STEP INCREASE
Schedule A

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

	TEST YEAR	PRO FORMA ADJUSTMENTS	PRO FORMA TEST YEAR	STEP INCR #1 PRO FORMA ADJUSTMENTS	STEP INCR #2 PRO FORMA ADJUSTMENTS
Consolidated Rate Base	$ 72,945,003	$ 3,974,060	$ 76,919,063	$ 7,179,944	$ 8,151,558
RATE of Return	7.89%		7.81%		
Income Required	$ 5,755,361		$ 6,008,497		
Adjusted NOI (1)	$ 4,680,242	$ (600,475)	$ 4,079,767	$ (100,571)	$ (85,599)
Deficiency	$ 1,075,119		$ 1,928,730		
Tax Factor	60.39%		60.39%		
Revenue Deficiency	$ 1,780,293		$ 3,193,791		
Water Revenues	$ 21,312,996	$ 390,072	$ 21,703,068	$ -	$ -
Proposed Revenue Inc	8.35%		14.72%	5.05%	5.51%

STEP INCREASE
Schedule 1

PENNICHUCK WATER WORKS, INC.
OPERATING INCOME STATEMENT
For The Twelve Months Ended December 31, 2007

	TWELVE MONTHS 12/31/07	PRO FORMA ADJUSTMENTS	PRO FORMA 12 MONTHS 12/31/07	STEP INCREASE #1 PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCR #1 FORMA TEST YEAR	STEP INCREASE #2 PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCREASES FORMA TEST YEAR
Water Sales	$ 21,312,996	$ 390,072	$ 21,703,068	$ -	$ 21,703,068	$ -	$ 21,703,068
Water Sales for Resale	933	-	933	-	933	-	933
Other Operating Revenue	233,983	-	233,983	-	233,983	-	233,983
Total Revenues	21,547,912	390,072	21,937,983	-	21,937,983	-	21,937,983
Production Expenses	3,449,914	152,770	3,602,684	-	3,602,684	-	3,602,684
Transmission & Distribution Expense	1,221,403	91,086	1,312,489	-	1,312,489	-	1,312,489
Engineering Expense	540,788	11,023	551,811	-	551,811	-	551,811
Customer Acct & Collection Exp	339,032	-	339,032	-	339,032	-	339,032
Administrative & General Expense	5,609,087	543,573	6,152,660	-	6,152,660	-	6,152,660
Inter Div Management Fee	(1,402,374)	(310,922)	(1,713,296)	-	(1,713,296)	-	(1,713,296)
Total Operating Expense	9,757,850	487,530	10,245,379	-	10,245,379	-	10,245,379
Depreciation Exp/Acq Adj (Credit)	3,329,392	290,681	3,620,073	166,535 (1)	3,786,608	141,743 (1)	3,928,352
Amortization Expense: CIAC	(446,433)	-	(446,433)	-	(446,433)	-	(446,433)
Amortization Expense	32,457	6,385	38,842	-	38,842	-	38,842
Gain on Disp/Utility Property	-	-	-	-	-	-	-
Loss on Disposal of Computer Equip	-	-	-	-	-	-	-
Taxes Other Than Income Tax	1,995,154	599,805	2,594,959	-	2,594,959	-	2,594,959
Income Tax	2,199,252	(393,854)	1,805,398	(65,964) (2)	1,739,434	(56,144) (2)	1,683,290
Total Operating Deductions	7,109,822	503,017	7,612,839	100,571	7,713,411	85,599	7,799,010
Net Operating Income	4,680,240	(600,475)	4,079,765	(100,571)	3,979,194	(85,599)	3,893,594

Notes:

(1) increase/decrease depreciation for additions/deletions to plant assets per Schedule 1, Attachment B

(2) reflect income tax effect on proforma adjustments calculated on effective tax rate of 39.61% per Schedule 1, Attachment D

PENNICHUCK WATER WORKS, INC.
Pro Forma Adjustment Income or Expense
PROPERTY AND OTHER TAXES
For The Twelve Months Ended December 31, 2007

I PROPERTY TAXES

NOT USED

PENNICHUCK WATER WORKS, INC.
Pro Forma Adjustment Income or Expense
DEPRECIATION ACCOUNT
For The Twelve Months Ended December 31, 2007

STEP INCREASE
Schedule 1
Attachment B

I DEPRECIATION

A. In 2008, the Company expects to add depreciable assets and 1/2 year depreciation expense is reflected in the proforma step increase.
(See Schedule 3, Attachment A, Exhibit 1)

	Step increase 1	$ 154,764	
	Step increase 2	$ 142,785	
	Total	$ 297,549	
Therefore:			**$ 297,549**

B. In 2008, the Company expects to retire depreciable assets. The total depreciation expense reduction is reflected in the proforma step increase.
(Schedule 3, Attachment A, Exhibit 3)

