amounts to
17 \$23,455. At December 31, 2011 the Company's materials & supplies balance is
18 reflected in its CWIP balance. Schedule 3C shows the balance at the end of each
19 quarter for the 5 quarters ended December 31, 2011 and the actual 5 quarter
20 average balance. The Company is utilizing the 5 quarter average because of the
21 fluctuation in the balance throughout the year.

1 The final adjustment to rate base is the adjustment to cash working capital
2 amounting to \$6,226. Working capital is determined by utilizing a percentage
3 that represents the lag between the time in which the Company bills its customers
4 and receives the cash from such billing and the time that it pays for expenses to
5 provide services. It is derived by applying 45/365 days or 12.33% to operating
6 expenses. The computation of working capital is shown on schedule 3B. The
7 proforma adjustments results in a cash working capital of \$112,651.

8 Q. Would you please explain Schedule 4 entitled ARate of Return Information@?

9 A. The Company's overall rates of return are 5.44% and 4.97% for 2011 actual and
10 2011 proformed, respectively. It is derived from the weighted average cost rates
11 associated with actual and proformed long term debt and equity. The Company's
12 capital structure consists of Equity and Debt Capital. The Company has no short
13 term debt.

14 Its Actual Equity Capital consists of \$16,767 of Common Stock, \$2,104,354 of
15 Other Paid in Capital, and Retained Earnings of (\$1,232,715). The Company has
16 \$4,838,650 of long term debt at year end. It consists of two TD Bank loans, two
17 SRF loans and other loans.

18 The Company's overall capital structure is more weighted to debt. In recent
19 years, the Company has converted affiliate debt to additional paid in capital and
20 owner has contributed some additional paid in capital. Recent rate increases and
21 the proposed rate increase should continue to improve earning, increase retained

1 earnings and increase the equity portion of the capital structure. The Company
2 made no adjustments to the capital structure.

3 Q. Would you please explain Schedule 5A and 5B entitled Actual Long Term Debt”
4 and “Proforma Long Term Debt”, respectively.

5 A. Schedule 5A shows the date of the notes, the borrower and lender, the original
6 note amount, note term, interest rate, outstanding balance at 12/31/11 and
7 12/31/10, the 2011 interest expense, and cost rate. The total outstanding balance
8 at 12/31/11 is \$4,838,649. The total 2011 interest expense is \$224,786. The total
9 cost rate is 4.65%. In 2011 the Company refinanced an existing loan in the
10 amount of \$1,380,000 with TD Bank, resulting in a lower interest rate. The
11 refinancing was approved by the PUC in order no. 25,254 dated July 22, 2011.
12 Also, in 2011, the Company borrowed \$1,200,000 from TD Bank to refinance
13 existing loans totaling \$750,000 and to finance a new loan of \$450,000, resulting
14 in a lower interest rate. The financing was approved by the PUC in order no.
15 25,272 dated September 28, 2011.

16 Schedule 5B utilizes the same data as schedule 5A. The Company made no
17 changes to the outstanding debt balance at 12/31/11. However, it did adjust
18 interest expenses for changes that took place in 2011. Most notably, it eliminated
19 the interest related to “Associated Companies” due to refinancing such debt with
20 TD Bank. It also adjusted the interest on the two TD Bank loans to reflect the
21 first year’s interest expense. In addition, the Company began paying the 2009 NH

1 DES SRF loan for the interconnection of the Hampstead and Atkinson water
2 systems in June 2011 and adjusted the interest to reflect the first year's interest
3 expense. After making such adjustments, the proforma total cost rate is \$3.90%.

4 Q. What is the Company using for the cost of common equity?

5 A. The Company is using the PUC determined cost of common equity of 9.75% plus
6 1.00%. The Company believes that the 9.75% is appropriate for national, publicly
7 traded, multi-state water utilities. It also believes that it is not one of them. It is
8 medium size, private water company that serves the southeast portion of New
9 Hampshire. It is owned by a single individual. It is fortunate to have an affiliated
10 company that manages it and has construction resources and technical ability to
11 support the water systems. Even with the management and construction
12 resources, it is difficult for a medium size company to meet the increasing
13 regulatory requirements. In management's judgment, the Company believes that
14 an additional percentage point is necessary due to the increased risks associated
15 with the Company size and resources available to meet the Company's
16 requirements. As such, the Company is using a 10.75% cost of equity.

17 Q. What is the proforma weighted average cost rate?

18 A. The proforma weighted average cost rate is 4.97%

19 Q. Do you have any other comments on the proforma weighted average cost rate?

20 A. Yes. Even with the higher equity costs rate, the overall rate of return is lower due
21 to the lower debt costs.

1 Q. Generally, please explain the nature and purpose of the step increase.

2 A. In 2011 the Company sought and received approval from both the DES and PUC
3 to borrow state revolving funds to replace service lines. Also, in 2011, the
4 Company sought and received approval from the PUC to borrow funds to make
5 various system improvements. Among the various system improvements, the
6 Company plans to replace 2 well, various pumps, filters, mains, meters and a
7 vehicle. This work is planned for 2012. This step increase allows the Company
8 to recover its investment in plant and reflect such costs in revenue and rates.

9 Q. Would you explain Schedule 6 and the supporting schedules related to the step
10 increase?

11 A. Yes. Schedule 6 summarizes the supporting schedules related to the revenue
12 requirement associated with the step increase. It shows total additions to rate base
13 of \$386,569. It utilizes a rate of return of 4.55%. When the rate of return of
14 4.55% is applied to the additions to rate base of \$386,569, it results in an
15 additional operating income requirement of \$17,606. To the additional operating
16 income requirement, the Company adds additional operating expenses resulting in
17 a step adjustment in revenue of \$42,723.

18 Schedule 6a shows the projected 2012 additions, retirements and contribution in
19 aid of construction and the related depreciation and amortization. In total, the
20 Company projects additions to plant of \$428,500, retirements from plant of
21 \$103,121 and contributions in aid of construction of \$30,428. The Company

1 anticipates that the annual depreciation will increase \$19,938 (\$23,890 - \$3,952)
2 and annual amortization of CIAC will increase \$884.

3 Schedule 6b shows an overall weighted average cost of 4.55%. It consists of a
4 weighted average costs of 1.36% associated with the SRF loan and a weighted
5 average cost of 3.19% associated with the Lewis loan.

6 Schedule 6c shows the anticipated increase in taxes associated with the net
7 additions to plant. It shows an increase in state utility property taxes of \$1,504. It
8 shows an increase in local property taxes of \$4,412. It also shows an increase in
9 state business enterprise tax of \$146.

10 Q. What is the combined increase in revenue?

11 A. The combined increase in revenue is \$101,744. It consists of \$59,021 from the
12 proposed permanent rate increase and \$42,723 from the proposed step rate
13 increase. The Combined increase in revenues is shown on Schedule 7.

14 Q. Please explain the schedule entitled the Report of Proposed Rate Changes of the
15 rate filing.

16 A. The Report of Proposed Rate Changes shows the rate class, the effect of the
17 revenue change, the number of customers, the authorized present revenue, the
18 proposed revenue, the proposed change amount, and percentage. The proposed
19 change amount is \$101,744 or 6.99%. All of the change amounts apply to general
20 customers. The average general customer will receive an annual increase of
21 \$33.48, resulting in an average annual bill of \$512.57.

1 Q. Is the Company proposing to change the rate design?

2 A. No. The Company has applied the proposed rate increase to all its metered
3 customers. The Company is not proposing to change its fire protection rates.

4 Q. Please explain the calculation of rates.

5 A. The total revenue requirement including the proposed rate increase and step
6 increase amounts to \$1,663,055. The Company reduces the total revenue
7 requirement by the amount of revenue from fire protection and other water
8 revenue, resulting total revenue requirement from general customers of
9 \$1,557,695. First, the Company calculates the portion of revenue from the base
10 rates. In doing so, it applies the overall percent increase of 6.99% to the existing
11 annual amounts per meter size to develop a new, proposed annual amount per
12 meter size. It then takes the new, proposed annual amount times the number of
13 meters to determine the revenue requirement from base rate, namely \$415,464.
14 Second, the Company takes the remaining revenue of \$1,142,232 to be realized
15 from consumption. It divides the remaining revenue from the 2011 actual
16 consumption to determine the consumption rate per 100 cubic feet, namely 5.07.

17 Q. Is there anything else that you would like to discuss?

18 A. Yes. The Company is generally aware of the water infrastructure and conservation
19 adjustment (“WICA”) being utilized by Aquarion Water Company and approved
20 by the PUC. Assuming that the Company is successful at getting its 2011 and
21 2012 additions reflected in rates, such an adjustment would not be necessary for

1 2011 and 2012. However, the Company would like to discuss with the PUC Staff
2 and any other parties, the possibility of establishing such a mechanism for 2013,
3 2014 and 2015. Such a mechanism would only apply once an addition is
4 completed and providing service to customers. It would be generally be directed
5 at additions, i.e., meters, services, mains, pumping equipment, etc. that are
6 incurred every year. The Company would welcome input from the PUC Staff and
7 other parties.

8 Q. Is there anything else that you would like to discuss?

9 Yes, the Company has engaged the services of Stephen P. St. Cyr & Assoc. The
10 Company has agreed to an hourly fee of \$115.00 (plus out of pocket costs) for
11 work performed in preparation of the rate filing and pursuit of the rate increase
12 during the rate proceeding. The Company will also utilize the services, i.e.,
13 management, legal, accounting, etc., of its affiliate, Lewis Builders Development,
14 in the preparation of the rate filing and throughout the rate proceeding. The
15 Company will make every effort to minimize its rate case expenses.

16 Q. Is there anything further that you would like to discuss?

17 A. Yes. The Company requests that its existing rates be used for consideration as
18 temporary rates in this filing effective as of July 1, 2012.

19 Q. Would you please summarize what the Company is requesting in this docket?

20 A. Yes, the Company is requesting a permanent revenue increase of \$59,021,
21 effective July 1, 2012. The permanent revenue increase of \$59,021 enables the

1 Company to earn a 4.97% proforma rate of return on its investment, reflected in a
2 proforma rate base of \$5,008,787. Also, the Company is requesting a step
3 increase of \$42,723, effective upon completion of the work anticipated on
4 September 30, 2013. The step increase of \$42,723 enables the Company to earn a
5 4.55% rate of return on its investment, reflected in a projected rate base of
6 \$386,569. The average annual amount for a general customer will increase from
7 \$479.09 to \$512.57, an increase of \$33.48 or 6.99%.

8 Q. Does this conclude your testimony?

9 A. Yes.

Hampstead Area Water Company
Computation of Revenue Deficiency
For the Test Year Ended December 31, 2011

| | <u>Actual</u> | <u>Proforma</u> |
|-----------------------------------|------------------|-----------------|
| Rate Base (Schedule 3) | \$4,625,212 | \$5,008,787 |
| Rate of Return (Schedule 4) | <u>5.44%</u> | <u>4.97%</u> |
| Operating Income Required | \$251,493 | \$248,751 |
| Net Operating Income (Schedule 1) | <u>254,794</u> | <u>248,751</u> |
| Operating Income Deficiency | (\$3,301) | \$0 |
| Tax Effect | <u>0</u> | <u>0</u> |
| Revenue Deficiency | <u>(\$3,301)</u> | <u>\$0</u> |

Hampstead Area Water Company

Schedule 1

Statement of Income

| Line No. | Account Title (Number) (a) | Actual 2011 Year End Balance (b) | Proforma Adjustments (c) | Proforma 2011 Year End Balance (d) | Actual 2010 Year End Balance (e) | Actual 2009 Year End Balance (f) |
|----------|---|--|--------------------------------|--|--|--|
| | UTILITY OPERATING INCOME | | | | | |
| 1 | Operating Revenues(400) | \$ 1,561,311 | \$59,021 | \$ 1,620,332 | \$ 1,661,728 | \$ 1,327,921 |
| 2 | Operating Expenses: | | | | | |
| 3 | Operating and Maintenance Expense (401) | 863,144 | 50,492 | 913,636 | 917,115 | 845,169 |
| 4 | Depreciation Expense (403) | 419,029 | 16,932 | 435,961 | 385,341 | 359,624 |
| 5 | Amortization of Contribution in Aid of Construction (405) | (182,723) | (\$330) | (183,053) | (186,415) | (179,196) |
| 6 | Amortization of Utility Plant Acquisition Adjustment (406) | | | | | |
| 7 | Amortization Expense-Other (407) | 9,827 | (\$2,030) | 7,797 | 20,450 | 3,812 |
| 8 | Taxes Other Than Income (408.1-408.13) | 188,691 | | 188,691 | 172,678 | 140,642 |
| 9 | Income Taxes (409.1, 410.1, 411.1, 412.1) | 8,549 | | 8,549 | 6,662 | 5,530 |
| 10 | Total Operating Expenses | \$ 1,306,517 | \$ 65,064 | \$ 1,371,581 | \$ 1,315,831 | \$ 1,175,581 |
| 11 | Net Operating Income (Loss) | 254,794 | (6,043) | 248,751 | 345,897 | 152,340 |
| 12 | Income From Utility Plant Leased to Others (413) | | | | | |
| 13 | Gains(Losses) From Disposition of Utility Property (414) | | | | | |
| 14 | Net Water Utility Operating Income | \$ 254,794 | \$ (6,043) | \$ 248,751 | \$ 345,897 | \$ 152,340 |
| | OTHER INCOME AND DEDUCTIONS | | | | | |
| 15 | Revenues From Merchandising, Jobbing and Contract Work (415) | | | | | |
| 16 | Costs and Expenses of Merchandising, Jobbing and Contract Work (416) | | | | | |
| 17 | Equity in Earnings of Subsidiary Companies (418) | | | | | |
| 18 | Interest and Dividend Income (419) | | | | | |
| 19 | Allow. for funds Used During Construction (420) | | | | | |
| 20 | Nonutility Income (421) | | | | | |
| 21 | Gains (Losses) Form Disposition Nonutility Property (422) | | | | | |
| 22 | Miscellaneous Nonutility Expenses (426) | | | | | |
| 23 | Total Other Income and Deductions | - | \$ - | \$ - | \$ - | \$ - |
| 24 | TAXES APPLICABLE TO OTHER INCOME | | | | | |
| 25 | Taxes Other Than Income (408.2) | | | | | |
| 26 | Income Taxes (409.2, 410.2, 411.2, 412.2, 412.3) | | | | | |
| 27 | Total Taxes Applicable To Other Income | 224,786 | | 224,786 | 174,021 | 151,204 |
| | INTEREST EXPENSE | | | | | |
| 28 | Interest Expense (427) | | | | | |
| 29 | Amortization of Debt Discount & Expense (428) | 3,099 | | 3,099 | 3,099 | 1,549 |
| 30 | Amortization of Premium on Debt (429) | | | | | |
| 31 | Total Interest Expense | 227,885 | | 227,885 | 177,120 | 152,753 |
| 32 | Income Before Extraordinary Items | 26,909 | (6,043) | 20,866 | 168,777 | (413) |
| | EXTRAORDINARY ITEMS | | | | | |
| 33 | Extraordinary Income (433) | | | | | |
| 34 | Extraordinary Deductions (434) | | | | | |
| 35 | Income Taxes, Extraordinary Items (409.3) | | | | | |
| | Net Extraordinary Items | | | | | |
| | NET INCOME (LOSS) | \$ 26,909 | \$ (6,043) | \$ 20,866 | \$ 168,777 | \$ (413) |

Hampstead Area Water Company
Statement of Income - Proforma Adjustments

Schedule 1A

Page 1 of 3

Operating Revenues

| | | |
|---|---|------------------|
| 1 | 2011 Test Year Proforma Rate Case Recovery Fees | \$0 |
| | 2011 Test Year Actual Rate Case Recovery Fees | <u>508</u> |
| | Proforma Adjustment | <u>(\$508)</u> |
| | To adjust test year revenues for rate case recovery fees | |
| 2 | 2011 Test Year Proforma Revenue - Fairfield customers | \$7,186 |
| | 2011 Test Year Actual Revenue - Fairfield customers | <u>0</u> |
| | Proforma Adjustment | <u>\$7,186</u> |
| | To adjust test year revenues for anticipated revenue based on system average (15 x \$479.09) | |
| 3 | 2011 Test Year Proforma | \$1,613,654 |
| | 2011 Test Year Actual Operating Revenues | <u>1,561,311</u> |
| | Proforma Adjustment | <u>\$52,343</u> |
| | To adjust test year revenues for the additional revenue needed in order for the Company to earn its rate of return and to recover its expenses. | |
| | Total Proforma Adjustment to Operating Revenues | <u>\$59,021</u> |

Operating and Maintenance Expenses

| | | |
|---|---|-----------------|
| | <u>Power Purchaced for Pumping</u> | |
| 4 | 2011 Test Year Proforma | \$169,273 |
| | 2011 Test Year Actual | <u>159,273</u> |
| | Proforma Adjustment | <u>\$10,000</u> |
| | To adjust test year power purchased for pumping due to new water systems | |
| | <u>Pumping Labor and Expenses</u> | |
| 5 | 2011 Test Year Proforma | \$21,512 |
| | 2011 Test Year Actual | <u>20,512</u> |
| | Proforma Adjustment | <u>\$1,000</u> |
| | To adjust test year pumping labor and expenses due to new water systems | |
| | <u>Maintenance of Pumping Equipment</u> | |
| 6 | 2011 Test Year Proforma | \$16,159 |
| | 2011 Test Year Actual | <u>14,159</u> |
| | Proforma Adjustment | <u>\$2,000</u> |
| | To adjust test year maintenance on pumping equipment to new water systems | |
| | <u>Chemicals</u> | |
| 7 | 2011 Test Year Proforma | \$10,193 |
| | 2011 Test Year Actual | <u>9,193</u> |
| | Proforma Adjustment | <u>\$1,000</u> |
| | To adjust test year chemical expenses due to new water systems | |

| | | |
|----|--|-----------------|
| | <u>Treatment Operation Labor and Expenses</u> | |
| 8 | 2011 Test Year Proforma | \$80,123 |
| | 2011 Test Year Actual | <u>77,123</u> |
| | Proforma Adjustment | <u>\$3,000</u> |
| | To adjust test year treatment operation labor and expenses due to new water systems | |
| | <u>Meter Expenses</u> | |
| 9 | 2011 Test Year Proforma | \$28,198 |
| | 2011 Test Year Actual | <u>25,198</u> |
| | Proforma Adjustment | <u>\$3,000</u> |
| | To adjust test year meter expenses due to DES leak detection requirement | |
| | <u>Maintenance of T & D Mains</u> | |
| 10 | 2011 Test Year Proforma | \$22,967 |
| | 2011 Test Year Actual | <u>12,967</u> |
| | Proforma Adjustment | <u>\$10,000</u> |
| | To adjust test year maintenance of T & D mains due to DES leak detection requirement | |
| | <u>Maintenance of Services</u> | |
| 11 | 2011 Test Year Proforma | \$19,102 |
| | 2011 Test Year Actual | <u>11,602</u> |
| | Proforma Adjustment | <u>\$7,500</u> |
| | To adjust test year maintenance of services due to DES leak detection requirements | |
| | <u>Maintenance of Meters</u> | |
| 12 | 2011 Test Year Proforma | \$4,955 |
| | 2011 Test Year Actual | <u>2,955</u> |
| | Proforma Adjustment | <u>\$2,000</u> |
| | To adjust test year maintenance of meters due to DES leak detection requirement | |
| | <u>Outside Services - Engineering</u> | |
| 13 | 2011 Test Year Proforma | \$74,612 |
| | 2011 Test Year Actual | <u>64,612</u> |
| | Proforma Adjustment | <u>\$10,000</u> |
| | To adjust test year outside services - engineering due to additional services as a result of DES requirements and new systems | |
| | <u>Regulatory Commission Expense</u> | |
| 14 | 2011 Test Year Proforma | \$4,663 |
| | 2011 Test Year Actual | <u>5,171</u> |
| | Proforma Adjustment | <u>(\$508)</u> |
| | To adjust test year expenses for expense related to the recovery of rate case expenditures | |
| | <u>Outside Services - Audit Expenses</u> | |
| 15 | 2011 Test Year Proforma | \$1,000 |
| | 2011 Test Year Actual | <u>0</u> |
| | Proforma Adjustment | <u>\$1,000</u> |
| | To adjust test year expenses for costs associated with 2012 PUC audit of test year expenses and other rate case related transactions (\$3,000 / 3 years) | |

Miscellaneous Expenses

| | | |
|----|---|------------------------|
| 16 | 2011 Test Year Proforma | \$241 |
| | 2011 Test Year Actual | <u>(259)</u> |
| | Proforma Adjustment | <u>\$500</u> |
| | To adjust test year expenses for the restoration of annual miscellaneous expenses | |
| | Total Proforma Adjustments to Operating and Maintenance Expenses | <u>\$50,492</u> |

Depreciation Expenses

| | | |
|----|--|-----------------|
| 17 | 2011 Test Year Proforma | \$435,961 |
| | 2011 Test Year Actual | <u>419,029</u> |
| | Proforma Adjustment | <u>\$16,932</u> |
| | To adjust test year expenses for the additional half year depreciation on the 2011 addition to plant | |

Amortization of CIAC

| | | |
|----|---|------------------|
| 18 | 2011 Test Year Proforma | (\$183,053) |
| | 2011 Test Year Actual | <u>(182,723)</u> |
| | Proforma Adjustment | <u>(\$330)</u> |
| | To adjust test year expenses for the additional half year amortization on the 2011 CIAC | |

Amortization Expense

| | | |
|----|--|------------------|
| 19 | 2011 Test Year Proforma | \$2,202 |
| | 2011 Test Year Actual | <u>9,827</u> |
| | Proforma Adjustment | <u>(\$7,625)</u> |
| | To adjust test year expenses for elimination of the amortization expense on the 2008 Ice Storm | |
| 20 | 2011 Test Year Proforma | \$5,595 |
| | 2011 Test Year Actual | <u>0</u> |
| | Proforma Adjustment | <u>\$5,595</u> |
| | To adjust test year expenses for amortization of 2011 water system evaluation (\$16,786 / 3 years) | |

Total Proforma Adjustments to Amortization Expenses **(\$2,030)**

Total Proforma Adjustment to Operating Expenses **\$65,064**

Balance Sheet - Assets and Other Debits

| Line No. | Account Title (Number) (a) | Actual 2011 Year End Balance (b) | Actual 2010 Year End Balance (c) | Actual 2009 Year End Balance (d) |
|---------------------------------------|--|---|---|---|
| UTILITY PLANT | | | | |
| 1 | Utility Plant (101-106) | \$ 13,517,250 | \$ 12,926,406 | \$ 12,674,268 |
| 2 | Less: Accumulated Depr. and Amort. (108-110) | \$ 3,892,154 | \$ 3,508,268 | 3,149,891 |
| 3 | Net Plant | \$ 9,625,096 | \$ 9,418,138 | \$ 9,524,377 |
| 4 | Utility Plant Acquisition Adj. (Net) (114-115) | | | |
| 5 | Total Net Utility Plant | \$ 9,625,096 | \$ 9,418,138 | \$ 9,524,377 |
| OTHER PROPERTY AND INVESTMENTS | | | | |
| 6 | Nonutility Property (121) | | | |
| 7 | Less: Accumulated Depr. and Amort. (122) | | | |
| 8 | Net Nonutility Property | | | |
| 9 | Investment in Associated Companies (123) | | | |
| 11 | Utility Investments (124) | | | |
| 12 | Other Investments | | | |
| 13 | Special Funds(126-128) | | | |
| 14 | Total Other Property & Investments | \$ - | \$ - | \$ - |
| CURRENT AND ACCRUED ASSETS | | | | |
| 16 | Cash (131) | 124,053 | 204,641 | 29,584 |
| 17 | Special Deposits (132) | | | |
| 18 | Other Special Deposits (133) | | | |
| 19 | Working Funds (134) | | | |
| 20 | Temporary Cash Investments (135) | | | |
| 21 | Accounts and Notes Receivable-Net (141-144) | 386,931 | 403,985 | 435,845 |
| 22 | Accounts Receivable from Assoc. Co. (145) | | | |
| 23 | Notes Receivable from Assoc. Co. (146) | | | |
| 24 | Materials and Supplies (151-153) | | | |
| 25 | Stores Expense (161) | | | |
| 26 | Prepayments-Other (162) | 15,881 | 11,440 | 15,102 |
| 27 | Prepaid Taxes (163) | 41,718 | 32,621 | 26,056 |
| 28 | Interest and Dividends Receivable (171) | | | |
| 29 | Rents Receivable (172) | | | |
| 30 | Accrued Utility Revenues (173) | 103,408 | 101,805 | 107,704 |
| 31 | Misc. Current and Accrued Assets (174) | | | |
| 32 | Total Current and Accrued Assets | \$ 671,991 | \$ 754,492 | \$ 614,291 |
| DEFERRED DEBITS | | | | |
| 32 | Unamortized Debt Discount & Expense (181) | 89,120 | 78,826 | 70,834 |
| 33 | Extraordinary Property Losses (182) | | | |
| 34 | Prelim. Survey & Investigation Charges (183) | | | |
| 35 | Clearing Accounts (184) | | | |
| 36 | Temporary Facilities (185) | | | |
| 37 | Miscellaneous Deferred Debits (186) | 50,596 | 45,710 | 127,412 |
| 38 | Research & Development Expenditures (187) | | | |
| 39 | Accumulated Deferred Income Taxes (190) | 21,055 | 22,348 | 23,641 |
| 40 | Total Deferred Debits | \$ 160,771 | \$ 146,884 | \$ 221,887 |
| TOTAL ASSETS AND OTHER DEBITS | | | | |
| | | \$ 10,457,858 | \$ 10,319,514 | \$ 10,360,555 |

Balance Sheet - Equity Capital and Liabilities

| Line No. | Account Title (Number) (a) | Actual 2011 Year End Balance (b) | Actual 2010 Year End Balance (c) | Actual 2009 Year End Balance (d) |
|---|--|---|---|---|
| EQUITY CAPITAL | | | | |
| 1 | Common Stock Issued (201) | \$ 16,767 | \$ 16,767 | \$ 16,767 |
| 2 | Preferred Stock Issued (204) | | | |
| 3 | Capital Stock Subscribed (202,205) | | | |
| 4 | Stock Liability for Conversion (203, 206) | | | |
| 5 | Premium on Capital Stock (207) | | | |
| 6 | Installments Received On Capital Stock (208) | | | |
| 7 | Other Paid-In Capital (209,211) | 2,104,354 | 2,104,354 | 2,104,354 |
| 8 | Discount on Capital Stock (212) | | | |
| 9 | Capital Stock Expense(213) | | | |
| 10 | Retained Earnings (214-215) | (1,232,715) | (1,259,624) | (1,428,401) |
| 11 | Reacquired Capital Stock (216) | | | |
| 12 | Total Equity Capital | \$ 888,406 | \$ 861,497 | \$ 692,720 |
| LONG TERM DEBT | | | | |
| 13 | Bonds (221) | | | |
| 14 | Reacquired Bonds (222) | | | |
| 15 | Advances from Associated Companies (223) | | | |
| 16 | Other Long-Term Debt (224) | 4,838,650 | 4,539,302 | 4,646,181 |
| 17 | Total Long-Term Debt | \$ 4,838,650 | \$ 4,539,302 | \$ 4,646,181 |
| CURRENT AND ACCRUED LIABILITIES | | | | |
| 18 | Accounts Payable (231) | 34,793 | 32,233 | 18,131 |
| 19 | Notes Payable (232) | | | |
| 20 | Accounts Payable to Associated Co. (233) | 39,212 | 80,109 | 14,961 |
| 21 | Notes Payable to Associated Co. (234) | | | |
| 22 | Customer Deposits (235) | 1,580 | | |
| 23 | Accrued Taxes (236) | 4,063 | 185 | |
| 24 | Accrued Interest (237) | | | |
| 25 | Accrued Dividends (238) | | | |
| 26 | Matured Long-Term Debt (239) | | | |
| 27 | Matured Interest (240) | | | |
| 28 | Misc. Current and Accrued Liabilities (241) | 22,000 | 22,569 | 21,159 |
| 29 | Total Current and Accrued Liabilities | \$ 101,648 | \$ 135,096 | \$ 54,251 |
| DEFERRED CREDITS | | | | |
| 30 | Unamortized Premium on Debt (251) | | | |
| 31 | Advances for Construction (252) | | | |
| 32 | Other Deferred Credits (253) | | | |
| 33 | Accumulated Deferred Investment Tax Credits (255) | | | |
| 34 | Accumulated Deferred Income Taxes: | | | |
| 35 | Accelerated Amortization (281) | | | |
| 36 | Liberalized Depreciation (282) | 8,522 | 4,315 | 1,684 |
| 37 | Other (283) | | | |
| 38 | Total Deferred Credits | \$ 8,522 | \$ 4,315 | \$ 1,684 |
| OPERATING RESERVES | | | | |
| 39 | Property Insurance Reserve (261) | | | |
| 40 | Injuries and Damages Reserve (262) | | | |
| 41 | Pensions and Benefits Reserves (263) | 551 | | |
| 42 | Miscellaneous Operating Reserves (265) | | | |
| 43 | Total Operating Reserves | \$ 551 | \$ - | \$ - |
| CONTRIBUTIONS IN AID OF CONSTRUCTION | | | | |
| 44 | Contributions In Aid of Construction (271) | 6,981,120 | 6,966,458 | 6,969,799 |
| 45 | Accumulated Amortization of C.I.A.C. (272) | 2,361,039 | 2,187,154 | 2,004,080 |
| 46 | Total Net C.I.A.C. | \$ 4,620,081 | \$ 4,779,304 | \$ 4,965,719 |
| 46 | TOTAL EQUITY CAPITAL AND LIABILITIES | \$ 10,457,858 | \$ 10,319,514 | \$ 10,360,555 |

Hampstead Area Water Company

Schedule 3

Rate Base

| Line No. | Account Title (a) | December 2010 Balance (b) | March 2011 Balance (c) | June 2011 Balance (d) | September 2011 Balance (e) | December 2011 Balance (f) | Actual 5 Qtr. Avg Bal (g) | 2011 Proforma Adjustments (h) | Proforma Balance (i) |
|----------|---|---------------------------|------------------------|-----------------------|----------------------------|---------------------------|---------------------------|-------------------------------|----------------------|
| 1 | Plant in Service | \$12,587,647 | \$12,581,653 | \$12,613,779 | \$13,129,827 | \$13,345,420 | \$12,851,665 | \$493,755 | \$13,345,420 |
| 2 | Less: Accumulated Depreciation | <u>(3,508,268)</u> | <u>(3,595,593)</u> | <u>(3,687,038)</u> | <u>(3,786,038)</u> | <u>(3,892,154)</u> | <u>(3,693,818)</u> | <u>(215,268)</u> | <u>(3,909,086)</u> |
| 3 | Net Utility Plant | 9,079,379 | 8,986,060 | 8,926,741 | 9,343,789 | \$9,453,266 | \$9,157,847 | \$278,487 | \$9,436,334 |
| 4 | Cash Working Capital * | 113,080 | | | | 106,426 | 106,426 | 6,226 | 112,651 |
| 5 | Material and Supplies | 0 | | | | | 0 | 23,455 | 23,455 |
| 6 | Prepayments - Other | 11,440 | 13,183 | 46,288 | 16,566 | 15,881 | 20,672 | | 20,672 |
| 7 | Prepaid Taxes | 32,621 | (12,219) | 32,289 | 0 | 41,718 | 18,882 | | 18,882 |
| 8 | Accumulated Deferred Income Taxes - Assets | 22,348 | 22,025 | 21,702 | 21,378 | 21,055 | 21,702 | | 21,702 |
| 9 | Accumulated Deferred Income Taxes - Liabilities | (4,315) | (4,315) | (4,315) | (4,315) | (8,522) | (5,156) | | (5,156) |
| 10 | Contribution in Aid of Construction | (6,966,458) | (6,966,458) | (6,966,458) | (6,974,958) | (6,981,120) | (6,971,090) | (10,030) | (6,981,120) |
| 11 | Accumulated Amortization of CIAC | <u>2,187,154</u> | <u>2,232,154</u> | <u>2,277,154</u> | <u>2,322,154</u> | <u>2,361,039</u> | <u>2,275,931</u> | <u>\$85,438</u> | <u>2,361,369</u> |
| 11 | Total Rate Base | <u>\$4,475,249</u> | <u>\$4,270,430</u> | <u>\$4,333,401</u> | <u>\$4,724,614</u> | <u>\$5,009,743</u> | <u>\$4,625,212</u> | <u>\$383,575</u> | <u>5,008,787</u> |
| | *The Actual 5 Qtr. Avg Bal for cash working capital is the December 2011 balance. | | | | | | | | |

Rate Base Adjustments

| | | |
|---|---|--------------------|
| Plant in Service | | |
| 21 | 12/31/11 Plant in Service | \$13,345,420 |
| | 12/31/11 5 Quarter Average Plant in Service | <u>12,851,665</u> |
| | 12/31/11 Plant in Service Proforma Adjustment | <u>\$493,755</u> |
| Accumulated Depreciation | | |
| 22 | 12/31/11 Accumulated Depreciation | (\$3,892,154) |
| | 12/31/11 5 Quarter Average Accumulated Depreciation | <u>(3,693,818)</u> |
| | 12/31/11 Accumulated Depreciation Proforma Adjustment | <u>(\$198,336)</u> |
| 23 | 12/31/11 Accumulated Depreciation w/add'l half year depr | (\$3,909,086) |
| | 12/31/11 Accumulated Depreciation | <u>(3,892,154)</u> |
| | 12/31/11 Accumulated Depreciation Proforma Adjustment | <u>(\$16,932)</u> |
| | 12/31/11 Total Accumulated Depreciation | <u>(\$215,268)</u> |
| Material & Supplies | | |
| 24 | 12/31/11 Material & Supplies* | \$0 |
| | 12/31/11 5 Quarter Average Material & Supplies | <u>23,455</u> |
| | 12/31/11 Material & Supplies Proforma Adjustments | <u>\$23,455</u> |
| | * At 12/31/11 the Company's material & supplies balance is reflected in its CWIP balance. | |
| Contribution in Aid of Construction ("CIAC") | | |
| 25 | 12/31/11 CIAC | (\$6,981,120) |
| | 12/31/11 5 Quarter Average CIAC | <u>(6,971,090)</u> |
| | 12/31/11 CIAC Proforma Adjustment | <u>(\$10,030)</u> |
| Accumulated Amortization of CIAC | | |
| 26 | 12/31/11 Accumulated Amortization CIAC | \$2,361,039 |
| | 12/31/11 5 Quarter Average A/A of CIAC | <u>2,275,931</u> |
| | 12/31/11 A/A of CIAC Proforma Adjustment | <u>\$85,108</u> |
| 27 | 12/31/11 Accumulated Amortization w/add'l half year depr | \$2,361,369 |
| | 12/31/11 Accumulated Amortization CIAC | <u>2,361,039</u> |
| | 12/31/11 Accumulated Amortization Proforma Adjustment | <u>\$330</u> |
| | 12/31/11 Total Accumulated Amortization of CIAC | <u>\$85,438</u> |

Hampstead Area Water Company

Schedule 3B

Working Capital

| | 2011 Proforma <u>Amount</u> | 2011 Actual <u>Amount</u> | 2010 Actual <u>Amount</u> | 2009 Actual <u>Amount</u> |
|--------------------------------------|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Operating and Maintenance Expenses | \$913,636 | \$863,144 | \$917,115 | \$845,169 |
| Cash Working Capital Factor (45/365) | <u>0.1233</u> | <u>0.1233</u> | <u>0.1233</u> | <u>0.1233</u> |
| Working Capital | <u>\$112,651</u> | <u>\$106,426</u> | <u>\$113,080</u> | <u>\$104,209</u> |

Hampstead Area Water Company

Schedule 3C

Material & Supplies

| Line No. | Account Title (a) | December 2010 Balance (b) | March 2011 Balance (c) | June 2011 Balance (d) | September 2011 Balance (e) | December 2011 Balance (f) | Actual 5 Qtr. Avg Bal (g) |
|----------|----------------------|---------------------------|------------------------|-----------------------|----------------------------|---------------------------|---------------------------|
| 1 | Material & Supplies* | \$16,273 | \$19,347 | \$36,061 | \$23,156 | \$22,436 | \$23,455 |

* At 12/31/11 the Company's material & supplies balance is reflected in its CWIP balance.

