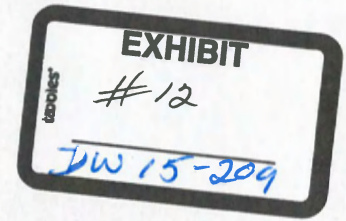


STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

DW 15-209 / DW 15-422

LAKES REGION WATER COMPANY, INC.

SETTLEMENT AGREEMENT



I. INTRODUCTION

This Settlement Agreement ("Agreement") is entered into this 5th day of October, 2016, by and among Lakes Region Water Company, Inc. ("Lakes Region" or "Company"), the Office of the Consumer Advocate ("OCA"), and the Staff ("Staff") of the New Hampshire Public Utilities Commission ("the Commission"), collectively (the "Settling Parties"), with the intent of resolving the issues discussed herein. This Settlement Agreement constitutes the recommendation of the Settling Parties with respect to the Commission's determination of permanent rates.

II. PROCEDURAL BACKGROUND

On August 5, 2015, Lakes Region submitted a rate filing including proposed tariff pages and schedules to the Commission requesting a permanent increase in its annual water revenues from general metered and unmetered customers of \$398,274, or 38.18%. The Company's rate filing was assigned Docket No. DW 15-209. On August 17, 2015, the Company filed a Petition for Temporary Rates with the Commission seeking approval for an increase in its annual water revenues from general metered and unmetered customers on a temporary basis of \$221,487, or 21.23%.

On September 4, 2015, the Commission issued Order No. 25,809 which suspended Lakes Region's proposed tariff pages and scheduled a prehearing conference on September 30, 2015 to

be immediately followed by a technical session. The prehearing conference and technical session were held as scheduled. On October 6, 2015, Staff filed on behalf of the parties in the proceeding a proposed procedural schedule. On October 12, 2015, the Commission approved the proposed procedural schedule.

On September 30, 2015, Lakes Region submitted a petition to the Commission requesting approval of long-term financing as well as the transfer of land owned by an affiliate relative to the Company's proposed acquisition of the so-called "Mt. Roberts Property" from its shareholder. Lakes Region's submission was assigned Docket No. DW 15-422. As the proposed affiliate transfer and financing were also at issue in the DW 15-209 rate proceeding, for purposes of administrative efficiency, the Commission approved a procedural schedule which consolidated the two dockets on December 18, 2015.

On December 2, 2015, Staff Analyst, Jayson P. Laflamme filed testimony and schedules recommending a temporary rate increase for Lakes Region's general metered and unmetered customers which would provide for an increase in revenues received from those customers of \$79,465, or 7.62%. On December 16, 2015, the parties in the proceeding met and discussed terms of a settlement agreement on temporary rates. On January 6, 2016, Lakes Region, the OCA, and Staff filed a settlement agreement recommending an increase in revenues from general metered and unmetered customers on a temporary basis of \$103,694, or 9.94%, to be effective on a service rendered basis on or after September 14, 2015. On January 14, 2016, a hearing was held to present the merits of the proposed settlement agreement before the Commission. On January 29, 2016, the Commission issued Order No. 25,862 approving temporary rates for Lakes Region as proposed in the settlement agreement.

On April 6, 2016, Lakes Region filed an *Assented to Motion to Continue Procedural Schedule* in order to allow the parties in the proceeding more time to consider and discuss alternatives relative to the Company's proposed acquisition and financing of the Mt. Roberts Property. The Company's motion also requested approval for a technical session on May 3, 2016 in order to allow the parties in the proceeding an opportunity to discuss these matters. On April 28, 2016, the Commission approved Lakes Region's motion, including the proposed technical session on May 3, 2016.

On May 19, 2016, Lakes Region submitted a letter to the Commission outlining the discussion that occurred amongst the parties at the May 3 technical session as well as the resulting changes to the Company's original rate filing. Lakes Region also requested that the Commission schedule an additional technical session for the purpose of establishing a procedural schedule for the remainder of the rate proceeding. On May 27, 2016, the Commission scheduled a technical session for June 8, 2016. During that technical session, the parties in the proceeding formulated a procedural schedule which was submitted to the Commission and approved on June 9, 2016.

On August 3, 2016, Mark A. Naylor, Director of the Commission's Gas and Water Division, and Mr. Laflamme filed testimony on behalf of Staff relative to the establishment of permanent rates in this proceeding. Mr. Naylor's testimony recommended approval of Lakes Region's acquisition of the Mt. Roberts Property as well as approval of two step adjustments for the Company relative to certain post-test year plant additions. Mr. Naylor's testimony further recommended that approval of the second step adjustment should be conditioned on Lakes Region's agreement to not file its next full rate case until at least the year 2020. Mr. Laflamme's testimony recommended a permanent increase in revenues for Lakes Region's metered and

unmetered customers of \$61,730, or 5.92%, which would become effective on or after the previously approved effective date of September 14, 2015. Additionally, Mr. Laflamme's testimony recommended an initial step adjustment to become effective on or after the date of the Commission's final order approving rates in this proceeding, which would result in a further increase in general revenues of \$62,486, or 5.99%. Lastly, Mr. Laflamme's testimony provided an estimate of the conditional second step adjustment that was proposed in Mr. Naylor's testimony. That step adjustment was projected to result in a subsequent increase in the Company's general water revenues of \$21,746, or 2.08%.

The Settling Parties met and negotiated the terms contained in this Settlement Agreement on August 10 and August 31, 2016.

III. TERMS OF AGREEMENT

The Settling Parties recommend that the Commission approve the following terms:

A. PERMANENT RATES

Revenue Requirement – The Settling Parties agree to a permanent rate revenue requirement for Lakes Region's general metered and unmetered customers of \$1,146,837. This represents an increase of \$103,694, or 9.94%, above the test year water revenues earned from general metered and unmetered customers of \$1,043,143. The proposed permanent rate increase is equal to the previously approved temporary rate increase. A detailed calculation of this revenue requirement is contained in Settlement Attachment JPL-1.

Capital Structure – In anticipation of additional debt financing which Lakes Region will be seeking approval for in the near term, and in an effort to reflect a more balanced capital structure for purposes of permanent rates, the Settling Parties agree to a stipulated capital structure consisting of 64% equity and 36% debt. Lakes Region is currently seeking authority

from the Commission to issue debt in order to acquire and upgrade the utility assets of Dockham Shores Estates Water Company, Inc. ("Dockham Shores").¹ Additionally, the Settling Parties agree that Lakes Region shall seek further debt financing from CoBank ACB for capital projects in the Company's existing franchise areas. Specifically, these include anticipated main and service replacements at Paradise Drive in Moultonborough, NH and Captain Lovewell Lane in Ossipee, NH, estimated to cost \$218,000 and \$183,000, respectively. The financings for these projects shall be subject to review by Staff, the OCA, and other interested parties and shall be subject to approval by the Commission as provided by law, including RSA 369. The Settling Parties recognize that access to CoBank financing is subject to the covenants and conditions set forth in Lakes Region's Master Loan Agreement with CoBank ACB, which may limit the Company's ability to use 100% financing for these projects.