	Step increase 1	$ (10,324)	
	Step increase 2	$ (12,089)	
	Total	$ (22,413)	
Therefore:			**$ (22,413)**

C. In 2008, the Company is installing filter media with an estimated useful life significantly less than the group rate of 15 years. In 1999, $361,096 of media was installed and then replaced in 2005. In 2007 and 2008, the media is being replaced again. The Company is proposing a separate depreciation rate for filter media of 7 years and a pro forma adjustment as follows:

	Step Increase 1:				
	Filter Media #1, 2 and 3				
	($145,000 per filter)			$ 435,000	
	Current Depreciation		15 years	$ 29,000	
	Proposed Depreciation		7 years	$ 62,143	
	Full Year			$ 33,143	
	Pro Forma Adjustment			$ 22,095	
	(Filter 1 for full year; Filters 2 & 3 for 1/2 year)				
	Step Increase 2:				
	Filter Media #4 and 5				
	($145,000 per filter)			$ 290,000	
	Current Depreciation		15 years	$ 19,333	
	Proposed Depreciation		7 years	$ 41,429	
	Full Year			$ 22,095	
	Pro Forma Adjustment		1/2 year	$ 11,048	
Therefore:					**$ 33,143**
	Total Step Increase 1	$ 166,535			
	Total Step Increase 2	$ 141,743			
	Total	$ 308,279			

TOTAL DEPRECIATION EXPENSE PRO FORMA: **$ 308,279**

PENNICHUCK WATER WORKS, INC.
Pro Forma Adjustment Income or Expense
Amortization Account
For The Twelve Months Ended December 31, 2007

STEP INCREASE
Schedule 1
Attachment C

I AMORTIZATION

NOT USED

TOTAL AMORTIZATION EXPENSE PRO FORMA:	$ -

PENNICHUCK WATER WORKS, INC.
Pro Forma Adjustment Income or Expense
INCOME TAXES
For The Twelve Months Ended December 31, 2007

STEP INCREASE
Schedule 1
Attachment D

I INCOME TAXES

A. Step Increase 1

To reflect the pro forma adjustment to record the income tax effect of the pro forma adjustments for the test year.

Therefore:

	Operating Revenues				$ -	
Less:	Expenses					
(Sch1, Attach A)	Total Prop & Other Taxes				-	
(Sch1, Attach B)	Depreciation				166,535	
(Sch1, Attach C)	Amortization				-	
	Total				$ (166,535)	

Pro Forma NHBP Tax @ 8.5%.

Therefore:

$ (166,535)	8.5%		$ (14,155)	**$**	**(14,155)**
		Sub Total	$ (152,380)		

Pro Forma FIT Tax 34%

Therefore:

$ (152,380)	34%		$ (51,809)		
		Sub Total	$ (51,809)	**$**	**(51,809)**

Total Step Increase 1 Taxes	**$**	**(65,964)**

B. Step Increase 2

To reflect the pro forma adjustment to record the income tax effect of the pro forma adjustments for the test year.

Therefore:

	Operating Revenues				$ -	
Less:	Expenses					
(Sch1, Attach A)	Total Prop & Other Taxes				-	
(Sch1, Attach B)	Depreciation				141,743	
(Sch1, Attach C)	Amortization				-	
	Total				$ (141,743)	

Pro Forma NHBP Tax @ 8.5%.

Therefore:

$ (141,743)	8.5%		$ (12,048)	**$**	**(12,048)**
		Sub Total	$ (129,695)		

Pro Forma FIT Tax 34%

Therefore:

$ (129,695)	34%		$ (44,096)		
		Sub Total	$ (44,096)	**$**	**(44,096)**

Total Step Increase 1 Taxes	**$**	**(56,144)**

TOTAL PRO FORMA INCOME TAXES:

NHBPT	**$**	**(26,203)**
FIT	**$**	**(95,905)**
TOTAL	**$**	**(122,108)**

-

PENNICHUCK WATER WORKS,INC.
COMPUTATION OF RATE BASE
For The Thirteen Months Ended December 31, 2007