Rate of Return Information

| Overall Rate of Return | Actual | | | Proforma | | |
|------------------------|-----------------|---------------------|--------------------|-----------------|---------------------|--------------------|
| | Component Ratio | Component Cost Rate | Wght Avg Cost Rate | Component Ratio | Component Cost Rate | Wght Avg Cost Rate |
| Equity Capital | 15.51% | 9.75% | 1.51% | 15.51% | 10.75% | 1.67% |
| Long Term Debt | 84.49% | 4.65% | 3.92% | 84.49% | 3.90% | 3.30% |
| Total Capital | 100.00% | | 5.44% | 100.00% | | 4.97% |

| Capital Structure | 2011 Actual Amounts | 2011 Actual Ratios | 2011 Proforma Amounts | 2011 Proforma Ratios |
|-----------------------|---------------------|--------------------|-----------------------|----------------------|
| Common Stock | \$ 16,767 | 0.29% | \$ 16,767 | 0.29% |
| Other Paid in Capital | 2,104,354 | 36.74% | 2,104,354 | 36.74% |
| Retained Earnings | (1,232,715) | -21.52% | (1,232,715) | -21.52% |
| Total Equity | \$ 888,406 | 15.51% | \$ 888,406 | 15.51% |
| Long Term Debt | \$4,838,650 | 84.49% | \$4,838,650 | 84.49% |
| Total Capital | \$ 5,727,056 | 100.00% | \$ 5,727,056 | 100.00% |

| Capital Structure for 2011 - 2009 | 2011 Amounts | 2010 Amounts | 2009 Amounts |
|-----------------------------------|--------------|--------------|--------------|
| Common Stock | \$ 16,767 | \$ 16,767 | \$ 16,767 |
| Other Paid in Capital | 2,104,354 | 2,104,354 | 2,104,354 |
| Retained Earnings | (1,232,715) | (1,259,624) | (1,428,401) |
| Total Equity | \$ 888,406 | \$ 861,497 | \$ 692,720 |
| Long Term Debt | \$4,838,650 | \$4,539,302 | \$ 4,646,181 |
| Total Capital | \$ 5,727,056 | \$5,400,799 | \$ 5,338,901 |

| Capital Structure Ratios for 2007 - 2005 | | 2011 Ratios | 2010 Ratios | 2009 Ratios |
|--|--|-------------|-------------|-------------|
| Common Stock | | 0.29% | 0.31% | 0.31% |
| Other Paid in Capital | | 36.74% | 38.96% | 39.42% |
| Retained Earnings | | -21.52% | -23.32% | -26.75% |
| Total Equity | | 15.51% | 15.95% | 12.97% |
| Long Term Debt | | 84.49% | 84.05% | 87.03% |
| Total Capital | | 100.00% | 100.00% | 100.00% |

Cost of Common Equity Capital

The Company is utilizing the Commission determined cost of common equity of 9.75% plus 1.00%.

HAMPSTEAD AREA WATER COMPANY
ACTUAL LONG-TERM DEBT
12/31/2011

| Date of Note | Borrower | GL Acct. # | Lender | Original Note Amount | Note Term | Interest Rate | Current Interest Rate | Outstanding Balance 12/31/11 | Outstanding Balance 12/31/10 | Interest Expense 2011 | Total Cost Rate |
|--|----------|------------|--------------------------------|----------------------|-----------|---------------|-----------------------|------------------------------|------------------------------|-----------------------|-----------------|
| 11/16/04 | HAWC | 232.04 | Lewis Builders Development Inc | 40,000 | 10 yrs | P+2.25% | 5.50% | 0 | 25,800 | 1,093 | 0.00% |
| 10/1/04 | HAWC | 232.07 | Lewis Builders Development Inc | 27,000 | 10 yrs | P+2.25% | 5.50% | 0 | 24,300 | 891 | 0.00% |
| 12/5/07 | HAWC | 232.12 | Lewis Builders Development Inc | 23,000 | 20 yrs | P+2.25% | 5.50% | 0 | 22,350 | 913 | 0.00% |
| 11/1/10 | HAWC | 234.18 | Lewis Builders Development Inc | 303,311 | 15 yrs | P+2.25% | 5.50% | 0 | 302,223 | 12,284 | 0.00% |
| 10/1/09 | HAWC | 234.20 | Lewis Builders Development Inc | 94,232 | 20 yrs | P+2.25% | 5.50% | 0 | 90,881 | 3,710 | 0.00% |
| 7/1/10 | HAWC | 234.21 | Lewis Builders Development Inc | 114,065 | 20 yrs | P+2.25% | 5.50% | 0 | 112,744 | 4,606 | 0.00% |
| 7/1/10 | HAWC | 234.22 | Lewis Builders Development Inc | 337,400 | 20 yrs | P+2.25% | 5.50% | 0 | 177,935 | 7,270 | 0.00% |
| Total Associated Companies | | | | 939,008 | | | | 0 | 756,233 | 30,767 | 0.00% |
| Amortize financing costs - associated companies | | | | | | | | | | | |
| Total Associated Companies | | | | | | | | | | | |
| 7/20/92 | HAWC | 232.01 | Ruma Inc | 73,679 | 26 yrs | 9.50% | 9.50% | 35,985 | 39,691 | 3,315 | 9.21% |
| 10/25/04 | HAWC | 232.02 | Piccadilly Development | 23,000 | 10 yrs | P+2.25% | 5.50% | 6,900 | 9,200 | 506 | 7.33% |
| 10/25/04 | HAWC | 232.03 | Edgeworth Development | 22,000 | 10 yrs | P+2.25% | 5.50% | 6,600 | 8,800 | 484 | 7.33% |
| 10/25/04 | HAWC | 232.05 | Skipper Land Development | 38,000 | 10 yrs | P+2.25% | 5.50% | 11,050 | 14,850 | 817 | 7.33% |
| 9/6/05 | HAWC | 232.06 | NH DES | 1,315,291 | 20 yrs | 3.352% | 3.352% | 1,130,231 | 1,182,402 | 38,837 | 3.44% |
| 3/31/06 | HAWC | 232.08 | Aquarius Properties LLC | 24,000 | 20 yrs | P+2.25% | 5.50% | 20,902 | 21,704 | 1,076 | 5.15% |
| 2/9/07 | HAWC | 232.09 | Ford Motor Credit | 50,401 | 4 yrs | 0% & 1.9% | 0% | 0 | 3,195 | 0 | 0.00% |
| 9/12/11 | HAWC | 232.10 | TD Bank | 1,369,153 | 5 yrs | 4.14% | 4.14% | 1,354,685 | 1,397,381 | 77,761 | 5.74% |
| 6/24/09 | HAWC | 232.11 | NH DES | 1,058,347 | 20 yrs | 2.864% | 2.864% | 1,042,877 | 1,058,347 | 38,043 | 3.65% |
| 11/16/10 | HAWC | 232.13 | Shribo Realty Two, LLC | 18,000 | 20 yrs | P+2.25% | 5.50% | 18,000 | 18,000 | 1 | 0.00% |
| 9/12/11 | HAWC | 232.14 | GMAC | 29,808 | 5 yrs | 5.99% | 5.99% | 24,101 | 29,499 | 1,532 | 6.36% |
| 9/12/11 | HAWC | 232.15 | TD Bank | 1,200,000 | 5 yrs | 4.14% | 4.14% | 1,187,320 | 0 | 23,687 | 2.00% |
| Total Non-related | | | | 5,221,679 | | | | 4,838,649 | 3,783,069 | 186,059 | 3.85% |
| Amortize financing costs - 3rd parties | | | | | | | | | | | |
| Total 3rd Parties | | | | | | | | | | | |
| Company Totals | | | | 6,160,687 | | | | 4,838,649 | 4,539,302 | 224,786 | 4.65% |

HAMPSTEAD AREA WATER COMPANY
PROFORMA LONG-TERM DEBT
12/31/2011

| Date of Note | Borrower | GL Acct. # | Lender | Original Note Amount | Note Term | Interest Rate | Current Interest Rate | Outstanding Balance 12/31/11 | Additional Long Term Debt | Adjusted Outstanding Balance 12/31/11 | Interest Expense 2011 | Additional Interest Expense | Adjusted Interest Expense 2011 | Total Cost Rate |
|--------------|--|------------|--------------------------------|----------------------|-----------|---------------|-----------------------|------------------------------|---------------------------|---------------------------------------|-----------------------|-----------------------------|--------------------------------|-----------------|
| 11/16/04 | HAWC | 232.04 | Lewis Builders Development Inc | 40,000 | 10 yrs | P+2.25% | 5.50% | 0 | 0 | 0 | 1,093 | (1,093) | 0 | 0.00% |
| 10/7/04 | HAWC | 232.07 | Lewis Builders Development Inc | 27,000 | 10 yrs | P+2.25% | 5.50% | 0 | 0 | 0 | 891 | (891) | 0 | 0.00% |
| 12/5/07 | HAWC | 232.12 | Lewis Builders Development Inc | 23,000 | 20 yrs | P+2.25% | 5.50% | 0 | 0 | 0 | 913 | (913) | 0 | 0.00% |
| 11/1/10 | HAWC | 234.18 | Lewis Builders Development Inc | 303,311 | 15 yrs | P+2.25% | 5.50% | 0 | 0 | 0 | 12,284 | (12,284) | 0 | 0.00% |
| 10/7/09 | HAWC | 234.20 | Lewis Builders Development Inc | 94,232 | 20 yrs | P+2.25% | 5.50% | 0 | 0 | 0 | 3,710 | (3,710) | 0 | 0.00% |
| 7/1/10 | HAWC | 234.21 | Lewis Builders Development Inc | 114,065 | 20 yrs | P+2.25% | 5.50% | 0 | 0 | 0 | 4,806 | (4,806) | 0 | 0.00% |
| 7/1/10 | HAWC | 234.22 | Lewis Builders Development Inc | 337,400 | 20 yrs | P+2.25% | 5.50% | 0 | 0 | 0 | 7,270 | (7,270) | 0 | 0.00% |
| | Total Associated Companies | | | <u>939,008</u> | | | | <u>0</u> | <u>0</u> | <u>0</u> | <u>30,767</u> | <u>(30,767)</u> | <u>0</u> | <u>0.00%</u> |
| | Amortize financing costs - associated companies | | | | | | | <u>1,453</u> | <u>(1,453)</u> | <u>0</u> | <u>32,221</u> | <u>(32,221)</u> | <u>0</u> | <u>0.00%</u> |
| | Total Associated Companies | | | | | | | | | | | | | |
| 7/20/92 | HAWC | 232.01 | Ruma Inc | 73,679 | 26 yrs | 9.50% | 9.50% | 35,985 | 0 | 35,985 | 3,315 | 0 | 3,315 | 9.21% |
| 10/25/04 | HAWC | 232.02 | Picadilly Development | 23,000 | 10 yrs | P+2.25% | 5.50% | 6,900 | 0 | 6,900 | 506 | 0 | 506 | 7.33% |
| 10/25/04 | HAWC | 232.03 | Edgeworth Development | 22,000 | 10 yrs | P+2.25% | 5.50% | 6,600 | 0 | 6,600 | 484 | 0 | 484 | 7.33% |
| 10/25/04 | HAWC | 232.05 | Skipper Land Development | 38,000 | 10 yrs | P+2.25% | 5.50% | 11,050 | 0 | 11,050 | 817 | 0 | 817 | 3.44% |
| 9/6/05 | HAWC | 232.06 | NH DES | 1,315,291 | 20 yrs | 3.352% | 3.352% | 1,130,231 | 0 | 1,130,231 | 38,837 | 0 | 38,837 | 5.15% |
| 3/31/06 | HAWC | 232.08 | Aquatus Properties LLC | 24,000 | 20 yrs | P+2.25% | 5.50% | 20,902 | 0 | 20,902 | 1,076 | 0 | 1,076 | 0.00% |
| 2/9/07 | HAWC | 232.09 | Ford Motor Credit | 50,401 | 4 yrs | 0% & 1.9% | 0% & 1.9% | 0 | 0 | 0 | 0 | (21,887) | 0 | 4.12% |
| 9/12/11 | HAWC | 232.10 | TD Bank | 1,369,153 | 5 yrs | 4.14% | 4.14% | 1,354,685 | 0 | 1,354,685 | 77,761 | (6,032) | 30,011 | 2.88% |
| 6/24/09 | HAWC | 232.11 | NH DES | 1,056,347 | 20 yrs | 2.864% | 2.864% | 1,042,877 | 0 | 1,042,877 | 38,043 | 989 | 890 | 5.50% |
| 11/16/10 | HAWC | 232.13 | Shibco Realty Two, LLC | 18,000 | 20 yrs | P+2.25% | 5.50% | 18,000 | 0 | 18,000 | 1 | 0 | 1,532 | 6.36% |
| 9/12/11 | HAWC | 232.14 | GMAC | 29,808 | 5 yrs | 5.99% | 5.99% | 24,101 | 0 | 24,101 | 23,687 | 25,284 | 48,971 | 4.12% |
| 9/12/11 | HAWC | 232.15 | TD Bank | 1,200,000 | 5 yrs | 4.14% | 4.14% | 1,187,320 | 0 | 1,187,320 | 186,059 | (3,646) | 182,413 | 3.77% |
| | Total Non-related | | | <u>5,221,579</u> | | | | <u>4,838,649</u> | <u>0</u> | <u>4,838,649</u> | <u>186,059</u> | <u>(3,646)</u> | <u>182,413</u> | <u>3.77%</u> |
| | Amortize financing costs - 3rd parties | | | | | | | <u>6,506</u> | <u>(3,646)</u> | <u>0</u> | <u>6,506</u> | <u>(3,646)</u> | <u>6,506</u> | <u>3.90%</u> |
| | Total 3rd Parties | | | | | | | <u>192,565</u> | <u>(3,646)</u> | <u>188,919</u> | <u>192,565</u> | <u>(3,646)</u> | <u>188,919</u> | <u>3.90%</u> |
| | Company Totals | | | <u>6,160,687</u> | | | | <u>4,838,649</u> | <u>0</u> | <u>4,838,649</u> | <u>224,786</u> | <u>(3,646)</u> | <u>188,919</u> | <u>3.90%</u> |

Step Adjustment**Revenue Requirement**

| | |
|---|------------------|
| 2012 Additions | \$428,500 |
| Accum Depr on 2012 Additions | (11,945) |
| 2012 Retirements | (103,121) |
| Accum Depr on 2012 Retirements | 103,121 |
| 2012 CIAC | (30,428) |
| Accum Amort on 2012 CIAC | <u>442</u> |
| Total Additions to Rate Base | <u>\$386,569</u> |
| | |
| Rate of Return | 4.55% |
| | |
| Additional Operating Income Requirement | \$17,606 |
| Annual Depreciation on 2012 additional | 23,890 |
| Annual Depreciation on 2012 retirements | (3,952) |
| Annual Amortization on 2012 CIAC | (884) |
| Property Tax Expense | 5,916 |
| Business Enterprise Expense | <u>146</u> |
| | |
| Step Adjustment in Revenue | <u>\$42,723</u> |

Step Adjustment

2012 Additions / Retirements / CIAC and related Depreciation and Amortization

2012 Additions / Depreciation / Accum Depr

| <u>Account</u> | <u>Description</u> | <u>Depreciation Rate</u> | <u>Costs</u> | <u>Depreciation Expense</u> | <u>Accum Depr.</u> |
|----------------|--|--------------------------|------------------|-----------------------------|--------------------|
| 307 | Wells | | | | |
| | 2 replacement wells (West Side Dr. & E.P.) | 3.30% | \$40,000 | \$1,320 | \$660 |
| 311 | Pumping Equipment | | | | |
| | Replace misc pumps and equipment | 10.00% | 20,000 | 2,000 | 1,000 |
| | Test / Replace 7 well meters | 10.00% | 4,000 | 400 | 200 |
| 320 | Water Treatment Equipment | | | | |
| | Bryant Woods - Filters | 3.60% | 60,000 | 2,160 | 1,080 |
| 331 | T&D Mains | | | | |
| | Replace Mains | 2.20% | 30,000 | 660 | 330 |
| 333 | Services | | | | |
| | SRF - Service Line Replacements | 2.50% | 180,000 | 4,500 | 2,250 |
| 334 | Meters | | | | |
| | 220 replacements | 10.00% | 60,500 | 6,050 | 3,025 |
| 341 | Transportation Equipment | | | | |
| | Replace pickup truck | 20.00% | <u>34,000</u> | <u>6,800</u> | <u>3,400</u> |
| | Total | | <u>\$428,500</u> | <u>\$23,890</u> | <u>\$11,945</u> |

2012 Retirements / Depreciation / Accum Depr

| | | | | | |
|-----|-------------------------------------|--------|------------------|----------------|-----------------|
| 307 | Wells | | | | |
| | 1 replacement well - Eastwood Place | 3.30% | \$14,786 | \$244 | \$3,423 |
| | 1 replacement well - West Side Dr. | 3.30% | 2,921 | 48 | 1,831 |
| 311 | Pumping Equipment | | | | |
| | Replace misc pumps and equipment | 10.00% | 5,000 | 0 | 5,000 |
| | Test / Replace 7 well meters | 10.00% | 1,000 | 0 | 1,000 |
| 320 | Water Treatment Equipment | | | | |
| | Bryant Woods - Filters | 3.60% | 13,253 | 239 | 8,581 |
| 331 | T&D Mains | | | | |
| | Replace Mains | 2.20% | 5,000 | 55 | 2,556 |
| 333 | Services | | | | |
| | SRF - Service Line Replacements | 2.50% | 20,000 | 250 | 10,250 |
| 334 | Meters | | | | |
| | 220 replacements | 5.00% | 10,000 | 0 | 10,000 |
| 341 | Transportation Equipment | | | | |
| | Replace pickup truck | 20.00% | <u>31,161</u> | <u>3,116</u> | <u>31,161</u> |
| | Total | | <u>\$103,121</u> | <u>\$3,952</u> | <u>\$73,802</u> |

2012 CIAC / Amortization / Accum Amort of CIAC

| | | | | | |
|-----|-------------------------------------|--------|----------|-------|-------|
| 307 | Wells | | | | |
| | 1 replacement well - Eastwood Place | 3.30% | \$12,507 | \$413 | \$206 |
| | 1 replacement well - West Side Dr. | 3.30% | 2,921 | 96 | 48 |
| 311 | Pumping Equipment | | | | |
| | Replace misc pumps and equipment | 10.00% | | 0 | 0 |

| | | | | | |
|-----|---------------------------------|--------|-----------------|--------------|--------------|
| | Test / Replace 7 well meters | 10.00% | | 0 | 0 |
| 320 | Water Treatment Equipment | | | | |
| | Bryant Woods - Filters | 3.60% | | 0 | 0 |
| 331 | T&D Mains | | | | |
| | Replace Mains | 2.20% | | 0 | 0 |
| 333 | Services | | | | |
| | SRF - Service Line Replacements | 2.50% | 15,000 | 375 | 188 |
| 334 | Meters | | | | |
| | 220 replacements | 5.00% | | 0 | 0 |
| 341 | Transportation Equipment | | | | |
| | Replace pickup truck | 20.00% | | <u>0</u> | <u>0</u> |
| | Total | | <u>\$30,428</u> | <u>\$884</u> | <u>\$442</u> |

Hampstead Area Water Company

Schedule 6b

Step Adjustment

Rate of Return

| | <u>Amount</u> | <u>Cost Rate</u> | <u>Annual Interest</u> | <u>Annual Debt Costs</u> | <u>Total Annual Costs</u> | <u>Total Cost Rate</u> | <u>Weighted Average</u> | <u>Wighted Average Costs</u> |
|----------------------------|------------------|------------------|------------------------|--------------------------|---------------------------|------------------------|-------------------------|------------------------------|
| State Revolving Fund | \$180,000 | 3.104% | \$5,587 | \$261 | \$5,848 | 3.249% | 42.01% | 1.36% |
| Lewis Builders Development | <u>248,500</u> | 5.500% | <u>13,668</u> | | <u>13,668</u> | 5.500% | <u>57.99%</u> | <u>3.19%</u> |
| Total Financing | <u>\$428,500</u> | | <u>\$19,255</u> | <u>\$261</u> | <u>\$19,516</u> | | <u>100.00%</u> | <u>4.55%</u> |

Hampstead Area Water Company

Schedule 6c

Step Adjustment

Taxes

| | | |
|--|-------------------|------------------|
| Total Additions to Plant | | <u>\$428,500</u> |
| Per Thousand | | \$429 |
| 2011 Assessed Valuation | \$6,695,024 | |
| 12/31/2010 Plant in Service | <u>12,587,647</u> | |
| Percentage | | <u>53.19%</u> |
| Per Thousand subject to State Utility Property Taxes | | \$228 |
| State Utility Property Tax Rate | | <u>6.60</u> |
| State Utility Property Taxes | | <u>\$1,504</u> |
| | | |
| Total Additions to Plant | | \$428,500 |
| Per thousand | | \$429 |
| 2011 Assessed Valuation | \$6,695,024 | |
| 12/31/2010 Plant in Service | <u>12,587,647</u> | |
| Percentage | | <u>53.19%</u> |
| Per Thousand subject to State Utility Property Taxes | | \$228 |
| Atkinson & Hampstead Average Property Tax Rate $(\$18.80 + \$19.92) / 2$ | | <u>\$19.36</u> |
| Average Municipal Property Taxes | | <u>\$4,412</u> |
| Total Property Taxes | | <u>\$5,916</u> |
| | | |
| Interest Expense on SRF / Lewis loans | | \$19,516 |
| NHBPT and / or NHBET | | <u>0.75%</u> |
| NHBET | | <u>\$146</u> |

Hampstead Area Water Company

Schedule 7

Combined Revenue

| | |
|-------------------------------------|--------------------|
| Test Year Revenues | \$1,561,311 |
| Permanent Rate Increase in Revenues | 59,021 |
| Step Rate Increase in Revenues | <u>42,723</u> |
| Total Combined Revenue Requirement | <u>\$1,663,055</u> |

Hampstead Area Water Company
Report of Proposed Rate Changes

Utility Hampstead Area Water Co.

Date Filed: 6/30/2012

Tariff No.:

Effective Date 7/1/2012

| <u>Rate of Class of Service</u> | <u>Effect of Change</u> | <u>Number of Customers</u> | <u>Authorized Present Revenue</u> | <u>Proposed Revenue</u> | <u>Proposed Change Amount</u> | <u>Proposed Change Percentage</u> |
|-------------------------------------|-----------------------------|--------------------------------|---|-----------------------------|---------------------------------------|---|
| Gen'l Cust. | \$101,744 | 3,039 | \$1,455,951 | \$1,557,695 | \$101,744 | 6.99% |
| Fire Protect | 0 | | 36,223 | 36,223 | 0 | 0.00% |
| Other Water | | | <u>69,137</u> | <u>69,137</u> | | |
| Total Water | <u>\$101,744</u> | <u>3,039</u> | <u>\$1,561,311</u> | <u>\$1,663,055</u> | <u>\$101,744</u> | <u>6.52%</u> |
| | | | | | | |
| Avg.Gen'l.Cust. | <u>\$33.48</u> | | <u>\$479.09</u> | <u>\$512.57</u> | <u>\$33.48</u> | <u>6.99%</u> |

Hampstead Area Water Company

Calculation of Rates

| | |
|---|---------------------|
| Total Revenue Requirement | \$1,663,055.00 |
| Less: Fire Protection Revenue | -\$36,223.00 |
| Less: Other Water Revenues | <u>-\$69,137.00</u> |
| Total Revenue Requirement for General Customers | \$1,557,695.00 |

Revenue Requirement from Base Rate:

| | # of <u>meters</u> | Existing Annual <u>Amount</u> | Proposed Percent <u>Increase</u> | Proposed Annual <u>Amount</u> | <u>Total</u> | |
|--------------------------------------|-----------------------|-------------------------------------|--|-------------------------------------|---------------------|--------|
| 5/8 | 3,030 | \$120.00 | 6.99% | \$128.40 | \$389,052.00 | |
| 3/4 | 0 | \$240.00 | 6.99% | \$256.56 | \$0.00 | |
| 1 | 58 | \$360.00 | 6.99% | \$385.20 | \$22,341.60 | |
| 1 1/2 | 2 | \$720.00 | 6.99% | \$770.28 | \$1,540.56 | |
| 2 | 2 | \$1,200.00 | 6.99% | \$1,283.88 | \$2,567.76 | |
| Revenue Requirement from Base Rate | | | | | <u>\$415,501.92</u> | 26.67% |
| Revenue Requirement from Consumption | | | | | \$1,142,193 | 73.33% |
| 2011 Consumption per 100 cubic feet | | | | | 225,352 | |
| Consumption rate per 100 cubic feet | | | | | \$5.07 | |

Hampstead Area Water Company
New Hampshire Public Utilities Commission

DW 12-170

Proposed Statement to Customer

Date

Name

Address

Dear Customer,

On July 25, 2012, Hampstead Area Water Co., Inc. (HAWC) filed with the NH Public Utilities Commission (NH PUC) a proposed increase for water rates. The proposed increase is designed to provide additional revenues in support of HAWC's infrastructure investments and operations. The projected increase for customers is 6.99% of the total current bill. This filing will be subject to comprehensive review by the NH PUC in a proceeding that may last up to a year.

We appreciate the opportunity to serve you. If you have any questions pertaining to this matter please feel free to contact our office at 603-362-4299, www.hampsteadwater.com, or customerservice@hampsteadwater.com or you may contact the NH PUC directly at 800-852-3793.

Sincerely,

Christine Lewis Morse,
Vice President

HAMPSTEAD AREA WATER COMPANY, INC.

1604.01 (a) (1a, b, c)

BALANCE SHEET

January 31, 2011

ASSETS

| | 1/31/11 | 1/31/10 |
|------------------------------------|-------------------|-------------------|
| Current Assets: | | |
| Cash | 146,419 | 33,191 |
| Accounts Receivable | 50,450 | 96,427 |
| Accrued Metered Revenue | 105,840 | 107,903 |
| Other Accounts Receivable | 339,091 | 347,282 |
| Prepayments | 29,000 | 26,400 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 123,223 | 192,664 |
| Deferred Income Taxes | 22,240 | 23,533 |
| Total Current Assets | 816,263 | 827,400 |
| Fixed Assets: | | |
| Construction Work in Progress | 346,283 | 570,678 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 800,902 | 803,075 |
| Wells & Springs | 572,519 | 556,848 |
| Supply Mains | 18,724 | 18,724 |
| Pumping Equipment | 1,074,644 | 1,070,194 |
| Water Treatment Equipment | 431,138 | 427,608 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,473,531 |
| Transmission & Distribution Mains | 4,843,108 | 4,823,732 |
| Services | 1,803,384 | 1,770,365 |
| Meters & Meter Installation | 864,309 | 800,998 |
| Hydrants | 110,056 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 115,119 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,836 | 72,611 |
| Less: Accumulated Depreciation | (3,541,268) | (3,179,891) |
| Total Fixed Assets | 9,395,426 | 9,500,152 |
| Total Assets | 10,211,689 | 10,327,551 |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

January 31, 2011

LIABILITIES

| | <u>1/31/11</u> | <u>1/31/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 14,802 | 2,389 |
| Accounts Payable to Associated Companies | 23,579 | 14,499 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 500 | 408 |
| Accrued Expenses | 21,189 | 19,762 |
| Total Current Liabilities | <u>60,070</u> | <u>37,057</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,394,066 | 1,434,352 |
| Notes Payable - State of NH (DWSRF) | 2,236,468 | 2,287,062 |
| Notes Payable - Outside Parties | 193,445 | 196,779 |
| Notes Payables - Lewis Builders | 704,067 | 712,858 |
| Accum. Deferred Inc Tax | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,532,361</u> | <u>4,632,735</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,966,458 | 6,969,799 |
| Accumulated Amortization of CIAC | (2,202,154) | (2,019,080) |
| Total CIAC | <u>4,764,304</u> | <u>4,950,720</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | (6,543) | 14,320 |
| Stockholders' Equity | <u>854,954</u> | <u>707,040</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,211,689</u></u> | <u><u>10,327,551</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

INCOME STATEMENT

FOR THE MONTH ENDING JANUARY 31, 2011 and 2010

| | <u>Month of Jan-11</u> | | <u>Month of Jan-10</u> | | <u>Increase (Decrease)</u> |
|---|----------------------------|------------|----------------------------|------------|--------------------------------|
| Total Revenue | 111,909 | 100% | 107,912 | 100% | 3,997 |
| Net Depreciation & CIAC | 18,819 | | 15,762 | | 3,057 |
| Property Taxes | 14,947 | | 11,815 | | 3,132 |
| Other Taxes | 108 | | 108 | | 0 |
| Labor on Outside Jobs | 888 | | 1,419 | | (531) |
| Well Expenses | 68 | | 99 | | (31) |
| Power Purchased for Pumping | 13,096 | | 15,479 | | (2,383) |
| Pumping Expenses | 6,403 | | 5,982 | | 421 |
| Chemicals | 424 | | 656 | | (231) |
| Treatment Expense (Filters) | 6,968 | | 6,437 | | 531 |
| Transm & Distribution Exp (Mains) | 1,749 | | 522 | | 1,226 |
| Meter Expenses & Customer Installations | 357 | | 811 | | (455) |
| Maintenance of Storage Tanks | 28 | | 0 | | 28 |
| Maintenance of Services | 400 | | 409 | | (9) |
| Maintenance of Hydrants | 0 | | 0 | | 0 |
| Meter Reading Expenses | 425 | | 320 | | 105 |
| Customer Records & Collections | 4,182 | | 4,259 | | (76) |
| Uncollectable Accounts | 0 | | 0 | | 0 |
| Administrative & General Salaries | 1,076 | | 1,275 | | (199) |
| Office Supplies & Other Expenses | 3,049 | | 965 | | 2,084 |
| Outside Services - Engineering | 3,287 | | 1,035 | | 2,252 |
| Outside Services - Management Fees | 9,167 | | 9,167 | | 0 |
| Outside Services - Accounting | 3,067 | | 2,133 | | 934 |
| Outside Services - Legal | 899 | | 491 | | 407 |
| Injuries & Damages (Insurance Expense) | 1,455 | | 2,229 | | (774) |
| Employee Pensions & Benefits | 6,026 | | 4,654 | | 1,372 |
| Franchise Requirements | 0 | | 0 | | 0 |
| Misc General Expenses | (58) | | 0 | | (58) |
| Misc Expenses - Vehicle Expenses | 1,202 | | 1,240 | | (37) |
| General Rents | 1,408 | | 1,408 | | 0 |
| Total Expenses | 99,439 | 89% | 88,674 | 82% | 10,765 |
| Net Operating Income | 12,470 | 11% | 19,237 | 18% | (6,768) |
| Rate Case Recovery Fees | 49 | | 13,435 | | (13,386) |
| Regulatory Commission Expenses | (1,390) | | (5,275) | | (3,885) |
| Interest Expense | (17,672) | | (13,078) | | 4,594 |
| Misc Nonutility Expenses | 0 | | 0 | | 0 |
| Net Income (Loss) | (6,543) | -6% | 14,320 | 13% | (20,863) |
| Gallons Sold | 12,539,374 | | 12,521,971 | | 17,403 |
| Average Gallons Sold Per Day | 388,067 | | 387,080 | | 987 |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

February 28, 2011

ASSETS

| | <u>2/28/11</u> | <u>2/28/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 135,755 | 62,414 |
| Accounts Receivable | 76,282 | 95,636 |
| Accrued Metered Revenue | 93,207 | 90,641 |
| Other Accounts Receivable | 334,996 | 347,282 |
| Prepayments | 13,078 | 13,146 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 122,093 | 187,080 |
| Deferred Income Taxes | 22,133 | 23,426 |
| Total Current Assets | <u>797,544</u> | <u>819,624</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 360,605 | 602,220 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 800,902 | 803,075 |
| Wells & Springs | 572,519 | 554,695 |
| Supply Mains | 18,724 | 18,724 |
| Pumping Equipment | 1,074,644 | 1,070,194 |
| Water Treatment Equipment | 431,138 | 427,608 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,473,531 |
| Transmission & Distribution Mains | 4,843,108 | 4,823,732 |
| Services | 1,803,384 | 1,770,365 |
| Meters & Meter Installation | 865,426 | 802,113 |
| Hydrants | 110,056 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 115,119 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,836 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,574,268)</u> | <u>(3,209,891)</u> |
| Total Fixed Assets | <u>9,377,865</u> | <u>9,500,655</u> |
| Total Assets | <u><u>10,175,409</u></u> | <u><u>10,320,279</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

February 28, 2011

LIABILITIES

| | <u>2/28/11</u> | <u>2/28/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 8,805 | 5,121 |
| Accounts Payable to Associated Companies | 21,989 | 33,510 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 795 | 759 |
| Accrued Expenses | 19,374 | 17,822 |
| Total Current Liabilities | <u>50,962</u> | <u>57,212</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,390,740 | 1,431,240 |
| Notes Payable - State of NH (DWSRF) | 2,232,175 | 2,282,910 |
| Notes Payable - Outside Parties | 191,981 | 195,355 |
| Notes Payables - Lewis Builders | 701,992 | 712,585 |
| Accum. Deferred Inc Tax | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,521,203</u> | <u>4,623,774</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,966,458 | 6,969,799 |
| Accumulated Amortization of CIAC | (2,217,154) | (2,034,080) |
| Total CIAC | <u>4,749,304</u> | <u>4,935,720</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | (7,558) | 10,854 |
| Stockholders' Equity | <u>853,939</u> | <u>703,574</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,175,409</u></u> | <u><u>10,320,279</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
INCOME STATEMENT
FOR THE TWO MONTHS ENDING FEBRUARY 28, 2011 and 2010

| | Month of Feb-11 | Year-To-Date 2/28/11 | | Month of Feb-10 | Year-To-Date 2/28/10 | | Increase (Decrease) |
|---|--------------------|-------------------------|-------------|--------------------|-------------------------|-------------|------------------------|
| Total Revenue | 117,317 | 229,226 | 100% | 94,720 | 202,632 | 100% | 26,594 |
| Net Depreciation & CIAC | 18,819 | 37,638 | | 15,762 | 31,525 | | 6,113 |
| Property Taxes | 14,947 | 29,894 | | 11,815 | 23,630 | | 6,264 |
| Other Taxes | 108 | 216 | | 108 | 216 | | 0 |
| Labor on Outside Jobs | 239 | 1,127 | | 897 | 2,316 | | (1,189) |
| Well Expenses | 142 | 209 | | 206 | 305 | | (96) |
| Power Purchased for Pumping | 12,003 | 25,099 | | 13,906 | 29,385 | | (4,285) |
| Pumping Expenses | 8,558 | 14,961 | | 3,528 | 9,510 | | 5,451 |
| Chemicals | 424 | 849 | | 801 | 1,457 | | (608) |
| Treatment Expense (Filters) | 4,723 | 11,690 | | 3,993 | 10,430 | | 1,261 |
| Transm & Distribution Exp (Mains) | 395 | 2,144 | | 742 | 1,264 | | 880 |
| Meter Expenses & Customer Installations | 51 | 408 | | 2,572 | 3,384 | | (2,976) |
| Maintenance of Storage Tanks | 0 | 28 | | 92 | 92 | | (64) |
| Maintenance of Services | 823 | 1,223 | | 290 | 699 | | 524 |
| Maintenance of Hydrants | 0 | 0 | | 0 | 0 | | 0 |
| Meter Reading Expenses | 259 | 684 | | 213 | 533 | | 151 |
| Customer Records & Collections | 4,793 | 8,975 | | 4,613 | 8,872 | | 104 |
| Uncollectable Accounts | 0 | 0 | | 0 | 0 | | 0 |
| Administrative & General Salaries | 1,413 | 2,488 | | 2,455 | 3,729 | | (1,241) |
| Office Supplies & Other Expenses | 7,623 | 10,672 | | 4,616 | 5,581 | | 5,091 |
| Outside Services - Engineering | 2,421 | 5,708 | | 4,250 | 5,285 | | 423 |
| Outside Services - Management Fees | 9,167 | 18,333 | | 9,167 | 18,333 | | 0 |
| Outside Services - Accounting | 3,913 | 6,980 | | 6,245 | 8,378 | | (1,398) |
| Outside Services - Legal | 1,133 | 2,032 | | 0 | 491 | | 1,541 |
| Injuries & Damages (Insurance Expense) | 1,455 | 2,910 | | 2,160 | 4,389 | | (1,480) |
| Employee Pensions & Benefits | 4,201 | 10,227 | | 3,049 | 7,703 | | 2,524 |
| Franchise Requirements | 0 | 0 | | 0 | 0 | | 0 |
| Misc General Expenses | (94) | (152) | | 223 | 223 | | (375) |
| Misc Expenses - Vehicle Expenses | 1,494 | 2,696 | | 1,169 | 2,408 | | 288 |
| General Rents | 1,408 | 2,817 | | 1,408 | 2,817 | | 0 |
| Total Expenses | 100,417 | 199,856 | 87% | 94,279 | 182,953 | 90% | 16,903 |
| Net Operating Income | 16,901 | 29,370 | 13% | 442 | 19,679 | 10% | 9,692 |
| Rate Case Recovery Fees | 83 | 132 | | 13,405 | 26,840 | | (26,708) |
| Regulatory Commission Expenses | 0 | (1,390) | | (4,267) | (9,541) | | (8,151) |
| Interest Expense | (17,999) | (35,670) | | (13,046) | (26,124) | | 9,546 |
| Misc Nonutility Expenses | (0) | (0) | | 0 | 0 | | 0 |
| Net Income (Loss) | (1,015) | (7,558) | -3% | (3,466) | 10,854 | 5% | (18,412) |
| Gallons Sold | 11,324,437 | 23,863,811 | | 10,414,321 | 22,936,292 | | 927,519 |
| Average Gallons Sold Per Day | 392,706 | | | 360,446 | | | 32,260 |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