Cost of Common Equity – The Settling Parties agree to a cost of common equity of 9.60% for the purpose of determining a weighted average cost of capital for permanent rates in this proceeding. This is the cost of common equity approved by the Commission in Order No. 25,539 (June 28, 2013) in Docket No. DW 12-085, *Aquarion Water Company of New Hampshire, Inc.*

Mt. Roberts Property – The Settling Parties agree to the inclusion of the cost of the Mt. Roberts Property in the amount of \$262,095 in Lakes Region's test year rate base for purposes of determining permanent rates. The Settling Parties agree that, even though the legal transfer of the Mt. Roberts Property from Lakes Region's shareholder to the Company did not occur before the conclusion of the 2014 test year in this case, the two wells situated on that property were providing service to customers throughout the test year.

¹ Lakes Region is currently seeking authority to acquire Dockham Shores' assets and franchise in Docket No. DW 16-619. A hearing on that request is scheduled before the Commission on October 7, 2016.

DW 15-422 – The Settling Parties agree that Lakes Region shall withdraw its filing in Docket DW 15-422 as the request for financing approval contained in that filing relative to the purchase of the Mt. Roberts Property from the Company's shareholder is no longer relevant to the permanent rate proceeding. The Settling Parties acknowledge that the shareholder, instead, is contributing that property to Lakes Region as Additional Paid-in Capital.

2010 and 2011 Vehicle Financings – The Settling Parties agree, and recommend the Commission approve *nunc pro tunc*, two vehicle financings associated with the purchase of certain pickup trucks by Lakes Region during 2010 and 2011 as described in Mr. Laflamme's permanent rate testimony. See Laflamme testimony at 12 – 14. The first loan was issued in 2010 in the amount of \$31,301 from Ford Motor Credit in order to finance the purchase of a 2011 Ford F350XL truck. The term of that loan was five years at 7.89%. The second loan was issued in 2011 in the amount \$32,509 from Ford Motor Credit in order to finance the purchase of a 2011 Ford F150XL truck. The term of that loan was also five years at 7.89%. The Settling Parties agree that the two financings are included in the determination of Lakes Region's overall cost of capital relative to the determination of permanent rates. The Settling Parties also agree that the two financings were prudent towards enabling Lakes Region to provide a safe and adequate supply of water to its customers and that the specific vehicle additions which necessitated these financings were prudent and reasonable and that they were used and useful to the Company in its operations. The Settling Parties further agree that the terms associated with the respective financings are reasonable and will not adversely impact customer rates.

Depreciation Service Life for Cars and Light Trucks – The Settling Parties agree to a service life of 5 years (20% depreciation rate) for cars and light trucks acquired by Lakes Region

for purposes of determining annual depreciation expense on such assets in both the instant as well as future rate proceedings.

Effective Date and Reconciliation of Temporary and Permanent Rates – The Settling Parties agree that the permanent rate increase shall be effective on a service-rendered basis as of September 14, 2015, in accordance with Commission Order No. 25,862. In order to reconcile the revenue difference between temporary rates and permanent rates, the Settling Parties agree that a surcharge should be implemented by Lakes Region in order to collect an amount equal to the difference between the revenues the Company would have collected had the agreed upon level of permanent rates been in effect for service rendered on and after September 14, 2015, and the actual revenues collected at the temporary rate level actually in effect. The Settling Parties agree that the permanent rates to be applied in the determination of the reconciliation should be those which are calculated on Schedule 1a of Settlement Attachment JPL-4. Lakes Region agrees to file its calculations of the temporary-permanent rate recoupment and surcharge recommendation by no later than thirty (30) days from the date of the Commission's final order in this proceeding. Staff, the OCA, and other interested parties will have the opportunity to review Lakes Region's submissions for revenue recovery and provide recommendations on such to the Commission for approval.

Rate Case Expenses – The Settling Parties agree that Lakes Region should be allowed to recover its reasonable rate case expenses for this proceeding through a surcharge. The Settling Parties further agree that Lakes Region's rate case expenses may include, but are not limited to, its legal and consultant expenses, as well as its incremental administrative expenses such as copying and delivery charges. Lakes Region agrees to file its final rate case expense request, pursuant to Puc 1905.02, by no later than thirty (30) days from the date of the Commission's

final order in this proceeding. Staff, the OCA, and other interested parties will have an opportunity to review the rate case expenses and provide recommendations on such to the Commission for approval.

B. INITIAL STEP ADJUSTMENT

Revenue Requirement – The Settling Parties agree to an initial step adjustment for Lakes Region’s general metered and unmetered customers that will provide for an additional \$57,808, or 5.54%, increase in the Company’s revenue requirement to an amount of \$1,204,645. The initial step adjustment will provide a return, associated depreciation expense, and applicable taxes on the balance of improvements made at Lakes Region’s Indian Mound system completed during 2015 as well as a new accounting software system which the Company placed into full service during 2016. The initial step adjustment will also provide for recovery of the Company’s pension expense as well as deferred professional fees associated with Docket No. DW 07-105 as previously authorized by the Commission² along with other expenses. A detailed calculation of the initial step adjustment is contained in Settlement Attachment JPL-2.

Rate of Return - The Settling Parties agree to an applied rate of return for the initial step adjustment of 7.49%. (See Schedule 1a of Settlement Attachment JPL-2) This rate of return is based on the weighted average cost of capital computed for the permanent rate revenue requirement with the addition of \$130,000 of debt financing from CoBank ACB at 2.43% which is attributable to the Indian Mound improvement project.³

Commission Audit – The Settling Parties agree that the assets and applicable expense items included in the determination of the initial step adjustment should be reviewed and verified

² See Commission Order No. 25,454 (January 17, 2013) in Docket No.’s DW 07-105, DW 10-043, DW 10-141, and DW11-021.

³ This financing was previously approved in Commission Order No. 25,753 (January 13, 2015) in Docket No. DW 14-285.

by the Commission Audit Staff before any implementation of customer rates based on such. The Settling Parties further agree that the Audit Staff should issue a report to the Commission detailing its findings so that, if necessary, any modifications may be incorporated into the final determination of rates resulting from the initial step adjustment.

Effective Date – The Settling Parties agree that the effective date for the implementation of the initial step adjustment should be for service rendered on or after the date of the Commission’s final order in this proceeding. The Settling Parties agree that the revenues associated with the initial step adjustment should not be included in the Company’s temporary-permanent rate recoupment calculation.