STEP INCREASE
Schedule 3

Description	Test Year Average (Sch 3B)	Year End Rate Base	Pro Forma Adjustments Permanent Rates	Pro Forma Test Year	STEP INCREASE #1 PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCR #1 FORMA TEST YEAR	STEP INCREASE #2 PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCREASES FORMA TEST YEAR
Plant in Service	128,961,502	135,008,500	5,102,807	134,064,309	6,356,346 (1)	140,420,655	7,197,398 (1)	147,618,053
Accum Deprec	33,354,306	34,196,424	360,382	33,714,688	(84,517) (2)	33,630,172	(390,088) (2)	33,240,084
Accum Deprec: Loss	2,155,329	2,734,382	-	2,155,329	352,397 (3)	2,507,726	235,283 (3)	2,743,009
Accum Deprec: COR	104,260	579,134	-	104,260	386,684 (4)	490,944	328,790 (4)	819,734
Theoretical Reserve	169,788	353,160	-	169,788		169,788		169,788
Acquistion Adjustment	844,905	844,905	-	844,905		844,905		844,905
Accum Amort Acq Adj	239,652	255,984	-	239,652		239,652		239,652
CIAC	25,197,100	26,007,619	-	25,197,100		25,197,100		25,197,100
Amort of CIAC	3,081,574	3,324,563	-	3,081,574		3,081,574		3,081,574
	75,315,794	81,206,775	4,742,425	80,058,219	7,179,944	87,238,163	8,151,558	95,389,721
				-				
ADD:				-				
Working Cap	1,692,044	1,830,829	84,830	1,776,874		1,776,874		1,776,874
Materials & Supplies	795,357	1,135,139	-	795,357		795,357		795,357
Prepayments	377,515	412,019	-	377,515		377,515		377,515
Other & Deferred Charges	6,146,122	5,949,837	(94,292)	6,051,830		6,051,830		6,051,830
	9,011,038	9,327,824	(9,462)	9,001,576		9,001,576		9,001,576
DEDUCT:								
Customer Advances	85,544	84,000	-	85,544		85,544		85,544
Customer Deposits	173,160	158,677	-	173,160		173,160		173,160
Deferred Income Tax	9,216,029	10,407,200	-	9,216,029		9,216,029		9,216,029
Regulatory Liability	924,151	904,996	-	924,151		924,151		924,151
Unamort ITC	850,512	833,994	-	850,512		850,512		850,512
Deferred Rental Credits	132,433	98,066	-	132,433		132,433		132,433
Unfunded FAS 106 and 158Costs	-	-	758,902	758,902		758,902		758,902
	11,381,829	12,486,933	758,902	12,140,731		12,140,731		12,140,731
				-				
TOTAL Rate Base	**72,945,003**	**78,047,667**	**3,974,060**	**76,919,063**	**7,179,944**	**84,099,007**	**8,151,558**	**92,250,566**

Notes:

(1) adjust test year average to year end for non-revenue producing assets per Schedule 3, Attachment A

(2) adjust for accumulated depreciation proforma for plant additions/retirements per Schedule 3, Attachment B

(3) adjust for accumulated depreciation: Loss proforma for plant retirements per Schedule 3, Attachment C

(4) adjust for accumulated depreciation: Cost of Removal proforma for plant replacements/retirements per Schedule 3, Attachment C

PENNICHUCK WATER WORKS, INC.
PRO FORMA ADJUSTMENTS TO RATE BASE
Plant in Service
For The Twelve Months Ended December 31, 2007

STEP INCREASE
Schedule 3
Attachment A

I PLANT IN SERVICE

A Schedule 3, Attachment A, Exhibit 1, details additions to plant in service that are expected to be completed in 2008. The additions are capital capital improvements that are necessitated by SWDA requirements and by the need to replace aging infrastructure. All of these plant additions are considered non-revenue producing in nature. All assets are estimated to be placed in service by November 2008.

Step increase 1	$ 6,970,119	
Step increase 2	$ 7,976,601	
Total	$ 14,946,720	
Therefore:		**$ 14,946,720**

B Schedule 3, Attachment A, Exhibit 3, details retirements of plant in service that are expected to occur in 2008 as a result of the additions.

Step increase 1	$ (613,773)	
Step increase 2	$ (779,203)	
Total	$ (1,392,976)	
Therefore:		**$ (1,392,976)**

Total Step Increase 1	$ 6,356,346	
Total Step Increase 2	$ 7,197,398	
Total	$ 13,553,744	
TOTAL PRO FORMA PLANT IN SERVICE		**$ 13,553,744**

PENNICHUCK WATER WORKS, INC.
PRO FORMA ADJUSTMENTS TO RATE BASE
Accumulated Depreciation
For The Twelve Months Ended December 31, 2007

STEP INCREASE
Schedule 3
Attachment B

I ACCUMULATED DEPRECIATION

A To reflect the accumulated depreciation associated with 2008 plant additions.
(See Schedule 3, Attachment A, Exhibit 1)

Step increase 1	$ 154,764	
Step increase 2	$ 142,785	
Total	$ 297,549	
Therefore:		**$ 297,549**

B To reflect the accumulated depreciation reduction related to the 2008 retirements of plant in service.
(See Schedule 3, Attachment A, Exhibit 3)

Step increase 1	$ (261,376)	
Step increase 2	$ (543,920)	
Total	$ (805,296)	
Therefore:		**$ (805,296)**

C. In 2008, the Company is installing filter media with an estimated useful life significantly less than the group rate of 15 years. In 1999, $361,096 of media was installed and then replaced in 2005. In 2007 and 2008, the media is being replaced again. The Company is proposing a separate depreciation rate for filter media of 7 years and a pro forma adjustment as follows:

Step Increase 1:			
Filter Media #1, 2 and 3			
($145,000 per filter)		$ 435,000	
Current Depreciation	15 years	$ 29,000	
Proposed Depreciatior	7 years	$ 62,143	
Full Year		$ 33,143	
Pro Forma Adjustment		$ 22,095	
(Filter 1 for full year; Filters 2 & 3 for 1/2 year)			
Step Increase 2:			
Filter Media #4 and 5			
($145,000 per filter)		$ 290,000	
Current Depreciation	15 years	$ 19,333	
Proposed Depreciatior	7 years	$ 41,429	
Full Year		$ 22,095	
Pro Forma Adjustment	1/2 year	$ 11,048	
Therefore:			**$ 33,143**

Total Step Increase 1	$ (84,517)	
Total Step Increase 2	$ (390,088)	
Total	$ (474,604)	
TOTAL ACCUMULATED DEPRECIATION PRO FORMA:		**$ (474,604)**

PENNICHUCK WATER WORKS, INC.
PRO FORMA ADJUSTMENTS TO RATE BASE
Accumulated Depreciation: Loss & COR
For The Twelve Months Ended December 31, 2007

STEP INCREASE
Schedule 3
Attachment C

I ACCUMULATED DEPRECIATION: LOSS

A To reflect the loss on the 2008 retirements of plant in service.
(See Schedule 3, Attachment A, Exhibit 3)

Step increase 1	$ 352,397	
Step increase 2	$ 235,283	
Total	$ 587,680	
Therefore:		**$ 587,680**

II ACCUMULATED DEPRECIATION: COST OF REMOVAL

A To reflect the cost of removal on replaced assets expected in 2008 related to the step increases, including the removal of the Merrimack Village Dam.
(See Schedule 3, Attachment A, Exhibit 2)

Step increase 1	$ 386,684	
Step increase 2	$ 328,790	
Total	$ 715,474	
Therefore:		**$ 715,474**

TOTAL ACCUMULATED DEPRECIATION: LOSS PRO FORMA: $ 1,303,154

PENNICHUCK WATER WORKS, INC.
ASSET ACQUISITONS
For The Twelve Months Ended December 31, 2007

Acct No.	Additions Account Description	Total Cost	Accumulated Depreciation	Depreciation Rate	1/2 Year Depreciation	17.4 Property Taxes	6.6 State Property Taxes
304.30	Structures & Improvements - Purification	$ 672,427	$ 7,195	2.14%	$ 7,195	$ 11,700	$ 4,438
309.00	Supply Mains	$ 362,304	$ 2,717	1.50%	$ 2,717	$ 6,304	$ 2,391
310.00	Power Generation Equipment	$ 2,120	$ 47	4.40%	$ 47	$ 37	$ 14
311.20	Electric Pumping Equipment	$ 283,915	$ 6,246	4.40%	$ 6,246	$ 4,940	$ 1,874
320.00	Purification System Equipment	$ 2,568,688	$ 85,666	6.67%	$ 85,666	$ 44,695	$ 16,953
320.20	Water Treatment Equipment	$ 2,846,428	$ 47,108	3.31%	$ 47,108	$ 49,528	$ 18,786
346.00	Communications Equipment	$ 142,524	$ 3,748	5.26%	$ 3,748	$ 2,480	$ 941
		$ 6,878,407	$ 152,728	4.44%	$ 152,728	$ 119,684	$ 45,397
	AFUDC 1/01/08 to 5/01/08	$ 91,712	$ 2,036	**4.44%**	$ 2,036	$ 1,820	$ 605
	Step Increase #1	**$ 6,970,119**	**$ 154,764**	**4.44%**	**$ 154,764**	**$ 121,505**	**$ 46,003**
304.20	Structures & Improvements - Pumping	$ 251,000	$ 3,062	2.44%	$ 3,062	$ 4,367	$ 1,657
305.00	Collecting & Impounding Reservoirs	$ 157,400	$ 1,408	1.79%	$ 1,408	$ 2,739	$ 1,039
307.00	Wells and Springs	$ 89,500	$ 1,490	3.33%	$ 1,490	$ 1,557	$ 591
320.00	Purification System Equipment	$ 2,556,688	$ 85,266	6.67%	$ 85,266	$ 44,486	$ 16,874
330.00	Distribution Reservoirs & Standpipes	$ 2,416,800	$ 26,343	2.18%	$ 26,343	$ 42,052	$ 15,951
309.00	Supply Mains	$ 220,000	$ 1,650	1.50%	$ 1,650	$ 3,828	$ 1,452
311.20	Electric Pumping Equipment	$ 300,000	$ 6,600	4.40%	$ 6,600	$ 5,220	$ 1,980
331.00	Transmission & Distribution Mains	$ 1,785,500	$ 13,391	1.50%	$ 13,391	$ 31,068	$ 11,784
		$ 7,776,888	$ 139,210	3.58%	$ 139,210	$ 135,318	$ 51,327
	AFUDC 1/01/08 to 11/01/08	$ 199,713	$ 3,575	**3.58%**	$ 3,575	$ 3,964	$ 1,318
	Step Increase #2	**$ 7,976,601**	**$ 142,785**	**3.58%**	**$ 142,785**	**$ 139,282**	**$ 52,646**
	Total Additions with AFUDC	**$ 14,946,720**	**$ 297,549**	**3.98%**	**$ 297,549**	**$ 260,787**	**$ 98,648**