March 31, 2011

ASSETS

| | <u>3/31/11</u> | <u>3/31/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 124,449 | 78,644 |
| Accounts Receivable | 60,170 | 66,957 |
| Accrued Metered Revenue | 98,271 | 112,333 |
| Other Accounts Receivable | 334,996 | 347,282 |
| Prepayments | 13,183 | 10,010 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 121,575 | 170,752 |
| Deferred Income Taxes | 22,025 | 23,318 |
| Total Current Assets | <u>774,670</u> | <u>809,296</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 398,650 | 608,790 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 800,902 | 803,075 |
| Wells & Springs | 572,519 | 554,695 |
| Supply Mains | 18,724 | 18,724 |
| Pumping Equipment | 1,074,644 | 1,072,101 |
| Water Treatment Equipment | 431,138 | 427,608 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,473,531 |
| Transmission & Distribution Mains | 4,843,108 | 4,823,732 |
| Services | 1,803,384 | 1,772,226 |
| Meters & Meter Installation | 867,226 | 804,754 |
| Hydrants | 110,056 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 103,444 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,836 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,595,593)</u> | <u>(3,241,891)</u> |
| Total Fixed Assets | <u>9,384,710</u> | <u>9,481,635</u> |
| Total Assets | <u><u>10,159,379</u></u> | <u><u>10,290,931</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

March 31, 2011

LIABILITIES

| | <u>3/31/11</u> | <u>3/31/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 4,495 | 5,715 |
| Accounts Payable to Associated Companies | 14,073 | 19,784 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 13,233 | 10,596 |
| Accrued Expenses | 17,994 | 16,426 |
| Total Current Liabilities | <u>49,795</u> | <u>52,520</u> |
| | | |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,386,667 | 1,427,364 |
| Notes Payable - State of NH (DWSRF) | 2,227,869 | 2,278,747 |
| Notes Payable - Outside Parties | 190,165 | 193,929 |
| Notes Payables - Lewis Builders | 699,908 | 712,310 |
| Accum. Deferred Inc Tax | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,508,924</u> | <u>4,614,034</u> |
| | | |
| Contributions in Aid of Construction: | | |
| CIAC | 6,966,458 | 6,969,799 |
| Accumulated Amortization of CIAC | (2,232,154) | (2,049,080) |
| Total CIAC | <u>4,734,304</u> | <u>4,920,720</u> |
| | | |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 4,859 | 10,938 |
| Stockholders' Equity | <u>866,356</u> | <u>703,657</u> |
| | | |
| Total Liabilities and Stockholders' Equity | <u><u>10,159,379</u></u> | <u><u>10,290,931</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE THREE MONTHS ENDING MARCH 31, 2011 AND 2010

| | Month of March-11 | Year-To-Date 3/31/11 | | Month of March-10 | Year-To-Date 3/31/10 | | Increase (Decrease) |
|---|----------------------|-------------------------|-------------|----------------------|-------------------------|-------------|------------------------|
| Total Revenue | 122,709 | 351,935 | 100% | 110,179 | 312,812 | 100% | 39,124 |
| Net Depreciation & CIAC | 18,819 | 56,457 | | 17,762 | 49,287 | | 7,170 |
| Property Taxes | 14,947 | 44,840 | | 11,815 | 35,445 | | 9,395 |
| Other Taxes | 108 | 323 | | 108 | 323 | | 0 |
| Labor on Outside Jobs | 1,052 | 2,179 | | 283 | 2,599 | | (420) |
| Well Expenses | 0 | 209 | | (78) | 227 | | (18) |
| Power Purchased for Pumping | 14,338 | 39,437 | | 20,824 | 50,208 | | (10,771) |
| Pumping Expenses | 2,658 | 17,619 | | 4,734 | 14,244 | | 3,375 |
| Chemicals | 424 | 1,273 | | 695 | 2,152 | | (879) |
| Treatment Expense (Filters) | 4,483 | 16,173 | | 4,717 | 15,147 | | 1,027 |
| Transm & Distribution Exp (Mains) | 671 | 2,815 | | 1,486 | 2,750 | | 65 |
| Meter Expenses & Customer Installations | 278 | 685 | | (1,640) | 1,743 | | (1,058) |
| Maintenance of Storage Tanks | 175 | 203 | | 60 | 152 | | 51 |
| Maintenance of Services | 1,251 | 2,474 | | 2,035 | 2,733 | | (259) |
| Maintenance of Hydrants | 0 | 0 | | 0 | 0 | | 0 |
| Meter Reading Expenses | 202 | 886 | | 366 | 899 | | (13) |
| Customer Records & Collections | 4,539 | 13,514 | | 4,791 | 13,662 | | (149) |
| Uncollectable Accounts | 0 | 0 | | 0 | 0 | | 0 |
| Administrative & General Salaries | 1,409 | 3,897 | | 1,844 | 5,574 | | (1,676) |
| Office Supplies & Other Expenses | 1,518 | 12,190 | | 9,375 | 14,955 | | (2,766) |
| Outside Services - Engineering | 1,859 | 7,567 | | 3,980 | 9,265 | | (1,698) |
| Outside Services - Management Fees | 9,167 | 27,500 | | 9,167 | 27,500 | | 0 |
| Outside Services - Accounting | 4,550 | 11,530 | | 2,122 | 10,500 | | 1,030 |
| Outside Services - Legal | 1,843 | 3,875 | | 770 | 1,262 | | 2,613 |
| Injuries & Damages (Insurance Expense) | 1,452 | 4,362 | | 2,166 | 6,555 | | (2,194) |
| Employee Pensions & Benefits | 4,353 | 14,580 | | 4,147 | 11,850 | | 2,730 |
| Franchise Requirements | 0 | 0 | | 0 | 0 | | 0 |
| Misc General Expenses | (10) | (162) | | 0 | 223 | | (385) |
| Misc Expenses - Vehicle Expenses | 1,369 | 4,065 | | 1,537 | 3,945 | | 120 |
| General Rents | 1,408 | 4,225 | | 1,408 | 4,225 | | 0 |
| Total Expenses | 92,863 | 292,719 | 83% | 104,474 | 287,427 | 92% | 5,291 |
| Net Operating Income | 29,846 | 59,217 | 17% | 5,705 | 25,384 | 8% | 33,832 |
| Rate Case Recovery Fees | 63 | 195 | | 21,656 | 48,496 | | (48,301) |
| Regulatory Commission Expenses | 0 | (1,390) | | (15,011) | (24,552) | | (23,162) |
| Interest Expense | (17,492) | (53,163) | | (12,266) | (38,390) | | 14,772 |
| Misc Nonutility Expenses | 0 | (0) | | 0 | 0 | | 0 |
| Net Income (Loss) | 12,417 | 4,859 | 1% | 84 | 10,938 | 3% | (6,079) |
| Gallons Sold | 10,860,563 | 34,724,374 | | 11,149,994 | 34,086,286 | | 638,088 |
| Average Gallons Sold Per Day | 367,600 | | | 366,905 | | | 695 |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

April 30, 2011

ASSETS

| | <u>4/30/11</u> | <u>4/30/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 80,914 | 64,940 |
| Accounts Receivable | 78,180 | 69,106 |
| Accrued Metered Revenue | 99,833 | 117,690 |
| Other Accounts Receivable | 334,996 | 347,282 |
| Prepayments | 13,948 | 12,496 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 120,183 | 159,466 |
| Deferred Income Taxes | 21,917 | 23,210 |
| Total Current Assets | <u>749,972</u> | <u>794,190</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 418,576 | 610,660 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 800,902 | 803,075 |
| Wells & Springs | 572,519 | 554,695 |
| Supply Mains | 18,724 | 18,724 |
| Pumping Equipment | 1,079,697 | 1,072,101 |
| Water Treatment Equipment | 431,138 | 427,608 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,473,531 |
| Transmission & Distribution Mains | 4,843,108 | 4,825,501 |
| Services | 1,803,384 | 1,773,796 |
| Meters & Meter Installation | 872,526 | 805,515 |
| Hydrants | 110,056 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 103,444 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,153 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,621,038)</u> | <u>(3,273,891)</u> |
| Total Fixed Assets | <u>9,388,860</u> | <u>9,455,604</u> |
| Total Assets | <u><u>10,138,831</u></u> | <u><u>10,249,793</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

April 30, 2011

LIABILITIES

| | <u>4/30/11</u> | <u>4/30/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 25,535 | 10,682 |
| Accounts Payable to Associated Companies | 13,244 | (3,484) |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 15,909 | 12,688 |
| Accrued Expenses | 16,847 | 15,266 |
| Total Current Liabilities | <u>71,534</u> | <u>35,153</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,383,300 | 1,424,211 |
| Notes Payable - State of NH (DWSRF) | 2,223,552 | 2,274,572 |
| Notes Payable - Outside Parties | 189,236 | 192,499 |
| Notes Payables - Associated Companies | 697,814 | 712,034 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,498,217</u> | <u>4,605,000</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,966,458 | 6,969,799 |
| Accumulated Amortization of CIAC | <u>(2,247,154)</u> | <u>(2,064,080)</u> |
| Total CIAC | <u>4,719,304</u> | <u>4,905,720</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | <u>(11,721)</u> | <u>11,201</u> |
| Stockholders' Equity | <u>849,776</u> | <u>703,921</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,138,831</u></u> | <u><u>10,249,793</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE FOUR MONTHS ENDING APRIL 30, 2011 and 2010

| | Month of April-11 | Year-To-Date 4/30/11 | | Month of April-10 | Year-To-Date 4/30/10 | | Increase (Decrease) |
|---|----------------------|-------------------------|------|----------------------|-------------------------|------|------------------------|
| Total Revenue | 113,120 | 465,055 | 100% | 110,172 | 422,984 | 100% | 42,072 |
| Net Depreciation & CIAC | 18,819 | 75,276 | | 17,762 | 67,049 | | 8,226 |
| Property Taxes | 14,947 | 59,787 | | 11,815 | 47,260 | | 12,527 |
| Other Taxes | 712 | 1,035 | | 1,084 | 1,408 | | (373) |
| Labor on Outside Jobs | 2,365 | 4,544 | | 664 | 3,263 | | 1,281 |
| Well Expenses | 280 | 489 | | 888 | 1,115 | | (626) |
| Power Purchased for Pumping | 11,563 | 51,000 | | 13,379 | 63,587 | | (12,586) |
| Pumping Expenses | 4,857 | 22,476 | | 4,432 | 18,676 | | 3,800 |
| Chemicals | 439 | 1,712 | | 404 | 2,556 | | (844) |
| Treatment Expense (Filters) | 7,571 | 23,745 | | 8,621 | 23,767 | | (23) |
| Transm & Distribution Exp (Mains) | 1,772 | 4,587 | | 1,259 | 4,009 | | 578 |
| Meter Expenses & Customer Installations | 4,375 | 5,060 | | 2,866 | 4,609 | | 451 |
| Maintenance of Storage Tanks | 38 | 241 | | 0 | 152 | | 89 |
| Maintenance of Services | 281 | 2,755 | | 2,487 | 5,220 | | (2,465) |
| Maintenance of Hydrants | 50 | 50 | | 0 | 0 | | 50 |
| Meter Reading Expenses | 480 | 1,366 | | 509 | 1,408 | | (42) |
| Customer Records & Collections | 5,844 | 19,358 | | 6,255 | 19,917 | | (559) |
| Uncollectable Accounts | 0 | 0 | | 0 | 0 | | 0 |
| Administrative & General Salaries | 2,197 | 6,094 | | 2,582 | 8,155 | | (2,061) |
| Office Supplies & Other Expenses | 1,867 | 14,057 | | 1,028 | 15,983 | | (1,926) |
| Outside Services - Engineering | 6,596 | 14,164 | | 3,800 | 13,065 | | 1,099 |
| Outside Services - Management Fees | 9,167 | 36,667 | | 9,167 | 36,667 | | 0 |
| Outside Services - Accounting | 4,816 | 16,346 | | 5,704 | 16,204 | | 142 |
| Outside Services - Legal | 2,560 | 6,435 | | 2,096 | 3,358 | | 3,077 |
| Injuries & Damages (Insurance Expense) | 1,564 | 5,926 | | 1,891 | 8,446 | | (2,520) |
| Employee Pensions & Benefits | 4,570 | 19,150 | | 3,306 | 15,156 | | 3,994 |
| Franchise Requirements | 0 | 0 | | 0 | 0 | | 0 |
| Misc General Expenses | (71) | (234) | | (5) | 218 | | (451) |
| Misc Expenses - Vehicle Expenses | 1,396 | 5,462 | | 1,936 | 5,881 | | (420) |
| General Rents | 1,408 | 5,633 | | 1,408 | 5,633 | | 0 |
| Total Expenses | 110,464 | 403,183 | 87% | 105,337 | 392,764 | 93% | 10,419 |
| Net Operating Income | 2,656 | 61,872 | 13% | 4,835 | 30,220 | 7% | 31,653 |
| Rate Case Recovery Fees | 63 | 258 | | 24,421 | 72,917 | | (72,659) |
| Regulatory Commission Expenses | (1,390) | (2,780) | | (16,019) | (40,572) | | (37,792) |
| Interest Expense | (17,909) | (71,071) | | (12,974) | (51,364) | | 19,707 |
| Misc Nonutility Expenses | 0 | (0) | | 0 | 0 | | 0 |
| Net Income (Loss) | (16,580) | (11,721) | -3% | 263 | 11,201 | 3% | (22,922) |
| Gallons Sold | 11,164,999 | 45,889,373 | | 11,099,908 | 45,186,194 | | 703,179 |
| Average Gallons Sold Per Day | 379,280 | | | 387,764 | | | (8,484) |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

May 31, 2011

ASSETS

| | <u>5/31/11</u> | <u>5/31/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 92,200 | 70,470 |
| Accounts Receivable | 69,173 | 78,547 |
| Accrued Metered Revenue | 116,728 | 139,031 |
| Other Accounts Receivable | 334,996 | 347,282 |
| Prepayments | 13,622 | 13,518 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 118,843 | 154,844 |
| Deferred Income Taxes | 21,809 | 23,102 |
| Total Current Assets | <u>767,372</u> | <u>826,793</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 459,041 | 632,817 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 800,902 | 803,075 |
| Wells & Springs | 572,519 | 554,709 |
| Supply Mains | 18,724 | 18,724 |
| Pumping Equipment | 1,079,697 | 1,076,429 |
| Water Treatment Equipment | 431,196 | 427,715 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,473,531 |
| Transmission & Distribution Mains | 4,843,108 | 4,825,501 |
| Services | 1,806,321 | 1,773,796 |
| Meters & Meter Installation | 881,551 | 806,325 |
| Hydrants | 110,056 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 103,444 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,153 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,654,038)</u> | <u>(3,305,891)</u> |
| Total Fixed Assets | <u>9,408,345</u> | <u>9,451,021</u> |
| Total Assets | <u><u>10,175,717</u></u> | <u><u>10,277,814</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

May 31, 2011

LIABILITIES

| | <u>5/31/11</u> | <u>5/31/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 29,332 | 11,918 |
| Accounts Payable to Associated Companies | 52,628 | (404) |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 30,895 | 24,550 |
| Accrued Expenses | 15,440 | 14,317 |
| Total Current Liabilities | <u>128,295</u> | <u>50,382</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,379,671 | 1,420,794 |
| Notes Payable - State of NH (DWSRF) | 2,219,223 | 2,270,385 |
| Notes Payable - Outside Parties | 188,448 | 191,066 |
| Notes Payables - Lewis Builders | 695,710 | 711,757 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,487,367</u> | <u>4,595,687</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,966,458 | 6,969,799 |
| Accumulated Amortization of CIAC | (2,262,154) | (2,079,080) |
| Total CIAC | <u>4,704,304</u> | <u>4,890,720</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | (5,747) | 48,307 |
| Stockholders' Equity | <u>855,750</u> | <u>741,026</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,175,717</u></u> | <u><u>10,277,814</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

SUMMARY INCOME STATEMENT FOR THE FIVE MONTHS ENDING MAY 31, 2011

| | Month of May-11 | Year-To-Date 5/31/11 | | Month of May-10 | Year-To-Date 5/31/10 | | Increase (Decrease) |
|---|--------------------|-------------------------|-------------|--------------------|-------------------------|-------------|------------------------|
| Total Revenue | 128,705 | 593,760 | 100% | 135,402 | 558,385 | 100% | 35,375 |
| Net Depreciation & CIAC | 18,819 | 94,095 | | 17,762 | 84,812 | | 9,283 |
| Property Taxes | 14,947 | 74,734 | | 11,815 | 59,075 | | 15,659 |
| Other Taxes | 108 | 1,143 | | 108 | 1,515 | | (373) |
| Labor on Outside Jobs | 3,064 | 7,608 | | 2,819 | 6,082 | | 1,526 |
| Well Expenses | 6,129 | 6,619 | | 51 | 1,166 | | 5,452 |
| Power Purchased for Pumping | 12,618 | 63,619 | | 13,534 | 77,120 | | (13,502) |
| Pumping Expenses | 4,417 | 26,893 | | 1,805 | 20,482 | | 6,412 |
| Chemicals | 496 | 2,208 | | 883 | 3,439 | | (1,231) |
| Treatment Expense (Filters) | 4,321 | 28,065 | | 4,444 | 28,212 | | (146) |
| Transm & Distribution Exp (Mains) | 548 | 5,136 | | 1,166 | 5,175 | | (40) |
| Meter Expenses & Customer Installations | 2,428 | 7,489 | | 1,007 | 5,616 | | 1,873 |
| Maintenance of Storage Tanks | 30 | 271 | | 0 | 152 | | 119 |
| Maintenance of Services | 2,376 | 5,131 | | 528 | 5,748 | | (617) |
| Maintenance of Hydrants | 0 | 50 | | 0 | 0 | | 50 |
| Meter Reading Expenses | 472 | 1,838 | | 421 | 1,829 | | 9 |
| Customer Records & Collections | 4,477 | 23,835 | | 4,902 | 24,819 | | (984) |
| Uncollectable Accounts | 0 | 0 | | 0 | 0 | | 0 |
| Administrative & General Salaries | 1,386 | 7,480 | | 1,376 | 9,532 | | (2,052) |
| Office Supplies & Other Expenses | 1,506 | 15,564 | | 8,127 | 24,111 | | (8,547) |
| Outside Services - Engineering | 4,834 | 18,998 | | 3,813 | 16,878 | | 2,120 |
| Outside Services - Management Fees | 9,167 | 45,833 | | 9,167 | 45,833 | | 0 |
| Outside Services - Accounting | 1,912 | 18,258 | | 1,826 | 18,030 | | 228 |
| Outside Services - Legal | 879 | 7,314 | | 2,091 | 5,450 | | 1,864 |
| Injuries & Damages (Insurance Expense) | 1,504 | 7,430 | | 1,446 | 9,892 | | (2,462) |
| Employee Pensions & Benefits | 3,746 | 22,896 | | 3,626 | 18,782 | | 4,114 |
| Franchise Requirements | 0 | 0 | | 0 | 0 | | 0 |
| Misc General Expenses | (75) | (308) | | (31) | 186 | | (494) |
| Misc Expenses - Vehicle Expenses | 3,437 | 8,899 | | 3,246 | 9,127 | | (229) |
| General Rents | 1,408 | 7,042 | | 1,408 | 7,042 | | 0 |
| Total Expenses | 104,955 | 508,137 | 86% | 97,342 | 490,106 | 88% | 18,032 |
| Net Operating Income | 23,750 | 85,623 | 14% | 38,060 | 68,279 | 12% | 17,344 |
| Rate Case Recovery Fees | 40 | 298 | | 16,006 | 88,923 | | (88,625) |
| Regulatory Commission Expenses | 0 | (2,780) | | (4,267) | (44,838) | | (42,058) |
| Interest Expense | (17,816) | (88,887) | | (12,693) | (64,057) | | 24,830 |
| Misc Nonutility Expenses | 0 | (0) | | 0 | 0 | | 0 |
| Net Income (Loss) | 5,974 | (5,747) | -1% | 37,106 | 48,307 | 9% | (54,054) |
| Gallons Sold | 15,022,520 | 60,911,893 | | 17,105,046 | 62,291,240 | | (1,379,347) |
| Average Gallons Sold Per Day | 460,907 | | | 529,908 | | | (69,001) |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

June 30, 2011

ASSETS

| | <u>6/30/11</u> | <u>6/30/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 14,653 | 84,328 |
| Accounts Receivable | 97,051 | 97,849 |
| Accrued Metered Revenue | 136,178 | 141,297 |
| Other Accounts Receivable | 334,996 | 339,091 |
| Prepayments | 46,288 | 40,442 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 118,883 | 151,606 |
| Deferred Income Taxes | 21,702 | 22,995 |
| Total Current Assets | <u>769,751</u> | <u>877,607</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 496,494 | 628,360 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 800,902 | 803,075 |
| Wells & Springs | 572,519 | 554,709 |
| Supply Mains | 18,724 | 18,724 |
| Pumping Equipment | 1,079,697 | 1,083,261 |
| Water Treatment Equipment | 433,001 | 427,715 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,473,531 |
| Transmission & Distribution Mains | 4,849,865 | 4,828,152 |
| Services | 1,806,321 | 1,779,388 |
| Meters & Meter Installation | 883,426 | 831,299 |
| Hydrants | 110,056 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 103,444 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,153 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,687,038)</u> | <u>(3,337,891)</u> |
| Total Fixed Assets | <u>9,423,235</u> | <u>9,454,614</u> |
| Total Assets | <u><u>10,192,986</u></u> | <u><u>10,332,221</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

June 30, 2011

LIABILITIES

| | 6/30/11 | 6/30/10 |
|---|-------------------|-------------------|
| Current Liabilities: | | |
| Accounts Payable | 29,428 | 27,829 |
| Accounts Payable to Associated Companies | 49,414 | 32,857 |
| Customer Deposits | 347 | 0 |
| Accrued Taxes | 1,001 | 920 |
| Accrued Expenses | 14,086 | 12,926 |
| Total Current Liabilities | 94,275 | 74,532 |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,376,262 | 1,417,608 |
| Notes Payable - State of NH (DWSRF) | 2,219,353 | 2,266,187 |
| Notes Payable - Outside Parties | 187,591 | 189,629 |
| Notes Payables - Lewis Builders | 733,597 | 711,479 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 4,315 | 1,684 |
| Total Long-Term Liabilities | 4,521,119 | 4,586,586 |
| Contributions in Aid of Construction: | | |
| CIAC | 6,966,458 | 6,969,799 |
| Accumulated Amortization of CIAC | (2,277,154) | (2,094,080) |
| Total CIAC | 4,689,304 | 4,875,720 |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 26,792 | 102,664 |
| Stockholders' Equity | 888,288 | 795,383 |
| Total Liabilities and Stockholders' Equity | 10,192,986 | 10,332,221 |

HAMPSTEAD AREA WATER COMPANY, INC.

SUMMARY INCOME STATEMENT

FOR THE SIX MONTHS ENDING JUNE 30, 2011 AND 2010

| | Month of June-11 | Year-To-Date 6/30/11 | | Month of June-10 | Year-To-Date 6/30/10 | | Increase (Decrease) |
|---|---------------------|-------------------------|------------|---------------------|-------------------------|------------|------------------------|
| Total Revenue | <u>164,467</u> | <u>758,227</u> | 100% | <u>164,014</u> | <u>722,399</u> | 100% | <u>35,828</u> |
| Net Depreciation & CIAC | 18,819 | 112,913 | | 17,762 | 102,574 | | 10,340 |
| Property Taxes | 14,615 | 89,349 | | 11,815 | 70,890 | | 18,458 |
| Other Taxes | 108 | 1,250 | | 108 | 1,623 | | (373) |
| Labor on Outside Jobs | 1,005 | 8,612 | | 1,394 | 7,477 | | 1,136 |
| Well Expenses | 230 | 6,849 | | 797 | 1,964 | | 4,885 |
| Power Purchased for Pumping | 14,633 | 78,252 | | 16,209 | 93,329 | | (15,078) |
| Pumping Expenses | 2,876 | 29,770 | | 8,751 | 29,233 | | 537 |
| Chemicals | 1,487 | 3,694 | | 1,273 | 4,712 | | (1,018) |
| Treatment Expense (Filters) | 5,539 | 33,604 | | 7,654 | 35,865 | | (2,261) |
| Transm & Distribution Exp (Mains) | 2,104 | 7,240 | | 647 | 5,822 | | 1,418 |
| Meter Expenses & Customer Installations | 1,907 | 9,396 | | 2,111 | 7,726 | | 1,670 |
| Maintenance of Storage Tanks | 0 | 271 | | 0 | 152 | | 119 |
| Maintenance of Services | 936 | 6,067 | | 2,580 | 8,328 | | (2,261) |
| Maintenance of Hydrants | 0 | 50 | | 0 | 0 | | 50 |
| Meter Reading Expenses | 1,048 | 2,886 | | 477 | 2,306 | | 580 |
| Customer Records & Collections | 3,767 | 27,602 | | 4,935 | 29,754 | | (2,152) |
| Uncollectable Accounts | 0 | 0 | | 0 | 0 | | 0 |
| Administrative & General Salaries | 1,146 | 8,626 | | 676 | 10,208 | | (1,582) |
| Office Supplies & Other Expenses | 5,602 | 21,165 | | 873 | 24,984 | | (3,818) |
| Outside Services - Engineering | 4,280 | 23,278 | | 3,717 | 20,595 | | 2,683 |
| Outside Services - Management Fees | 9,167 | 55,000 | | 9,167 | 55,000 | | 0 |
| Outside Services - Accounting | 2,399 | 20,657 | | 773 | 18,803 | | 1,854 |
| Outside Services - Legal | 2,495 | 9,809 | | 1,709 | 7,159 | | 2,651 |
| Injuries & Damages (Insurance Expense) | 1,503 | 8,933 | | 1,606 | 11,498 | | (2,565) |
| Employee Pensions & Benefits | 4,106 | 27,002 | | 5,180 | 23,962 | | 3,040 |
| Franchise Requirements | 3,270 | 3,270 | | 3,170 | 3,170 | | 100 |
| Misc General Expenses | (434) | (742) | | (50) | 137 | | (879) |
| Misc Expenses - Vehicle Expenses | 2,215 | 11,114 | | 1,200 | 10,327 | | 787 |
| General Rents | 1,408 | 8,450 | | 1,408 | 8,450 | | 0 |
| Total Expenses | <u>106,232</u> | <u>614,369</u> | 81% | <u>105,942</u> | <u>596,048</u> | 83% | <u>18,321</u> |
| Net Operating Income | 58,235 | 143,858 | 19% | 58,072 | 126,351 | 17% | 17,506 |
| Rate Case Recovery Fees | 35 | 333 | | 13,458 | 102,381 | | (102,048) |
| Regulatory Commission Expenses | 0 | (2,780) | | (4,267) | (49,105) | | (46,325) |
| Interest Expense | (25,732) | (114,619) | | (12,907) | (76,964) | | 37,655 |
| Misc Nonutility Expenses | 0 | (0) | | 0 | 0 | | 0 |
| Net Income (Loss) | <u>32,538</u> | <u>26,792</u> | 4% | <u>54,357</u> | <u>102,664</u> | 14% | <u>(75,872)</u> |
| Gallons Sold | 18,199,500 | 79,111,393 | | 19,301,295 | 81,592,535 | | (2,481,142) |
| Average Gallons Sold Per Day | 606,650 | | | 634,517 | | | (27,867) |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

July 31, 2011

ASSETS

| | <u>7/31/11</u> | <u>7/31/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 41,409 | 107,395 |
| Accounts Receivable | 105,180 | 125,769 |
| Accrued Metered Revenue | 155,230 | 145,145 |
| Other Accounts Receivable | 334,996 | 339,091 |
| Prepayments | 31,043 | 26,711 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 118,714 | 149,794 |
| Deferred Income Taxes | 21,594 | 22,887 |
| Total Current Assets | <u>808,166</u> | <u>916,791</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 802,905 | 630,507 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 800,902 | 803,075 |
| Wells & Springs | 572,519 | 554,709 |
| Supply Mains | 18,724 | 18,724 |
| Pumping Equipment | 1,086,943 | 1,083,261 |
| Water Treatment Equipment | 433,001 | 427,715 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,476,399 |
| Transmission & Distribution Mains | 4,851,590 | 4,828,152 |
| Services | 1,806,321 | 1,780,415 |
| Meters & Meter Installation | 884,876 | 838,263 |
| Hydrants | 110,056 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 103,444 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,153 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,720,038)</u> | <u>(3,370,891)</u> |
| Total Fixed Assets | <u>9,707,068</u> | <u>9,434,619</u> |
| Total Assets | <u><u>10,515,234</u></u> | <u><u>10,351,410</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

July 31, 2011

LIABILITIES

| | <u>7/31/11</u> | <u>7/31/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 29,011 | 8,128 |
| Accounts Payable to Associated Companies | 40,635 | 19,689 |
| Customer Deposits | 417 | 0 |
| Accrued Taxes | 1,001 | 920 |
| Accrued Expenses | 34,473 | 32,660 |
| Total Current Liabilities | <u>105,538</u> | <u>61,396</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,372,594 | 1,414,158 |
| Notes Payable - State of NH (DWSRF) | 2,211,696 | 2,261,977 |
| Notes Payable - Outside Parties | 186,729 | 188,188 |
| Notes Payables - Lewis Builders | 1,023,316 | 711,199 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,798,650</u> | <u>4,577,206</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,966,458 | 6,969,799 |
| Accumulated Amortization of CIAC | <u>(2,292,154)</u> | <u>(2,109,080)</u> |
| Total CIAC | <u>4,674,304</u> | <u>4,860,720</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 75,245 | 159,369 |
| Stockholders' Equity | <u>936,742</u> | <u>852,088</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,515,234</u></u> | <u><u>10,351,410</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

SUMMARY INCOME STATEMENT

FOR THE SEVEN MONTHS ENDING JULY 31, 2011 AND 2010

| | Month of July-11 | Year-To-Date 7/31/11 | | Month of July-10 | Year-To-Date 7/31/10 | | Increase (Decrease) |
|---|---------------------|-------------------------|-------------|---------------------|-------------------------|-------------|------------------------|
| Total Revenue | 179,015 | 937,243 | 100% | 165,452 | 887,851 | 100% | 49,392 |
| Net Depreciation & CIAC | 18,819 | 131,732 | | 18,762 | 121,336 | | 10,396 |
| Property Taxes | 14,836 | 104,185 | | 11,815 | 82,705 | | 21,479 |
| Other Taxes | 320 | 1,570 | | 211 | 1,834 | | (264) |
| Labor on Outside Jobs | 608 | 9,220 | | 1,021 | 8,497 | | 723 |
| Well Expenses | 205 | 7,054 | | 818 | 2,782 | | 4,272 |
| Power Purchased for Pumping | 14,229 | 92,481 | | 18,535 | 111,864 | | (19,383) |
| Pumping Expenses | 4,894 | 34,664 | | 7,129 | 36,362 | | (1,698) |
| Chemicals | 991 | 4,685 | | 849 | 5,560 | | (875) |
| Treatment Expense (Filters) | 12,089 | 45,694 | | 6,719 | 42,584 | | 3,109 |
| Transm & Distribution Exp (Mains) | 1,870 | 9,110 | | 666 | 6,488 | | 2,622 |
| Meter Expenses & Customer Installations | 5,228 | 14,624 | | 3,697 | 11,423 | | 3,201 |
| Maintenance of Storage Tanks | 0 | 271 | | 58 | 210 | | 61 |
| Maintenance of Services | 331 | 6,398 | | 851 | 9,179 | | (2,781) |
| Maintenance of Hydrants | 0 | 50 | | 0 | 0 | | 50 |
| Meter Reading Expenses | 200 | 3,086 | | 572 | 2,878 | | 208 |
| Customer Records & Collections | 5,809 | 33,411 | | 7,020 | 36,774 | | (3,363) |
| Uncollectable Accounts | 0 | 0 | | 0 | 0 | | 0 |
| Administrative & General Salaries | 1,486 | 10,112 | | 1,232 | 11,439 | | (1,327) |
| Office Supplies & Other Expenses | 1,171 | 22,336 | | 1,467 | 26,451 | | (4,114) |
| Outside Services - Engineering | 5,761 | 29,040 | | 2,119 | 22,714 | | 6,325 |
| Outside Services - Management Fees | 9,167 | 64,167 | | 9,167 | 64,167 | | 0 |
| Outside Services - Accounting | 2,448 | 23,106 | | 1,249 | 20,052 | | 3,053 |
| Outside Services - Legal | 3,138 | 12,948 | | 889 | 8,048 | | 4,900 |
| Injuries & Damages (Insurance Expense) | 1,588 | 10,521 | | 2,642 | 14,140 | | (3,620) |
| Employee Pensions & Benefits | 4,751 | 31,753 | | 5,369 | 29,331 | | 2,422 |
| Franchise Requirements | 0 | 3,270 | | 0 | 3,170 | | 100 |
| Misc General Expenses | 19 | (724) | | (53) | 84 | | (807) |
| Misc Expenses - Vehicle Expenses | 1,565 | 12,679 | | 1,142 | 11,469 | | 1,210 |
| General Rents | 1,408 | 9,858 | | 1,408 | 9,858 | | 0 |
| Total Expenses | 112,933 | 727,302 | 78% | 105,352 | 701,400 | 79% | 25,902 |
| Net Operating Income | 66,083 | 209,940 | 22% | 60,099 | 186,451 | 21% | 23,490 |
| Rate Case Recovery Fees | 40 | 373 | | 13,499 | 115,880 | | (115,507) |
| Regulatory Commission Expenses | 0 | (2,780) | | (4,267) | (53,371) | | (50,591) |
| Interest Expense | (17,669) | (132,288) | | (12,627) | (89,591) | | 42,697 |
| Misc Nonutility Expenses | 0 | (0) | | 0 | 0 | | 0 |
| Net Income (Loss) | 48,453 | 75,245 | 8% | 56,705 | 159,369 | 18% | (84,124) |
| Gallons Sold | 21,429,417 | 100,540,810 | | 20,193,307 | 101,785,842 | | (1,245,032) |
| Average Gallons Sold Per Day | 695,491 | | | 641,973 | | | 53,518 |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