C. CUSTOMER RATES

Initial Customer Rates – The Settling Parties agree that, pending the results of the Commission Staff’s audit of the initial step adjustment, the initial rates resulting from this rate proceeding for Lakes Region’s general metered and unmetered customers will be those calculated on Schedule 2a of Settlement Attachment JPL-4 which is based on the combined revenue requirement of \$1,204,645 encompassing both the permanent rate increase as well as the initial step adjustment. These rates are summarized as follows:

<u>Customer Class</u>	<u>Annual</u>	<u>Quarterly</u>
WVG Pool	\$1,677.68	\$419.42
Unmetered General Customers	\$ 722.50	\$180.63
Metered General Customers:		
Customer Charge	\$ 568.29	\$142.07
Meter Charge (per ccf)	\$ 5.53	\$ 5.53

Rate Impact – The Settling Parties agree that for the Company's average general metered customers who use approximately 27.89 hundred cubic feet (ccf) of water per year, the above rates represent an annual increase of \$94.05, or \$23.51 per quarter.

Tariff Filing – The Settling Parties agree that the Company should file tariff pages implementing the terms of this Agreement by no later than fifteen (15) days from the date of the Commission's final order in this rate proceeding.

D. SECOND STEP ADJUSTMENT

Future Capital Projects – The Settling Parties agree that Lakes Region may request a second step adjustment in order to provide a return, associated depreciation expense, and applicable taxes on two pending capital projects. The first project involves the replacement of a main and services at an estimated cost of \$218,000 at Paradise Drive in Moultonborough, NH which is within the Company's Paradise Shores division. The second project involves the replacement of a main and services at an estimated cost of \$183,000 at Captain Lovewell Lane in Ossipee, NH which is within the Company's Indian Mound division. The Settling Parties agree that Lakes Region must file this request for a second step adjustment by no later than December 31, 2017 and that the capital projects must be completed and in service by no later than that date. The Settling Parties acknowledge that Lakes Region's highest priority is the Paradise Drive project as it is the Town of Moultonborough's intention to rebuild that road during 2017.

Revenue Requirement – The Settling Parties agree that the second step adjustment is currently estimated to result in an increase in Lakes Region's revenue requirement from general metered and unmetered customers by an additional \$22,903, or 2.20%, to an amount of \$1,227,548. A detailed calculation of the estimated second step adjustment is contained in Settlement Attachment JPL-3.

Rate of Return – The Settling Parties agree that Lakes Region shall use debt financing up to the amounts authorized by the Commission in order to complete these two projects. The rate of return on such debt financing which will be used to calculate the applied rate of return for the second step adjustment will be the applicable CoBank interest rate net of patronage dividends plus associated financing costs. The Settling Parties acknowledge that while it should be Lakes Region's goal to minimize the use of equity financing in order to complete these projects, they recognize that some equity financing may be required in order to maintain compliance with CoBank ACB loan requirements or other prudent utility considerations, provided that in all cases it shall be subject to review by Staff, the OCA, and other interested parties and also approval by the Commission. In such circumstances, the Settling Parties agree that Lakes Region shall be entitled to a rate of return on equity equal to the cost of common equity as contained in this Agreement.

Rate Impact - The Settling Parties agree that Schedule 3a of Settlement Attachment JPL-4 contains a calculation of the current estimated customer rates resulting from the proposed second step adjustment.

Filing of Subsequent Rate Case – Lakes Region agrees that, except for exogenous events that create a revenue deficiency, it will not seek new permanent rates sooner than 2019 using a 2018 test year. For this purpose, exogenous events are limited to 1) an unanticipated change to regulation or law, or 2) a significant event or condition that would result in failure or significant impairment of utility service that is not caused by imprudence, to the extent that one or more such events create an unforeseen financial obligation of the Company that exceeds 7.50% of net plant in service as of the date of the Commission's final order in this rate proceeding.

IV. CONDITIONS

This Settlement Agreement is expressly conditioned upon the Commission's approval of all its provisions, without change or condition. If such approval is not granted, the Settlement Agreement shall be deemed to be null and void and without effect, and shall not be admissible as evidence or used against any party. The Commission's acceptance of this Settlement Agreement does not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding, but such acceptance does constitute a determination that the revenue requirement and rates recommended by the Settlement Agreement are just and reasonable.

The discussions that produced this Settlement Agreement have been conducted on the understanding that all offers of settlement relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used for any purpose.

IN WITNESS WHEREOF, the Settling Parties have caused this Settlement Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

LAKES REGION WATER CO., INC.

By its Counsel

UPTON & HATFIELD, LLP

Dated: October 5, 2016

By: Justin C. Richardson
Justin C. Richardson
NHBA # 12148
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jrichardson@uptonhatfield.com

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Dated: October __, 2016

By: _____
John S. Clifford
Staff Attorney
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(603) 271-2431
John.Clifford@puc.nh.gov

OFFICE OF THE CONSUMER ADVOCATE

Dated: October __, 2016

By: _____
Donald M. Kreis
Consumer Advocate
21 South Fruit Street, Suite 18
Concord, New Hampshire 03301
(603) 271-1174
Donald.Kreis@oca.nh.gov

IN WITNESS WHEREOF, the Settling Parties have caused this Settlement Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

LAKES REGION WATER CO., INC.

By its Counsel

UPTON & HATFIELD, LLP

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STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Dated: October 6, 2016

By: John S. Clifford for
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OFFICE OF THE CONSUMER ADVOCATE

Dated: October __, 2016

By: _____
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LAKES REGION WATER CO., INC.

By its Counsel

UPTON & HATFIELD, LLP

Dated: October __, 2016

By:

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STAFF OF THE NEW HAMPSHIRE
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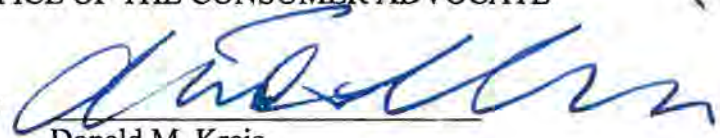
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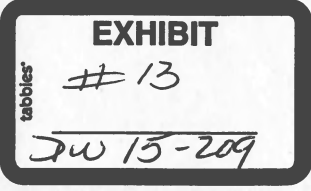
OFFICE OF THE CONSUMER ADVOCATE

Dated: October 5, 2016

By:


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DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
REVENUE REQUIREMENT

Rate Base (Schedule 2; Column 8)		\$ 3,028,099
Rate of Return (Schedule 1a)		x <u>7.70%</u>
Operating Income Requirement (See Schedule 3; Column 10)		233,041
Less: Proforma Test Year Operating Income (Schedule 3; Column 8)		<u>(422,049)</u>
Revenue Deficiency / (Surplus) Before Tax Effect (See Schedule 3; Column 9)		(189,008)
Tax Factor (Schedule 1b)		+ <u>60.39%</u>
Revenue Deficiency / (Surplus) After Tax Effect (See Schedule 3; Column 9)		(312,980)
Add: Water Revenues from General Customers Proposed by Company (Schedule 3; Column 5)		<u>1,459,817</u>
Water Revenues from General Customers Proposed by Staff (See Schedule 3; Column 10)		1,146,837
Less: Actual Water Revenues from General Customers (Schedule 3; Column 1)		<u>(1,043,143)</u>
Proposed Increase in Annual Water Revenues from General Customers		<u><u>\$ 103,694</u></u>
Percent Increase in Annual Water Revenues from General Customers		<u><u>9.94%</u></u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
WEIGHTED AVERAGE COST OF CAPITAL

