

# Pennichuck Water Works

## Annual Stmt of Cash Flows/External Cash Needs

For the Twelve Months Ended December 31, 2008 and 2009

|   | <u>2008</u>         | <u>2009</u>        |
|---|---------------------|--------------------|
| <b>Operating Activities:</b>  |                     |                    |
| Net Income  | 3,227,090           | 5,485,203          |
| Adjustments to reconcile net income to net cash provided by operating activities: |                     |                    |
| Depreciation and amortization   | 3,260,147           | 3,520,761          |
| Gain on sale of land/cell tower leases  | -                   | -                  |
| Amortization of deferred investment tax credits                                   | (33,036)            | (33,036)           |
| Provision for deferred income taxes   | -                   | -                  |
| Allowance for funds used during construction                                      | (365,055)           | (125,500)          |
| Undistributed earnings in real estate partnerships                                | -                   | -                  |
| Special shareholder distributions   | -                   | -                  |
| Change in assets and liabilities:   |                     |                    |
| (Increase) decrease in accounts receivable and unbilled revenue                   | (1,436,190)         | (822,780)          |
| (Increase) decrease in refundable income taxes                                    | -                   | -                  |
| (Increase) decrease in materials and supplies                                     | 465,270             | -                  |
| (Increase) decrease in prepaid expenses   | (20,093)            | -                  |
| (Increase) decrease in deferred charges and other assets                          | 166,259             | -                  |
| Increase (decrease) in accounts payable and accrued expenses                      | (1,692,449)         | 97,506             |
| Increase (decrease) in other  | 4,483,177           | -                  |
| Net cash provided by (used in) operating activities                               | <u>8,055,120</u>    | <u>8,122,154</u>   |
| <b>Investing Activities:</b>  |                     |                    |
| Purchases of property, plant and equipment  | (16,051,765)        | (8,027,500)        |
| Contributions in aid of construction  | -                   | -                  |
| (Increase) decrease in restricted cash  | -                   | -                  |
| Sale (purchase) of investment securities  | -                   | -                  |
| Net (increase) decrease in notes receivable                                       | -                   | -                  |
| Proceeds from sale of land  | -                   | -                  |
| Net change in investment in real estate partnerships and deferred land costs      | -                   | -                  |
| Net cash provided by (used in) investing activities                               | <u>(16,051,765)</u> | <u>(8,027,500)</u> |
| <b>Financing Activities:</b>  |                     |                    |
| (Repayments) advances on line of credit   | -                   | 2,701,310          |
| Payments on long-term debt  | 3,292               | -                  |
| Proceeds on long-term borrowings  | 10,789,295          | -                  |
| Debt issuance costs   | -                   | -                  |
| Proceeds from issuance of common stock and dividend reinvestment plan             | -                   | -                  |
| Dividends paid  | (2,793,664)         | (2,793,664)        |
| Net cash provided by (used in) financing activities                               | <u>7,998,923</u>    | <u>(92,354)</u>    |
| Net increase (decrease) in cash   | 2,278               | 2,300              |
| Cash at beginning of period   | -                   | -                  |
| Cash at end of period   | <u>2,278</u>        | <u>2,300</u>       |