August 31, 2011

ASSETS

| | <u>8/31/11</u> | <u>8/31/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 37,582 | 199,926 |
| Accounts Receivable | 107,991 | 104,886 |
| Accrued Metered Revenue | 132,755 | 127,387 |
| Other Accounts Receivable | 323,955 | 339,091 |
| Prepayments | 20,405 | 17,188 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 120,024 | 147,514 |
| Deferred Income Taxes | 21,486 | 22,779 |
| Total Current Assets | <u>764,197</u> | <u>958,771</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 798,862 | 623,169 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 800,902 | 803,075 |
| Wells & Springs | 572,519 | 554,709 |
| Supply Mains | 18,724 | 18,724 |
| Pumping Equipment | 1,086,943 | 1,083,261 |
| Water Treatment Equipment | 433,001 | 427,715 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,476,399 |
| Transmission & Distribution Mains | 4,851,590 | 4,828,152 |
| Services | 1,806,321 | 1,780,415 |
| Meters & Meter Installation | 891,901 | 844,691 |
| Hydrants | 110,056 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 103,444 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,153 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,753,038)</u> | <u>(3,403,891)</u> |
| Total Fixed Assets | <u>9,677,051</u> | <u>9,400,710</u> |
| Total Assets | <u><u>10,441,248</u></u> | <u><u>10,359,481</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

August 31, 2011

LIABILITIES

| | <u>8/31/11</u> | <u>8/31/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | (4,322) | 3,854 |
| Accounts Payable to Associated Companies | 23,852 | 13,309 |
| Customer Deposits | 1,160 | 0 |
| Accrued Taxes | 1,001 | 920 |
| Accrued Expenses | 33,093 | 31,711 |
| Total Current Liabilities | <u>54,785</u> | <u>49,794</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,369,153 | 1,410,936 |
| Notes Payable - State of NH (DWSRF) | 2,204,018 | 2,257,755 |
| Notes Payable - Outside Parties | 185,862 | 186,744 |
| Notes Payables - Lewis Builders | 1,021,184 | 710,657 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,784,531</u> | <u>4,567,775</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,966,458 | 6,969,799 |
| Accumulated Amortization of CIAC | (2,307,154) | (2,124,080) |
| Total CIAC | <u>4,659,304</u> | <u>4,845,720</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 81,131 | 203,473 |
| Stockholders' Equity | <u>942,628</u> | <u>896,193</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,441,248</u></u> | <u><u>10,359,481</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE EIGHT MONTHS ENDING AUGUST 31, 2011 AND 2010

| | Month of Aug-11 | Year-To-Date 8/31/11 | | Month of Aug-10 | Year-To-Date 8/31/10 | | Increase (Decrease) |
|---|---------------------|-------------------------|------------|----------------------|-------------------------|------------|-------------------------|
| Total Revenue | <u>143,051</u> | <u>1,080,293</u> | 100% | <u>140,389</u> | <u>1,028,240</u> | 100% | <u>52,053</u> |
| Net Depreciation & CIAC | 18,819 | 150,551 | | 18,762 | 140,098 | | 10,453 |
| Property Taxes | 14,836 | 119,021 | | 11,815 | 94,520 | | 24,500 |
| Other Taxes | 108 | 1,678 | | 108 | 1,942 | | (264) |
| Labor on Outside Jobs | 560 | 9,780 | | 1,440 | 9,937 | | (157) |
| Well Expenses | 152 | 7,206 | | 0 | 2,782 | | 4,424 |
| Power Purchased for Pumping | 17,105 | 109,587 | | 16,189 | 128,053 | | (18,467) |
| Pumping Expenses | 5,064 | 39,728 | | 5,495 | 41,856 | | (2,128) |
| Chemicals | 1,039 | 5,724 | | 127 | 5,687 | | 37 |
| Treatment Expense (Filters) | 5,631 | 51,324 | | 4,367 | 46,952 | | 4,373 |
| Transm & Distribution Exp (Mains) | 1,038 | 10,148 | | 1,655 | 8,143 | | 2,005 |
| Meter Expenses & Customer Installations | 5,881 | 20,505 | | 1,045 | 12,468 | | 8,037 |
| Maintenance of Storage Tanks | 0 | 271 | | 15 | 225 | | 46 |
| Maintenance of Services | 2,017 | 8,415 | | 149 | 9,327 | | (913) |
| Maintenance of Hydrants | 40 | 90 | | 0 | 0 | | 90 |
| Meter Reading Expenses | 496 | 3,582 | | 643 | 3,521 | | 62 |
| Customer Records & Collections | 5,236 | 38,648 | | 5,775 | 42,549 | | (3,901) |
| Uncollectable Accounts | 0 | 0 | | 0 | 0 | | 0 |
| Administrative & General Salaries | 2,350 | 12,462 | | 1,003 | 12,442 | | 20 |
| Office Supplies & Other Expenses | 5,844 | 28,181 | | 1,105 | 27,555 | | 625 |
| Outside Services - Engineering | 8,422 | 37,462 | | 638 | 23,352 | | 14,110 |
| Outside Services - Management Fees | 9,167 | 73,333 | | 9,167 | 73,333 | | 0 |
| Outside Services - Accounting | 1,952 | 25,057 | | 1,455 | 21,507 | | 3,550 |
| Outside Services - Legal | 1,799 | 14,747 | | 963 | 9,011 | | 5,736 |
| Injuries & Damages (Insurance Expense) | 3,865 | 14,386 | | 1,425 | 15,565 | | (1,179) |
| Employee Pensions & Benefits | 4,138 | 35,891 | | 5,097 | 34,427 | | 1,463 |
| Franchise Requirements | 0 | 3,270 | | 0 | 3,170 | | 100 |
| Misc General Expenses | (3) | (727) | | 0 | 84 | | (810) |
| Misc Expenses - Vehicle Expenses | 1,560 | 14,239 | | 1,608 | 13,077 | | 1,162 |
| General Rents | 1,408 | 11,267 | | 1,408 | 11,267 | | 0 |
| Total Expenses | <u>118,524</u> | <u>845,826</u> | 78% | <u>91,450</u> | <u>792,851</u> | 77% | <u>52,975</u> |
| Net Operating Income | 24,527 | 234,467 | 22% | 48,939 | 235,390 | 23% | (922) |
| Rate Case Recovery Fees | 64 | 437 | | 13,465 | 129,345 | | (128,908) |
| Regulatory Commission Expenses | (843) | (3,623) | | (4,939) | (58,310) | | (54,687) |
| Interest Expense | (17,862) | (150,150) | | (13,361) | (102,952) | | 47,198 |
| Misc Nonutility Expenses | 0 | (0) | | 0 | 0 | | 0 |
| Net Income (Loss) | <u>5,886</u> | <u>81,131</u> | 8% | <u>44,104</u> | <u>203,473</u> | 20% | <u>(122,342)</u> |
| Gallons Sold | 18,732,514 | 119,273,324 | | 15,542,425 | 117,328,267 | | 1,945,057 |
| Average Gallons Sold Per Day | 603,985 | | | 534,046 | | | 69,939 |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET
September 30, 2011

ASSETS

| | <u>9/30/11</u> | <u>9/30/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 229,056 | 264,125 |
| Accounts Receivable | 117,159 | 75,852 |
| Accrued Metered Revenue | 110,842 | 128,828 |
| Other Accounts Receivable | 323,955 | 339,091 |
| Prepayments | 16,566 | 15,718 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 126,261 | 143,861 |
| Deferred Income Taxes | 21,378 | 22,671 |
| Total Current Assets | <u>945,217</u> | <u>990,147</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 340,183 | 639,418 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 944,344 | 803,075 |
| Wells & Springs | 696,995 | 554,709 |
| Supply Mains | 34,702 | 18,724 |
| Pumping Equipment | 1,150,361 | 1,083,261 |
| Water Treatment Equipment | 474,228 | 427,715 |
| Distribution Reserves & Standpipes | 1,539,303 | 1,476,399 |
| Transmission & Distribution Mains | 4,875,275 | 4,830,678 |
| Services | 1,812,974 | 1,786,919 |
| Meters & Meter Installation | 897,351 | 856,091 |
| Hydrants | 118,556 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 103,444 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,153 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,786,038)</u> | <u>(3,436,891)</u> |
| Total Fixed Assets | <u>9,683,972</u> | <u>9,404,389</u> |
| Total Assets | <u><u>10,629,189</u></u> | <u><u>10,394,536</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET
September 30, 2011

LIABILITIES

| | <u>9/30/11</u> | <u>9/30/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 26,090 | 17,497 |
| Accounts Payable to Associated Companies | 31,510 | 13,699 |
| Customer Deposits | 1,288 | 0 |
| Accrued Taxes | 1,001 | 920 |
| Accrued Expenses | 29,432 | 30,319 |
| Total Current Liabilities | <u>89,321</u> | <u>62,434</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 2,562,254 | 1,407,695 |
| Notes Payable - State of NH (DWSRF) | 2,196,320 | 2,253,521 |
| Notes Payable - Outside Parties | 134,475 | 182,596 |
| Notes Payables - Lewis Builders | 40,000 | 710,111 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,937,364</u> | <u>4,555,608</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,974,958 | 6,969,799 |
| Accumulated Amortization of CIAC | (2,322,154) | (2,139,080) |
| Total CIAC | <u>4,652,804</u> | <u>4,830,720</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 88,203 | 253,055 |
| Stockholders' Equity | <u>949,699</u> | <u>945,774</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,629,189</u></u> | <u><u>10,394,536</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2011 AND 2010

| | Month of Sep-11 | Year-To-Date 9/30/11 | | Month of Sep-10 | Year-To-Date 9/30/10 | | Increase (Decrease) |
|---|--------------------|-------------------------|-------------|--------------------|-------------------------|-------------|------------------------|
| Total Revenue | 140,709 | 1,221,002 | 100% | 138,074 | 1,166,314 | 100% | 54,689 |
| Net Depreciation & CIAC | 18,819 | 169,370 | | 18,762 | 158,861 | | 10,509 |
| Property Taxes | 14,836 | 133,857 | | 11,815 | 106,335 | | 27,522 |
| Other Taxes | 108 | 1,786 | | 108 | 2,050 | | (264) |
| Labor on Outside Jobs | 1,196 | 10,976 | | 739 | 10,676 | | 300 |
| Well Expenses | 475 | 7,681 | | 0 | 2,782 | | 4,899 |
| Power Purchased for Pumping | 13,787 | 123,373 | | 15,028 | 143,082 | | (19,708) |
| Pumping Expenses | 2,460 | 42,188 | | 837 | 42,694 | | (506) |
| Chemicals | 991 | 6,715 | | 453 | 6,140 | | 575 |
| Treatment Expense (Filters) | 6,311 | 57,635 | | 5,866 | 52,817 | | 4,818 |
| Transm & Distribution Exp (Mains) | 1,108 | 11,256 | | 1,740 | 9,883 | | 1,373 |
| Meter Expenses & Customer Installations | 2,078 | 22,584 | | (3,552) | 8,916 | | 13,668 |
| Maintenance of Storage Tanks | 0 | 271 | | 0 | 225 | | 46 |
| Maintenance of Services | 1,247 | 9,662 | | 1,164 | 10,492 | | (830) |
| Maintenance of Hydrants | 74 | 164 | | 0 | 0 | | 164 |
| Meter Reading Expenses | 447 | 4,029 | | 471 | 3,992 | | 37 |
| Customer Records & Collections | 6,028 | 44,676 | | 5,138 | 47,687 | | (3,011) |
| Uncollectable Accounts | 0 | 0 | | 0 | 0 | | 0 |
| Administrative & General Salaries | 1,819 | 14,281 | | 1,323 | 13,765 | | 516 |
| Office Supplies & Other Expenses | 1,186 | 29,367 | | 1,359 | 28,915 | | 452 |
| Outside Services - Engineering | 10,258 | 47,720 | | 1,092 | 24,444 | | 23,276 |
| Outside Services - Management Fees | 9,167 | 82,500 | | 9,167 | 82,500 | | 0 |
| Outside Services - Accounting | 1,837 | 26,895 | | 1,129 | 22,636 | | 4,258 |
| Outside Services - Legal | 1,979 | 16,726 | | 1,219 | 10,230 | | 6,496 |
| Injuries & Damages (Insurance Expense) | 3,107 | 17,492 | | 1,428 | 16,993 | | 499 |
| Employee Pensions & Benefits | 4,766 | 40,657 | | 4,737 | 39,164 | | 1,493 |
| Franchise Requirements | 0 | 3,270 | | 0 | 3,170 | | 100 |
| Misc General Expenses | 96 | (631) | | 0 | 84 | | (714) |
| Misc Expenses - Vehicle Expenses | 1,723 | 15,963 | | 1,411 | 14,488 | | 1,474 |
| General Rents | 1,408 | 12,675 | | 1,408 | 12,675 | | 0 |
| Total Expenses | 107,310 | 953,136 | 78% | 82,842 | 875,693 | 75% | 77,443 |
| Net Operating Income | 33,399 | 267,867 | 22% | 55,231 | 290,621 | 25% | (22,754) |
| Rate Case Recovery Fees | 12 | 449 | | 13,426 | 142,771 | | (142,322) |
| Regulatory Commission Expenses | 0 | (3,623) | | (4,267) | (62,576) | | (58,953) |
| Interest Expense | (26,339) | (176,490) | | (14,809) | (117,761) | | 58,729 |
| Misc Nonutility Expenses | 0 | (0) | | 0 | 0 | | 0 |
| Net Income (Loss) | 7,072 | 88,203 | 7% | 49,582 | 253,055 | 22% | (164,852) |
| Gallons Sold | 14,149,569 | 133,422,893 | | 16,416,867 | 133,745,134 | | (322,241) |
| Average Gallons Sold Per Day | 479,764 | | | 520,789 | | | (41,025) |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

October 31, 2011

ASSETS

| | <u>10/31/11</u> | <u>10/31/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 249,305 | 252,346 |
| Accounts Receivable | 79,983 | 106,447 |
| Accrued Metered Revenue | 105,876 | 102,725 |
| Other Accounts Receivable | 323,955 | 339,091 |
| Prepayments | 17,381 | 17,007 |
| Misc Current & Accrued Assets | (5) | 0 |
| Deferred Expenses | 127,734 | 142,915 |
| Deferred Income Taxes | 21,271 | 22,564 |
| Total Current Assets | <u>925,500</u> | <u>983,095</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 348,302 | 645,801 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 944,344 | 803,075 |
| Wells & Springs | 696,995 | 554,709 |
| Supply Mains | 34,702 | 18,724 |
| Pumping Equipment | 1,152,478 | 1,089,109 |
| Water Treatment Equipment | 483,508 | 427,715 |
| Distribution Reserves & Standpipes | 1,539,303 | 1,476,399 |
| Transmission & Distribution Mains | 4,875,275 | 4,830,678 |
| Services | 1,815,088 | 1,789,472 |
| Meters & Meter Installation | 904,451 | 865,991 |
| Hydrants | 118,556 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 103,444 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,153 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,819,038)</u> | <u>(3,469,891)</u> |
| Total Fixed Assets | <u>9,679,702</u> | <u>9,396,073</u> |
| Total Assets | <u><u>10,605,201</u></u> | <u><u>10,379,168</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

October 31, 2011

LIABILITIES

| | <u>10/31/11</u> | <u>10/31/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 32,713 | 13,917 |
| Accounts Payable to Associated Companies | 37,346 | 18,792 |
| Customer Deposits | 1,445 | 0 |
| Accrued Taxes | 15,837 | 11,184 |
| Accrued Expenses | 27,801 | 28,828 |
| Total Current Liabilities | <u>115,141</u> | <u>72,721</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 2,555,627 | 1,404,193 |
| Notes Payable - State of NH (DWSRF) | 2,188,602 | 2,249,276 |
| Notes Payable - Outside Parties | 134,076 | 181,145 |
| Notes Payables - Lewis Builders | 40,000 | 709,152 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,922,621</u> | <u>4,545,449</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,974,958 | 6,969,799 |
| Accumulated Amortization of CIAC | (2,337,154) | (2,154,080) |
| Total CIAC | <u>4,637,804</u> | <u>4,815,720</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 68,138 | 252,559 |
| Stockholders' Equity | <u>929,635</u> | <u>945,278</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,605,201</u></u> | <u><u>10,379,168</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE TEN MONTHS ENDING OCTOBER 31, 2011 AND 2010

| | Month of Oct-11 | Year-To-Date 10/31/11 | | Month of Oct-10 | Year-To-Date 10/31/10 | | Increase (Decrease) |
|---|--------------------|--------------------------|-------------|--------------------|--------------------------|-------------|------------------------|
| Total Revenue | 104,473 | 1,325,475 | 100% | 121,816 | 1,288,130 | 100% | 37,345 |
| Net Depreciation & CIAC | 18,819 | 188,189 | | 18,762 | 177,623 | | 10,566 |
| Property Taxes | 14,836 | 148,693 | | 10,895 | 117,231 | | 31,463 |
| Other Taxes | 108 | 1,893 | | 108 | 2,158 | | (264) |
| Labor on Outside Jobs | 759 | 11,735 | | 1,159 | 11,835 | | (100) |
| Well Expenses | 785 | 8,465 | | 300 | 3,081 | | 5,384 |
| Power Purchased for Pumping | 13,230 | 136,603 | | 13,905 | 156,987 | | (20,383) |
| Pumping Expenses | 2,202 | 44,390 | | 3,043 | 45,736 | | (1,347) |
| Chemicals | 991 | 7,706 | | 829 | 6,968 | | 738 |
| Treatment Expense (Filters) | 11,911 | 69,547 | | 12,430 | 65,248 | | 4,299 |
| Transm & Distribution Exp (Mains) | 679 | 11,935 | | 788 | 10,671 | | 1,264 |
| Meter Expenses & Customer Installations | 1,105 | 23,689 | | 861 | 9,777 | | 13,911 |
| Maintenance of Storage Tanks | 0 | 271 | | 0 | 225 | | 46 |
| Maintenance of Services | 832 | 10,494 | | 1,869 | 12,361 | | (1,867) |
| Maintenance of Hydrants | 73 | 237 | | 0 | 0 | | 237 |
| Meter Reading Expenses | 154 | 4,183 | | 564 | 4,556 | | (373) |
| Customer Records & Collections | 5,020 | 49,696 | | 6,322 | 54,008 | | (4,313) |
| Uncollectable Accounts | 0 | 0 | | 0 | 0 | | 0 |
| Administrative & General Salaries | 1,435 | 15,716 | | 2,285 | 16,050 | | (334) |
| Office Supplies & Other Expenses | 5,302 | 34,669 | | 11,435 | 40,349 | | (5,681) |
| Outside Services - Engineering | 5,436 | 53,155 | | 2,310 | 26,754 | | 26,401 |
| Outside Services - Management Fees | 9,167 | 91,667 | | 9,167 | 91,667 | | 0 |
| Outside Services - Accounting | 3,108 | 30,003 | | 2,601 | 25,237 | | 4,766 |
| Outside Services - Legal | 1,227 | 17,953 | | 572 | 10,802 | | 7,151 |
| Injuries & Damages (Insurance Expense) | 3,393 | 20,885 | | 1,527 | 18,520 | | 2,365 |
| Employee Pensions & Benefits | 3,759 | 44,416 | | 3,658 | 42,822 | | 1,594 |
| Franchise Requirements | 0 | 3,270 | | 0 | 3,170 | | 100 |
| Misc General Expenses | (16) | (647) | | (72) | 11 | | (658) |
| Misc Expenses - Vehicle Expenses | 1,487 | 17,449 | | 904 | 15,392 | | 2,057 |
| General Rents | 1,408 | 14,083 | | 1,408 | 14,083 | | 0 |
| Total Expenses | 107,209 | 1,060,345 | 80% | 107,630 | 983,323 | 76% | 77,022 |
| Net Operating Income | (2,736) | 265,130 | 20% | 14,186 | 304,807 | 24% | (39,677) |
| Rate Case Recovery Fees | 3 | 452 | | 335 | 143,106 | | (142,654) |
| Regulatory Commission Expenses | (1,548) | (5,171) | | (1,040) | (63,616) | | (58,445) |
| Interest Expense | (15,783) | (192,273) | | (13,977) | (131,738) | | 60,535 |
| Misc Nonutility Expenses | 0 | (0) | | 0 | 0 | | 0 |
| Net Income (Loss) | (20,065) | 68,138 | 5% | (496) | 252,559 | 20% | (184,420) |
| Gallons Sold | 12,535,975 | 145,958,868 | | 13,109,561 | 146,854,695 | | (895,827) |
| Average Gallons Sold Per Day | 400,352 | | | 426,156 | | | (25,804) |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET November 30, 2011

ASSETS

| | <u>11/30/11</u> | <u>11/30/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 158,131 | 256,701 |
| Accounts Receivable | 77,932 | 66,795 |
| Accrued Metered Revenue | 97,556 | 102,217 |
| Other Accounts Receivable | 323,955 | 339,091 |
| Prepayments | 55,803 | 43,936 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 131,445 | 129,548 |
| Deferred Income Taxes | 21,163 | 22,456 |
| Total Current Assets | <u>865,984</u> | <u>960,744</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 351,344 | 654,991 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 939,122 | 803,075 |
| Wells & Springs | 696,995 | 554,709 |
| Supply Mains | 34,702 | 18,724 |
| Pumping Equipment | 1,152,478 | 1,090,534 |
| Water Treatment Equipment | 483,508 | 427,715 |
| Distribution Reserves & Standpipes | 1,539,303 | 1,476,399 |
| Transmission & Distribution Mains | 4,885,286 | 4,832,841 |
| Services | 1,815,088 | 1,789,472 |
| Meters & Meter Installation | 907,076 | 874,433 |
| Hydrants | 118,556 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 103,444 | 113,826 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,153 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,852,038)</u> | <u>(3,502,891)</u> |
| Total Fixed Assets | <u>9,657,157</u> | <u>9,416,168</u> |
| Total Assets | <u><u>10,523,140</u></u> | <u><u>10,376,911</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET
November 30, 2011

LIABILITIES

| | <u>11/30/11</u> | <u>11/30/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 50,765 | 44,559 |
| Accounts Payable to Associated Companies | 34,858 | 21,639 |
| Customer Deposits | 1,480 | 0 |
| Accrued Taxes | 1,001 | 0 |
| Accrued Expenses | 26,172 | 27,548 |
| Total Current Liabilities | <u>114,276</u> | <u>93,746</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 2,548,683 | 1,400,919 |
| Notes Payable - State of NH (DWSRF) | 2,180,865 | 2,245,018 |
| Notes Payable - Outside Parties | 133,194 | 209,498 |
| Notes Payables - Lewis Builders | 0 | 708,189 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,867,057</u> | <u>4,565,308</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,974,958 | 6,969,799 |
| Accumulated Amortization of CIAC | (2,352,154) | (2,169,080) |
| Total CIAC | <u>4,622,804</u> | <u>4,800,720</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 57,506 | 224,418 |
| Stockholders' Equity | <u>919,003</u> | <u>917,137</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,523,140</u></u> | <u><u>10,376,911</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE ELEVEN MONTHS ENDING NOVEMBER 30, 2011 AND 2010

| | Month of Nov-11 | Year-To-Date 11/30/11 | | Month of Nov-10 | Year-To-Date 11/30/10 | | Increase (Decrease) |
|---|--------------------|--------------------------|------|--------------------|--------------------------|------|------------------------|
| Total Revenue | 115,055 | 1,440,530 | 100% | 101,876 | 1,390,006 | 100% | 50,524 |
| Net Depreciation & CIAC | 18,819 | 207,008 | | 18,762 | 196,385 | | 10,623 |
| Property Taxes | 27,457 | 176,150 | | 39,278 | 156,508 | | 19,642 |
| Other Taxes | 108 | 2,001 | | 108 | 2,265 | | (264) |
| Labor on Outside Jobs | 1,899 | 13,634 | | 1,008 | 12,843 | | 791 |
| Well Expenses | 319 | 8,785 | | 319 | 3,400 | | 5,385 |
| Power Purchased for Pumping | 11,131 | 147,735 | | 11,472 | 168,458 | | (20,724) |
| Pumping Expenses | 3,436 | 47,826 | | (3,206) | 42,530 | | 5,296 |
| Chemicals | 991 | 8,697 | | 434 | 7,403 | | 1,295 |
| Treatment Expense (Filters) | 4,947 | 74,494 | | 4,233 | 69,481 | | 5,012 |
| Transm & Distribution Exp (Mains) | 1,913 | 13,848 | | 2,089 | 12,760 | | 1,088 |
| Meter Expenses & Customer Installations | 833 | 24,521 | | 1,465 | 11,242 | | 13,279 |
| Maintenance of Storage Tanks | 0 | 271 | | 95 | 320 | | (50) |
| Maintenance of Services | 121 | 10,615 | | 1,825 | 14,186 | | (3,571) |
| Maintenance of Hydrants | 183 | 420 | | 198 | 198 | | 222 |
| Meter Reading Expenses | 186 | 4,370 | | 347 | 4,904 | | (534) |
| Customer Records & Collections | 4,477 | 54,173 | | 5,711 | 59,719 | | (5,547) |
| Uncollectable Accounts | 0 | 0 | | 0 | 0 | | 0 |
| Administrative & General Salaries | 1,083 | 16,799 | | 1,503 | 17,553 | | (753) |
| Office Supplies & Other Expenses | 1,092 | 35,761 | | 1,385 | 41,734 | | (5,974) |
| Outside Services - Engineering | 6,736 | 59,892 | | 3,014 | 29,767 | | 30,124 |
| Outside Services - Management Fees | 9,167 | 100,833 | | 9,167 | 100,833 | | 0 |
| Outside Services - Accounting | 1,940 | 31,943 | | 8,013 | 33,250 | | (1,307) |
| Outside Services - Legal | 1,063 | 19,016 | | 826 | 11,628 | | 7,388 |
| Injuries & Damages (Insurance Expense) | 1,795 | 22,680 | | 1,435 | 19,955 | | 2,725 |
| Employee Pensions & Benefits | 4,603 | 49,019 | | 3,513 | 46,335 | | 2,684 |
| Franchise Requirements | 0 | 3,270 | | 0 | 3,170 | | 100 |
| Misc General Expenses | 360 | (287) | | 483 | 494 | | (781) |
| Misc Expenses - Vehicle Expenses | 3,877 | 21,326 | | 1,305 | 16,698 | | 4,629 |
| General Rents | 1,408 | 15,492 | | 1,408 | 15,492 | | 0 |
| Total Expenses | 109,945 | 1,170,291 | 81% | 116,190 | 1,099,513 | 79% | 70,777 |
| Net Operating Income | 5,109 | 270,240 | 19% | (14,315) | 290,493 | 21% | (20,253) |
| Rate Case Recovery Fees | 30 | 482 | | 7,832 | 150,938 | | (150,456) |
| Regulatory Commission Expenses | 0 | (5,171) | | (7,472) | (71,088) | | (65,917) |
| Interest Expense | (15,771) | (208,044) | | (4,187) | (145,925) | | 62,119 |
| Misc Nonutility Expenses | 0 | (0) | | 0 | 0 | | 0 |
| Net Income (Loss) | (10,632) | 57,506 | 4% | (18,141) | 224,418 | 16% | (166,912) |
| Gallons Sold | 11,634,512 | 157,593,380 | | 11,672,430 | 158,527,125 | | (933,745) |
| Average Gallons Sold Per Day | 381,745 | | | 386,200 | | | (4,455) |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

December 31, 2011

ASSETS

| | <u>12/31/11</u> | <u>12/31/10</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 124,053 | 204,641 |
| Accounts Receivable | 62,976 | 64,894 |
| Accrued Metered Revenue | 103,408 | 101,805 |
| Other Accounts Receivable | 323,955 | 339,091 |
| Prepayments | 57,599 | 44,061 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 139,716 | 124,536 |
| Deferred Income Taxes | 21,055 | 22,348 |
| Total Current Assets | <u>832,762</u> | <u>901,376</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 171,830 | 338,759 |
| Franchises | 21,299 | 21,299 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 964,915 | 800,902 |
| Wells & Springs | 739,699 | 572,519 |
| Supply Mains | 35,138 | 18,724 |
| Pumping Equipment | 1,168,133 | 1,074,644 |
| Water Treatment Equipment | 522,730 | 431,138 |
| Distribution Reserves & Standpipes | 1,539,303 | 1,473,531 |
| Transmission & Distribution Mains | 4,953,918 | 4,843,108 |
| Services | 1,817,517 | 1,800,753 |
| Meters & Meter Installation | 899,773 | 864,176 |
| Hydrants | 118,556 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 303,311 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 103,444 | 115,119 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,153 | 78,836 |
| Less: Accumulated Depreciation | <u>(3,892,154)</u> | <u>(3,508,268)</u> |
| Total Fixed Assets | <u>9,625,096</u> | <u>9,418,138</u> |
| Total Assets | <u><u>10,457,857</u></u> | <u><u>10,319,514</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

December 31, 2011

LIABILITIES

| | <u>12/31/11</u> | <u>12/31/10</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 34,793 | 32,233 |
| Accounts Payable to Associated Companies | 39,212 | 80,109 |
| Customer Deposits | 1,580 | 0 |
| Accrued Taxes | 4,063 | 185 |
| Accrued Expenses | 22,551 | 22,569 |
| Total Current Liabilities | <u>102,199</u> | <u>135,096</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 2,542,004 | 1,397,381 |
| Notes Payable - State of NH (DWSRF) | 2,173,107 | 2,240,749 |
| Notes Payable - Outside Parties | 123,538 | 195,039 |
| Notes Payables - Lewis Builders | 0 | 706,133 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 8,522 | 4,315 |
| Total Long-Term Liabilities | <u>4,847,171</u> | <u>4,543,617</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,981,120 | 6,966,458 |
| Accumulated Amortization of CIAC | <u>(2,361,039)</u> | <u>(2,187,154)</u> |
| Total CIAC | <u>4,620,082</u> | <u>4,779,304</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,259,624) | (1,428,401) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 26,909 | 168,777 |
| Stockholders' Equity | <u>888,405</u> | <u>861,497</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,457,857</u></u> | <u><u>10,319,514</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

SUMMARY INCOME STATEMENT

FOR THE YEARS ENDING DECEMBER 31, 2011 AND 2010

| | Month of Dec-11 | Year-To-Date 12/31/11 | Month of Dec-10 | Year-To-Date 12/31/10 | Increase (Decrease) |
|---|--------------------|--------------------------|--------------------|--------------------------|------------------------|
| Total Revenue | 120,273 | 1,560,803 | 118,220 | 1,508,226 | 52,577 |
| Net Depreciation & CIAC | 39,125 | 246,133 | 22,990 | 219,376 | 26,757 |
| Property Taxes | 11,725 | 187,875 | 15,090 | 171,598 | 16,277 |
| Other Taxes | 7,364 | 9,365 | 5,477 | 7,742 | 1,623 |
| Labor on Outside Jobs | 1,534 | 15,168 | 350 | 13,193 | 1,975 |
| Well Expenses | 321 | 9,106 | 124 | 3,524 | 5,581 |
| Power Purchased for Pumping | 11,539 | 159,273 | 14,100 | 182,558 | (23,284) |
| Pumping Expenses | 3,473 | 51,300 | 10,482 | 53,012 | (1,713) |
| Chemicals | 496 | 9,193 | 849 | 8,251 | 942 |
| Treatment Expense (Filters) | 6,843 | 81,337 | 5,964 | 75,445 | 5,892 |
| Transm & Distribution Exp (Mains) | 3,791 | 17,639 | 2,493 | 15,253 | 2,386 |
| Meter Expenses & Customer Installations | 5,670 | 30,191 | 12,945 | 24,187 | 6,004 |
| Maintenance of Storage Tanks | 0 | 271 | 4,068 | 4,389 | (4,118) |
| Maintenance of Services | 987 | 11,602 | 2,412 | 16,598 | (4,997) |
| Maintenance of Hydrants | 0 | 420 | 0 | 198 | 222 |
| Meter Reading Expenses | 445 | 4,814 | 403 | 5,307 | (492) |
| Customer Records & Collections | 5,313 | 59,486 | 5,250 | 64,970 | (5,484) |
| Uncollectable Accounts | 2,110 | 2,110 | 9,541 | 9,541 | (7,431) |
| Administrative & General Salaries | 1,526 | 18,325 | 1,446 | 18,999 | (674) |
| Office Supplies & Other Expenses | 1,080 | 36,841 | 866 | 42,600 | (5,759) |
| Outside Services - Engineering | 4,720 | 64,612 | 4,023 | 33,791 | 30,821 |
| Outside Services - Management Fees | 9,167 | 110,000 | 10,575 | 111,408 | (1,408) |
| Outside Services - Accounting | 1,978 | 33,921 | 1,550 | 34,801 | (879) |
| Outside Services - Legal | 671 | 19,686 | 1,082 | 12,710 | 6,976 |
| Injuries & Damages (Insurance Expense) | 2,874 | 25,554 | 2,205 | 22,159 | 3,394 |
| Employee Pensions & Benefits | 5,431 | 54,450 | 5,555 | 51,890 | 2,561 |
| Franchise Requirements | 0 | 3,270 | 0 | 3,170 | 100 |
| Misc General Expenses | 28 | (259) | (7) | 487 | (747) |
| Misc Expenses - Vehicle Expenses | 1,439 | 22,765 | 2,681 | 19,378 | 3,387 |
| General Rents | 1,408 | 16,900 | 0 | 15,492 | 1,408 |
| Total Expenses | 131,057 | 1,301,347 | 142,513 | 1,242,026 | 59,321 |
| Net Operating Income | (10,784) | 259,456 | (24,293) | 266,199 | (6,743) |
| Rate Case Recovery Fees | 26 | 508 | 2,564 | 153,502 | (152,994) |
| Regulatory Commission Expenses | (0) | (5,171) | (2,717) | (73,805) | (68,634) |
| Interest Expense | (19,840) | (227,884) | (31,195) | (177,120) | 50,765 |
| Misc Nonutility Expenses | 0 | 0 | 0 | 0 | 0 |
| Net Income (Loss) | (30,597) | 26,909 | (55,641) | 168,777 | (141,868) |
| Gallons Sold | 10,970,441 | 168,563,821 | 11,312,095 | 169,839,220 | (1,275,399) |
| Average Gallons Sold Per Day | 385,072 | | 387,111 | | (2,039) |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

January 31, 2010

ASSETS

| | <u>1/31/10</u> |
|------------------------------------|--------------------------|
| Current Assets: | |
| Cash | 33,191 |
| Accounts Receivable | 96,427 |
| Accrued Metered Revenue | 107,903 |
| Other Accounts Receivable | 347,282 |
| Prepayments | 26,400 |
| Misc Current & Accrued Assets | 0 |
| Deferred Expenses | 192,664 |
| Deferred Income Taxes | 23,533 |
| Total Current Assets | <u>827,400</u> |
| Fixed Assets: | |
| Construction Work in Progress | 570,678 |
| Franchises | 20,142 |
| Land & Land Rights | 76,185 |
| Structures & Improvements | 803,075 |
| Wells & Springs | 556,848 |
| Supply Mains | 18,724 |
| Pumping Equipment | 1,070,194 |
| Water Treatment Equipment | 427,608 |
| Distribution Reserves & Standpipes | 1,473,531 |
| Transmission & Distribution Mains | 4,823,732 |
| Services | 1,770,365 |
| Meters & Meter Installation | 800,998 |
| Hydrants | 110,056 |
| Office Furniture & Equipment | 1,420 |
| Transportation Equipment | 81,950 |
| Tools Shop and Garage Equipment | 1,926 |
| Computer Equipment | 72,611 |
| Less: Accumulated Depreciation | <u>(3,179,891)</u> |
| Total Fixed Assets | <u>9,500,152</u> |
| Total Assets | <u><u>10,327,551</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