Notes:

(1) AFUDC was based on 8% (DW 05-094) of the total cost of the additions and assumed the costs would be incurred evenly over the period. The AFUDC for Step Increase #2 excluded the costs for transmission & distribution mains as construction occurs over a short time frame. The depreciation on AFUDC is based on a weighted average rate of each step increase.

(2) The calculation of property taxes above is for illustrative purposes only. A pro forma adjustment for property taxes is not reflected in the step increase.

STEP INCREASE
Schedule 3
Attachment A
Exhibit 2

PENNICHUCK WATER WORKS, INC.
ASSET ACQUISITON Details
For The Twelve Months Ended December 31, 2007

	Account Number	Contract Amounts	Prorated $$ of General Conditions and Engineering	Total Cost	Total 2007 Additions	Total 2008 Additions	Total Cost of Removal	Total 2007 Additions	Total 2008 Additions
Office Renovations	304.30	1,582,694	525,770	2,108,464	1,779,205	329,259	113,369	87,369	26,000
Headworks	304.30	241,718	80,250	321,968	-	321,968			
New Electric Service	304.30	393,000	130,497	523,497	523,497	-			
Site Work	304.30	87,750	29,315	117,065	95,865	21,200			
	304.30	2,305,162	765,832	3,070,994	2,398,566	**672,427**	113,369	87,369	**26,000**
Headworks	**309.00**	272,000	90,304	362,304	-	**362,304**			
Snow Station	**310.00**	333,000	110,639	443,639	441,519	**2,120**	20,201	20,201	
Headworks	**311.20**	213,149	70,766	283,915	-	**283,915**			
Filter #1	320.00	1,232,977	409,457	1,642,434	1,630,434	12,000	90,870	90,870	-
Filter #2	320.00	959,667	318,677	1,278,344	-	1,278,344	90,870		90,870
Filter #3	320.00	959,667	318,677	1,278,344	-	1,278,344	90,870		90,870
	320.00	3,152,311	1,046,812	4,199,123	1,630,434	**2,568,688**	272,610	90,870	**181,740**
Headworks	320.20	844,500	280,604	1,125,104	-	1,125,104			
Pulsator #1	320.20	1,018,000	338,062	1,356,062	-	1,356,062	166,944		166,944
Chemical Feed Systems	320.20	1,288,000	427,897	1,715,897	1,350,635	365,262	93,168	81,168	12,000
	320.20	3,150,500	1,046,564	4,197,064	1,350,635	**2,846,428**	260,112	81,168	**178,944**
Headworks	**346.00**	107,000	35,524	142,524	-	**142,524**			
Step Increase #1		9,533,122	3,166,439	12,699,561	5,821,154	**6,878,407**	666,292	279,608	**386,684**
Pump Station Impr/Add	**304.20**	251,000	-	251,000	-	**251,000**	-		
Watershed Improvements	**305.00**	157,400	-	157,400	-	**157,400**	-		
Well Addition	**307.00**	89,500	-	89,500	-	**89,500**	-		
Filter #4	320.00	959,667	318,677	1,278,344	-	1,278,344	90,870		90,870
Filter #5	320.00	959,667	318,677	1,278,344	-	1,278,344	90,870		90,870
	320.00	1,919,334	637,354	2,556,688	-	**2,556,688**	181,740	-	181,740
Tank Replacements (1)	**330.00**	2,416,800	-	2,416,800	-	**2,416,800**	-		-
Merrimack River Intake	**309.00**	220,000	-	220,000	-	**220,000**	-		-
Merrimack River Intake	**311.00**	300,000	-	300,000	-	**300,000**	-		-
Main Replacements	**331.00**	1,470,500	-	1,470,500	-	**1,470,500**	147,050	-	147,050
Ashley Commons Interconnect	**331.00**	315,000	-	315,000	-	**315,000**	-		-
Merrimack Village Dam	**COR**						157,500	-	157,500
Step Increase #2		7,139,534	637,354	7,776,888	-	**7,776,888**	328,790	-	**328,790**
Total Step Increases		16,672,656	3,803,793	20,476,449	5,821,154	**14,655,295**	995,082	279,608	**715,474**

Notes:
(1) No cost of removal is associated with tank replacements as the credit received for the resale of materials removed is estimated to exceed the cost of removing the tanks.