	(1)	(2)	(3)	(4)	(5)	(6)	(5a)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	CAPITAL STRUCTURE							COST OF DEBT							
	Balance 12/31/14	Original Proforma Adj's Per Company	Amending Proforma Adj's Per Co (All JPL-S/Sch 4)	Proforma Adj's Per Staff	Adjusted Balance	Calculated Percent	Settlement: Proforma Percent	Annual Interest	Annual Debt Expense	Original Proforma Adj's Per Company	Amending Proforma Adj's Per Co (All JPL-S; Sch 4B)	Proforma Adj's Per Staff	Adjusted Cost of Debt	TOTAL COST RATE	WEIGHTED AVERAGE COST OF CAPITAL
Long-Term Debt:															
Total Long-Term Debt (See Schedule 1a)	\$ 919,878	\$ 513,906	\$ (415,906)	\$ (129,000)	\$ 888,678	29.90%	38.00%	\$ 38,913	\$ 1,837	\$ 30,090	\$ (22,875)	\$ (9,655)	\$ 38,310	4.31%	1.55%
Common Equity:															
Common Equity	10,000	-	-	-	10,000	0.34%									
Additional Paid-in Capital	1,227,180	-	225,982	(29,511) (a)	1,423,631	47.90%									
Capital Stock Expense	(7,380)	-	-	-	(7,380)	-0.25%									
Retained Earnings	610,827	-	-	46,107 (b)	656,934	22.10%									
Total Common Equity	1,840,847	-	225,962	16,596	2,083,205	70.10%	84.00%							9.60% (c)	8.14%
Total Capitalization	\$2,760,325	\$ 513,906	\$ (189,944)	\$ (112,404)	\$2,971,883	100.00%	100.00%								7.70%

(a) To reduce Additional Paid-in Capital relative to certain Staff adjustments to the Mt. Roberts plant addition contributed by the Co's shareholder:

Staff Adj # 2: To remove post-last year Mt Roberts land contribution for purposes of setting permanent rates	\$ 281,783
Settlement: Staff Adj # 2a: To record adjusted shareholder investment in Mt. Roberts land for permanent rates.	(262,095)
Staff Adj # 4: To adjust cost of Wells contributed by shareholder per Staff Audit Issue # 12	7,134
Staff Adj # 4: To adjust cost of Mains contributed by shareholder per Staff Audit Issue # 12	2,389
Staff Adj # 5: To adjust cost of Mains contributed by shareholder per Staff 2-19	300
To reduce APIC by LRW Water Services Invoices not paid by shareholder per Staff 3-6	74,168
Settlement: To restore APIC relative to LRW Water Services Invoices not paid by shareholder	(74,168)
Total Staff Adj's to Plant Contributed by Shareholder	\$ 29,511

(b) To increase Retained Earnings based on certain Co & Staff adjustments to correct last year Operating Income & Expense accounts:

Co Exp Adj # 10A: Depr Exp on AFUDC	\$ 782	Staff Adj # 61: Audit Issue # 18	(7)
Staff Adj # 41: Audit Issue # 31	200	Staff Adj # 62: Audit Issue # 18	403
Staff Adj # 42: Audit Issue # 17	15,000	Staff Adj # 63: Depr Exp on Hydrofracking	(86)
Staff Adj # 43: Audit Issue # 18	(4,030)	Settlement: Staff Adj # 63a: Remove Depr Exp	86
Staff Adj # 44: Reclass of Hydrofracking Exp	2,592	Staff Adj # 64: Audit Issue # 15	(1,250)
Settlement: Staff Adj # 44a: Restore Exp	(2,592)	Staff Adj # 65: Audit Issue # 15	7,643
Staff Adj # 45: Audit Issue # 25	844	Staff Adj # 66: Audit Issue # 25	(189)
Staff Adj # 46: Audit Issue # 25	12,959	Staff Adj # 67: Audit Issue # 25	(4,320)
Staff Adj # 47: Audit Issue # 33	1,470	Staff Adj # 68: Amort of Well evaluate costs	(3,901)
Staff Adj # 50: Reclass of Accounting Exp's	31,184	Staff Adj # 69: Amort of deferred Acct'g costs	(9,733)
Staff Adj # 51: Reclass of Legal Exp's	19,040	Staff Adj # 70: Audit Issue # 33	112
Staff Adj # 54: Audit Issue # 27	285	Based on Staff Adj # 74: State Income Tax	(2,712)
Staff Adj # 59: Audit Issue # 12	(20)	Based on Staff Adj # 75: Federal Income Tax	(17,979)
Staff Adj # 60: Depr Exp on reduced Mains	6	Total Staff Adj's to Retained Earnings	\$ 46,107