January 31, 2010

LIABILITIES

| | <u>1/31/10</u> |
|---|--------------------------|
| Current Liabilities: | |
| Accounts Payable | 2,389 |
| Accounts Payable to associated Companies | 14,499 |
| Customer Deposits | 0 |
| Accrued Taxes | 408 |
| Accrued Expenses | 19,762 |
| Total Current Liabilities | <u>37,057</u> |
| Long-Term Liabilities: | |
| Note Payable - TD Bank | 1,434,352 |
| Notes Payable - State of NH (DWSRF) | 2,287,062 |
| Notes Payable - Outside Parties | 196,779 |
| Notes Payables - Lewis Builders | 712,858 |
| Accum. Deferred Inc Tax | 1,684 |
| CIAC | 6,969,799 |
| Accumulated Amortization of CIAC | <u>(2,019,080)</u> |
| Total Long-Term Liabilities | <u>9,583,455</u> |
| Stockholders' Equity: | |
| Common Stock | 20,100 |
| Other paid in Capital | 2,104,354 |
| Retained earnings | (1,428,401) |
| Reacquired Capital Stock | (3,333) |
| Net Income (Loss) | 14,320 |
| Stockholders' Equity | <u>707,040</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,327,551</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
INCOME STATEMENT
FOR THE MONTH ENDING JANUARY 31, 2010

| | |
|---|----------------|
| Total Revenue | 121,347 |
| Net Depreciation & CIAC | 15,762 |
| Property Taxes | 11,815 |
| Other Taxes | 108 |
| Misc Nonutility Expenses | 0 |
| Interest Expense | 13,078 |
| Labor on Outside Jobs | 1,419 |
| Well Expenses | 99 |
| Power Purchased for Pumping | 15,479 |
| Pumping Expenses | 5,982 |
| Chemicals | 656 |
| Treatment Expense (Filters) | 6,437 |
| Transm & Distribution Exp (Mains) | 522 |
| Meter Expenses & Customer Installations | 811 |
| Maintenance of Storage Tanks | 0 |
| Maintenance of Services | 409 |
| Maintenance of Hydrants | 0 |
| Meter Reading Expenses | 320 |
| Customer Records & Collections | 4,259 |
| Uncollectable Accounts | 0 |
| Administrative & General Salaries | 1,275 |
| Office Supplies & Other Expenses | 965 |
| Outside Services - Engineering | 1,035 |
| Outside Services - Management Fees | 9,167 |
| Outside Services - Accounting | 2,133 |
| Outside Services - Legal | 491 |
| Injuries & Damages (Insurance Expense) | 2,229 |
| Employee Pensions & Benefits | 4,654 |
| Franchise Requirements | 0 |
| Regulatory Commission Expenses | 5,275 |
| Misc General Expenses | 0 |
| Misc Expenses - Vehicle Expenses | 1,240 |
| General Rents | 1,408 |
| Total Expenses | 107,027 |
| Net Income (Loss) | 14,320 |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

February 28, 2010

ASSETS

| | <u>2/28/10</u> |
|------------------------------------|--------------------------|
| Current Assets: | |
| Cash | 62,414 |
| Accounts Receivable | 95,636 |
| Accrued Metered Revenue | 90,641 |
| Other Accounts Receivable | 347,282 |
| Prepayments | 13,146 |
| Misc Current & Accrued Assets | 0 |
| Deferred Expenses | 187,080 |
| Deferred Income Taxes | 23,426 |
| Total Current Assets | <u>819,624</u> |
| Fixed Assets: | |
| Construction Work in Progress | 602,220 |
| Franchises | 20,142 |
| Land & Land Rights | 76,185 |
| Structures & Improvements | 803,075 |
| Wells & Springs | 554,695 |
| Supply Mains | 18,724 |
| Pumping Equipment | 1,070,194 |
| Water Treatment Equipment | 427,608 |
| Distribution Reserves & Standpipes | 1,473,531 |
| Transmission & Distribution Mains | 4,823,732 |
| Services | 1,770,365 |
| Meters & Meter Installation | 802,113 |
| Hydrants | 110,056 |
| Office Furniture & Equipment | 1,420 |
| Transportation Equipment | 81,950 |
| Tools Shop and Garage Equipment | 1,926 |
| Computer Equipment | 72,611 |
| Less: Accumulated Depreciation | <u>(3,209,891)</u> |
| Total Fixed Assets | <u>9,500,655</u> |
| Total Assets | <u><u>10,320,279</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

February 28, 2010

LIABILITIES

| | <u>2/28/10</u> |
|---|--------------------------|
| Current Liabilities: | |
| Accounts Payable | 5,121 |
| Accounts Payable to associated Companies | 33,510 |
| Customer Deposits | 0 |
| Accrued Taxes | 759 |
| Accrued Expenses | 17,822 |
| Total Current Liabilities | <u>57,212</u> |
| | |
| Long-Term Liabilities: | |
| Note Payable - TD Bank | 1,431,240 |
| Notes Payable - State of NH (DWSRF) | 2,282,910 |
| Notes Payable - Outside Parties | 195,355 |
| Notes Payables - Lewis Builders | 712,585 |
| Accum. Deferred inc Tax | 1,684 |
| CIAC | 6,969,799 |
| Accumulated Amortization of CIAC | (2,034,080) |
| Total Long-Term Liabilities | <u>9,559,494</u> |
| | |
| Stockholders' Equity: | |
| Common Stock | 20,100 |
| Other paid in Capital | 2,104,354 |
| Retained earnings | (1,428,401) |
| Reacquired Capital Stock | (3,333) |
| Net Income (Loss) | 10,854 |
| Stockholders' Equity | <u>703,574</u> |
| | |
| Total Liabilities and Stockholders' Equity | <u><u>10,320,279</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

INCOME STATEMENT

FOR THE TWO MONTHS ENDING FEBRUARY 28, 2010

| | <u>Month of</u> <u>Feb. 2010</u> | <u>Year-To-Date</u> <u>2/28/10</u> |
|---|-------------------------------------|---------------------------------------|
| Total Revenue | <u>108,125</u> | <u>229,472</u> |
| Net Depreciation & CIAC | 15,762 | 31,525 |
| Property Taxes | 11,815 | 23,630 |
| Other Taxes | 108 | 216 |
| Misc Nonutility Expenses | 0 | 0 |
| Interest Expense | 13,046 | 26,124 |
| Labor on Outside Jobs | 897 | 2,316 |
| Well Expenses | 206 | 305 |
| Power Purchased for Pumping | 13,906 | 29,385 |
| Pumping Expenses | 3,528 | 9,510 |
| Chemicals | 801 | 1,457 |
| Treatment Expense (Filters) | 3,993 | 10,430 |
| Transm & Distribution Exp (Mains) | 742 | 1,264 |
| Meter Expenses & Customer Installations | 2,572 | 3,384 |
| Maintenance of Storage Tanks | 92 | 92 |
| Maintenance of Services | 290 | 699 |
| Maintenance of Hydrants | 0 | 0 |
| Meter Reading Expenses | 213 | 533 |
| Customer Records & Collections | 4,613 | 8,872 |
| Uncollectable Accounts | 0 | 0 |
| Administrative & General Salaries | 2,455 | 3,729 |
| Office Supplies & Other Expenses | 4,616 | 5,581 |
| Outside Services - Engineering | 4,250 | 5,285 |
| Outside Services - Management Fees | 9,167 | 18,333 |
| Outside Services - Accounting | 6,245 | 8,378 |
| Outside Services - Legal | 0 | 491 |
| Injuries & Damages (Insurance Expense) | 2,160 | 4,389 |
| Employee Pensions & Benefits | 3,049 | 7,703 |
| Franchise Requirements | 0 | 0 |
| Regulatory Commission Expenses | 4,267 | 9,541 |
| Misc General Expenses | 223 | 223 |
| Misc Expenses - Vehicle Expenses | 1,169 | 2,408 |
| General Rents | 1,408 | 2,817 |
| Total Expenses | <u>111,592</u> | <u>218,618</u> |
| Net Income (Loss) | <u>(3,466)</u> | <u>10,854</u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET March 31, 2010 and 2009

ASSETS

| | 3/31/10 | 3/31/09 |
|------------------------------------|-------------------|------------------|
| Current Assets: | | |
| Cash | 78,644 | 31,463 |
| Accounts Receivable | 66,957 | 86,104 |
| Accrued Metered Revenue | 112,333 | 141,924 |
| Other Accounts Receivable | 347,282 | 0 |
| Prepayments | 10,010 | 16,663 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 170,752 | 133,291 |
| Deferred Income Taxes | 23,318 | 24,611 |
| Total Current Assets | 809,296 | 434,056 |
| Fixed Assets: | | |
| Construction Work in Progress | 608,790 | 499,827 |
| Franchises | 20,142 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 803,075 | 737,977 |
| Wells & Springs | 554,695 | 512,387 |
| Supply Mains | 18,724 | 17,481 |
| Pumping Equipment | 1,072,101 | 984,413 |
| Water Treatment Equipment | 427,608 | 409,077 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,433,604 |
| Transmission & Distribution Mains | 4,823,732 | 3,730,127 |
| Services | 1,772,226 | 1,755,592 |
| Meters & Meter Installation | 804,754 | 784,883 |
| Hydrants | 110,056 | 80,056 |
| Office Furniture & Equipment | 1,420 | 0 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | (3,241,891) | (2,880,687) |
| Total Fixed Assets | 9,481,635 | 8,308,172 |
| Total Assets | 10,290,931 | 8,742,228 |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET March 31, 2010 and 2009

LIABILITIES

| | 3/31/10 | 3/31/09 |
|---|-------------------|------------------|
| Current Liabilities: | | |
| Accounts Payable | 5,715 | 69,220 |
| Accounts Payable to associated Companies | 19,784 | 1,198,040 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 10,596 | 957 |
| Accrued Expenses | 16,426 | 66,495 |
| Total Current Liabilities | 52,520 | 1,334,711 |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,427,364 | 0 |
| Notes Payable - State of NH (DWSRF) | 2,278,747 | 1,273,628 |
| Notes Payable - Outside Parties | 193,929 | 171,114 |
| Notes Payables - Lewis Builders | 712,310 | 1,859,327 |
| Accum. Deferred Inc Tax | 1,684 | 0 |
| CIAC | 6,969,799 | 6,336,258 |
| Accumulated Amortization of CIAC | (2,049,080) | (1,868,357) |
| Total Long-Term Liabilities | 9,534,753 | 7,771,971 |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 1,113,401 |
| Retained earnings | (1,428,401) | (1,427,987) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 10,938 | (66,634) |
| Stockholders' Equity | 703,657 | (364,454) |
| Total Liabilities and Stockholders' Equity | 10,290,931 | 8,742,228 |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE THREE MONTHS ENDING MARCH 31, 2010 AND 2009

| | <u>Month of</u> <u>Mar. 2010</u> | <u>Year-To-Date</u> <u>3/31/10</u> | <u>Year-To-Date</u> <u>3/31/09</u> | <u>Year-To-Date</u> <u>3/31/08</u> |
|---|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Total Revenue | 131,835 | 361,308 | 249,346 | 291,156 |
| Net Depreciation & CIAC | 17,762 | 49,287 | 43,769 | 41,054 |
| Property Taxes | 11,815 | 35,445 | 24,904 | 18,934 |
| Other Taxes | 108 | 323 | 323 | 323 |
| Misc Nonutility Expenses | 0 | 0 | 0 | 0 |
| Interest Expense | 12,266 | 38,390 | 34,366 | 42,156 |
| Labor on Outside Jobs | 283 | 2,599 | 436 | 5,249 |
| Well Expenses | (78) | 227 | 72 | 1,354 |
| Power Purchased for Pumping | 20,824 | 50,208 | 50,965 | 48,533 |
| Pumping Expenses | 4,734 | 14,244 | 15,925 | 27,726 |
| Chemicals | 695 | 2,152 | 2,404 | 1,815 |
| Treatment Expense (Filters) | 4,717 | 15,147 | 18,313 | 21,128 |
| Transm & Distribution Exp (Mains) | 1,486 | 2,750 | 7,246 | 2,782 |
| Meter Expenses & Customer Installations | (1,640) | 1,743 | 9,276 | 2,095 |
| Maintenance of Storage Tanks | 60 | 152 | 55 | 437 |
| Maintenance of Services | 2,035 | 2,733 | 7,757 | 1,792 |
| Maintenance of Hydrants | 0 | 0 | 20 | 46 |
| Meter Reading Expenses | 366 | 899 | 417 | 691 |
| Customer Records & Collections | 4,791 | 13,662 | 11,008 | 13,644 |
| Uncollectable Accounts | 0 | 0 | 0 | 0 |
| Administrative & General Salaries | 1,844 | 5,574 | 0 | 0 |
| Office Supplies & Other Expenses | 9,375 | 14,955 | 5,221 | 6,441 |
| Outside Services - Engineering | 3,980 | 9,265 | 12,216 | 4,702 |
| Outside Services - Management Fees | 9,167 | 27,500 | 27,500 | 27,500 |
| Outside Services - Accounting | 2,122 | 10,500 | 7,332 | 7,347 |
| Outside Services - Legal | 770 | 1,262 | 4,571 | 2,580 |
| Injuries & Damages (Insurance Expense) | 2,166 | 6,555 | 4,569 | 8,973 |
| Employee Pensions & Benefits | 4,147 | 11,850 | 13,850 | 15,532 |
| Franchise Requirements | 0 | 0 | 0 | 0 |
| Regulatory Commission Expenses | 15,011 | 24,552 | 2,067 | 910 |
| Misc General Expenses | 0 | 223 | 4,737 | 3,466 |
| Misc Expenses - Vehicle Expenses | 1,537 | 3,945 | 2,438 | 4,374 |
| General Rents | 1,408 | 4,225 | 4,225 | 4,225 |
| Total Expenses | 131,752 | 350,370 | 315,980 | 315,808 |
| Net Income (Loss) | 84 | 10,938 | (66,634) | (24,653) |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

April 30, 2010

ASSETS

| | <u>4/30/10</u> |
|------------------------------------|--------------------------|
| Current Assets: | |
| Cash | 64,940 |
| Accounts Receivable | 69,106 |
| Accrued Metered Revenue | 117,690 |
| Other Accounts Receivable | 347,282 |
| Prepayments | 12,496 |
| Misc Current & Accrued Assets | 0 |
| Deferred Expenses | 159,466 |
| Deferred Income Taxes | 23,210 |
| Total Current Assets | <u>794,190</u> |
| Fixed Assets: | |
| Construction Work in Progress | 610,660 |
| Franchises | 20,142 |
| Land & Land Rights | 76,185 |
| Structures & Improvements | 803,075 |
| Wells & Springs | 554,695 |
| Supply Mains | 18,724 |
| Pumping Equipment | 1,072,101 |
| Water Treatment Equipment | 427,608 |
| Distribution Reserves & Standpipes | 1,473,531 |
| Transmission & Distribution Mains | 4,825,501 |
| Services | 1,773,796 |
| Meters & Meter Installation | 805,515 |
| Hydrants | 110,056 |
| Office Furniture & Equipment | 1,420 |
| Transportation Equipment | 81,950 |
| Tools Shop and Garage Equipment | 1,926 |
| Computer Equipment | 72,611 |
| Less: Accumulated Depreciation | <u>(3,273,891)</u> |
| Total Fixed Assets | <u>9,455,604</u> |
| Total Assets | <u><u>10,249,793</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

April 30, 2010

LIABILITIES

| | <u>4/30/10</u> |
|---|--------------------------|
| Current Liabilities: | |
| Accounts Payable | 10,682 |
| Accounts Payable to Associated Companies | (3,484) |
| Customer Deposits | 0 |
| Accrued Taxes | 12,688 |
| Accrued Expenses | 15,266 |
| Total Current Liabilities | <u>35,153</u> |
| | |
| Long-Term Liabilities: | |
| Note Payable - TD Bank | 1,424,211 |
| Notes Payable - State of NH (DWSRF) | 2,274,572 |
| Notes Payable - Outside Parties | 192,499 |
| Notes Payables - Associated Companies | 712,034 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 1,684 |
| Total Long-Term Liabilities | <u>4,605,000</u> |
| | |
| Contributions in Aid of Construction: | |
| CIAC | 6,969,799 |
| Accumulated Amortization of CIAC | <u>(2,064,080)</u> |
| Total CIAC | <u>4,905,720</u> |
| | |
| Stockholders' Equity: | |
| Common Stock | 20,100 |
| Other paid in Capital | 2,104,354 |
| Retained earnings | (1,428,401) |
| Reacquired Capital Stock | (3,333) |
| Net Income (Loss) | 11,201 |
| Stockholders' Equity | <u>703,921</u> |
| | |
| Total Liabilities and Stockholders' Equity | <u><u>10,249,793</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

SUMMARY INCOME STATEMENT

FOR THE FOUR MONTHS ENDING APRIL 30, 2010

| | <u>Month of</u> <u>Apr. 2010</u> | <u>Year-To-Date</u> <u>4/30/10</u> |
|---|-------------------------------------|---------------------------------------|
| Total Revenue | <u>134,593</u> | <u>495,901</u> |
| Net Depreciation & CIAC | 17,762 | 67,049 |
| Property Taxes | 11,815 | 47,260 |
| Other Taxes | 1,084 | 1,408 |
| Misc Nonutility Expenses | 0 | 0 |
| Interest Expense | 12,974 | 51,364 |
| Labor on Outside Jobs | 664 | 3,263 |
| Well Expenses | 888 | 1,115 |
| Power Purchased for Pumping | 13,379 | 63,587 |
| Pumping Expenses | 4,432 | 18,676 |
| Chemicals | 404 | 2,556 |
| Treatment Expense (Filters) | 8,621 | 23,767 |
| Transm & Distribution Exp (Mains) | 1,259 | 4,009 |
| Meter Expenses & Customer Installations | 2,866 | 4,609 |
| Maintenance of Storage Tanks | 0 | 152 |
| Maintenance of Services | 2,487 | 5,220 |
| Maintenance of Hydrants | 0 | 0 |
| Meter Reading Expenses | 509 | 1,408 |
| Customer Records & Collections | 6,255 | 19,917 |
| Uncollectable Accounts | 0 | 0 |
| Administrative & General Salaries | 2,582 | 8,155 |
| Office Supplies & Other Expenses | 1,028 | 15,983 |
| Outside Services - Engineering | 3,800 | 13,065 |
| Outside Services - Management Fees | 9,167 | 36,667 |
| Outside Services - Accounting | 5,704 | 16,204 |
| Outside Services - Legal | 2,096 | 3,358 |
| Injuries & Damages (Insurance Expense) | 1,891 | 8,446 |
| Employee Pensions & Benefits | 3,306 | 15,156 |
| Franchise Requirements | 0 | 0 |
| Regulatory Commission Expenses | 16,019 | 40,572 |
| Misc General Expenses | (5) | 218 |
| Misc Expenses - Vehicle Expenses | 1,936 | 5,881 |
| General Rents | 1,408 | 5,633 |
| Total Expenses | <u>134,330</u> | <u>484,700</u> |
| Net Income (Loss) | <u>263</u> | <u>11,201</u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

May 31, 2010

ASSETS

| | <u>5/31/10</u> |
|------------------------------------|--------------------------|
| Current Assets: | |
| Cash | 70,470 |
| Accounts Receivable | 78,547 |
| Accrued Metered Revenue | 139,031 |
| Other Accounts Receivable | 347,282 |
| Prepayments | 13,518 |
| Misc Current & Accrued Assets | 0 |
| Deferred Expenses | 154,844 |
| Deferred Income Taxes | 23,102 |
| Total Current Assets | <u>826,793</u> |
| Fixed Assets: | |
| Construction Work in Progress | 632,817 |
| Franchises | 20,142 |
| Land & Land Rights | 76,185 |
| Structures & Improvements | 803,075 |
| Wells & Springs | 554,709 |
| Supply Mains | 18,724 |
| Pumping Equipment | 1,076,429 |
| Water Treatment Equipment | 427,715 |
| Distribution Reserves & Standpipes | 1,473,531 |
| Transmission & Distribution Mains | 4,825,501 |
| Services | 1,773,796 |
| Meters & Meter Installation | 806,325 |
| Hydrants | 110,056 |
| Office Furniture & Equipment | 1,420 |
| Transportation Equipment | 81,950 |
| Tools Shop and Garage Equipment | 1,926 |
| Computer Equipment | 72,611 |
| Less: Accumulated Depreciation | <u>(3,305,891)</u> |
| Total Fixed Assets | <u>9,451,021</u> |
| Total Assets | <u><u>10,277,814</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

May 31, 2010

LIABILITIES

| | <u>5/31/10</u> |
|---|--------------------------|
| Current Liabilities: | |
| Accounts Payable | 11,918 |
| Accounts Payable to Associated Companies | (404) |
| Customer Deposits | 0 |
| Accrued Taxes | 24,550 |
| Accrued Expenses | 14,317 |
| Total Current Liabilities | <u>50,382</u> |
| Long-Term Liabilities: | |
| Note Payable - TD Bank | 1,420,794 |
| Notes Payable - State of NH (DWSRF) | 2,270,385 |
| Notes Payable - Outside Parties | 191,066 |
| Notes Payables - Lewis Builders | 711,757 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 1,684 |
| Total Long-Term Liabilities | <u>4,595,687</u> |
| Contributions in Aid of Construction: | |
| CIAC | 6,969,799 |
| Accumulated Amortization of CIAC | (2,079,080) |
| Total CIAC | <u>4,890,720</u> |
| Stockholders' Equity: | |
| Common Stock | 20,100 |
| Other paid in Capital | 2,104,354 |
| Retained earnings | (1,428,401) |
| Reacquired Capital Stock | (3,333) |
| Net Income (Loss) | 48,307 |
| Stockholders' Equity | <u>741,026</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,277,814</u></u> |

HAMPSTEAD AREA WATER COMPAN'
SUMMARY INCOME STATEMENT
FOR THE FIVE MONTHS ENDING MAY 31, 201

| | <u>Month of</u> <u>May 2010</u> | <u>Year-To-Date</u> <u>5/31/10</u> |
|---|------------------------------------|---------------------------------------|
| Total Revenue | <u>151,408</u> | <u>647,308</u> |
| Net Depreciation & CIAC | 17,762 | 84,812 |
| Property Taxes | 11,815 | 59,075 |
| Other Taxes | 108 | 1,515 |
| Misc Nonutility Expenses | 0 | 0 |
| Interest Expense | 12,693 | 64,057 |
| Labor on Outside Jobs | 2,819 | 6,082 |
| Well Expenses | 51 | 1,166 |
| Power Purchased for Pumping | 13,534 | 77,120 |
| Pumping Expenses | 1,805 | 20,482 |
| Chemicals | 883 | 3,439 |
| Treatment Expense (Filters) | 4,444 | 28,212 |
| Transm & Distribution Exp (Mains) | 1,166 | 5,175 |
| Meter Expenses & Customer Installations | 1,007 | 5,616 |
| Maintenance of Storage Tanks | 0 | 152 |
| Maintenance of Services | 528 | 5,748 |
| Maintenance of Hydrants | 0 | 0 |
| Meter Reading Expenses | 421 | 1,829 |
| Customer Records & Collections | 4,902 | 24,819 |
| Uncollectable Accounts | 0 | 0 |
| Administrative & General Salaries | 1,376 | 9,532 |
| Office Supplies & Other Expenses | 8,127 | 24,111 |
| Outside Services - Engineering | 3,813 | 16,878 |
| Outside Services - Management Fees | 9,167 | 45,833 |
| Outside Services - Accounting | 1,826 | 18,030 |
| Outside Services - Legal | 2,091 | 5,450 |
| Injuries & Damages (Insurance Expense) | 1,446 | 9,892 |
| Employee Pensions & Benefits | 3,626 | 18,782 |
| Franchise Requirements | 0 | 0 |
| Regulatory Commission Expenses | 4,267 | 44,838 |
| Misc General Expenses | (31) | 186 |
| Misc Expenses - Vehicle Expenses | 3,246 | 9,127 |
| General Rents | 1,408 | 7,042 |
| Total Expenses | <u>114,302</u> | <u>599,001</u> |
| Net Income (Loss) | <u>37,106</u> | <u>48,307</u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

June 30, 2010

ASSETS

| | <u>6/30/10</u> | <u>6/30/09</u> |
|------------------------------------|--------------------------|-------------------------|
| Current Assets: | | |
| Cash | 84,328 | 16,466 |
| Accounts Receivable | 97,849 | 117,769 |
| Accrued Metered Revenue | 141,297 | 85,727 |
| Other Accounts Receivable | 339,091 | 0 |
| Prepayments | 40,442 | 40,644 |
| Misc Current & Accrued Assets | 0 | 22 |
| Deferred Expenses | 151,606 | 151,495 |
| Deferred Income Taxes | 22,995 | 24,288 |
| Total Current Assets | <u>877,607</u> | <u>436,410</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 628,360 | 542,986 |
| Franchises | 20,142 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 803,075 | 739,570 |
| Wells & Springs | 554,709 | 514,584 |
| Supply Mains | 18,724 | 17,481 |
| Pumping Equipment | 1,083,261 | 993,987 |
| Water Treatment Equipment | 427,715 | 409,077 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,433,604 |
| Transmission & Distribution Mains | 4,828,152 | 3,735,265 |
| Services | 1,779,388 | 1,762,035 |
| Meters & Meter Installation | 831,299 | 788,159 |
| Hydrants | 110,056 | 80,056 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,337,891)</u> | <u>(2,964,657)</u> |
| Total Fixed Assets | <u>9,454,614</u> | <u>8,297,001</u> |
| Total Assets | <u><u>10,332,221</u></u> | <u><u>8,733,411</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

June 30, 2010

LIABILITIES

| | 6/30/10 | 6/30/09 |
|---|-------------------|------------------|
| Current Liabilities: | | |
| Accounts Payable | 27,829 | 2,711 |
| Accounts Payable to Associated Companies | 32,857 | 1,269,517 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 920 | (232) |
| Accrued Expenses | 12,926 | 68,041 |
| Total Current Liabilities | 74,532 | 1,340,036 |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,417,608 | 0 |
| Notes Payable - State of NH (DWSRF) | 2,266,187 | 1,261,516 |
| Notes Payable - Outside Parties | 189,629 | 167,693 |
| Notes Payables - Lewis Builders | 711,479 | 1,912,110 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 1,664 | 0 |
| Total Long-Term Liabilities | 4,586,586 | 3,341,319 |
| Contributions in Aid of Construction: | | |
| CIAC | 6,969,799 | 6,343,127 |
| Accumulated Amortization of CIAC | (2,094,080) | (1,909,186) |
| Total CIAC | 4,875,720 | 4,433,941 |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 1,113,401 |
| Retained earnings | (1,428,401) | (1,427,987) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 102,664 | (84,066) |
| Stockholders' Equity | 795,383 | (381,885) |
| Total Liabilities and Stockholders' Equity | 10,332,221 | 8,733,411 |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE SIX MONTHS ENDING JUNE 30, 2010, 2009 AND 2008

| | <u>Month of June 2010</u> | <u>Year-To-Date 6/30/10</u> | <u>Year-To-Date 6/30/09</u> | <u>Year-To-Date 6/30/08</u> |
|---|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Total Revenue | 177,472 | 824,780 | 558,930 | 616,955 |
| Net Depreciation & CIAC | 17,762 | 102,574 | 87,538 | 86,375 |
| Property Taxes | 11,815 | 70,890 | 51,047 | 50,005 |
| Other Taxes | 108 | 1,623 | 1,255 | 966 |
| Misc Nonutility Expenses | 0 | 0 | 0 | 0 |
| Interest Expense | 12,907 | 76,964 | 70,812 | 84,791 |
| Labor on Outside Jobs | 1,394 | 7,477 | 976 | 6,514 |
| Well Expenses | 797 | 1,964 | 8,065 | 4,571 |
| Power Purchased for Pumping | 16,209 | 93,329 | 91,496 | 89,764 |
| Pumping Expenses | 8,751 | 29,233 | 38,548 | 43,526 |
| Chemicals | 1,273 | 4,712 | 5,419 | 4,123 |
| Treatment Expense (Filters) | 7,654 | 35,865 | 42,524 | 41,461 |
| Transm & Distribution Exp (Mains) | 647 | 5,822 | 16,808 | 7,809 |
| Meter Expenses & Customer Installations | 2,111 | 7,726 | 10,880 | 6,133 |
| Maintenance of Storage Tanks | 0 | 152 | 383 | 608 |
| Maintenance of Services | 2,580 | 8,328 | 15,128 | 4,870 |
| Maintenance of Hydrants | 0 | 0 | 50 | 415 |
| Meter Reading Expenses | 477 | 2,306 | 3,277 | 1,484 |
| Customer Records & Collections | 4,935 | 29,754 | 24,087 | 27,888 |
| Uncollectable Accounts | 0 | 0 | 0 | 0 |
| Administrative & General Salaries | 676 | 10,208 | 8,886 | 0 |
| Office Supplies & Other Expenses | 873 | 24,984 | 14,775 | 11,915 |
| Outside Services - Engineering | 3,717 | 20,595 | 16,769 | 12,088 |
| Outside Services - Management Fees | 9,167 | 55,000 | 55,000 | 55,000 |
| Outside Services - Accounting | 773 | 18,803 | 14,789 | 13,898 |
| Outside Services - Legal | 1,709 | 7,159 | 6,248 | 4,336 |
| Injuries & Damages (Insurance Expense) | 1,606 | 11,498 | 9,710 | 13,262 |
| Employee Pensions & Benefits | 5,180 | 23,962 | 26,490 | 26,652 |
| Franchise Requirements | 3,170 | 3,170 | 3,660 | 3,660 |
| Regulatory Commission Expenses | 4,267 | 49,105 | 2,177 | 3,776 |
| Misc General Expenses | (50) | 137 | 17 | 8,637 |
| Misc Expenses - Vehicle Expenses | 1,200 | 10,327 | 7,731 | 11,436 |
| General Rents | 1,408 | 8,450 | 8,450 | 8,450 |
| Total Expenses | 123,115 | 722,116 | 642,996 | 634,412 |
| Net Income (Loss) | 54,357 | 102,664 | (84,066) | (17,456) |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

July 31, 2010

ASSETS

| | <u>7/31/10</u> | <u>7/31/09</u> |
|------------------------------------|--------------------------|-------------------------|
| Current Assets: | | |
| Cash | 107,395 | 205,074 |
| Accounts Receivable | 125,769 | 77,108 |
| Accrued Metered Revenue | 145,145 | 91,436 |
| Other Accounts Receivable | 339,091 | 0 |
| Prepayments | 26,711 | 30,690 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 149,794 | 155,004 |
| Deferred Income Taxes | 22,887 | 24,180 |
| Total Current Assets | <u>916,791</u> | <u>583,492</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 630,507 | 804,734 |
| Franchises | 20,142 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 803,075 | 739,570 |
| Wells & Springs | 554,709 | 514,584 |
| Supply Mains | 18,724 | 17,481 |
| Pumping Equipment | 1,083,261 | 993,987 |
| Water Treatment Equipment | 427,715 | 409,077 |
| Distribution Reserves & Standpipes | 1,476,399 | 1,433,604 |
| Transmission & Distribution Mains | 4,828,152 | 3,736,744 |
| Services | 1,780,415 | 1,762,035 |
| Meters & Meter Installation | 838,263 | 789,251 |
| Hydrants | 110,056 | 80,056 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,370,891)</u> | <u>(2,993,297)</u> |
| Total Fixed Assets | <u>9,434,619</u> | <u>8,532,680</u> |
| Total Assets | <u><u>10,351,410</u></u> | <u><u>9,116,173</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

July 31, 2010

LIABILITIES

| | 7/31/10 | 7/31/09 |
|---|-------------------|------------------|
| Current Liabilities: | | |
| Accounts Payable | 8,128 | 136,521 |
| Accounts Payable to Associated Companies | 19,689 | 1,375,285 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 920 | (232) |
| Accrued Expenses | 32,660 | 67,279 |
| Total Current Liabilities | 61,396 | 1,578,853 |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,414,158 | 0 |
| Notes Payable - State of NH (DWSRF) | 2,261,977 | 1,253,384 |
| Notes Payable - Outside Parties | 188,188 | 205,631 |
| Notes Payables - Lewis Builders | 711,199 | 2,037,022 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 1,684 | 0 |
| Total Long-Term Liabilities | 4,577,206 | 3,496,036 |
| Contributions in Aid of Construction: | | |
| CIAC | 6,969,799 | 6,343,127 |
| Accumulated Amortization of CIAC | (2,109,080) | (1,923,236) |
| Total CIAC | 4,860,720 | 4,419,891 |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 1,113,401 |
| Retained earnings | (1,428,401) | (1,427,987) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 159,369 | (80,788) |
| Stockholders' Equity | 852,088 | (378,608) |
| Total Liabilities and Stockholders' Equity | 10,351,410 | 9,116,173 |

HAMPSTEAD AREA WATER COMPANY, INC.