PENNICHUCK WATER WORKS, INC.
ASSET DISPOSITIONS
For The Twelve Months Ended December 31, 2007

STEP INCREASE
Schedule 3
Attachment A
Exhibit 3

Retirements

Acct No.	Account Description	Original Cost	Accumulated Depreciation	Accumulated Depreciation Loss	Depreciation Rate	1 year Depreciation	1/2 Year Depreciation	17.40 Property Taxes	6.6 State Property Taxes	Total Taxes
304.2	Structures	$ 614	$ 309	$ 304	2.44%	$ 15	$ 7	$ 11	$ 4	
304.3	Structures	$ 168,668	$ 80,480	$ 88,188	2.14%	$ 3,609	$ 1,805	$ 2,935	$ 1,113	
320.0	Water Treatment Equipment	$ 63,699	$ 50,290	$ 13,408	6.67%	$ 4,249	$ 2,124	$ 1,108	$ 420	
320.1	Water Treatment Equipment	$ 13,739	$ 3,055	$ 10,684	4.55%	$ 625	$ 313	$ 239	$ 91	
320.2	Water Treatment Equipment	$ 367,053	$ 127,241	$ 239,812	3.31%	$ 12,149	$ 6,075	$ 6,387	$ 2,423	
	Step Increase #1	**$ 613,773**	**$ 261,376**	**$ 352,397**		**$ 20,648**	**$ 10,324**	**$ 10,680**	**$ 4,051**	
304.1	Structures	$ 43,570	$ 19,459	$ 24,111	2.30%	$ 1,002	$ 501	$ 758	$ 288	
304.2	Structures	$ 4,950	$ 2,010	$ 2,940	2.44%	$ 121	$ 60	$ 86	$ 33	
307.1	Wells & Springs	$ 12,582	$ 2,538	$ 10,043	3.30%	$ 415	$ 208	$ 219	$ 83	
311.2	Pumping Equipment (electric)	$ 111,974	$ 103,555	$ 8,419	4.40%	$ 4,927	$ 2,463	$ 1,948	$ 739	
320.0	Water Treatment Equipment	$ 27,820	$ 17,269	$ 10,551	6.67%	$ 1,856	$ 928	$ 484	$ 184	
320.1	Water Treatment Equipment	$ 12,530	$ 12,360	$ 170	4.55%	$ 570	$ 285	$ 218	$ 83	
320.2	Water Treatment Equipment	$ 266,810	$ 146,489	$ 120,320	3.31%	$ 8,831	$ 4,416	$ 4,642	$ 1,761	
330.0	Distribution Reservoirs	$ 290,012	$ 231,283	$ 58,729	2.18%	$ 6,322	$ 3,161	$ 5,046	$ 1,914	
331.0	Trans & Dist Mains	$ 8,956	$ 8,956	$ -	1.50%	$ 134	$ 67	$ 156	$ 59	
	Step Increase #2	**$ 779,203**	**$ 543,920**	**$ 235,283**		**$ 24,179**	**$ 12,089**	**$ 13,558**	**$ 5,143**	
	Total	**$ 1,392,976**	**$ 805,296**	**$ 587,680**		**$ 44,826**	**$ 22,413**	**$ 24,238**	**$ 9,194**	**$ 33,431**

Notes:

(1) The calculation of property taxes above is for illustrative purposes only. A pro forma adjustment for property taxes is not reflected in the step increase.

PENNICHUCK WATER WORKS, INC.
ASSET DISPOSITION DETAILS
For the Twelve Months Ended December 31, 2008