(c) To reduce Cost of Equity from 11.60% proposed by the Company to 9.60% which is the last approved Cost of Equity by the Commission for a NH water utility.
(See Commission Order No. 25,539 (08/28/13) in DW 12-085, Re Aquarion Water Company of New Hampshire, Inc.)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF COST OF DEBT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)			
	LONG-TERM DEBT								COST OF DEBT											
	Original Proforma Adj's Per Company	Original Proforma Balance Per Co	Amending Proforma Adj's Per Company	Amended Proforma Balance Per Co (As JPL-Sch 48)	Proforma Adj's Per Staff	Proforma Balance Per Staff	Interest Expense	Annual Debt Expense	Total Debt Cost	Original Proforma Adj's Per Company	Proforma Balance Per Co	Amending Proforma Adj's Per Co (As JPL-Sch 48)	Amended Filing Per Co	Proforma Adj's Per Staff	Adjusted Cost of Debt	TOTAL COST RATE				
Description	Date of Issue	Date of Maturity	Interest Rate	Balance 12/31/14																
Operating Loans:																				
TD Bank - 5 (refinance)	01/13/04	01/13/14	6.09%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,491	\$ 227	\$ 8,718	\$ (6,718)	\$ -	\$ -	\$ -	0.00%			
TD Bank - 6 (construction)	01/13/04	01/13/14	7.47%	-	-	-	-	-	-	4,781	502	5,283	(5,283)	-	-	-	0.00%			
TD Bank - 7 (system purchase)	12/29/04	12/29/14	6.29%	-	-	-	-	-	-	2,252	908	3,160	(3,160)	-	-	-	0.00%			
CoBank (5 Year)	06/24/14	06/30/19	2.70% (d)	288,483	-	288,483	-	288,483	5,571	-	5,571	4,382	8,953	-	8,953	(290) (d,e)	3.35%			
CoBank (15 Year - refinance)	06/24/14	06/30/29	4.50% (d)	461,341	-	461,341	-	461,341	13,007	200	13,207	11,413	24,620	-	24,620	(2,268) (d,e,g)	4.84%			
CoBank (line of credit)	06/24/14	06/30/15	2.17%	31,000	(31,000)	-	-	-	325	-	325	(325)	-	-	-	-	0.00%			
CoBank (Indian Mound project)			5.50%	-	129,000	129,000	-	129,000	(129,000) (f)	-	-	7,095	7,095	-	7,095	(7,095) (f)	0.00%			
CoBank (Mt Roberts purchase)			5.50%	-	415,906	415,906	(415,906)	-	-	-	22,875	22,875	(22,875)	-	-	-	0.00%			
Total Operating Loans				780,824	513,906	1,284,730	(415,906)	878,824	(129,000)	748,824	32,407	1,837	34,244	30,299	64,543	(22,875)	41,668	(6,855)	32,013	4.27%
Equipment Loans:																				
GEHL Finance (Mustang Excavator)	11/13/09	11/13/14	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%			
Ford Motor Credit - 2011 Ford F350XL	09/13/10	09/13/15	7.89%	5,430	-	5,430	-	5,430	-	5,430	740	-	740	(419)	321	-	321	-	321	5.91%
Ford Motor Credit - 2011 Ford F150XL	07/21/11	07/21/16	7.89%	11,707	-	11,707	-	11,707	-	11,707	1,239	-	1,239	(315)	924	-	924	-	924	7.89%
Ford Motor Credit - 2013 Ford F250 Super	08/16/13	08/15/19	5.95%	28,120	-	28,120	-	28,120	-	28,120	1,963	-	1,963	(673)	1,673	-	1,673	-	1,673	5.95%
Ford Motor Credit - 2013 Ford F250 Super	08/26/13	08/25/18	5.95%	20,210	-	20,210	-	20,210	-	20,210	1,442	-	1,442	(240)	1,202	-	1,202	-	1,202	5.95%
Ford Motor Credit - 2014 Ford F150	08/06/14	08/05/19	6.24%	29,947	-	29,947	-	29,947	-	29,947	778	-	778	1,091	1,869	-	1,869	-	1,869	6.24%
Cat Financial - 2014 Excavator	03/27/14	04/05/19	0.71%	43,440	-	43,440	-	43,440	-	43,440	344	-	344	(36)	308	-	308	-	308	0.71%
Total Equipment Loans				138,854	-	138,854	-	138,854	-	138,854	6,506	-	6,506	(209)	6,297	-	6,297	-	6,297	4.53%
Total Long-Term Debt				\$ 919,678	\$ 513,906	\$ 1,423,584	\$ (415,906)	\$ 1,017,678	\$ (129,000)	\$ 888,878	\$ 38,913	\$ 1,837	\$ 40,750	\$ 30,099	\$ 70,840	\$ (22,875)	\$ 47,965	\$ (6,855)	\$ 38,310	4.31%

(d) To reduce the effective interest rates of the CoBank loans by 75 basis points per annum relative to Co's participation in CoBank's Patronage Program, CoBank (5 Year) interest rate is reduced from 3.45% to 2.70%. CoBank (15 Year - refinance) interest rate is reduced from 5.25% to 4.50%.

	CoBank (5 Year)	CoBank (15 Year)
Proforma Loan Balance @ 12/31/14	\$ 288,483	\$ 461,341
Effective Interest Rate after Patronage Dividends	2.70%	4.50%
Annual Interest per Staff	\$ 7,789	\$ 20,760
Less: Proforma Annual Interest per Co	(8,953)	(24,220)
Adj relative to change to Effective Interest Rate	\$ (2,164)	\$ (3,460)

(e) To reflect amortization of DW 13-335 financing costs in cost of debt (See Schedule 1(d)).

	Total Financed	%	Total Costs	Loan Term	Ann1 Amort
CoBank (5 Year)	\$ 318,810	40.18%	\$ 9,366	5	\$ 1,874
CoBank (15 Year - refinance)	474,567	59.82%	13,645	15	930
Total	\$ 793,377	100.00%	\$ 23,011		\$ 2,803

(e*) Settlement To reflect amortization of loan prepayment fee in cost of debt (See Staff Adj # 57).

	Prepayment Fee	Loan Term	Ann1 Amort
CoBank (15 Year - refinance)	\$ 3,908	15	\$ 261

(f) To remove debt and associated cost from the proforma test year relative to plant improvements at the Co's Indian Mound division which were placed in service subsequent to the test year.

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
EFFECTIVE TAX FACTOR

Taxable Income	100.00%
Less: NH Business Profits Tax	<u>-8.50%</u>
Federal Taxable Income	91.50%
Federal Income Tax Rate	x <u>34.00%</u>
Effective Federal Income Tax Rate	31.11%
Add: NH Business Profits Tax	<u>8.50%</u>
Effective Tax Rate	<u><u>39.61%</u></u>
Percent of Income Available if No Tax	100.00%
Less: Effective Tax Rate	<u>-39.61%</u>
Percent Used as a Divisor in Determining Revenue Requirement	<u><u>60.39%</u></u>
Tax Multiplier (Effective Tax Rate ÷ Percent Used as a Divisor)	<u><u>0.65590</u></u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	13-Mo Avg Rate Base Per Co	Original Proforma Adj's Per Company	Original Proforma Rate Base Per Co	Amending Proforma Adj's Per Company	Amended Proforma Rate Base Per Co (Att JPL-5/Sch 3)	Proforma Adj's Per Staff (Sch 2a)	Staff Adj # (Sch 2a)	Proforma Rate Base Per Staff
<u>Plant in Rate Base:</u>								
Utility Plant in Service	\$ 4,797,651	\$ 869,111	\$ 5,666,762	\$ (189,944)	\$ 5,476,818	\$ (314,656)	1 - 10a	\$ 5,162,162
Less: Accumulated Depreciation	(1,515,498)	(99,854)	(1,615,352)	1,564	(1,613,788)	94,585	11 - 23a	(1,519,203)
Net Plant in Service	3,282,153	769,257	4,051,410	(188,380)	3,863,030	(220,072)		3,642,958
Acquisition Adjustment (AA)	(254,025)	-	(254,025)	-	(254,025)	-		(254,025)
Less: Accumulated Amortization - AA	167,828	4,228	172,056	-	172,056	(4,228)	24	167,828
Net Acquisition Adjustment	(86,197)	4,228	(81,969)	-	(81,969)	(4,228)		(86,197)
Contributions in Aid of Construction (CIAC)	(862,501)	(8,377)	(870,878)	-	(870,878)	8,377	25	(862,501)
Less: Accumulated Amortization - CIAC	240,635	8,886	249,521	-	249,521	(8,777)	26 - 27	240,744
Net Contributions in Aid of Construction	(621,866)	509	(621,357)	-	(621,357)	(400)		(621,757)
Net Plant in Rate Base	2,574,090	773,994	3,348,084	(188,380)	3,159,704	(224,700)		2,935,004
<u>Working Capital:</u>								
Cash Working Capital	176,047	223	176,270	-	176,270	(21,355)	28	154,915
Materials and Supplies	14,397	(9,680)	4,717	-	4,717	9,680	29	14,397
Prepaid Expenses	33,751	3,494	37,245	-	37,245	(4,246)	30 - 31	32,999
Prepaid Property Taxes	11,779	(52)	11,727	-	11,727	(7,895)	32 - 33	3,832
Miscellaneous Deferred Assets	-	-	-	-	-	69,338	34 - 36	69,338
Customer Deposits	-	-	-	-	-	(1,706)	37	(1,706)
Accumulated Deferred Income Taxes	(172,734)	(17,336)	(190,070)	-	(190,070)	9,390	38 - 39	(180,680)
Net Working Capital in Rate Base	63,240	(23,351)	39,889	-	39,889	53,206		93,095
NET RATE BASE	\$ 2,637,330	\$ 750,643	\$ 3,387,973	\$ (188,380)	\$ 3,199,593	\$ (171,494)		\$ 3,028,099