SUMMARY INCOME STATEMENT

FOR THE SEVEN MONTHS ENDING JULY 31, 2010 AND 2009

| | <u>Month of July 2010</u> | <u>Year-To-Date 7/31/10</u> | <u>Month of July 2009</u> | <u>Year-To-Date 7/31/09</u> |
|---|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| Total Revenue | <u>178,951</u> | <u>1,003,731</u> | <u>108,941</u> | <u>667,871</u> |
| Net Depreciation & CIAC | 18,762 | 121,336 | 14,590 | 102,128 |
| Property Taxes | 11,815 | 82,705 | 8,301 | 59,348 |
| Other Taxes | 211 | 1,834 | 108 | 1,362 |
| Misc Nonutility Expenses | 0 | 0 | 0 | 0 |
| Interest Expense | 12,627 | 89,591 | 14,796 | 85,608 |
| Labor on Outside Jobs | 1,021 | 8,497 | 1,282 | 2,258 |
| Well Expenses | 818 | 2,782 | 10 | 8,075 |
| Power Purchased for Pumping | 18,535 | 111,864 | 13,506 | 105,003 |
| Pumping Expenses | 7,129 | 36,362 | 2,716 | 41,264 |
| Chemicals | 849 | 5,560 | 874 | 6,293 |
| Treatment Expense (Filters) | 6,719 | 42,584 | 9,892 | 52,416 |
| Transm & Distribution Exp (Mains) | 666 | 6,488 | 680 | 17,488 |
| Meter Expenses & Customer Installations | 3,697 | 11,423 | 677 | 11,557 |
| Maintenance of Storage Tanks | 58 | 210 | 118 | 501 |
| Maintenance of Services | 851 | 9,179 | 30 | 15,157 |
| Maintenance of Hydrants | 0 | 0 | 50 | 99 |
| Meter Reading Expenses | 572 | 2,878 | 334 | 3,611 |
| Customer Records & Collections | 7,020 | 36,774 | 4,712 | 28,799 |
| Uncollectable Accounts | 0 | 0 | 0 | 0 |
| Administrative & General Salaries | 1,232 | 11,439 | 1,162 | 10,048 |
| Office Supplies & Other Expenses | 1,467 | 26,451 | 7,274 | 22,049 |
| Outside Services - Engineering | 2,119 | 22,714 | 430 | 17,198 |
| Outside Services - Management Fees | 9,167 | 64,167 | 9,167 | 64,167 |
| Outside Services - Accounting | 1,249 | 20,052 | 1,707 | 16,496 |
| Outside Services - Legal | 889 | 8,048 | 1,717 | 7,966 |
| Injuries & Damages (Insurance Expense) | 2,642 | 14,140 | 2,989 | 12,699 |
| Employee Pensions & Benefits | 5,369 | 29,331 | 5,836 | 32,326 |
| Franchise Requirements | 0 | 3,170 | 0 | 3,660 |
| Regulatory Commission Expenses | 4,267 | 53,371 | 37 | 2,214 |
| Misc General Expenses | (53) | 84 | 50 | 68 |
| Misc Expenses - Vehicle Expenses | 1,142 | 11,469 | 1,211 | 8,943 |
| General Rents | 1,408 | 9,858 | 1,408 | 9,858 |
| Total Expenses | <u>122,246</u> | <u>844,362</u> | <u>105,662</u> | <u>748,659</u> |
| Net Income (Loss) | <u>56,705</u> | <u>159,369</u> | <u>3,278</u> | <u>(80,788)</u> |
| Gallons Sold | 20,193,307 | 117,328,267 | 14,479,161 | |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

August 31, 2010

ASSETS

| | <u>8/31/10</u> | <u>8/31/09</u> |
|------------------------------------|--------------------------|-------------------------|
| Current Assets: | | |
| Cash | 199,926 | 46,092 |
| Accounts Receivable | 104,886 | 76,586 |
| Accrued Metered Revenue | 127,387 | 123,871 |
| Other Accounts Receivable | 339,091 | 0 |
| Prepayments | 17,188 | 27,484 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 147,514 | 169,241 |
| Deferred Income Taxes | 22,779 | 24,072 |
| Total Current Assets | <u>958,771</u> | <u>467,346</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 623,169 | 1,056,196 |
| Franchises | 20,142 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 803,075 | 739,570 |
| Wells & Springs | 554,709 | 514,584 |
| Supply Mains | 18,724 | 17,481 |
| Pumping Equipment | 1,083,261 | 993,987 |
| Water Treatment Equipment | 427,715 | 409,077 |
| Distribution Reserves & Standpipes | 1,476,399 | 1,433,604 |
| Transmission & Distribution Mains | 4,828,152 | 3,736,744 |
| Services | 1,780,415 | 1,763,190 |
| Meters & Meter Installation | 844,691 | 792,891 |
| Hydrants | 110,056 | 80,056 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,403,891)</u> | <u>(3,021,937)</u> |
| Total Fixed Assets | <u>9,400,710</u> | <u>8,760,298</u> |
| Total Assets | <u><u>10,359,481</u></u> | <u><u>9,227,644</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

August 31, 2010

LIABILITIES

| | 8/31/10 | 8/31/09 |
|---|-------------------|------------------|
| Current Liabilities: | | |
| Accounts Payable | 3,854 | 268,799 |
| Accounts Payable to Associated Companies | 13,309 | 14,419 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 920 | 0 |
| Accrued Expenses | 31,711 | 67,539 |
| Total Current Liabilities | 49,794 | 350,758 |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,410,936 | 1,450,000 |
| Notes Payable - State of NH (DWSRF) | 2,257,755 | 1,459,194 |
| Notes Payable - Outside Parties | 186,744 | 204,251 |
| Notes Payables - Lewis Builders | 710,657 | 690,782 |
| Accum Deferred inc Tax - Liberalized Dep'n | 1,684 | 0 |
| Total Long-Term Liabilities | 4,567,775 | 3,804,227 |
| Contributions in Aid of Construction: | | |
| CIAC | 6,969,799 | 6,343,127 |
| Accumulated Amortization of CIAC | (2,124,080) | (1,937,286) |
| Total CIAC | 4,845,720 | 4,405,840 |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,428,401) | (1,427,987) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 203,473 | (26,315) |
| Stockholders' Equity | 896,193 | 666,818 |
| Total Liabilities and Stockholders' Equity | 10,359,481 | 9,227,644 |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE EIGHT MONTHS ENDING AUGUST 31, 2010 AND 2009

| | <u>Month of Aug 2010</u> | <u>Year-To-Date 8/31/10</u> | <u>Month of Aug 2009</u> | <u>Year-To-Date 8/31/09</u> |
|---|------------------------------|---------------------------------|------------------------------|---------------------------------|
| Total Revenue | 153,854 | 1,157,585 | 147,396 | 815,267 |
| Net Depreciation & CIAC | 18,762 | 140,098 | 14,590 | 116,718 |
| Property Taxes | 11,815 | 94,520 | 8,301 | 67,649 |
| Other Taxes | 108 | 1,942 | 340 | 1,702 |
| Misc Nonutility Expenses | 0 | 0 | 0 | 0 |
| Interest Expense | 13,361 | 102,952 | 8,636 | 94,244 |
| Labor on Outside Jobs | 1,440 | 9,937 | 689 | 2,946 |
| Well Expenses | 0 | 2,782 | 3,907 | 11,982 |
| Power Purchased for Pumping | 16,189 | 128,053 | 14,187 | 119,189 |
| Pumping Expenses | 5,495 | 41,856 | 1,661 | 42,925 |
| Chemicals | 127 | 5,687 | 1,743 | 8,036 |
| Treatment Expense (Filters) | 4,367 | 46,952 | 5,835 | 58,251 |
| Transm & Distribution Exp (Mains) | 1,655 | 8,143 | 956 | 18,444 |
| Meter Expenses & Customer Installations | 1,045 | 12,468 | (2,864) | 8,693 |
| Maintenance of Storage Tanks | 15 | 225 | 30 | 531 |
| Maintenance of Services | 149 | 9,327 | 1,137 | 16,295 |
| Maintenance of Hydrants | 0 | 0 | 55 | 154 |
| Meter Reading Expenses | 643 | 3,521 | 369 | 3,980 |
| Customer Records & Collections | 5,775 | 42,549 | 3,432 | 32,231 |
| Uncollectable Accounts | 0 | 0 | 0 | 0 |
| Administrative & General Salaries | 1,003 | 12,442 | 1,343 | 11,391 |
| Office Supplies & Other Expenses | 1,105 | 27,555 | 5,985 | 28,034 |
| Outside Services - Engineering | 638 | 23,352 | 40 | 17,238 |
| Outside Services - Management Fees | 9,167 | 73,333 | 9,167 | 73,333 |
| Outside Services - Accounting | 1,455 | 21,507 | 1,835 | 18,331 |
| Outside Services - Legal | 963 | 9,011 | 661 | 8,626 |
| Injuries & Damages (Insurance Expense) | 1,425 | 15,565 | 1,756 | 14,455 |
| Employee Pensions & Benefits | 5,097 | 34,427 | 4,925 | 37,251 |
| Franchise Requirements | 0 | 3,170 | 0 | 3,660 |
| Regulatory Commission Expenses | 4,939 | 58,310 | 1,445 | 3,659 |
| Misc General Expenses | 0 | 84 | 0 | 68 |
| Misc Expenses - Vehicle Expenses | 1,608 | 13,077 | 1,355 | 10,298 |
| General Rents | 1,408 | 11,267 | 1,408 | 11,267 |
| Total Expenses | 109,750 | 954,112 | 92,923 | 841,582 |
| Net Income (Loss) | 44,104 | 203,473 | 54,473 | (26,315) |
| Gallons Sold | 15,542,425 | 117,328,267 | 17,525,837 | |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET September 30, 2010

ASSETS

| | <u>9/30/10</u> | <u>9/30/09</u> |
|------------------------------------|--------------------------|-------------------------|
| Current Assets: | | |
| Cash | 264,125 | 53,497 |
| Accounts Receivable | 75,852 | 109,584 |
| Accrued Metered Revenue | 128,828 | 113,635 |
| Other Accounts Receivable | 339,091 | 0 |
| Prepayments | 15,718 | 18,482 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 143,861 | 168,905 |
| Deferred Income Taxes | 22,671 | 23,964 |
| Total Current Assets | <u>990,147</u> | <u>488,066</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 639,418 | 1,489,105 |
| Franchises | 20,142 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 803,075 | 739,570 |
| Wells & Springs | 554,709 | 514,584 |
| Supply Mains | 18,724 | 17,481 |
| Pumping Equipment | 1,083,261 | 995,299 |
| Water Treatment Equipment | 427,715 | 409,077 |
| Distribution Reserves & Standpipes | 1,476,399 | 1,433,604 |
| Transmission & Distribution Mains | 4,830,678 | 3,736,744 |
| Services | 1,786,919 | 1,763,190 |
| Meters & Meter Installation | 856,091 | 792,891 |
| Hydrants | 110,056 | 80,056 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,436,891)</u> | <u>(3,049,577)</u> |
| Total Fixed Assets | <u>9,404,389</u> | <u>9,166,880</u> |
| Total Assets | <u><u>10,394,536</u></u> | <u><u>9,654,946</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET
September 30, 2010

LIABILITIES

| | <u>9/30/10</u> | <u>9/30/09</u> |
|---|--------------------------|-------------------------|
| Current Liabilities: | | |
| Accounts Payable | 17,497 | 482,916 |
| Accounts Payable to Associated Companies | 13,699 | 18,954 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 920 | 0 |
| Accrued Expenses | 30,319 | 61,294 |
| Total Current Liabilities | <u>62,434</u> | <u>563,164</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,407,695 | 1,447,136 |
| Notes Payable - State of NH (DWSRF) | 2,253,521 | 1,677,898 |
| Notes Payable - Outside Parties | 182,596 | 202,868 |
| Notes Payables - Lewis Builders | 710,111 | 690,782 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 1,684 | 0 |
| Total Long-Term Liabilities | <u>4,555,608</u> | <u>4,018,684</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,969,799 | 6,348,127 |
| Accumulated Amortization of CIAC | <u>(2,139,080)</u> | <u>(1,951,337)</u> |
| Total CIAC | <u>4,830,720</u> | <u>4,396,790</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,428,401) | (1,427,987) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 253,055 | (16,825) |
| Stockholders' Equity | <u>945,774</u> | <u>676,308</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,394,536</u></u> | <u><u>9,654,946</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2010 AND 2009

| | <u>Month of Sep-10</u> | <u>Year-To-Date 9/30/10</u> | <u>Month of Sep-09</u> | <u>Year-To-Date 9/30/09</u> |
|---|----------------------------|---------------------------------|----------------------------|---------------------------------|
| Total Revenue | 151,500 | 1,309,085 | 130,307 | 945,574 |
| Net Depreciation & CIAC | 18,762 | 158,861 | 14,590 | 131,307 |
| Property Taxes | 11,815 | 106,335 | 16,018 | 83,668 |
| Other Taxes | 108 | 2,050 | (858) | 845 |
| Misc Nonutility Expenses | 0 | 0 | 0 | 0 |
| Interest Expense | 14,809 | 117,761 | 15,813 | 110,057 |
| Labor on Outside Jobs | 739 | 10,676 | 395 | 3,341 |
| Well Expenses | 0 | 2,782 | (454) | 11,529 |
| Power Purchased for Pumping | 15,028 | 143,082 | 14,802 | 133,991 |
| Pumping Expenses | 837 | 42,694 | 4,432 | 47,357 |
| Chemicals | 453 | 6,140 | 1,138 | 9,175 |
| Treatment Expense (Filters) | 5,866 | 52,817 | 7,044 | 65,295 |
| Transm & Distribution Exp (Mains) | 1,740 | 9,883 | 987 | 19,431 |
| Meter Expenses & Customer Installations | (3,552) | 8,916 | 9,266 | 17,959 |
| Maintenance of Storage Tanks | 0 | 225 | 118 | 648 |
| Maintenance of Services | 1,164 | 10,492 | 1,129 | 17,424 |
| Maintenance of Hydrants | 0 | 0 | 53 | 207 |
| Meter Reading Expenses | 471 | 3,992 | 433 | 4,413 |
| Customer Records & Collections | 5,138 | 47,687 | 5,004 | 37,236 |
| Uncollectable Accounts | 0 | 0 | 0 | 0 |
| Administrative & General Salaries | 1,323 | 13,765 | 2,172 | 13,563 |
| Office Supplies & Other Expenses | 1,359 | 28,915 | 1,012 | 29,046 |
| Outside Services - Engineering | 1,092 | 24,444 | 523 | 17,761 |
| Outside Services - Management Fees | 9,167 | 82,500 | 9,167 | 82,500 |
| Outside Services - Accounting | 1,129 | 22,636 | 855 | 19,186 |
| Outside Services - Legal | 1,219 | 10,230 | 480 | 9,107 |
| Injuries & Damages (Insurance Expense) | 1,428 | 16,993 | 4,286 | 18,741 |
| Employee Pensions & Benefits | 4,737 | 39,164 | 4,412 | 41,662 |
| Franchise Requirements | 0 | 3,170 | 0 | 3,660 |
| Regulatory Commission Expenses | 4,267 | 62,576 | 799 | 4,459 |
| Misc General Expenses | 0 | 84 | (147) | (80) |
| Misc Expenses - Vehicle Expenses | 1,411 | 14,488 | 5,940 | 16,238 |
| General Rents | 1,408 | 12,675 | 1,408 | 12,675 |
| Total Expenses | 101,918 | 1,056,030 | 120,817 | 962,399 |
| Net Income (Loss) | 49,582 | 253,055 | 9,490 | (16,825) |
| Gallons Sold | 16,416,867 | 133,745,134 | 15,801,663 | |
| Average Gallons Sold Per Day | 520,789 | | 509,731 | |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

October 31, 2010

ASSETS

| | <u>10/31/10</u> | <u>10/31/09</u> |
|------------------------------------|--------------------------|-------------------------|
| Current Assets: | | |
| Cash | 252,346 | 59,913 |
| Accounts Receivable | 106,447 | 99,627 |
| Accrued Metered Revenue | 102,725 | 109,298 |
| Other Accounts Receivable | 339,091 | 0 |
| Prepayments | 17,007 | 9,488 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 142,915 | 163,717 |
| Deferred Income Taxes | 22,564 | 23,857 |
| Total Current Assets | <u>983,095</u> | <u>465,900</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 645,801 | 1,658,044 |
| Franchises | 20,142 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 803,075 | 774,081 |
| Wells & Springs | 554,709 | 537,070 |
| Supply Mains | 18,724 | 17,481 |
| Pumping Equipment | 1,089,109 | 1,028,822 |
| Water Treatment Equipment | 427,715 | 424,034 |
| Distribution Reserves & Standpipes | 1,476,399 | 1,457,094 |
| Transmission & Distribution Mains | 4,830,678 | 3,776,744 |
| Services | 1,789,472 | 1,768,200 |
| Meters & Meter Installation | 865,991 | 792,959 |
| Hydrants | 110,056 | 80,056 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,469,891)</u> | <u>(3,076,917)</u> |
| Total Fixed Assets | <u>9,396,073</u> | <u>9,482,523</u> |
| Total Assets | <u><u>10,379,168</u></u> | <u><u>9,948,423</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

October 31, 2010

LIABILITIES

| | 10/31/10 | 10/31/09 |
|---|-------------------|------------------|
| Current Liabilities: | | |
| Accounts Payable | 13,917 | 215,839 |
| Accounts Payable to Associated Companies | 18,792 | 21,520 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 11,184 | 1,185 |
| Accrued Expenses | 28,828 | 36,501 |
| Total Current Liabilities | 72,721 | 275,045 |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,404,193 | 1,443,840 |
| Notes Payable - State of NH (DWSRF) | 2,249,276 | 2,087,019 |
| Notes Payable - Outside Parties | 181,145 | 224,481 |
| Notes Payables - Lewis Builders | 709,152 | 690,566 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 1,684 | 0 |
| Total Long-Term Liabilities | 4,545,449 | 4,445,907 |
| Contributions in Aid of Construction: | | |
| CIAC | 6,969,799 | 6,495,484 |
| Accumulated Amortization of CIAC | (2,154,080) | (1,965,387) |
| Total CIAC | 4,815,720 | 4,530,097 |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,428,401) | (1,427,987) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 252,559 | 4,241 |
| Stockholders' Equity | 945,278 | 697,374 |
| Total Liabilities and Stockholders' Equity | 10,379,168 | 9,948,423 |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE TEN MONTHS ENDING OCTOBER 31, 2010 AND 2009

| | <u>Month of Oct-10</u> | <u>Year-To-Date 10/31/10</u> | <u>Month of Oct-09</u> | <u>Year-To-Date 10/31/09</u> |
|---|----------------------------|----------------------------------|----------------------------|----------------------------------|
| Total Revenue | 122,151 | 1,431,236 | 135,731 | 1,081,305 |
| Net Depreciation & CIAC | 18,762 | 177,623 | 14,590 | 145,897 |
| Property Taxes | 10,895 | 117,231 | 10,751 | 94,419 |
| Other Taxes | 108 | 2,158 | 108 | 953 |
| Misc Nonutility Expenses | 0 | 0 | 0 | 0 |
| Interest Expense | 13,977 | 131,738 | 12,394 | 122,451 |
| Labor on Outside Jobs | 1,159 | 11,835 | 654 | 3,995 |
| Well Expenses | 300 | 3,081 | 0 | 11,529 |
| Power Purchased for Pumping | 13,905 | 156,987 | 14,722 | 148,713 |
| Pumping Expenses | 3,043 | 45,736 | 4,080 | 51,437 |
| Chemicals | 829 | 6,968 | 1,245 | 10,420 |
| Treatment Expense (Filters) | 12,430 | 65,248 | 9,188 | 74,484 |
| Transm & Distribution Exp (Mains) | 788 | 10,671 | 1,213 | 20,644 |
| Meter Expenses & Customer Installations | 861 | 9,777 | 1,638 | 19,597 |
| Maintenance of Storage Tanks | 0 | 225 | 53 | 701 |
| Maintenance of Services | 1,869 | 12,361 | 513 | 17,937 |
| Maintenance of Hydrants | 0 | 0 | 0 | 207 |
| Meter Reading Expenses | 564 | 4,556 | 436 | 4,849 |
| Customer Records & Collections | 6,322 | 54,008 | 5,551 | 42,787 |
| Uncollectable Accounts | 0 | 0 | 0 | 0 |
| Administrative & General Salaries | 2,285 | 16,050 | 3,278 | 16,841 |
| Office Supplies & Other Expenses | 11,435 | 40,349 | 3,269 | 32,315 |
| Outside Services - Engineering | 2,310 | 26,754 | 1,792 | 19,554 |
| Outside Services - Management Fees | 9,167 | 91,667 | 9,167 | 91,667 |
| Outside Services - Accounting | 2,601 | 25,237 | 3,758 | 22,944 |
| Outside Services - Legal | 572 | 10,802 | 1,048 | 10,155 |
| Injuries & Damages (Insurance Expense) | 1,527 | 18,520 | 2,303 | 21,044 |
| Employee Pensions & Benefits | 3,658 | 42,822 | 3,335 | 44,998 |
| Franchise Requirements | 0 | 3,170 | 0 | 3,660 |
| Regulatory Commission Expenses | 1,040 | 63,616 | 6,074 | 10,532 |
| Misc General Expenses | (72) | 11 | 417 | 337 |
| Misc Expenses - Vehicle Expenses | 904 | 15,392 | 1,680 | 17,917 |
| General Rents | 1,408 | 14,083 | 1,408 | 14,083 |
| Total Expenses | 122,647 | 1,178,677 | 114,665 | 1,077,064 |
| Net Income (Loss) | (496) | 252,559 | 21,066 | 4,241 |
| Gallons Sold | 13,109,561 | 146,854,695 | 12,295,747 | |
| Average Gallons Sold Per Day | 426,156 | | 417,478 | |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET
November 30, 2010

ASSETS

| | <u>11/30/10</u> | <u>11/30/09</u> |
|------------------------------------|--------------------------|-------------------------|
| Current Assets: | | |
| Cash | 256,701 | 68,193 |
| Accounts Receivable | 66,795 | 86,462 |
| Accrued Metered Revenue | 102,217 | 104,922 |
| Other Accounts Receivable | 339,091 | 0 |
| Prepayments | 43,936 | 32,220 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 129,548 | 158,460 |
| Deferred Income Taxes | 22,456 | 23,749 |
| Total Current Assets | <u>960,744</u> | <u>474,006</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 654,991 | 1,668,873 |
| Franchises | 20,142 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 803,075 | 774,081 |
| Wells & Springs | 554,709 | 537,070 |
| Supply Mains | 18,724 | 17,481 |
| Pumping Equipment | 1,090,534 | 1,029,957 |
| Water Treatment Equipment | 427,715 | 424,034 |
| Distribution Reserves & Standpipes | 1,476,399 | 1,457,094 |
| Transmission & Distribution Mains | 4,832,841 | 3,777,806 |
| Services | 1,789,472 | 1,769,224 |
| Meters & Meter Installation | 874,433 | 792,959 |
| Hydrants | 110,056 | 80,056 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 113,826 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,502,891)</u> | <u>(3,105,307)</u> |
| Total Fixed Assets | <u>9,416,168</u> | <u>9,468,183</u> |
| Total Assets | <u><u>10,376,911</u></u> | <u><u>9,942,189</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET
November 30, 2010

LIABILITIES

| | <u>11/30/10</u> | <u>11/30/09</u> |
|---|--------------------------|-------------------------|
| Current Liabilities: | | |
| Accounts Payable | 44,559 | 34,185 |
| Accounts Payable to Associated Companies | 21,639 | 21,945 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 0 | 0 |
| Accrued Expenses | 27,548 | 28,332 |
| Total Current Liabilities | <u>93,746</u> | <u>84,462</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,400,919 | 1,440,778 |
| Notes Payable - State of NH (DWSRF) | 2,245,018 | 2,295,331 |
| Notes Payable - Outside Parties | 209,498 | 223,091 |
| Notes Payables - Lewis Builders | 708,189 | 690,349 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 1,684 | 0 |
| Total Long-Term Liabilities | <u>4,565,308</u> | <u>4,649,549</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,969,799 | 6,495,484 |
| Accumulated Amortization of CIAC | <u>(2,169,080)</u> | <u>(1,979,437)</u> |
| Total CIAC | <u>4,800,720</u> | <u>4,516,047</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,428,401) | (1,427,987) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 224,418 | (1,002) |
| Stockholders' Equity | <u>917,137</u> | <u>692,131</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,376,911</u></u> | <u><u>9,942,189</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE ELEVEN MONTHS ENDING NOVEMBER 30, 2010 AND 2009

| | <u>Month of Nov-10</u> | <u>Year-To-Date 11/30/10</u> | <u>Month of Nov-09</u> | <u>Year-To-Date 11/30/09</u> |
|---|----------------------------|----------------------------------|----------------------------|----------------------------------|
| Total Revenue | 109,708 | 1,540,944 | 117,158 | 1,198,463 |
| Net Depreciation & CIAC | 18,762 | 196,385 | 14,590 | 160,487 |
| Property Taxes | 39,278 | 156,508 | 34,533 | 128,952 |
| Other Taxes | 108 | 2,265 | 108 | 1,060 |
| Misc Nonutility Expenses | 0 | 0 | 0 | 0 |
| Interest Expense | 14,187 | 145,925 | 12,611 | 135,062 |
| Labor on Outside Jobs | 1,008 | 12,843 | 2,281 | 6,276 |
| Well Expenses | 319 | 3,400 | 455 | 11,984 |
| Power Purchased for Pumping | 11,472 | 168,458 | 11,511 | 160,225 |
| Pumping Expenses | (3,206) | 42,530 | 3,177 | 54,614 |
| Chemicals | 434 | 7,403 | 874 | 11,294 |
| Treatment Expense (Filters) | 4,233 | 69,481 | 3,738 | 78,221 |
| Transm & Distribution Exp (Mains) | 2,089 | 12,760 | 2,221 | 22,865 |
| Meter Expenses & Customer Installations | 1,465 | 11,242 | 521 | 20,118 |
| Maintenance of Storage Tanks | 95 | 320 | 22 | 722 |
| Maintenance of Services | 1,825 | 14,186 | 354 | 18,291 |
| Maintenance of Hydrants | 198 | 198 | 208 | 415 |
| Meter Reading Expenses | 347 | 4,904 | 319 | 5,168 |
| Customer Records & Collections | 5,711 | 59,719 | 4,643 | 47,430 |
| Uncollectable Accounts | 0 | 0 | 0 | 0 |
| Administrative & General Salaries | 1,503 | 17,553 | 1,253 | 18,094 |
| Office Supplies & Other Expenses | 1,385 | 41,734 | 724 | 33,038 |
| Outside Services - Engineering | 3,014 | 29,767 | 1,382 | 20,936 |
| Outside Services - Management Fees | 9,167 | 100,833 | 9,167 | 100,833 |
| Outside Services - Accounting | 8,013 | 33,250 | 1,882 | 24,826 |
| Outside Services - Legal | 826 | 11,628 | 1,069 | 11,224 |
| Injuries & Damages (Insurance Expense) | 1,435 | 19,955 | 2,217 | 23,261 |
| Employee Pensions & Benefits | 3,513 | 46,335 | 4,729 | 49,727 |
| Franchise Requirements | 0 | 3,170 | 0 | 3,660 |
| Regulatory Commission Expenses | 7,472 | 71,088 | 5,066 | 15,598 |
| Misc General Expenses | 483 | 494 | 269 | 606 |
| Misc Expenses - Vehicle Expenses | 1,305 | 16,698 | 1,070 | 18,987 |
| General Rents | 1,408 | 15,492 | 1,408 | 15,492 |
| Total Expenses | 137,849 | 1,316,526 | 122,402 | 1,199,466 |
| Net Income (Loss) | (28,141) | 224,418 | (5,243) | (1,002) |
| Gallons Sold | 11,672,430 | 169,839,220 | 12,690,674 | |
| Average Gallons Sold Per Day | 386,200 | | 396,583 | |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

December 31, 2010

ASSETS

| | <u>12/31/10</u> | <u>12/31/09</u> |
|------------------------------------|--------------------------|--------------------------|
| Current Assets: | | |
| Cash | 204,641 | 29,584 |
| Accounts Receivable | 64,894 | 88,563 |
| Accrued Metered Revenue | 101,805 | 107,704 |
| Other Accounts Receivable | 339,091 | 347,282 |
| Prepayments | 44,061 | 41,158 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 124,536 | 198,247 |
| Deferred Income Taxes | 22,348 | 23,641 |
| Total Current Assets | <u>901,376</u> | <u>836,178</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 338,759 | 569,672 |
| Franchises | 21,299 | 20,142 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 800,902 | 803,075 |
| Wells & Springs | 572,519 | 553,318 |
| Supply Mains | 18,724 | 18,724 |
| Pumping Equipment | 1,074,644 | 1,070,194 |
| Water Treatment Equipment | 431,138 | 427,608 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,473,531 |
| Transmission & Distribution Mains | 4,843,108 | 4,823,732 |
| Services | 1,800,753 | 1,769,224 |
| Meters & Meter Installation | 864,176 | 800,899 |
| Hydrants | 110,056 | 110,056 |
| Other Plant (Hydrology Study) | 303,311 | 0 |
| Office Furniture & Equipment | 1,420 | 1,420 |
| Transportation Equipment | 115,119 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 78,836 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,508,268)</u> | <u>(3,149,891)</u> |
| Total Fixed Assets | <u>9,418,138</u> | <u>9,524,377</u> |
| Total Assets | <u><u>10,319,514</u></u> | <u><u>10,360,555</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

December 31, 2010

LIABILITIES

| | <u>12/31/10</u> | <u>12/31/09</u> |
|---|--------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts Payable | 32,233 | 18,131 |
| Accounts Payable to Associated Companies | 80,109 | 14,961 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 185 | 0 |
| Accrued Expenses | 22,569 | 21,159 |
| Total Current Liabilities | <u>135,096</u> | <u>54,251</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,397,381 | 1,437,450 |
| Notes Payable - State of NH (DWSRF) | 2,240,749 | 2,291,202 |
| Notes Payable - Outside Parties | 195,039 | 227,398 |
| Notes Payables - Lewis Builders | 706,133 | 690,130 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 4,315 | 1,684 |
| Total Long-Term Liabilities | <u>4,543,617</u> | <u>4,647,865</u> |
| Contributions in Aid of Construction: | | |
| CIAC | 6,966,458 | 6,969,799 |
| Accumulated Amortization of CIAC | <u>(2,187,154)</u> | <u>(2,004,080)</u> |
| Total CIAC | <u>4,779,304</u> | <u>4,965,720</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 2,104,354 |
| Retained earnings | (1,428,401) | (1,427,987) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 168,777 | (413) |
| Stockholders' Equity | <u>861,497</u> | <u>692,720</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,319,514</u></u> | <u><u>10,360,555</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

SUMMARY INCOME STATEMENT

FOR THE YEARS ENDING DECEMBER 31, 2010 AND 2009

| | Month of Dec-10 | Year-To-Date 12/31/10 | Month of Dec-09 | Year-To-Date 12/31/09 | Increase (Decrease) |
|---|--------------------|--------------------------|--------------------|--------------------------|------------------------|
| Total Revenue | 118,220 | 1,508,226 | 116,005 | 1,283,395 | 224,830 |
| Net Depreciation & CIAC | 22,990 | 219,376 | 23,753 | 184,239 | 35,136 |
| Property Taxes | 15,090 | 171,598 | 11,815 | 140,767 | 30,831 |
| Other Taxes | 5,477 | 7,742 | 4,345 | 5,405 | 2,337 |
| Labor on Outside Jobs | 350 | 13,193 | 79 | 6,355 | 6,838 |
| Well Expenses | 124 | 3,524 | 129 | 12,113 | (8,588) |
| Power Purchased for Pumping | 14,100 | 182,558 | 13,912 | 174,137 | 8,421 |
| Pumping Expenses | 10,482 | 53,012 | 4,147 | 58,761 | (5,748) |
| Chemicals | 849 | 8,251 | 656 | 11,949 | (3,698) |
| Treatment Expense (Filters) | 5,964 | 75,445 | 6,089 | 84,310 | (8,865) |
| Transm & Distribution Exp (Mains) | 2,493 | 15,253 | 1,875 | 24,740 | (9,487) |
| Meter Expenses & Customer Installations | 12,945 | 24,187 | (8,827) | 11,291 | 12,895 |
| Maintenance of Storage Tanks | 4,068 | 4,389 | 86 | 809 | 3,580 |
| Maintenance of Services | 2,412 | 16,598 | 797 | 19,087 | (2,489) |
| Maintenance of Hydrants | 0 | 198 | 630 | 1,045 | (847) |
| Meter Reading Expenses | 403 | 5,307 | (222) | 4,945 | 362 |
| Customer Records & Collections | 5,250 | 64,970 | 5,050 | 52,480 | 12,490 |
| Uncollectable Accounts | 9,541 | 9,541 | 187 | 187 | 9,354 |
| Administrative & General Salaries | 1,446 | 18,999 | 1,662 | 19,756 | (757) |
| Office Supplies & Other Expenses | 866 | 42,600 | 1,596 | 34,634 | 7,966 |
| Outside Services - Engineering | 4,023 | 33,791 | 1,991 | 22,927 | 10,864 |
| Outside Services - Management Fees | 10,575 | 111,408 | 9,167 | 110,000 | 1,408 |
| Outside Services - Accounting | 1,550 | 34,801 | 7,127 | 31,953 | 2,847 |
| Outside Services - Legal | 1,082 | 12,710 | 475 | 11,698 | 1,012 |
| Injuries & Damages (Insurance Expense) | 2,205 | 22,159 | 1,881 | 25,142 | (2,983) |
| Employee Pensions & Benefits | 5,555 | 51,890 | 4,111 | 53,838 | (1,948) |
| Franchise Requirements | 0 | 3,170 | 0 | 3,660 | (490) |
| Misc General Expenses | (7) | 487 | 0 | 606 | (119) |
| Misc Expenses - Vehicle Expenses | 2,681 | 19,378 | 1,995 | 20,982 | (1,604) |
| General Rents | 0 | 15,492 | 1,408 | 16,900 | (1,408) |
| Total Expenses | 142,513 | 1,242,026 | 95,911 | 1,144,717 | 97,309 |
| Net Operating Income | (24,293) | 266,199 | 20,093 | 138,678 | 127,521 |
| Rate Case Recovery Fees | 2,564 | 153,502 | 13,453 | 44,526 | 108,976 |
| Regulatory Commission Expenses | (2,717) | (73,805) | (15,266) | (30,864) | (42,941) |
| Interest Expense | (31,195) | (177,120) | (17,692) | (152,753) | (24,366) |
| Misc Nonutility Expenses | 0 | 0 | 0 | 0 | 0 |
| Net Income (Loss) | (55,641) | 168,777 | 589 | (413) | 169,190 |
| Gallons Sold | 11,312,095 | 169,839,220 | 11,472,265 | | |
| Average Gallons Sold Per Day | 387,111 | | 395,596 | | |

Hampstead Area Water Company

Federal Income Tax Reconciliation

HAWC is a Subchapter S Corporation and the income of the corporation is taxed at the shareholder level. Therefore no federal income tax is paid by HAWC.

Hampstead Area Water Company

New Hampshire and Federal Income Tax Factor

Hampstead Area Water Company ("Company") is an "S-Corporation." As such, the Company pays no federal income taxes. It does however pay a business enterprise tax ("BET") in New Hampshire. The BET rate is .75%.

HAWC
2012 ANTICIPATED ADDITIONS

| Plant Account | Description | Estimated Amount | Depreciation Rate | Half Year Depreciation | Accum. Depreciation | Location | Tax Rate |
|---------------|--|------------------|-------------------|------------------------|---------------------|--------------------|---------------|
| 304 | Structures & Improvements: | | | | | | |
| 307 | Wells & Springs: 2 replacement wells (West Side Dr & E.P.) | 40,000 | 3.3% | 667 | 667 | Atk. & Hamp. | 18.80 & 19.92 |
| 311 | Pumping Equipment: Replace misc pumps and equipment Test\Replace 7 well meters | 20,000 4,000 | 10.0% 10.0% | 1,000 200 | 1,000 200 | various various | |
| 320 | Water Treatment Equipment: Bryant Woods - Filters | 60,000 | 3.6% | 1,071 | 1,071 | Atkinson | 18.80 |
| 330 | Distribution Reservoirs (Tanks): | | | | | | |
| 331 | Transmission and Distribution Mains: Replace\Repair Mains | 30,000 | 2.2% | 333 | 333 | various | |
| 333 | Services: SRF - Service Line Repairs | 180,000 | 2.5% | 2,250 | 2,250 | Atkinson | 18.80 |
| 334 | Meters: 220 Meter Replacements | 60,500 | 10.0% | 3,025 | 3,025 | Atk & Hamp. | 18.80 & 19.92 |
| 335 | Hydrants: | | | | | | |
| 341 | Transportation Equipment: Replace Pickup truck | 34,000 | 20.0% | 3,400 | 3,400 | Atkinson | 18.80 |
| TOTALS | | 428,500 | | 11,946 | 11,946 | | |

HAMPSTEAD AREA WATER CO., INC.
OFFICERS & DIRECTORS

| <u>Title</u> | <u>Name</u> | <u>Compensation</u> | |
|----------------|-----------------------|---------------------|-------------|
| | | <u>2011</u> | <u>2010</u> |
| President | Harold Morse | 0.00 | 0.00 |
| Vice-President | Christine Lewis-Morse | 0.00 | 0.00 |
| Treasurer | Harold Morse | 0.00 | 0.00 |
| Secretary | Christine Lewis-Morse | 0.00 | 0.00 |
| | | | |
| Director | Christine Lewis-Morse | 0.00 | 0.00 |

HAMPSTEAD AREA WATER CO., INC.
VOTING STOCK

Authorized number of shares: 300
Number of shares outstanding: 100

| <u>Shareholder Name</u> | <u>Title</u> | <u>Number of Shares Owned</u> |
|-----------------------------|--------------------------|-----------------------------------|
| Christine Lewis-Morse | Vice-President, Director | 100 |

HAMPSTEAD AREA WATER CO., INC.
PAYMENTS IN EXCESS OF \$10,000
2011

| <u>Name</u> | <u>Total Paid</u> | <u>Description of Services</u> |
|--------------------------------|-----------------------|---------------------------------------|
| Lewis Builders Development Inc | 1,900,617 | Construction services, Note payments |
| Treasurer, State of NH | 148,457 | Taxes, Note payments |
| TD Bank | 134,144 | Note payments |
| Unitil | 74,281 | Electric service |
| PSNH | 70,559 | Electric service |
| Town of Hampstead | 65,242 | Real Estate Taxes and misc. Fees |
| State of New Hampshire | 63,717 | Taxes and Fees |
| Ti-Sales, Inc. | 47,546 | Equipment |
| Atkinson Area Waste Water | 31,668 | Reimbursement of Sewer fees collected |
| Unitil Energy Systems | 31,573 | Construction |
| Harvard Pilgrim Health Care NE | 28,334 | Health Insurance |
| Peerless Insurance | 27,063 | Liability Insurance |
| Town of Atkinson | 23,846 | Real Estate Taxes and misc. Fees |
| R.E. Prescott | 23,275 | Equipment |
| Centerview Hollow Land Co. | 23,263 | Note payments |
| Nelson Analytical Lab | 22,920 | Lab Services |
| Atkinson Tax Collector | 22,680 | Real Estate Taxes |
| Dean Howard | 20,670 | Note payments |
| Adedge Technologies | 18,956 | Filters |
| Business Card | 18,138 | Credit Card Company |
| GSG Supply | 18,130 | Equipment |
| Youngblood Electric Co. | 16,481 | Electric Contractor |
| Marlo Incorporated | 14,600 | Filters |
| Postmaster - Atkinson, NH | 13,185 | Postage |
| Lampert, Hausler & Rodman | 12,954 | Legal |
| Town of Sandown | 11,594 | Real Estate Taxes |
| Lewis Equipment | 11,264 | Vehicle Repairs |
| N.H. Electric Coop | 10,919 | Electric service |
| St Cyr & Associates | 10,447 | Consultant |
| Total | 2,916,523 | |

HAMPSTEAD AREA WATER COMPANY, INC.

