

Federal Income Tax Reconciliation
Pennichuck Water Works, Inc.
December 31, 2007

Provided pursuant to NHPUC Rule 1604.01(3)

Net income per books for the test year	\$ 4,057,899
Addback provision for Federal and State income taxes	2,199,252
Pretax Book Income	<u>6,257,151</u>
Estimated Schedule M-1 Items:	
Accelerated depreciation/Amortization of CIAC	(1,066,320)
Book/Tax Difference on disposal of assets	(732,943)
Excess FAS 106 and FAS 87 Costs	325,874
Prior Year's Charitable Contributions	(124,824)
Deferred Compensation	(88,592)
Sarbanes-Oxley costs	53,560
AFUDC	<u>(202,134)</u>
Total Permanent & Temporary Differences	<u>(1,835,379)</u>
Taxable Income	<u>4,421,772</u>
Pre Tax Income	<u>6,257,151</u>
NHBPT @ 8.50%	565,653
Federal Income Tax @ 34%	1,665,435
Amortization of Investment Tax Credit	(33,036)
Mass Excise Tax	1,200
Total Income Taxes	<u><u>\$ 2,199,252</u></u>