Asset ID	Description	Placed In Service	Disposal Date	Cost	Accum Depr	Accum Depr (Loss)
Asset GL Acct #: 2304-200-001						
20000-002271	SNOW STATION PUMP EXPANSION	2/4/1988	1/1/2008	613.86	309.42	-304.44
Subtotal: 2304-200-001				613.86	309.42	-304.44
Asset GL Acct #: 2304-300-001						
20000-002271	ELECTRIC WORK-TREATMENT PLANT	03/01/1992	03/01/2008	59,832.46	24,692.53	-35,139.93
20000-002382	WTP TURBIDIMETER PROJECT-	12/31/1992	03/01/2008	2,973.76	1,227.21	-1,746.55
20000-01024.21	TUBE SETTLERS/TREATMENT-PLANT	10/01/1988	03/01/2008	105,281.58	54,363.91	-50,917.67
20000-002685	SECURITY FENCE - FIFIELD TANK	8/15/1994	5/1/2008	580.00	196.08	-383.92
Subtotal: 2304-800-001				168,667.80	80,479.73	-88,188.07
Asset GL Acct #: 2320-000-001						
20000-002419	CHLORINE HANDLING & SAFETY-WTP	03/31/1993	03/01/2008	6,867.18	6,867.18	0.00
20000-002451	2-FLYGT BACKWASH RETURN-PUMPS	08/31/1993	03/01/2008	13,688.01	13,688.01	0.00
20000-002649	ALUMINUM SULFATE TRANSFER-PUMPS - (2) TRT. PLANT	05/01/1994	03/01/2008	3,582.58	3,343.76	-238.82
20000-003000	LMI METERING PUMP-WTP	01/22/1996	03/01/2008	368.00	294.37	-73.63
20000-003060	VARIABLE FREQUENCY DRIVE-UNITS - WTP	05/31/1996	03/01/2008	17,107.19	13,685.76	-3,421.43
20000-004085	WILDEN DIAPHRAGM PUMP WTP-	11/01/1998	03/01/2008	636.00	427.30	-208.70
20000-004283	WTP CHEMICAL TANK VENTING-	05/01/1999	03/01/2008	3,382.11	2,046.80	-1,335.31
20000-004326	CHEMICAL PUMP PACING - WTP-	07/01/1999	03/01/2008	2,041.53	1,235.50	-806.03
20000-004625	EBARA SLUDGE PUMP-	07/01/2000	03/01/2008	1,925.28	1,036.81	-888.47
20000-005682	REDUNDANT POLYMER FEED LINE	09/01/2004	03/01/2008	5,870.75	1,565.52	-4,305.23
20000-003053	FILTER FASTENER IMPROVEMENT - TRT PLANT	4/30/1996	5/1/2008	7,750.53	5,683.71	-2,066.83
20000-002723	FILTER IMPROVEMENTS - TRT PLANT	11/16/1994	5/1/2008	479.70	415.74	-63.96

Asset ID	Placed In Service	Disposal Date	Cost	Accum Depr	Accum Depr (Loss)
Subtotal: 2320-000-001			63,698.86	50,290.46	-13,408.41
Asset GL Acct #: 2320-100-001					
20000-003219	SUBMERSIBLE CLEARWELL SAMPLE-PUMP - WTP				
	02/28/1997	03/01/2008	266.16	186.68	-79.48
20000-005622.1	NEW EXTRACTION PIPING PULSATOR 1				
	05/01/2004	03/01/2008	10,170.73	2,388.42	-7,782.31
20000-0006104	CHEMICAL FILL CHECK VALVE REPLACEMENT				
	12/1/2005	5/1/2008	3,302.43	480.35	-2,822.08
Subtotal: 2320-100-001			13,739.32	3,055.45	-10,683.87
Asset GL Acct #: 2320-200-001					
20000-000656	PULSATOR SYSTEM EQUIPMENT-#1				
	07/01/1986	03/01/2008	15,671.00	10,111.34	-5,559.66
20000-005090	WTP FILTER UPGRADES				
	11/1/2002	5/1/2008	6,574.17	1,076.92	-5,497.25
20000-005090.1	WTP FILTER UPGRADES				
	7/1/2002	5/1/2008	177,508.21	29,077.34	-148,430.87
20000-005090.2	WTP FILTER UPGRADES				
	8/1/2002	5/1/2008	69,426.95	11,372.73	-58,054.22
20000-005090.3	WTP FILTER UPGRADES				
	9/1/2002	5/1/2008	590.59	96.74	-493.85
20000-005090.4	WTP FILTER UPGRADES				
	10/1/2002	5/1/2008	3,646.88	597.38	-3,049.50
20000-000647.2	CHEMICAL FEED EQUIPMENT				
	7/1/1980	5/1/2008	50,487.13	40,389.70	-10,097.43
20000-000648.2	CHEMICAL FEED EQUIPMENT				
	7/1/1980	5/1/2008	43,148.18	34,518.54	-8,629.64
Subtotal: 2320-200-001			367,053.11	127,240.70	-239,812.41
Step Increase 1			**613,772.95**	**261,375.75**	**-352,397.20**
Asset GL Acct #: 2304-100-001					
20000-002147	MERRIMACK VILLAGE DAM				
	11/30/1990	11/1/2008	43,569.75	19,459.08	-24,110.67
Subtotal: 2304-100-001			43,569.75	19,459.08	-24,110.67
Asset GL Acct #: 2304-200-001					
20700-000104	POWER & PUMPING - ASHLEY COMMONS				
	8/31/1990	12/1/2008	2,560.00	1,169.10	-1,390.90
20700-000450	PROPANE HEAT FURNACE				
	4/30/1994	12/1/2008	2,390.37	841.17	-1,549.20

PENNICHUCK WATER WORKS, INC.
ASSET DISPOSITION DETAILS
For the Twelve Months Ended December 31, 2008