1604.01(a) (18)

BALANCE SHEET December 31, 2009

| | <u>12/31/09</u> | <u>12/31/08</u> |
|------------------------------------|--------------------------|-------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | 29,584 | 14,173 |
| Accounts Receivable | 88,563 | 93,089 |
| Accrued Metered Revenue | 107,704 | 152,165 |
| Other Accounts Receivable | 347,282 | 0 |
| Prepayments | 41,158 | 40,443 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 198,247 | 120,320 |
| Deferred Income Taxes | 23,641 | 24,934 |
| Total Current Assets | <u>836,178</u> | <u>445,124</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 569,672 | 422,089 |
| Franchises | 20,142 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 803,075 | 737,977 |
| Wells & Springs | 553,318 | 512,387 |
| Supply Mains | 18,724 | 17,481 |
| Pumping Equipment | 1,070,194 | 983,195 |
| Water Treatment Equipment | 427,608 | 409,077 |
| Distribution Reserves & Standpipes | 1,473,531 | 1,433,604 |
| Transmission & Distribution Mains | 4,823,732 | 3,728,322 |
| Services | 1,769,224 | 1,752,118 |
| Meters & Meter Installation | 800,899 | 749,684 |
| Hydrants | 110,056 | 80,056 |
| Office Furniture & Equipment | 1,420 | |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,149,891)</u> | <u>(2,799,768)</u> |
| Total Fixed Assets | <u>9,524,377</u> | <u>8,269,657</u> |
| Total Assets | <u><u>10,360,555</u></u> | <u><u>8,714,781</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

December 31, 2009

LIABILITIES

| | <u>12/31/09</u> | <u>12/31/08</u> |
|---|--------------------------|-------------------------|
| Current Liabilities: | | |
| Accounts Payable | 18,131 | 55,622 |
| Accounts Payable to Associated Companies | 14,961 | 1,103,394 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 0 | 639 |
| Accrued Expenses | 21,159 | 66,144 |
| Total Current Liabilities | <u>54,251</u> | <u>1,225,799</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,437,450 | 0 |
| Notes Payable - State of NH (DWSRF) | 2,291,202 | 1,281,647 |
| Notes Payable - Outside Parties | 227,398 | 175,195 |
| Notes Payables - Lewis Builders | 690,130 | 1,819,907 |
| Accum Deferred Inc Tax - Liberalized Dep'n | 1,684 | 0 |
| CIAC | 6,969,799 | 6,336,258 |
| Accumulated Amortization of CIAC | <u>(2,004,080)</u> | <u>(1,826,206)</u> |
| Total Long-Term Liabilities | <u>9,613,584</u> | <u>7,786,802</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 1,113,401 |
| Retained earnings | (1,427,987) | (1,413,934) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | <u>(413)</u> | <u>(14,054)</u> |
| Stockholders' Equity | <u>692,720</u> | <u>(297,819)</u> |
| Total Liabilities and Stockholders' Equity | <u><u>10,360,555</u></u> | <u><u>8,714,781</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE YEARS ENDING DECEMBER 31, 2009, 2008 AND 2007

| | <u>12/31/09</u> | <u>12/31/08</u> | <u>12/31/07</u> |
|---|------------------|------------------|------------------|
| Total Revenue | 1,327,921 | 1,258,021 | 1,268,877 |
| Net Depreciation & CIAC | 184,239 | 175,113 | 164,046 |
| Property Taxes | 140,767 | 120,183 | 105,123 |
| Other Taxes | 5,405 | 4,443 | 3,934 |
| Misc Nonutility Expenses | 0 | 0 | 0 |
| Interest Expense | 152,753 | 181,163 | 154,183 |
| Labor on Outside Jobs | 6,355 | 10,690 | 12,316 |
| Well Expenses | 12,113 | 7,596 | 12,141 |
| Power Purchased for Pumping | 174,137 | 179,240 | 177,371 |
| Pumping Expenses | 58,761 | 76,074 | 70,380 |
| Chemicals | 11,949 | 10,653 | 11,917 |
| Treatment Expense (Filters) | 84,310 | 80,999 | 80,290 |
| Transm & Distribution Exp (Mains) | 24,740 | 19,062 | 21,686 |
| Meter Expenses & Customer Installations | 11,291 | 16,977 | 10,075 |
| Maintenance of Storage Tanks | 809 | 940 | 587 |
| Maintenance of Services | 19,087 | 9,659 | 4,210 |
| Maintenance of Hydrants | 1,045 | 1,038 | 2,377 |
| Meter Reading Expenses | 4,945 | 2,819 | 3,112 |
| Customer Records & Collections | 52,480 | 53,149 | 48,650 |
| Uncollectable Accounts | 187 | 1,129 | 8,791 |
| Administrative & General Salaries | 19,756 | | |
| Office Supplies & Other Expenses | 34,634 | 23,840 | 45,546 |
| Outside Services - Engineering | 22,927 | 22,551 | 34,042 |
| Outside Services - Management Fees | 110,000 | 110,000 | 104,167 |
| Outside Services - Accounting | 31,953 | 25,883 | 21,127 |
| Outside Services - Legal | 11,698 | 11,335 | 21,070 |
| Injuries & Damages (Insurance Expense) | 25,142 | 23,117 | 16,221 |
| Employee Pensions & Benefits | 53,838 | 53,714 | 58,829 |
| Franchise Requirements | 3,660 | 3,660 | 3,570 |
| Regulatory Commission Expenses | 30,864 | 3,650 | 25,217 |
| Misc General Expenses | 606 | 5,749 | (2,322) |
| Misc Expenses - Vehicle Expenses | 20,982 | 20,749 | 20,253 |
| General Rents | 16,900 | 16,900 | 16,900 |
| Total Expenses | 1,328,335 | 1,272,074 | 1,255,810 |
| Net Income (Loss) | (413) | (14,054) | 13,067 |

HAMPSTEAD AREA WATER COMPANY INC

BALANCE SHEET
March 31, 2008

ASSETS

| | <u>3/31/08</u> | <u>3/31/07</u> |
|------------------------------------|--------------------|--------------------|
| Current Assets: | | |
| Cash | 10,346 | 57,874 |
| Accounts Receivable | 95,370 | 163,431 |
| Accrued Metered Revenue | 145,828 | 155,660 |
| Prepayments | 2,637 | (341) |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 62,592 | 53,744 |
| Deferred Income Taxes | 25,904 | 27,197 |
| Total Current Assets | <u>342,676</u> | <u>457,565</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 273,859 | 128,629 |
| Franchises | 10,763 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 737,977 | 731,471 |
| Wells & Springs | 512,387 | 512,387 |
| Supply Mains | 17,481 | 17,481 |
| Pumping Equipment | 977,311 | 956,245 |
| Water Treatment Equipment | 395,691 | 390,514 |
| Distribution Reserves & Standpipes | 1,433,604 | 1,433,604 |
| Transmission & Distribution Mains | 3,698,568 | 3,698,568 |
| Services | 1,751,502 | 1,751,502 |
| Meters & Meter Installation | 720,771 | 692,667 |
| Hydrants | 80,056 | 80,056 |
| Transportation Equipment | 81,950 | 63,377 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 59,249 |
| Less: Accumulated Deprecion | <u>(2,547,777)</u> | <u>(2,234,789)</u> |
| Total Fixed Assets | <u>8,294,864</u> | <u>8,369,834</u> |
| Total Assets | <u>8,637,540</u> | <u>8,827,399</u> |

LIABILITIES AND EQUITY

| | <u>3/31/08</u> | <u>3/31/07</u> |
|--|--------------------|--------------------|
| Current Liabilities: | | |
| Accounts Payable | 18,736 | 77,025 |
| Accts Pay to Associated Companies | 980,761 | 1,151,380 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes, Utility Operating Inc | 0 | 0 |
| Accrued Taxes, Other Than Inc. | 669 | (640) |
| Accrued Interest | 65,694 | 90,699 |
| Misc Current & Accrued Liabilities | 587 | 351 |
| Injuries & Damages Reserve | 0 | 0 |
| Pensions & Benefits Reserve | 0 | 0 |
| Total Current Liabilities | <u>1,066,446</u> | <u>1,318,816</u> |
| Long-Term Liabilities: | | |
| Notes Payable - Outside Parties | 235,560 | 233,727 |
| Notes Payable - NHDES (Smith Mtn Tank) | 1,303,582 | 1,315,291 |
| Notes Payable Lewis Builders Inc. | 659,457 | 716,580 |
| Notes Payable - Lewis Builders Development Inc | 1,044,460 | 796,998 |
| CIAC | 6,337,208 | 6,337,208 |
| Accum Amortization of CIAC | <u>(1,700,754)</u> | <u>(1,532,150)</u> |
| Total Long-Term Liabilities | <u>7,879,513</u> | <u>7,867,653</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other Paid In Capital | 1,113,401 | 1,078,401 |
| Retained Earnings | (1,413,934) | (1,427,001) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | <u>(24,653)</u> | <u>(27,236)</u> |
| Stockholders' Equity | <u>(308,418)</u> | <u>(359,069)</u> |
| Total Liabilities and Stockholders Equity | <u>8,637,540</u> | <u>8,827,399</u> |

HAMPSTEAD AREA WATER CO.
INCOME STATEMENT
FOR THE THREE MONTHS ENDING MARCH 31, 2008

| | | |
|--|----------|----------|
| Revenue: | | |
| Total Revenue | | 291,156 |
| Expenses: | | |
| Depreciation | 83,205 | |
| Amortization of CIAC | (42,151) | |
| Property Taxes | 18,934 | |
| Other Taxes & Licenses | 0 | |
| State Income Taxes, Utility Oper Inc | 0 | |
| Provision for Deferred Income Taxes | 323 | |
| Misc Nonutility Expenses | 0 | |
| Interest on Debt to Assoc Companies | 29,200 | |
| Interest on Long-term Debt | 12,956 | |
| Labor on Outside Jobs | 5,249 | |
| Well - Operation Labor & Expenses | 547 | |
| Well - Misc Expenses | 136 | |
| Well - Maintenance Supervision & Eng. | 0 | |
| Well - Maintenance of Structures\Improv | 0 | |
| Maintenance of Wells & Springs | 670 | |
| Power Purchased for Pumping | 48,533 | |
| Pumping Labor & Expenses | 13,256 | |
| Pumping - Misc Expenses | 5,393 | |
| Pumps - Maintenance of Structures\Imp | 3,314 | |
| Maintenance of Pumping Equipment | 5,763 | |
| Chemicals | 1,815 | |
| Treatment - Operation Labor & Expenses | 20,668 | |
| Maintenance of Water Treatment Equip | 459 | |
| Transm & Distribution Lines Expenses | 1,749 | |
| Meter Expenses | 251 | |
| Customer Installations Expenses | 624 | |
| Transm & Distribution Lines - Misc Exp | 32 | |
| Maintenance of Distrib Reservoirs & Stdp | 437 | |
| Maintenance of Transm & Distrib Mains | 1,001 | |
| Maintenance of Services | 1,792 | |
| Maintenance of Meters | 1,220 | |
| Maintenance of Hydrants | 46 | |
| Meter Reading Expenses | 691 | |
| Customer Records & Collection Expenses | 13,644 | |
| Uncollectable Accounts | 0 | |
| Office Supplies & Other Expenses | 6,441 | |
| Outside Services - Engineering | 4,702 | |
| Outside Services - Management Fees | 27,500 | |
| Outside Services - Accounting | 7,347 | |
| Outside Services - Legal | 2,580 | |
| Injuries & Damages | 8,973 | |
| Employee Pensions & Benefits | 15,532 | |
| Franchise Requirements | 0 | |
| Regulatory Commission Expenses | 910 | |
| Misc General Expenses | 3,466 | |
| Misc Expenses - Vehicle Expenses | 4,374 | |
| General Rents | 4,225 | |
| Total Expenses | | 315,808 |
| Net Income (Loss) | | (24,653) |

HAMPSTEAD AREA WATER COMPANY INC

6/28/2012

BALANCE SHEET June 30, 2008

ASSETS

| | 6/30/08 | 6/30/07 |
|------------------------------------|------------------|------------------|
| Current Assets: | | |
| Cash | 21,864 | 55,498 |
| Accounts Receivable | 99,854 | 136,130 |
| Accrued Metered Revenue | 187,262 | 196,046 |
| Prepayments | 30,731 | 28,207 |
| Misc Current & Accrued Assets | 0 | 522 |
| Deferred Expenses | 74,093 | 48,558 |
| Deferred Income Taxes | 25,581 | 26,874 |
| Total Current Assets | 439,385 | 491,834 |
| Fixed Assets: | | |
| Construction Work in Progress | 339,708 | 170,376 |
| Franchises | 10,763 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 737,977 | 737,977 |
| Wells & Springs | 512,387 | 512,387 |
| Supply Mains | 17,481 | 17,481 |
| Pumping Equipment | 971,813 | 964,275 |
| Water Treatment Equipment | 394,629 | 394,629 |
| Distribution Reserves & Standpipes | 1,433,604 | 1,433,604 |
| Transmission & Distribution Mains | 3,709,867 | 3,698,568 |
| Services | 1,751,502 | 1,751,502 |
| Meters & Meter Installation | 720,771 | 692,893 |
| Hydrants | 80,056 | 80,056 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 70,752 |
| Less: Accumulated Deprecion | (2,635,249) | (2,298,755) |
| Total Fixed Assets | 8,277,981 | 8,396,569 |
| Total Assets | 8,717,366 | 8,888,403 |

LIABILITIES AND EQUITY

| | 6/30/08 | 6/30/07 |
|--|------------------|------------------|
| Current Liabilities: | | |
| Accounts Payable | 2,361 | 77,777 |
| Accts Pay to Associated Companies | 1,036,223 | 1,171,413 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes, Utility Operating Inc | 0 | 0 |
| Accrued Taxes, Other Than Inc. | (849) | 129 |
| Accrued Interest | 65,694 | 65,694 |
| Misc Current & Accrued Liabilities | 587 | 1,474 |
| Injuries & Damages Reserve | 0 | 0 |
| Pensions & Benefits Reserve | 1,555 | 0 |
| Total Current Liabilities | 1,105,571 | 1,316,486 |
| Long-Term Liabilities: | | |
| Notes Payable - Outside Parties | 191,565 | 256,356 |
| Notes Payable - NHDES (Smith Mtn Tank) | 1,305,433 | 1,315,291 |
| Notes Payable Lewis Builders Inc. | 517,765 | 702,775 |
| Notes Payable - Lewis Builders Development Inc | 1,303,951 | 889,327 |
| CIAC | 6,337,208 | 6,337,208 |
| Accum Amortization of CIAC | (1,742,905) | (1,574,301) |
| Total Long-Term Liabilities | 7,913,018 | 7,926,656 |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other Paid In Capital | 1,113,401 | 1,078,401 |
| Retained Earnings | (1,413,934) | (1,427,001) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | (17,456) | (22,906) |
| Stockholders' Equity | (301,222) | (354,739) |
| Total Liabilities and Stockholders Equity | 8,717,366 | 8,888,403 |

6/28/2012

HAMPSTEAD AREA WATER COMPANY INC
SUMMARY INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2008, 2007 AND 2006

| | Year To Date | | |
|---|-----------------|-----------------|----------------|
| | 6/30/08 | 6/30/07 | 6/30/06 |
| Total Revenue | 616,955 | 584,789 | 495,302 |
| Net Depreciation & CIAC | 86,375 | 81,531 | 48,402 |
| Property Taxes | 50,005 | 49,062 | 25,609 |
| Other Taxes | 966 | 652 | 713 |
| Misc Nonutility Expenses | 0 | 0 | 0 |
| Interest Expense | 84,791 | 64,102 | 55,315 |
| Labor on Outside Jobs | 6,514 | 5,795 | 5,569 |
| Well Expenses | 4,571 | 5,973 | 3,011 |
| Power Purchased for Pumping | 89,764 | 80,188 | 71,396 |
| Pumping Expenses | 43,526 | 36,295 | 31,451 |
| Chemicals | 4,123 | 6,270 | 3,116 |
| Treatment Expenses (Filters) | 41,461 | 40,768 | 40,822 |
| Transm & Distribution Exp (Mains) | 7,809 | 9,078 | 11,400 |
| Meter Expenses & Customer Installations | 6,133 | 3,880 | 5,514 |
| Maintenance of Storage Tanks | 608 | 272 | 220 |
| Maintenance of Services | 4,870 | 583 | 0 |
| Maintenance of Hydrants | 415 | 468 | 0 |
| Meter Reading Expenses | 1,484 | 1,576 | 597 |
| Customer Records & Collections | 27,888 | 21,681 | 19,115 |
| Uncollectable Accounts | 0 | 2,270 | 0 |
| Office Supplies & Other Expenses | 11,915 | 20,547 | 4,994 |
| Outside Services - Engineering | 12,088 | 20,966 | 18,379 |
| Outside Services - Management Fees | 55,000 | 50,000 | 50,000 |
| Outside Services - Accounting | 13,898 | 11,887 | 21,114 |
| Outside Services - Legal | 4,336 | 10,235 | 4,153 |
| Injuries & Damages | 13,262 | 6,747 | 8,911 |
| Employee Pensions & Benefits | 26,652 | 29,141 | 30,197 |
| Franchise Requirements | 3,660 | 3,570 | 0 |
| Regulatory Commission Expenses | 3,776 | 22,548 | 6,656 |
| Misc General Expenses | 8,637 | 3,633 | 841 |
| Misc Expenses - Vehicle Expenses | 11,436 | 9,529 | 5,718 |
| General Rents | 8,450 | 8,450 | 8,450 |
| Total Expenses | 634,412 | 607,695 | 481,661 |
| Net Income (Loss) | (17,456) | (22,906) | 13,640 |

HAMPSTEAD AREA WATER COMPANY INC

BALANCE SHEET
September 30, 2008

ASSETS

| | <u>9/30/08</u> | <u>9/30/07</u> |
|------------------------------------|-------------------------|-------------------------|
| Current Assets: | | |
| Cash | 44,658 | 51,372 |
| Accounts Receivable | 97,616 | 156,782 |
| Accrued Metered Revenue | 190,027 | 211,865 |
| Prepayments | 10,461 | 10,303 |
| Misc Current & Accrued Assets | 0 | 1,093 |
| Deferred Expenses | 94,602 | 52,928 |
| Deferred Income Taxes | 25,257 | 26,550 |
| Total Current Assets | <u>462,623</u> | <u>510,893</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 401,924 | 196,641 |
| Franchises | 10,763 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 737,977 | 737,977 |
| Wells & Springs | 512,387 | 512,387 |
| Supply Mains | 17,481 | 17,481 |
| Pumping Equipment | 976,436 | 968,101 |
| Water Treatment Equipment | 394,629 | 394,629 |
| Distribution Reserves & Standpipes | 1,433,604 | 1,433,604 |
| Transmission & Distribution Mains | 3,709,867 | 3,698,568 |
| Services | 1,752,118 | 1,751,502 |
| Meters & Meter Installation | 720,962 | 698,486 |
| Hydrants | 80,056 | 80,056 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(2,715,113)</u> | <u>(2,381,460)</u> |
| Total Fixed Assets | <u>8,265,763</u> | <u>8,351,407</u> |
| Total Assets | <u><u>8,728,386</u></u> | <u><u>8,862,300</u></u> |

HAMPSTEAD AREA WATER COMPANY INC

BALANCE SHEET

September 30, 2008

LIABILITIES AND EQUITY

| | <u>9/30/08</u> | <u>9/30/07</u> |
|--|------------------|------------------|
| Current Liabilities: | | |
| Accounts Payable | 22,780 | 3,531 |
| Accts Pay to Associated Companies | 1,045,182 | 1,121,626 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes, Utility Operating Inc | 0 | 0 |
| Accrued Taxes, Other Than Inc. | 7,667 | 291 |
| Accrued Interest | 65,694 | 65,694 |
| Misc Current & Accrued Liabilities | (44) | (1,073) |
| Injuries & Damages Reserve | 0 | 0 |
| Pensions & Benefits Reserve | 1,294 | 0 |
| Total Current Liabilities | <u>1,142,572</u> | <u>1,190,068</u> |
| Long-Term Liabilities: | | |
| Notes Payable - Outside Parties | 187,544 | 252,101 |
| Notes Payable - NHDES (Smith Mtn Tank) | 1,289,622 | 1,315,291 |
| Notes Payable Lewis Builders Inc. | 512,292 | 688,657 |
| Notes Payable - Lewis Builders Development Inc | 1,318,106 | 982,120 |
| CIAC | 6,337,208 | 6,337,208 |
| Accum Amortization of CIAC | (1,785,056) | (1,616,452) |
| Total Long-Term Liabilities | <u>7,859,716</u> | <u>7,958,924</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other Paid In Capital | 1,113,401 | 1,078,401 |
| Retained Earnings | (1,413,934) | (1,427,001) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | 9,863 | 45,141 |
| Stockholders' Equity | <u>(273,902)</u> | <u>(286,692)</u> |
| Total Liabilities and Stockholders Equity | <u>8,728,386</u> | <u>8,862,300</u> |

HAMPSTEAD AREA WATER COMPANY INC**INCOME STATEMENT**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008, 2007 AND 2006

| Revenue: | Year To Date | | |
|--|----------------|----------------|----------------|
| | 9/30/08 | 9/30/07 | 9/30/06 |
| Metered Sales to Residential Customers | 937,519 | 955,730 | 787,508 |
| Other Water Revenue | 27,666 | 18,234 | 22,944 |
| Total Revenue | 965,185 | 973,964 | 810,452 |
| Expenses: | | | |
| Depreciation | 256,015 | 249,038 | 187,875 |
| Amortization of CIAC | (126,453) | (126,453) | (115,272) |
| Property Taxes | 88,540 | 75,521 | 38,193 |
| Other Taxes & Licenses | 320 | 0 | 153 |
| State Income Taxes, Utility Oper Inc | 0 | 5 | 66 |
| Provision for Deferred Income Taxes | 970 | 970 | 970 |
| Misc Nonutility Expenses | 0 | 0 | 0 |
| Interest on Debt to Assoc Companies | 86,537 | 91,309 | 78,374 |
| Interest on Long-term Debt | 44,317 | 11,687 | 10,329 |
| Labor on Outside Jobs | 8,688 | 7,592 | 11,295 |
| Well - Operation Labor & Expenses | 547 | 1,826 | 1,875 |
| Well - Misc Expenses | 230 | 0 | 0 |
| Well - Maintenance Supervision & Eng. | 0 | 0 | 0 |
| Well - Maintenance of Structures\Improv | 1,092 | 440 | 0 |
| Maintenance of Wells & Springs | 3,315 | 7,218 | 1,262 |
| Power Purchased for Pumping | 140,961 | 134,815 | 118,124 |
| Pumping Labor & Expenses | 29,585 | 22,413 | 16,876 |
| Pumping - Misc Expenses | 11,366 | 18,276 | 15,332 |
| Pumps - Maintenance of Structures\Imp | 8,882 | 6,699 | 6,704 |
| Maintenance of Pumping Equipment | 13,793 | 5,198 | 3,763 |
| Chemicals | 8,031 | 9,775 | 8,757 |
| Treatment - Operation Labor & Expenses | 60,475 | 53,844 | 61,778 |
| Maintenance of Water Treatment Equip | 2,512 | 2,552 | 1,966 |
| Transm & Distribution Lines Expenses | 4,051 | 11,145 | 11,664 |
| Meter Expenses | 2,752 | 634 | 2,559 |
| Customer Installations Expenses | 1,919 | 4,449 | 4,389 |
| Transm & Distribution Lines - Misc Exp | 96 | 0 | 0 |
| Maintenance of Distrib Reservoirs & Stdp | 770 | 432 | 390 |
| Maintenance of Transm & Distrib Mains | 11,050 | 3,422 | 4,936 |
| Maintenance of Services | 5,730 | 1,428 | 1,476 |
| Maintenance of Meters | 4,695 | 835 | 3,060 |
| Maintenance of Hydrants | 415 | 1,388 | 760 |
| Meter Reading Expenses | 2,291 | 2,509 | 1,003 |
| Customer Records & Collection Expenses | 40,646 | 35,474 | 26,777 |
| Uncollectable Accounts | 0 | 2,270 | 0 |
| Office Supplies & Other Expenses | 18,856 | 41,105 | 9,602 |
| Outside Services - Engineering | 18,157 | 27,824 | 22,826 |
| Outside Services - Management Fees | 82,500 | 76,667 | 75,000 |
| Outside Services - Accounting | 19,589 | 17,588 | 24,903 |
| Outside Services - Legal | 7,845 | 16,447 | 5,136 |
| Injuries & Damages | 17,228 | 11,535 | 12,415 |
| Employee Pensions & Benefits | 40,051 | 44,160 | 39,877 |
| Franchise Requirements | 3,660 | 3,570 | 3,830 |
| Regulatory Commission Expenses | 4,517 | 23,911 | 9,310 |
| Misc General Expenses | 0 | 73 | 1,131 |
| Misc Expenses - Vehicle Expenses | 16,106 | 16,557 | 9,850 |
| General Rents | 12,675 | 12,675 | 12,675 |
| Total Expenses | 955,321 | 928,823 | 731,988 |
| Net Income (Loss) | 9,863 | 45,141 | 78,463 |

HAMPSTEAD AREA WATER COMPANY INC

BALANCE SHEET
December 31, 2008

| | <u>12/31/08</u> | <u>12/31/07</u> |
|------------------------------------|-------------------------|-------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | 14,173 | 23,596 |
| Accounts Receivable | 93,089 | 78,435 |
| Accrued Metered Revenue | 152,165 | 167,373 |
| Prepayments | 40,443 | 28,977 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 120,320 | 56,818 |
| Deferred Income Taxes | 24,934 | 26,227 |
| Total Current Assets | <u>445,124</u> | <u>381,426</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 422,089 | 230,629 |
| Franchises | 10,763 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 737,977 | 737,977 |
| Wells & Springs | 512,387 | 512,387 |
| Supply Mains | 17,481 | 17,481 |
| Pumping Equipment | 983,195 | 969,886 |
| Water Treatment Equipment | 409,077 | 394,629 |
| Distribution Reserves & Standpipes | 1,433,604 | 1,433,604 |
| Transmission & Distribution Mains | 3,728,322 | 3,698,568 |
| Services | 1,752,118 | 1,751,502 |
| Meters & Meter Installation | 749,684 | 720,771 |
| Hydrants | 80,056 | 80,056 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(2,799,768)</u> | <u>(2,464,572)</u> |
| Total Fixed Assets | <u>8,269,657</u> | <u>8,326,353</u> |
| Total Assets | <u><u>8,714,781</u></u> | <u><u>8,707,779</u></u> |

HAMPSTEAD AREA WATER COMPANY INC**BALANCE SHEET**

December 31, 2008

LIABILITIES AND EQUITY

| | <u>12/31/08</u> | <u>12/31/07</u> |
|--|-------------------------|-------------------------|
| Current Liabilities: | | |
| Accounts Payable | 55,622 | 51,947 |
| Accts Pay to Associated Companies | 1,103,394 | 990,354 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes, Utility Operating Inc | 194 | 304 |
| Accrued Taxes, Other Than Inc. | 445 | (790) |
| Accrued Interest | 65,694 | 65,694 |
| Misc Current & Accrued Liabilities | 451 | (423) |
| Injuries & Damages Reserve | 0 | 0 |
| Pensions & Benefits Reserve | 0 | 0 |
| Total Current Liabilities | <u>1,225,799</u> | <u>1,107,085</u> |
| Long-Term Liabilities: | | |
| Notes Payable - Outside Parties | 175,195 | 239,526 |
| Notes Payable - NHDES (Smith Mtn Tank) | 1,281,647 | 1,315,291 |
| Notes Payable Lewis Builders Inc. | 505,543 | 674,219 |
| Notes Payable - Lewis Builders Development Inc | 1,314,364 | 976,819 |
| CIAC | 6,336,258 | 6,337,208 |
| Accum Amortization of CIAC | (1,826,206) | (1,658,603) |
| Total Long-Term Liabilities | <u>7,786,802</u> | <u>7,884,460</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other Paid In Capital | 1,113,401 | 1,113,401 |
| Retained Earnings | (1,413,934) | (1,427,001) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | (14,054) | 13,067 |
| Stockholders' Equity | <u>(297,819)</u> | <u>(283,766)</u> |
| Total Liabilities and Stockholders Equity | <u><u>8,714,781</u></u> | <u><u>8,707,779</u></u> |

HAMPSTEAD AREA WATER COMPANY INC
SUMMARY INCOME STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

| | Year To Date | | |
|---|-------------------------|-------------------------|-------------------------|
| | 12/31/08 | 12/31/07 | 12/31/06 |
| Metered Sales to Residential Customers | 1,202,606 | 1,214,412 | 1,031,980 |
| Other Water Revenue | 55,414 | 54,465 | 44,797 |
| Total Revenue | <u>1,258,021</u> | <u>1,268,877</u> | <u>1,076,777</u> |
| Net Depreciation & CIAC | 175,113 | 164,046 | 125,171 |
| Property Taxes | 120,183 | 105,123 | 102,789 |
| Other Taxes | 4,443 | 3,934 | 3,844 |
| Misc Nonutility Expenses | 0 | 0 | 0 |
| Interest Expense | 181,163 | 154,183 | 128,329 |
| Labor on Outside Jobs | 10,690 | 12,316 | 16,502 |
| Well Expenses | 7,596 | 12,141 | 4,015 |
| Power Purchased for Pumping | 179,240 | 177,371 | 160,036 |
| Pumping Expenses | 76,074 | 70,380 | 61,484 |
| Chemicals | 10,653 | 11,917 | 11,072 |
| Treatment Expenses (Filters) | 80,999 | 80,290 | 85,753 |
| Transm & Distribution Exp (Mains) | 19,062 | 21,686 | 22,232 |
| Meter Expenses & Customer Installations | 16,977 | 10,075 | 10,176 |
| Maintenance of Storage Tanks | 940 | 587 | 598 |
| Maintenance of Services | 9,659 | 4,210 | 4,697 |
| Maintenance of Hydrants | 1,038 | 2,377 | 760 |
| Meter Reading Expenses | 2,819 | 3,112 | 2,129 |
| Customer Records & Collections | 53,149 | 48,650 | 34,461 |
| Uncollectable Accounts | 1,129 | 8,791 | 0 |
| Office Supplies & Other Expenses | 23,840 | 45,546 | 21,283 |
| Outside Services - Engineering | 22,551 | 34,042 | 27,813 |
| Outside Services - Management Fees | 110,000 | 104,167 | 100,000 |
| Outside Services - Accounting | 25,883 | 21,127 | 34,829 |
| Outside Services - Legal | 11,335 | 21,070 | 14,956 |
| Injuries & Damages | 23,117 | 16,221 | 17,974 |
| Employee Pensions & Benefits | 53,714 | 58,829 | 48,803 |
| Franchise Requirements | 3,660 | 3,570 | 3,830 |
| Regulatory Commission Expenses | 3,650 | 25,217 | 28,980 |
| Misc General Expenses | 5,749 | (2,322) | 1,012 |
| Misc Expenses - Vehicle Expenses | 20,749 | 20,253 | 12,438 |
| General Rents | 16,900 | 16,900 | 16,900 |
| Total Expenses | <u>1,272,074</u> | <u>1,255,810</u> | <u>1,102,866</u> |
| Net Income (Loss) | <u>(14,054)</u> | <u>13,067</u> | <u>(26,089)</u> |

HAMPSTEAD AREA WATER COMPANY INC

BALANCE SHEET

March 31, 2009

ASSETS

| | <u>3/31/09</u> | <u>3/31/08</u> |
|------------------------------------|-------------------------|-------------------------|
| Current Assets: | | |
| Cash | 31,463 | 10,346 |
| Accounts Receivable | 86,104 | 95,370 |
| Accrued Metered Revenue | 141,924 | 145,828 |
| Prepayments | 16,663 | 2,637 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 133,291 | 62,592 |
| Deferred Income Taxes | 24,611 | 25,904 |
| Total Current Assets | <u>434,056</u> | <u>342,676</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 499,827 | 273,859 |
| Franchises | 10,763 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 737,977 | 737,977 |
| Wells & Springs | 512,387 | 512,387 |
| Supply Mains | 17,481 | 17,481 |
| Pumping Equipment | 984,413 | 977,311 |
| Water Treatment Equipment | 409,077 | 395,691 |
| Distribution Reserves & Standpipes | 1,433,604 | 1,433,604 |
| Transmission & Distribution Mains | 3,730,127 | 3,698,568 |
| Services | 1,755,592 | 1,751,502 |
| Meters & Meter Installation | 784,883 | 720,771 |
| Hydrants | 80,056 | 80,056 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(2,880,687)</u> | <u>(2,547,777)</u> |
| Total Fixed Assets | <u>8,308,172</u> | <u>8,294,864</u> |
| Total Assets | <u><u>8,742,228</u></u> | <u><u>8,637,540</u></u> |

HAMPSTEAD AREA WATER COMPANY INC

BALANCE SHEET

March 31, 2009

LIABILITIES AND EQUITY

| | <u>3/31/09</u> | <u>3/31/08</u> |
|--|-------------------------|-------------------------|
| Current Liabilities: | | |
| Accounts Payable | 69,220 | 18,736 |
| Accts Pay to Associated Companies | 1,198,040 | 980,761 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes, Utility Operating Inc | 0 | 0 |
| Accrued Taxes, Other Than Inc. | 957 | 669 |
| Accrued Interest | 65,694 | 65,694 |
| Misc Current & Accrued Liabilities | 801 | 587 |
| Injuries & Damages Reserve | 0 | 0 |
| Pensions & Benefits Reserve | 0 | 0 |
| Total Current Liabilities | <u>1,334,711</u> | <u>1,066,446</u> |
| Long-Term Liabilities: | | |
| Notes Payable - Outside Parties | 171,114 | 235,560 |
| Notes Payable - NHDES (Smith Mtn Tank) | 1,273,628 | 1,303,582 |
| Notes Payable Lewis Builders Inc. | 498,644 | 659,457 |
| Notes Payable - Lewis Builders Development Inc | 1,360,683 | 1,044,460 |
| CIAC | 6,336,258 | 6,337,208 |
| Accum Amortization of CIAC | <u>(1,868,357)</u> | <u>(1,700,754)</u> |
| Total Long-Term Liabilities | <u>7,771,971</u> | <u>7,879,513</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other Paid In Capital | 1,113,401 | 1,113,401 |
| Retained Earnings | (1,427,987) | (1,413,934) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | <u>(66,634)</u> | <u>(24,653)</u> |
| Stockholders' Equity | <u>(364,454)</u> | <u>(308,418)</u> |
| Total Liabilities and Stockholders Equity | <u><u>8,742,228</u></u> | <u><u>8,637,540</u></u> |

HAMPSTEAD AREA WATER CO.
INCOME STATEMENT
FOR THE THREE MONTHS ENDING MARCH 31, 2009

Revenue:

| | |
|--|----------------|
| Metered Sales to Residential Customers | 244,085 |
| Other Water Revenue | 5,261 |
| Total Revenue | <u>249,346</u> |

Expenses:

| | |
|--|-----------------|
| Depreciation | 85,920 |
| Amortization of CIAC | (42,151) |
| Property Taxes | 24,904 |
| Other Taxes & Licenses | 0 |
| State Income Taxes, Utility Oper Inc | 0 |
| Provision for Deferred Income Taxes | 323 |
| Misc Nonutility Expenses | 0 |
| Interest on Debt to Assoc Companies | 25,425 |
| Interest on Long-term Debt | 8,940 |
| Labor on Outside Jobs | 436 |
| Well - Operation Labor & Expenses | 0 |
| Well - Misc Expenses | 0 |
| Well - Maintenance Supervision & Eng. | 0 |
| Well - Maintenance of Structures\Improv | 0 |
| Maintenance of Wells & Springs | 72 |
| Power Purchased for Pumping | 50,965 |
| Pumping Labor & Expenses | 5,965 |
| Pumping - Misc Expenses | 474 |
| Pumps - Maintenance of Structures\Imp | 9,440 |
| Maintenance of Pumping Equipment | 46 |
| Chemicals | 2,404 |
| Treatment - Operation Labor & Expenses | 17,883 |
| Maintenance of Water Treatment Equip | 430 |
| Transm & Distribution Lines Expenses | 414 |
| Meter Expenses | 7,269 |
| Customer Installations Expenses | 265 |
| Transm & Distribution Lines - Misc Exp | 61 |
| Maintenance of Distrib Reservoirs & Stdp | 55 |
| Maintenance of Transm & Distrib Mains | 6,771 |
| Maintenance of Services | 7,757 |
| Maintenance of Meters | 1,742 |
| Maintenance of Hydrants | 20 |
| Meter Reading Expenses | 417 |
| Customer Records & Collection Expenses | 11,008 |
| Uncollectable Accounts | 0 |
| Office Supplies & Other Expenses | 5,221 |
| Outside Services - Engineering | 12,216 |
| Outside Services - Management Fees | 27,500 |
| Outside Services - Accounting | 7,332 |
| Outside Services - Legal | 4,571 |
| Injuries & Damages | 4,569 |
| Employee Pensions & Benefits | 13,850 |
| Franchise Requirements | 0 |
| Regulatory Commission Expenses | 2,067 |
| Misc General Expenses | 4,737 |
| Misc Expenses - Vehicle Expenses | 2,438 |
| General Rents | 4,225 |
| Total Expenses | <u>315,980</u> |
| Net Income (Loss) | <u>(66,634)</u> |

HAMPSTEAD AREA WATER COMPANY INC

BALANCE SHEET

June 30, 2009

ASSETS

| | <u>6/30/09</u> | <u>6/30/08</u> |
|------------------------------------|-------------------------|-------------------------|
| Current Assets: | | |
| Cash | 16,466 | 21,864 |
| Accounts Receivable | 117,769 | 99,854 |
| Accrued Metered Revenue | 85,727 | 187,262 |
| Prepayments | 40,644 | 30,731 |
| Misc Current & Accrued Assets | 22 | 0 |
| Deferred Expenses | 151,495 | 74,093 |
| Deferred Income Taxes | 24,288 | 25,581 |
| Total Current Assets | <u>436,410</u> | <u>439,385</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 542,986 | 339,708 |
| Franchises | 10,763 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 739,570 | 737,977 |
| Wells & Springs | 514,584 | 512,387 |
| Supply Mains | 17,481 | 17,481 |
| Pumping Equipment | 993,987 | 971,813 |
| Water Treatment Equipment | 409,077 | 394,629 |
| Distribution Reserves & Standpipes | 1,433,604 | 1,433,604 |
| Transmission & Distribution Mains | 3,735,265 | 3,709,867 |
| Services | 1,762,035 | 1,751,502 |
| Meters & Meter Installation | 788,159 | 720,771 |
| Hydrants | 80,056 | 80,056 |
| Office Furniture & Equipment | 1,420 | 0 |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | (2,964,657) | (2,635,249) |
| Total Fixed Assets | <u>8,297,001</u> | <u>8,277,981</u> |
| Total Assets | <u><u>8,733,411</u></u> | <u><u>8,717,366</u></u> |

HAMPSTEAD AREA WATER COMPANY INC

BALANCE SHEET

June 30, 2009

LIABILITIES AND EQUITY

| | <u>6/30/09</u> | <u>6/30/08</u> |
|--|------------------|------------------|
| Current Liabilities: | | |
| Accounts Payable | 2,711 | 2,361 |
| Accts Pay to Associated Companies | 1,269,517 | 1,036,223 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes, Utility Operating Inc | 0 | 0 |
| Accrued Taxes, Other Than Inc. | (232) | (849) |
| Accrued Interest | 65,694 | 65,694 |
| Misc Current & Accrued Liabilities | 2,141 | 587 |
| Injuries & Damages Reserve | 0 | 0 |
| Pensions & Benefits Reserve | 207 | 1,555 |
| Total Current Liabilities | <u>1,340,036</u> | <u>1,105,571</u> |
| Long-Term Liabilities: | | |
| Notes Payable - Outside Parties | 167,693 | 191,565 |
| Note Payable - TD Bank | 0 | 0 |
| Notes Payable - NHDES (Smith Mtn Tank & Interconnection) | 1,261,516 | 1,305,433 |
| Notes Payable Lewis Builders Inc. | 493,229 | 517,765 |
| Notes Payable - Lewis Builders Development Inc | 1,418,881 | 1,303,951 |
| CIAC | 6,343,127 | 6,337,208 |
| Accum Amortization of CIAC | (1,909,186) | (1,742,905) |
| Total Long-Term Liabilities | <u>7,775,260</u> | <u>7,913,018</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other Paid In Capital | 1,113,401 | 1,113,401 |
| Retained Earnings | (1,427,987) | (1,413,934) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | (84,066) | (17,456) |
| Stockholders' Equity | <u>(381,885)</u> | <u>(301,222)</u> |
| Total Liabilities and Stockholders Equity | <u>8,733,411</u> | <u>8,717,366</u> |

HAMPSTEAD AREA WATER COMPANY INC
SUMMARY INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2009, 2008 AND 2007

| | Year To Date | | |
|---|------------------------|------------------------|------------------------|
| | <u>6/30/09</u> | <u>6/30/08</u> | <u>6/30/07</u> |
| Metered Sales to Residential Customers | 541,977 | 596,434 | 570,070 |
| Other Water Revenue | 16,954 | 20,521 | 14,719 |
| Total Revenue | <u>558,930</u> | <u>616,955</u> | <u>584,789</u> |
| Net Depreciation & CIAC | 87,538 | 86,375 | 81,531 |
| Property Taxes | 51,047 | 50,005 | 49,062 |
| Other Taxes | 1,255 | 966 | 652 |
| Misc Nonutility Expenses | 0 | 0 | 0 |
| Interest Expense | 70,812 | 84,791 | 64,102 |
| Labor on Outside Jobs | 976 | 6,514 | 5,795 |
| Well Expenses | 8,065 | 4,571 | 5,973 |
| Power Purchased for Pumping | 91,496 | 89,764 | 80,188 |
| Pumping Expenses | 38,548 | 43,526 | 36,295 |
| Chemicals | 5,419 | 4,123 | 6,270 |
| Treatment Expenses (Filters) | 42,524 | 41,461 | 40,768 |
| Transm & Distribution Exp (Mains) | 16,808 | 7,809 | 9,078 |
| Meter Expenses & Customer Installations | 10,880 | 6,133 | 3,880 |
| Maintenance of Storage Tanks | 383 | 608 | 272 |
| Maintenance of Services | 15,128 | 4,870 | 583 |
| Maintenance of Hydrants | 50 | 415 | 468 |
| Meter Reading Expenses | 3,277 | 1,484 | 1,576 |
| Customer Records & Collections | 24,087 | 27,888 | 21,681 |
| Uncollectable Accounts | 0 | 0 | 2,270 |
| Administrative & General Salaries | 8,886 | 0 | 0 |
| Office Supplies & Other Expenses | 14,775 | 11,915 | 20,547 |
| Outside Services - Engineering | 16,769 | 12,088 | 20,966 |
| Outside Services - Management Fees | 55,000 | 55,000 | 50,000 |
| Outside Services - Accounting | 14,789 | 13,898 | 11,887 |
| Outside Services - Legal | 6,248 | 4,336 | 10,235 |
| Injuries & Damages | 9,710 | 13,262 | 6,747 |
| Employee Pensions & Benefits | 26,490 | 26,652 | 29,141 |
| Franchise Requirements | 3,660 | 3,660 | 3,570 |
| Regulatory Commission Expenses | 2,177 | 3,776 | 22,548 |
| Misc General Expenses | 17 | 8,637 | 3,633 |
| Misc Expenses - Vehicle Expenses | 7,731 | 11,436 | 9,529 |
| General Rents | 8,450 | 8,450 | 8,450 |
| Total Expenses | <u>642,996</u> | <u>634,412</u> | <u>607,695</u> |
| Net Income (Loss) | <u>(84,066)</u> | <u>(17,456)</u> | <u>(22,906)</u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

July 31, 2009

ASSETS

| | <u>7/31/09</u> |
|------------------------------------|-------------------------|
| Current Assets: | |
| Cash | 205,074 |
| Accounts Receivable | 77,108 |
| Accrued Metered Revenue | 91,436 |
| Prepayments | 30,690 |
| Misc Current & Accrued Assets | 0 |
| Deferred Expenses | 155,004 |
| Deferred Income Taxes | 24,180 |
| Total Current Assets | <u>583,492</u> |
| Fixed Assets: | |
| Construction Work in Progress | 804,734 |
| Franchises | 10,763 |
| Land & Land Rights | 76,185 |
| Structures & Improvements | 739,570 |
| Wells & Springs | 514,584 |
| Supply Mains | 17,481 |
| Pumping Equipment | 993,987 |
| Water Treatment Equipment | 409,077 |
| Distribution Reserves & Standpipes | 1,433,604 |
| Transmission & Distribution Mains | 3,736,744 |
| Services | 1,762,035 |
| Meters & Meter Installation | 789,251 |
| Hydrants | 80,056 |
| Office Furniture & Equipment | 1,420 |
| Transportation Equipment | 81,950 |
| Tools Shop and Garage Equipment | 1,926 |
| Computer Equipment | 72,611 |
| Less: Accumulated Depreciation | <u>(2,993,297)</u> |
| Total Fixed Assets | <u>8,532,680</u> |
| Total Assets | <u><u>9,116,173</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

July 31, 2009

LIABILITIES

| | <u>7/31/09</u> |
|---|-------------------------|
| Current Liabilities: | |
| Accounts Payable | 136,521 |
| Accounts Payable to associated Companies | 1,375,285 |
| Customer Deposits | 0 |
| Accrued Taxes | (232) |
| Accrued Expenses | 67,279 |
| Total Current Liabilities | <u>1,578,853</u> |
| Long-Term Liabilities: | |
| Note Payable - TD Bank | 0 |
| Notes Payable - State of NH (DWSRF) | 1,253,384 |
| Notes Payable - Outside Parties | 205,631 |
| Notes Payables - Lewis Builders | 2,037,022 |
| CIAC | 6,343,127 |
| Accumulated Amortization of CIAC | (1,923,236) |
| Total Long-Term Liabilities | <u>7,915,927</u> |
| Stockholders' Equity: | |
| Common Stock | 20,100 |
| Other paid in Capital | 1,113,401 |
| Retained earnings | (1,427,987) |
| Reacquired Capital Stock | (3,333) |
| Net Income (Loss) | (80,788) |
| Stockholders' Equity | <u>(378,608)</u> |
| Total Liabilities and Stockholders' Equity | <u><u>9,116,173</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

INCOME STATEMENT

FOR THE SEVEN MONTHS ENDING JULY 31, 2009

| | |
|---|-----------------|
| Total Revenue | <u>667,871</u> |
| Net Depreciation & CIAC | 102,128 |
| Property Taxes | 59,348 |
| Other Taxes | 1,362 |
| Misc Nonutility Expenses | 0 |
| Interest Expense | 85,608 |
| Labor on Outside Jobs | 2,258 |
| Well Expenses | 8,075 |
| Power Purchased for Pumping | 105,003 |
| Pumping Expenses | 41,264 |
| Chemicals | 6,293 |
| Treatment Expense (Filters) | 52,416 |
| Transm & Distribution Exp (Mains) | 17,488 |
| Meter Expenses & Customer Installations | 11,557 |
| Maintenance of Storage Tanks | 501 |
| Maintenance of Services | 15,157 |
| Maintenance of Hydrants | 99 |
| Meter Reading Expenses | 3,611 |
| Customer Records & Collections | 26,478 |
| Uncollectable Accounts | 0 |
| Administrative & General Salaries | 10,048 |
| Office Supplies & Other Expenses | 24,369 |
| Outside Services - Engineering | 17,198 |
| Outside Services - Management Fees | 64,167 |
| Outside Services - Accounting | 16,496 |
| Outside Services - Legal | 7,966 |
| Injuries & Damages (Insurance Expense) | 12,699 |
| Employee Pensions & Benefits | 32,326 |
| Franchise Requirements | 3,660 |
| Regulatory Commission Expenses | 2,214 |
| Misc General Expenses | 68 |
| Misc Expenses - Vehicle Expenses | 8,943 |
| General Rents | 9,858 |
| Total Expenses | <u>748,659</u> |
| Net Income (Loss) | <u>(80,788)</u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

August 31, 2009

ASSETS

| | <u>8/31/09</u> |
|------------------------------------|-------------------------|
| Current Assets: | |
| Cash | 46,092 |
| Accounts Receivable | 76,586 |
| Accrued Metered Revenue | 123,871 |
| Prepayments | 27,484 |
| Misc Current & Accrued Assets | 0 |
| Deferred Expenses | 169,241 |
| Deferred Income Taxes | 24,072 |
| Total Current Assets | <u>467,346</u> |
| Fixed Assets: | |
| Construction Work in Progress | 1,056,196 |
| Franchises | 10,763 |
| Land & Land Rights | 76,185 |
| Structures & Improvements | 739,570 |
| Wells & Springs | 514,584 |
| Supply Mains | 17,481 |
| Pumping Equipment | 993,987 |
| Water Treatment Equipment | 409,077 |
| Distribution Reserves & Standpipes | 1,433,604 |
| Transmission & Distribution Mains | 3,736,744 |
| Services | 1,763,190 |
| Meters & Meter Installation | 792,891 |
| Hydrants | 80,056 |
| Office Furniture & Equipment | 1,420 |
| Transportation Equipment | 81,950 |
| Tools Shop and Garage Equipment | 1,926 |
| Computer Equipment | 72,611 |
| Less: Accumulated Depreciation | <u>(3,021,937)</u> |
| Total Fixed Assets | <u>8,760,298</u> |
| Total Assets | <u><u>9,227,644</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

August 31, 2009

LIABILITIES

| | <u>8/31/09</u> |
|---|-------------------------|
| Current Liabilities: | |
| Accounts Payable | 268,799 |
| Accounts Payable to associated Companies | 14,419 |
| Customer Deposits | 0 |
| Accrued Taxes | 0 |
| Accrued Expenses | 67,539 |
| Total Current Liabilities | <u>350,758</u> |
| Long-Term Liabilities: | |
| Note Payable - TD Bank | 1,450,000 |
| Notes Payable - State of NH (DWSRF) | 1,459,194 |
| Notes Payable - Outside Parties | 204,251 |
| Notes Payables - Lewis Builders | 690,782 |
| CIAC | 6,343,127 |
| Accumulated Amortization of CIAC | (1,937,286) |
| Total Long-Term Liabilities | <u>8,210,068</u> |
| Stockholders' Equity: | |
| Common Stock | 20,100 |
| Other paid in Capital | 2,104,354 |
| Retained earnings | (1,427,987) |
| Reacquired Capital Stock | (3,333) |
| Net Income (Loss) | (26,315) |
| Stockholders' Equity | <u>666,818</u> |
| Total Liabilities and Stockholders' Equity | <u><u>9,227,644</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
INCOME STATEMENT
FOR THE EIGHT MONTHS ENDING AUGUST 31, 2009

| | |
|---|------------------------|
| Total Revenue | <u><u>815,267</u></u> |
| Net Depreciation & CIAC | 116,718 |
| Property Taxes | 67,649 |
| Other Taxes | 1,702 |
| Misc Nonutility Expenses | 0 |
| Interest Expense | 94,244 |
| Labor on Outside Jobs | 2,946 |
| Well Expenses | 11,982 |
| Power Purchased for Pumping | 119,189 |
| Pumping Expenses | 42,925 |
| Chemicals | 8,036 |
| Treatment Expense (Filters) | 58,251 |
| Transm & Distribution Exp (Mains) | 18,444 |
| Meter Expenses & Customer Installations | 8,693 |
| Maintenance of Storage Tanks | 531 |
| Maintenance of Services | 16,295 |
| Maintenance of Hydrants | 154 |
| Meter Reading Expenses | 3,980 |
| Customer Records & Collections | 29,318 |
| Uncollectable Accounts | 0 |
| Administrative & General Salaries | 11,391 |
| Office Supplies & Other Expenses | 30,947 |
| Outside Services - Engineering | 17,238 |
| Outside Services - Management Fees | 73,333 |
| Outside Services - Accounting | 18,331 |
| Outside Services - Legal | 8,626 |
| Injuries & Damages (Insurance Expense) | 14,455 |
| Employee Pensions & Benefits | 37,251 |
| Franchise Requirements | 3,660 |
| Regulatory Commission Expenses | 3,659 |
| Misc General Expenses | 68 |
| Misc Expenses - Vehicle Expenses | 10,298 |
| General Rents | 11,267 |
| Total Expenses | <u><u>841,582</u></u> |
| Net Income (Loss) | <u><u>(26,315)</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

September 30, 2009 and 2008

ASSETS

| | <u>9/30/09</u> | <u>9/30/08</u> |
|------------------------------------|-------------------------|-------------------------|
| Current Assets: | | |
| Cash | 53,497 | 44,658 |
| Accounts Receivable | 109,584 | 97,616 |
| Accrued Metered Revenue | 113,635 | 190,027 |
| Prepayments | 18,482 | 10,461 |
| Misc Current & Accrued Assets | 0 | 0 |
| Deferred Expenses | 168,905 | 94,602 |
| Deferred Income Taxes | 23,964 | 25,257 |
| Total Current Assets | <u>488,066</u> | <u>462,623</u> |
| Fixed Assets: | | |
| Construction Work in Progress | 1,489,105 | 401,924 |
| Franchises | 10,763 | 10,763 |
| Land & Land Rights | 76,185 | 76,185 |
| Structures & Improvements | 739,570 | 737,977 |
| Wells & Springs | 514,584 | 512,387 |
| Supply Mains | 17,481 | 17,481 |
| Pumping Equipment | 995,299 | 976,436 |
| Water Treatment Equipment | 409,077 | 394,629 |
| Distribution Reserves & Standpipes | 1,433,604 | 1,433,604 |
| Transmission & Distribution Mains | 3,736,744 | 3,709,867 |
| Services | 1,763,190 | 1,752,118 |
| Meters & Meter Installation | 792,891 | 720,962 |
| Hydrants | 80,056 | 80,056 |
| Office Furniture & Equipment | 1,420 | |
| Transportation Equipment | 81,950 | 81,950 |
| Tools Shop and Garage Equipment | 1,926 | 1,926 |
| Computer Equipment | 72,611 | 72,611 |
| Less: Accumulated Depreciation | <u>(3,049,577)</u> | <u>(2,715,113)</u> |
| Total Fixed Assets | <u>9,166,880</u> | <u>8,265,763</u> |
| Total Assets | <u><u>9,654,946</u></u> | <u><u>8,728,386</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

September 30, 2009 and 2008

LIABILITIES

| | <u>9/30/09</u> | <u>9/30/08</u> |
|---|-------------------------|-------------------------|
| Current Liabilities: | | |
| Accounts Payable | 482,916 | 22,780 |
| Accounts Payable to associated Companies | 18,954 | 1,045,182 |
| Customer Deposits | 0 | 0 |
| Accrued Taxes | 0 | 7,667 |
| Accrued Expenses | 61,294 | 66,943 |
| Total Current Liabilities | <u>563,164</u> | <u>1,142,572</u> |
| Long-Term Liabilities: | | |
| Note Payable - TD Bank | 1,447,136 | 0 |
| Notes Payable - State of NH (DWSRF) | 1,677,898 | 1,289,622 |
| Notes Payable - Outside Parties | 202,868 | 187,544 |
| Notes Payables - Lewis Builders | 690,782 | 1,830,398 |
| CIAC | 6,348,127 | 6,337,208 |
| Accumulated Amortization of CIAC | <u>(1,951,337)</u> | <u>(1,785,056)</u> |
| Total Long-Term Liabilities | <u>8,415,474</u> | <u>7,859,716</u> |
| Stockholders' Equity: | | |
| Common Stock | 20,100 | 20,100 |
| Other paid in Capital | 2,104,354 | 1,113,401 |
| Retained earnings | (1,427,987) | (1,413,934) |
| Reacquired Capital Stock | (3,333) | (3,333) |
| Net Income (Loss) | <u>(16,825)</u> | <u>9,863</u> |
| Stockholders' Equity | <u>676,308</u> | <u>(273,902)</u> |
| Total Liabilities and Stockholders' Equity | <u><u>9,654,946</u></u> | <u><u>8,728,386</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2009, 2008 AND 2007

| | <u>9/30/09</u> | <u>9/30/08</u> | <u>9/30/07</u> |
|---|------------------------|-----------------------|-----------------------|
| Total Revenue | <u>945,574</u> | <u>965,185</u> | <u>973,964</u> |
| Net Depreciation & CIAC | 131,307 | 129,562 | 122,585 |
| Property Taxes | 83,668 | 88,540 | 75,521 |
| Other Taxes | 845 | 1,290 | 975 |
| Misc Nonutility Expenses | 0 | 0 | 0 |
| Interest Expense | 110,057 | 130,854 | 102,996 |
| Labor on Outside Jobs | 3,341 | 8,688 | 7,592 |
| Well Expenses | 11,529 | 5,184 | 9,483 |
| Power Purchased for Pumping | 133,991 | 140,961 | 134,815 |
| Pumping Expenses | 47,357 | 63,626 | 52,587 |
| Chemicals | 9,175 | 8,031 | 9,775 |
| Treatment Expense (Filters) | 65,295 | 62,987 | 56,396 |
| Transm & Distribution Exp (Mains) | 19,431 | 15,198 | 14,567 |
| Meter Expenses & Customer Installations | 17,959 | 9,366 | 5,918 |
| Maintenance of Storage Tanks | 648 | 770 | 432 |
| Maintenance of Services | 17,424 | 5,730 | 1,428 |
| Maintenance of Hydrants | 207 | 415 | 1,388 |
| Meter Reading Expenses | 4,413 | 2,291 | 2,509 |
| Customer Records & Collections | 33,806 | 40,646 | 35,474 |
| Uncollectable Accounts | 0 | 0 | 2,270 |
| Administrative & General Salaries | 13,563 | | |
| Office Supplies & Other Expenses | 32,475 | 18,856 | 41,105 |
| Outside Services - Engineering | 17,761 | 18,157 | 27,824 |
| Outside Services - Management Fees | 82,500 | 82,500 | 76,667 |
| Outside Services - Accounting | 19,186 | 19,589 | 17,588 |
| Outside Services - Legal | 9,107 | 7,845 | 16,447 |
| Injuries & Damages (Insurance Expense) | 18,741 | 17,228 | 11,535 |
| Employee Pensions & Benefits | 41,662 | 40,051 | 44,160 |
| Franchise Requirements | 3,660 | 3,660 | 3,570 |
| Regulatory Commission Expenses | 4,459 | 4,517 | 23,911 |
| Misc General Expenses | (80) | 0 | 73 |
| Misc Expenses - Vehicle Expenses | 16,238 | 16,106 | 16,557 |
| General Rents | 12,675 | 12,675 | 12,675 |
| Total Expenses | <u>962,399</u> | <u>955,321</u> | <u>928,823</u> |
| Net Income (Loss) | <u>(16,825)</u> | <u>9,863</u> | <u>45,141</u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

October 31, 2009

ASSETS

| | <u>10/31/09</u> |
|------------------------------------|-------------------------|
| Current Assets: | |
| Cash | 59,913 |
| Accounts Receivable | 99,627 |
| Accrued Metered Revenue | 109,298 |
| Prepayments | 9,488 |
| Misc Current & Accrued Assets | 0 |
| Deferred Expenses | 163,717 |
| Deferred Income Taxes | 23,857 |
| Total Current Assets | <u>465,900</u> |
| Fixed Assets: | |
| Construction Work in Progress | 1,658,044 |
| Franchises | 10,763 |
| Land & Land Rights | 76,185 |
| Structures & Improvements | 774,081 |
| Wells & Springs | 537,070 |
| Supply Mains | 17,481 |
| Pumping Equipment | 1,028,822 |
| Water Treatment Equipment | 424,034 |
| Distribution Reserves & Standpipes | 1,457,094 |
| Transmission & Distribution Mains | 3,776,744 |
| Services | 1,768,200 |
| Meters & Meter Installation | 792,959 |
| Hydrants | 80,056 |
| Office Furniture & Equipment | 1,420 |
| Transportation Equipment | 81,950 |
| Tools Shop and Garage Equipment | 1,926 |
| Computer Equipment | 72,611 |
| Less: Accumulated Depreciation | <u>(3,076,917)</u> |
| Total Fixed Assets | <u>9,482,523</u> |
| Total Assets | <u><u>9,948,423</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

October 31, 2009

LIABILITIES

| | <u>10/31/09</u> |
|---|-------------------------|
| Current Liabilities: | |
| Accounts Payable | 215,839 |
| Accounts Payable to associated Companies | 21,520 |
| Customer Deposits | 0 |
| Accrued Taxes | 1,185 |
| Accrued Expenses | 36,501 |
| Total Current Liabilities | <u>275,045</u> |
| Long-Term Liabilities: | |
| Note Payable - TD Bank | 1,443,840 |
| Notes Payable - State of NH (DWSRF) | 2,087,019 |
| Notes Payable - Outside Parties | 224,481 |
| Notes Payables - Lewis Builders | 690,566 |
| CIAC | 6,495,484 |
| Accumulated Amortization of CIAC | (1,965,387) |
| Total Long-Term Liabilities | <u>8,976,004</u> |
| Stockholders' Equity: | |
| Common Stock | 20,100 |
| Other paid in Capital | 2,104,354 |
| Retained earnings | (1,427,987) |
| Reacquired Capital Stock | (3,333) |
| Net Income (Loss) | 4,241 |
| Stockholders' Equity | <u>697,374</u> |
| Total Liabilities and Stockholders' Equity | <u><u>9,948,423</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE TEN MONTHS ENDING OCTOBER 31, 2009

| | <u>10/31/09</u> |
|---|-------------------------|
| Total Revenue | <u>1,081,305</u> |
| Net Depreciation & CIAC | 145,897 |
| Property Taxes | 94,419 |
| Other Taxes | 953 |
| Misc Nonutility Expenses | 0 |
| Interest Expense | 122,451 |
| Labor on Outside Jobs | 3,995 |
| Well Expenses | 11,529 |
| Power Purchased for Pumping | 148,713 |
| Pumping Expenses | 51,437 |
| Chemicals | 10,420 |
| Treatment Expense (Filters) | 74,484 |
| Transm & Distribution Exp (Mains) | 20,644 |
| Meter Expenses & Customer Installations | 19,597 |
| Maintenance of Storage Tanks | 701 |
| Maintenance of Services | 17,937 |
| Maintenance of Hydrants | 207 |
| Meter Reading Expenses | 4,849 |
| Customer Records & Collections | 38,799 |
| Uncollectable Accounts | 0 |
| Administrative & General Salaries | 16,841 |
| Office Supplies & Other Expenses | 36,302 |
| Outside Services - Engineering | 19,554 |
| Outside Services - Management Fees | 91,667 |
| Outside Services - Accounting | 22,944 |
| Outside Services - Legal | 10,155 |
| Injuries & Damages (Insurance Expense) | 21,044 |
| Employee Pensions & Benefits | 44,998 |
| Franchise Requirements | 3,660 |
| Regulatory Commission Expenses | 10,532 |
| Misc General Expenses | 337 |
| Misc Expenses - Vehicle Expenses | 17,917 |
| General Rents | 14,083 |
| Total Expenses | <u>1,077,064</u> |
| Net Income (Loss) | <u>4,241</u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET
November 30, 2009

ASSETS

| | <u>11/30/09</u> |
|------------------------------------|-------------------------|
| Current Assets: | |
| Cash | 68,193 |
| Accounts Receivable | 86,462 |
| Accrued Metered Revenue | 104,922 |
| Prepayments | 32,220 |
| Misc Current & Accrued Assets | 0 |
| Deferred Expenses | 158,460 |
| Deferred Income Taxes | 23,749 |
| Total Current Assets | <u>474,006</u> |
| Fixed Assets: | |
| Construction Work in Progress | 1,668,873 |
| Franchises | 10,763 |
| Land & Land Rights | 76,185 |
| Structures & Improvements | 774,081 |
| Wells & Springs | 537,070 |
| Supply Mains | 17,481 |
| Pumping Equipment | 1,029,957 |
| Water Treatment Equipment | 424,034 |
| Distribution Reserves & Standpipes | 1,457,094 |
| Transmission & Distribution Mains | 3,777,806 |
| Services | 1,769,224 |
| Meters & Meter Installation | 792,959 |
| Hydrants | 80,056 |
| Office Furniture & Equipment | 1,420 |
| Transportation Equipment | 81,950 |
| Tools Shop and Garage Equipment | 1,926 |
| Computer Equipment | 72,611 |
| Less: Accumulated Depreciation | <u>(3,105,307)</u> |
| Total Fixed Assets | <u>9,468,183</u> |
| Total Assets | <u><u>9,942,189</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.

BALANCE SHEET

November 30, 2009

LIABILITIES

| | <u>11/30/09</u> |
|---|-------------------------|
| Current Liabilities: | |
| Accounts Payable | 34,185 |
| Accounts Payable to associated Companies | 21,945 |
| Customer Deposits | 0 |
| Accrued Taxes | 0 |
| Accrued Expenses | 28,332 |
| Total Current Liabilities | <u>84,462</u> |
| Long-Term Liabilities: | |
| Note Payable - TD Bank | 1,440,778 |
| Notes Payable - State of NH (DWSRF) | 2,295,331 |
| Notes Payable - Outside Parties | 223,091 |
| Notes Payables - Lewis Builders | 690,349 |
| CIAC | 6,495,484 |
| Accumulated Amortization of CIAC | (1,979,437) |
| Total Long-Term Liabilities | <u>9,165,596</u> |
| Stockholders' Equity: | |
| Common Stock | 20,100 |
| Other paid in Capital | 2,104,354 |
| Retained earnings | (1,427,987) |
| Reacquired Capital Stock | (3,333) |
| Net Income (Loss) | (1,002) |
| Stockholders' Equity | <u>692,131</u> |
| Total Liabilities and Stockholders' Equity | <u><u>9,942,189</u></u> |

HAMPSTEAD AREA WATER COMPANY, INC.
SUMMARY INCOME STATEMENT
FOR THE ELEVEN MONTHS ENDING NOVEMBER 30, 2009

| | 11/30/09 |
|---|------------------|
| Total Revenue | 1,198,463 |
| Net Depreciation & CIAC | 160,487 |
| Property Taxes | 128,952 |
| Other Taxes | 1,060 |
| Misc Nonutility Expenses | 0 |
| Interest Expense | 135,062 |
| Labor on Outside Jobs | 6,276 |
| Well Expenses | 11,984 |
| Power Purchased for Pumping | 160,225 |
| Pumping Expenses | 54,614 |
| Chemicals | 11,294 |
| Treatment Expense (Filters) | 78,221 |
| Transm & Distribution Exp (Mains) | 22,865 |
| Meter Expenses & Customer Installations | 20,118 |
| Maintenance of Storage Tanks | 722 |
| Maintenance of Services | 18,291 |
| Maintenance of Hydrants | 415 |
| Meter Reading Expenses | 5,168 |
| Customer Records & Collections | 42,827 |
| Uncollectable Accounts | 0 |
| Administrative & General Salaries | 18,094 |
| Office Supplies & Other Expenses | 37,641 |
| Outside Services - Engineering | 20,936 |
| Outside Services - Management Fees | 100,833 |
| Outside Services - Accounting | 24,826 |
| Outside Services - Legal | 11,224 |
| Injuries & Damages (Insurance Expense) | 23,261 |
| Employee Pensions & Benefits | 49,727 |
| Franchise Requirements | 3,660 |
| Regulatory Commission Expenses | 15,598 |
| Misc General Expenses | 606 |
| Misc Expenses - Vehicle Expenses | 18,987 |
| General Rents | 15,492 |
| Total Expenses | 1,199,466 |
| Net Income (Loss) | (1,002) |

**Hampstead Area Water Company
DW-12-170 2012 Rate Case**

Quarterly Sales Volumes are not itemized for residential or other classifications of service.

Hampstead Area Water Company

Projected need for External Capital for 2012 and 2013

External Capital for 2012

| | |
|-----------------------------|------------------|
| State Revolving Fund | \$180,000 |
| Lewis Builders Development | <u>248,500</u> |
| Total 2012 External Capital | <u>\$428,500</u> |

External Capital for 2013

| | |
|-----------------------------|------------------|
| State Revolving Fund | \$0 |
| Lewis Builders Development | <u>346,800</u> |
| Total 2013 External Capital | <u>\$346,800</u> |

Note: The projected external capital for 2013 is 80% of the 2013 anticipated additions.

Hampstead Area Water Company

Capital Budget with State of Source and Use of Funds for 2012 and 2013

Source of Funds for 2012

| | |
|-------------------------------------|------------------|
| State Revolving Fund | \$180,000 |
| Lewis Builders Development | 218,072 |
| Contribution in Aid of Construction | <u>30,428</u> |
| Total 2012 Source of Funds | <u>\$428,500</u> |

Use of Funds for 2012

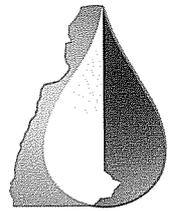
| | |
|--------------------------|------------------|
| Wells | \$40,000 |
| Pumping Equipment | 24,000 |
| Treatment Equipment | 60,000 |
| T&D Mains | 30,000 |
| Services | 180,000 |
| Meters | 60,500 |
| Transportation Equipment | <u>34,000</u> |
| Total 2012 Use of Funds | <u>\$428,500</u> |

Source of Funds for 2013

| | |
|----------------------------|------------------|
| Internally Generated Cash | \$86,700 |
| Lewis Builders Development | <u>346,800</u> |
| Total 2013 Source of Funds | <u>\$433,500</u> |

Use of Funds for 2013

| | |
|--------------------------|------------------|
| Wells | \$40,000 |
| Pumping Equipment | 109,000 |
| Treatment Equipment | 60,000 |
| T&D Mains | 30,000 |
| Services | 100,000 |
| Meters | 60,500 |
| Transportation Equipment | <u>34,000</u> |
| Total 2013 Use of Funds | <u>\$433,500</u> |



HAMPSTEAD AREA

WATER COMPANY, INC

54 SAWYER AVENUE, ATKINSON, NH 03811

TEL: 603.362.4299 FAX: 603.362.4936
www.hampsteadwater.com

July 25, 2012

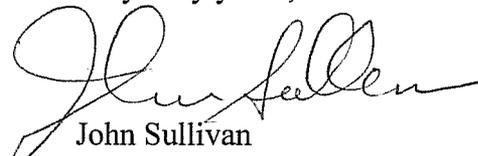
Debra Howland
Executive Director & Secretary
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, N. H. 03301-2429

Re: General Rate Case Filing – Hampstead Area Water Company, Inc.
Attestation

Dear Ms. Howland:

Hampstead Area Water Company's ("HAWC" or "Company") filing for the proposed rate change in DW 12-170 was prepared utilizing the Company's books and records. To the best of my knowledge and belief, the filing, including its revenue and expenses and assets and liabilities, accurately reflects the Company's books.

Very truly yours,



John Sullivan
Controller

JS/ja

cc: HAWC
Stephen P. St. Cyr