Asset ID	Placed In Service	Disposal Date	Cost	Accum Depr	Accum Depr (Loss)
Subtotal: 2304-200-001			4,950.37	2,010.27	-2,940.10
Asset GL Acct #: 2307-100-001					
20700-000104	WELL ASHLEY COMMONS				
	8/31/1990	12/1/2008	1,309.00	475.60	-833.40
20700-000700	UTILITY SHED				
	6/1/1998	12/1/2008	1,746.00	355.02	-1,390.98
20700-000712	DRAIN LINE AT ASHLEY COMMONS				
	10/1/1999	12/1/2008	8,548.89	1,567.31	-6,981.58
20700-000802	WELL SITTING TUBE INSTALL - ASHLEY COMMONS				
	12/1/2001	12/1/2008	977.63	140.12	-837.51
Subtotal: 2307-100-001			12,581.52	2,538.05	-10,043.47
Asset GL Acct #: 2311-200-001					
20000-000591	MERRIMACK RIVER PUMPING				
	7/1/1985	11/1/2008	90,596.53	90,596.53	0.00
20000-000105	BOOSTER PUMP				
	8/31/1990	12/1/2008	504.00	362.88	141.12
20700-000601	SCADA PHASE III				
	12/31/1995	12/1/2008	9,765.00	6,706.76	-3,058.24
20700-000620	SCADA PHASE III				
	12/31/1997	12/1/2008	2,853.86	1,785.37	-1,068.49
20700-000710	REPAIR OF WELL ASHLEY COMMONS				
	7/1/1999	12/1/2008	7,444.24	3,745.49	-3,698.75
20700-000800	NEW 5 HP MOTOR - ASHLEY COMMONS				
	5/1/2000	12/1/2008	810.00	357.94	-452.06
Subtotal: 2311-200-001			111,973.63	103,554.97	-8,136.42
Asset GL Acct #: 2320-000-001					
20000-003053	FILTER FASTENER IMPROVEMENT - TRT PLANT				
	4/30/1996	5/1/2008	7,750.53	5,683.71	-2,066.83
20000-005879	BACKWASH RETURN PUMP RE-BUILD				
	6/1/2005	6/1/2008	4,449.93	593.31	-3,856.62
20700-000500	METERING PUMP - ASHLEY COMMONS				
	5/21/1995	12/1/2008	437.94	365.00	-72.94
20700-000621	TREATMENT SYSTEM - ASHLEY COMMONS				
	9/30/1997	12/1/2008	15,182.04	10,627.47	-4,554.57
Subtotal: 2320-000-001			27,820.44	17,269.49	-10,550.96
Asset GL Acct #: 2320-100-001					
20600-000202	3 TANKS/1 ATMOSPHERIC, 2 HYDRO-PNEUMATIC-WELLTROL				
	9/30/1999	12/1/2008	12,000.00	12,000.00	0.00

PENNICHUCK WATER WORKS, INC.
ASSET DISPOSITION DETAILS
For the Twelve Months Ended December 31, 2008

Asset ID	Placed In Service	Disposal Date	Cost	Accum Depr	Accum Depr (Loss)
20700-000624	BRINE TANK				
	12/31/1997	12/1/2008	530.00	359.73	-170.27
Subtotal: 2320-100-001			12,530.00	12,359.73	-170.27
Asset GL Acct #: 2320-200-001					
20000-000650.14	FILTER SYSTEM EQUIPMENT - FILTER #4				
	7/1/1980	8/1/2008	47,489.17	39,326.53	-8,162.64
20000-000650.15	FILTER SYSTEM EQUIPMENT - FILTER #5				
	7/1/1980	11/1/2008	47,489.17	39,326.53	-8,162.64
20000-005090.1	WTP FILTER UPGRADES				
	7/1/2002	11/1/2008	171,831.20	67,836.01	-103,995.19
Subtotal: 2320-200-001			266,809.54	146,489.07	-120,320.47
Asset GL Acct #: 2330-500-001					
20000-000511	ORCHARD AVE TANK (FIFIELD)-RESTORATION				
	07/01/1985	03/01/2008	132,605.15	73,876.61	-58,728.54
20000-000512	FIFIELD TANK-ORCHARD HEIGHTS.-5 MG. 160' DIAM 35' HIGH				
	07/01/1958	03/01/2008	157,406.88	157,406.88	0.00
Subtotal: 2330-500-001			290,012.03	231,283.49	-58,728.54
Asset GL Acct #: 2331-000-001					
Various	TRANSMISSION MAINS				
	Various	11/1/2008	8,956.20	8,956.20	-
Subtotal: 2331-000-001			8,956.20	8,956.20	-
Step Increase 2			**779,203.48**	**543,920.34**	**-235,000.90**
tal 2008 Retirements			**1,392,976.43**	**805,296.10**	**-587,398.09**