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PROFORMA ADJUSTMENTS TO RATE BASE PER STAFF

Adj #

PROFORMA ADJUSTMENTS TO PLANT IN SERVICE:

Utility Plant in Service:

1	To reverse Co's amended Rate Base Adj # 1 in order to reflect Plant in Service at test year average.				\$ (219,883)
2	To reverse Co's amended Rate Base Adj # 2 in order to remove post-test year specific plant additions from Plant in Service.				(446,557)
2a	<u>Settlement:</u> To record adjusted shareholder investment in Mt. Roberts land for purposes of determining Permanent Rates. (Schedule 13) (Recorded as Non-revenue Producing Asset for ratemaking purposes.)				262,095
3	To reverse Co's Rate Base Adj # 3 in order to remove post-test year general plant additions from Plant in Service.				(51,372)
4	To adjust costs of certain 2014 fixed asset additions recorded by the Co as of 04/01/14 at the Co's Paradise Shores division per Staff Audit Issue # 12 (See Staff Adj #'s 15 and 59):				
	Structures			\$ 9,834	
	Wells (Mt Roberts)			(7,134)	
	Mains (Mt Roberts)			(2,389)	
	Net Adjustments			311	
	13-month average of assets reflected in test year Rate Base (9 months + 13 months)		x	69.23%	215
5	To reduce cost of Mains recorded by the Company as of 04/01/14 at the Paradise Shores division (Mt Roberts) per the Co's response to Staff 2-19 (See Staff Adj #'s 16 and 60):				
	Mains (Mt Roberts)			\$ (300)	
	13-month average of assets reflected in test year Rate Base (9 months + 13 months)		x	69.23%	(208)
6	To adjust costs of 2013 and 2014 Meter additions at the Co's Paradise Shores division per Staff Audit Issue # 16 (See Staff Adj #'s 17 and 61):				
	2013 Meter Adjustment			\$ (95)	
	2014 Meter Adjustment: Understatement of Meter addition		\$ 234		
	To reflect test year average		x 50.00%	117	22
7	To reduce test year average of duplicated Pump cost recorded by the Company as of 04/01/14 at the Paradise Shores division per Staff Audit Issue # 18 (See Staff Adj #'s 18, 43, and 62):				
	Duplicated Pump cost recorded by the Co			\$ (4,030)	
	13-month average of asset reflected in test year Rate Base (9 months + 13 months)		x	69.23%	(2,790)
8	To reclassify cost of well hydrofracking at the Co's West Point division from O & M Expense to Plant Assets based on Pg 43 of the Staff Audit Report and the Co's response to Staff 2-20 (See Staff Adj #'s 19, 44, and 63):				
	Cost of well hydrofracking at the Co's West Point division			\$ 2,592	
	To reflect the test year average of the proposed adjustment		x	50.00%	1,296
8a	<u>Settlement:</u> To remove test year average of capitalized hydrofracking cost at Co's West Point Division. (See Staff Adj #'s 19a, 44a, and 63a)				(1,296)
9	To reclassify cost of truck tire rims from O & M Expense to Plant in Service based on Staff Audit Issue # 25 (See Staff Adj #'s 22, 45, and 66):				
	Cost of truck tire rims reclassified from O & M Expense			\$ 844	
	To reflect the test year average of the proposed adjustment		x	50.00%	422
10	To record Non-revenue Producing Plant in Service adjustment relative to Paradise Shores test year additions. (Schedule 4) (See Staff Adj # 23)				102,635
10a	<u>Settlement:</u> To record Non-revenue Producing Plant in Service adjustment relative to Indian Mound test year additions (Schedule 14) (See Staff Adj # 23a)				40,764
Total Adjustments - Utility Plant in Service					\$ (314,656)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PROFORMA ADJUSTMENTS TO RATE BASE PER STAFF

Adj #

Accumulated Depreciation:

11	To reverse Co's amended Rate Base Adj # 4 in order to reflect Accumulated Depreciation at test year average.									\$ 66,279
12	To modify Co's amended Rate Base Adj # 5 in order to reflect a test year average for Accumulated Depreciation: Co's adj to reflect an additional half-year of depreciation on 2014 plant additions To reflect the test year average of Co's proposed adjustment								\$ (17,498) x 50.00%	8,749
13	To reverse Co's Rate Base Adj # 6 in order to remove accumulated depreciation on post-test year specific plant additions.									12,341
14	To reverse Co's Rate Base Adj # 7 in order to remove accumulated depreciation on post-test year general plant additions.									2,714
15	To adjust the test year average of Accumulated Depreciation relative to adjustments made to certain fixed asset additions at the Co's Paradise Shores division per Staff Audit Issue # 12 (See Staff Adj #'s 4 and 59):									
		Cost Adj		Depr %	=	Accum Depr		(9 mos + 13 mos)		
	Structures:	\$ 9,834	x	2.50%	=	\$ (246)	x	69.23%	=	\$ (170)
	Wells (MR):	(7,134)	x	2.50%	=	178	x	69.23%	=	123
	Mains (MR):	(2,389)	x	2.00%	=	48	x	69.23%	=	33
	Totals:	\$ 311				\$ (20)				(14)
16	To adjust the test year average of Accumulated Depreciation relative to reduction in Main asset additions at the Co's Paradise Shores division (Mt Roberts) per the Co's response to Staff 2-19 (See Staff Adj #'s 5 and 60):									
		Cost Adj		Depr %	=	Accum Depr		(9 mos + 13 mos)		
	Mains (MR):	\$ (300)	x	2.00%	=	\$ 6	x	69.23%	=	4
17	To adjust test year average of Accumulated Depreciation relative to adjustments made to Paradise Shores division meter additions for 2013 and 2014 per Staff Audit Issue # 16 (See Staff Adj #'s 6 and 61):									
		@ Year-end		Cost Adj		Depr %		Ann'l Depr		Yrs in Svc
	2013 Meters:	12/31/13	:	\$ (95)	x	5.00%	=	\$ 5	x	0.50
		12/31/14	:	(95)	x	5.00%	=	5	x	1.50
	Test Year Average									= \$ 5
	2014 Meters:	Cost Adj		Depr %	=	Accum Depr		Test Yr Avg		
		234	x	5.00%	=	(12)	x	50.00%	=	(6)
18	To adjust test year average of Accumulated Depreciation relative to adjustment made to Paradise Shores division pump addition during the test year per Staff Audit Issue # 18 (See Staff Adj #'s 7, 43, and 62):									
		Cost Adj		Depr %	=	Accum Depr		(9 mos + 13 mos)		
	Pumps:	\$ (4,030)	x	10.00%	=	\$ 403	x	69.23%	=	279
19	To record test year average of Accumulated Depreciation for adjustment made to reclassify hydrofracking cost at the Co's West Point division from O & M Exp to Plant Assets based on Pg 43 of the Staff Audit Report and the Co's response to Staff 2-20 (See Staff Adj #'s 8, 44, and 63):									
		Cost Adj		Depr %	=	Accum Depr		Test Yr Avg		
	Wells:	\$ 2,592	x	3.33%	=	\$ (86)	x	50.00%	=	(43)
19a	<u>Settlement:</u> To remove test year average of Accumulated Depreciation on capitalized hydrofracking cost at Co's West Point division. (See Staff Adj #'s 8a, 44a, and 63a)									43
20	To adjust the test year average of Accumulated Depreciation relative to corrections made to the depreciation lives of certain well assets per Pg's 19-20 & 30 of the Staff Audit Report and Staff Audit Issue # 15. (Schedule 5) (See Staff Adj # 64)									(1,251)
21	To adjust the test year average of Accumulated Depreciation relative to corrections made to the depreciation lives of certain vehicle assets per Pgs 26-27 & 33 of the Staff Audit Report and Staff Audit Issue # 15. (Schedule 6) (See Staff Adj # 65)									10,180

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PROFORMA ADJUSTMENTS TO RATE BASE PER STAFF

<u>Adj #</u>								
22	To adjust test year average of Accumulated Depreciation relative to adjustment to reclassify cost of truck tire rims from O & M Expense to Plant in Service based on Staff Audit Issue # 25 (See Staff Adj #'s 9, 45, and 66):							
		Vehicles:	$\frac{\text{Cost Adj}}{\$ 844}$	x	$\frac{\text{Depr \%}}{20.00\%}$	=	$\frac{\text{Accum Depr}}{\$ (169)}$	x $\frac{\text{Test Yr Avg}}{50.00\%}$ = (84)
23	To record Non-revenue Producing Accumulated Depreciation adjustment relative to Paradise Shores test year additions. (Schedule 4) (See Staff Adj # 10)							(3,729)
23a	<u>Settlement:</u> To record Non-revenue Producing Accumulated Depreciation adjustment relative to Indian Mound test year additions. (Schedule 14) (See Staff Adj # 10a)							(882)
Total Adjustments - Accumulated Depreciation								\$ 94,585
<u>Accumulated Amortization - Acquisition Adjustment (AA):</u>								
24	To reverse Co's Rate Base Adj # 8 in order to reflect Accumulated Amortization - AA at test year average							\$ (4,228)
Total Adjustments - Accumulated Amortization of Acquisition Adjustments								\$ (4,228)
<u>Contributions in Aid of Construction (CIAC):</u>								
25	To reverse Co's Rate Base Adj # 13 in order to reflect CIAC at test year average.							\$ 8,377
Total Adjustments - Contributions in Aid of Construction (CIAC)								\$ 8,377
<u>Accumulated Amortization - CIAC:</u>								
26	To reverse Co's Rate Base Adj # 14 in order to reflect Accumulated Amortization - CIAC at test year average.							\$ (8,668)
27	To modify Co's Rate Base Adj # 15 in order to reflect test year average for Accumulated Amortization - CIAC: Co adj to reflect an additional half-year of amortization on 2014 CIAC additions To reflect the test year average of the Co's proposed adjustment						$\frac{\$ 218}{50.00\%}$	(109)
Total Adjustments - Accumulated Amortization - CIAC								\$ (8,777)
PROFORMA ADJUSTMENTS TO WORKING CAPITAL:								
<u>Cash Working Capital:</u>								
28	<u>Settlement:</u> To adjust Cash Working Capital component of rate base for Staff proforma adj's to Co's test year O & M Expense: Net O & M Expense adj's proposed by Staff (Schedule 3; Column 6): % of O & M Exp's attributable to billings in arrears (1,566 / 1,667): % of O & M Exp's attributable to billings in advance (101 / 1667): Net O & M Exp adj's subject to Cash Working Capital Adjustment: Cash Working Capital Adjustment (75 days / 365 days)						$\frac{\$ (118,260)}{93.94\%}$ $\frac{7,165}{(103,930)}$ 20.55%	\$ (21,355)
Total Adjustments - Cash Working Capital								\$ (21,355)
<u>Materials and Supplies:</u>								
29	To reverse Co's Rate Base Adj # 9 in order to reflect Materials and Supplies at test year average.							\$ 9,680
Total Adjustments - Materials and Supplies								\$ 9,680

**DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PROFORMA ADJUSTMENTS TO RATE BASE PER STAFF**

<u>Adj #</u>		
<u>Prepaid Expenses:</u>		
30	To reverse Co's Rate Base Adj # 10 in order to reflect Prepaid Expenses at test year average.	\$ (3,494)
31	To remove test year average of propane payments included in Prepaid Expenses per Staff Audit Issue # 3. (Schedule 7)	<u>(752)</u>
Total Adjustments - Prepaid Expenses		<u>\$ (4,246)</u>
<u>Prepaid Property Taxes:</u>		
32	To reverse Co's Rate Base Adj # 11 in order to reflect Prepaid Property Taxes at test year average.	\$ 52
33	To adjust 13-month average of Prepaid Property Taxes rate base item. (Schedule 7)	<u>(7,947)</u>
Total Adjustments - Prepaid Property Taxes		<u>\$ (7,895)</u>
<u>Miscellaneous Deferred Assets:</u>		
34	To record 13-month average of 'No Lead Rule' inventory write-off reclassified from O & M Expense to Miscellaneous Deferred Assets per Staff Audit Issue # 25 and to be amortized over 3 years based on the Co's response to Staff 2-31. (Schedule 8) (See Staff Adj #'s 46 and 67)	\$ 10,799
35	To record 13-month average of Paradise Shores well field evaluation costs reclassified from CWIP to Miscellaneous Deferred Assets and to be amortized over 10 years based on Pg's 13-14 of Staff Audit Report. (Schedule 8) (See Staff Adj # 68)	34,206
36	To record 13-month average of certain General Accounting Expenses reclassified from O & M Expense to Miscellaneous Deferred Assets and to be amortized over 3 years. (Schedule 8) (See Staff Adj #'s 50 and 69)	<u>\$ 24,333</u>
Total Adjustments - Miscellaneous Deferred Assets		<u>\$ 69,338</u>
<u>Customer Deposits:</u>		
37	To record 13-month average of Customer Deposits rate base item. (Schedule 7)	<u>\$ (1,706)</u>
Total Adjustments - Customer Deposits		<u>\$ (1,706)</u>
<u>Accumulated Deferred Income Taxes:</u>		
38	To reverse Co's Rate Base Adj # 12 in order to reflect Accumulated Deferred Income Taxes at test year average.	\$ 17,336
39	To normalize 13-month average of Accumulated Deferred Income Taxes rate base item. (Schedule 7)	<u>(7,946)</u>
Total Adjustments - Accumulated Deferred Income Taxes		<u>\$ 9,390</u>
NET RATE BASE ADJUSTMENTS PER STAFF (See Schedule 2; Column 6)		<u>\$ (171,494)</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
OPERATING INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Actual Test Year	Original Proforma Adj's Per Company	Original Proforma Test Year Per Co	Amending Proforma Adj's Per Company	Amended Proforma Test Year Per Co (Att JPL-5/Sch 1)	Proforma Adj's Per Staff (Sch 3a)	Staff Adj # (Sch 3a)	Proforma Test Year Per Staff	Revenue Deficiency (Surplus) (Sch 1)	Operating Income Req'mnt (Sch 1)
Operating Revenues:										
Water Revenues from General Customers	\$ 1,043,143	\$ 398,274	\$ 1,441,417	\$ 18,400	\$ 1,459,817	\$ -		\$ 1,459,817	\$ (312,980)	\$ 1,146,837
Water Revenues from POASI Special Contract	136,526	65,754	202,280	-	202,280	27,844	40	230,124	-	230,124
Other Operating Revenues	136,341	(77,283)	59,058	-	59,058	200	41	59,258	-	59,258
Total Operating Revenues	1,316,010	386,745	1,702,755	18,400	1,721,155	28,044		1,749,199	(312,980)	1,436,219
Operating Expenses:										
Operation & Maintenance Expenses	974,896	1,236	976,132	-	976,132	(118,260)	42 - 57	857,872	-	857,872
Depreciation Expense	164,383	33,334	197,717	(1,564)	196,153	(21,662)	58 - 66	174,491	-	174,491
Amortization of CIAC	(17,129)	(218)	(17,347)	-	(17,347)	-		(17,347)	-	(17,347)
Amortization of Acquisition Adjustment	(5,708)	-	(5,708)	-	(5,708)	-		(5,708)	-	(5,708)
Amortization Expense - Other	-	-	-	-	-	17,654	67 - 69	17,654	-	17,654
Other Tax Expense	74,833	19,204	94,037	(2,455)	91,582	(4,356)	70 - 73	87,226	-	87,226
Total Operating Expenses	1,191,275	53,556	1,244,831	(4,019)	1,240,812	(126,624)		1,114,188	-	1,114,188
Gain (Loss) from Disposition of Utility Property	30,795	(30,795)	-	-	-	-		-	-	-
Net Operating Income (Loss) before Income Taxes	155,530	302,394	457,924	22,419	480,343	154,668		635,011	(312,980)	322,031
Income Tax Expense	28,807	134,884	163,691	18,205	181,896	31,066	74 - 77	212,962	(123,971)	88,990
Net Operating Income (Loss)	\$ 126,723	\$ 167,510	\$ 294,233	\$ 4,214	\$ 298,447	\$ 123,602		\$ 422,049	\$ (189,008)	\$ 233,041

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER STAFF

Adj #

Water Revenues from POASI Special Contract

40	<u>Settlement:</u>	To adjust revenues from POASI Special contract relative to Staff's proforma rate case adjustments, (Schedule 9a)	\$ 27,844
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		Total Adjustments - Water Revenues from POASI Special Contract	\$ 27,844
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Other Operating Revenues:

41		To record unbilled test year service revenues from LRW Water Services per Staff Audit Issue #31.	\$ 200
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		Total Adjustments - Other Operating Revenues	\$ 200
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Operation & Maintenance Expenses:

42		To reclassify test year O & M Exp's to Utility Plant relative to a 'Structure' asset constructed at the Co's Paradise Shores division per Staff Audit Issue # 17. (See also Staff Audit Issue # 12 and Staff Adj #'s 4, 15, and 59)	\$ (15,000)
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43		To adjust O & M Exp's relative to reduction of fixed plant for duplicate Pump cost recorded at the Co's Paradise Shores division per Staff Audit Issue # 18. (See Staff Adj #'s 7, 18, and 62)	4,030
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44		To reclassify O & M Exp's to Utility Plant relative to the cost of hydrofracking a well at the Co's West Point division based on Pg 43 of the Staff Audit Report and the Co's response to Staff 2-20. (See Staff Adj #'s 8, 19, and 63)	(2,592)
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44a	<u>Settlement:</u>	To restore cost of hydrofracking at Co's West Point division to O & M Expenses. (See Staff Adj #'s 8a, 19a, and 63a)	2,592
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45		To reclassify O & M Exp's to Utility Plant relative to the cost of truck tire rims per Staff Audit Issue # 25 per Staff Audit Issue # 25. (See Staff Adj #'s 9, 22, and 66):	(844)
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46		To reclassify O & M Exp's to Miscellaneous Deferred Assets relative to the 'No Lead Rule' materials written off during the test year per Staff Audit Issue # 25. (See Staff Adj #'s 34 and 67)	(12,959)
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46a	<u>Settlement:</u>	To increase O & M Expense relative to annual maintenance and repair of plant in service.	18,103
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47		To reduce O & M Exp's by post-test year wages included in test year expense per Staff Audit Issue # 33. (Also see Staff Adj # 70)	
		Post-test year wages included in test year O & M Expense	\$ (1,470)
		To adjust wage reduction to reflect 4.00% wage increase per Co's O & M Expense Adj # 2	x 104.00%
			(1,529)

48		To reduce Co's O & M Exp Adj # 6 to reflect the Co's actual General Accounting Expense write-off recorded during the test year per the Co's responses to Tech 1-6(c),(d),&(e) and Staff 2-10(c):	
		Actual General Accounting Expense Write-off per Tech 1-6(c),(d),&(e) and Staff 2-10(c)	\$ 36,586
		Less: General Accounting Expense write-off per Co's O & M Exp Adj # 6	(39,178)
			(2,592)

49		To reverse Co's O & M Exp Adj # 9 in order to comport with Commission Order No. 25,454 (01/17/13).	(9,980)
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50		To reclassify test year General Accounting Expenses per Staff Audit Issue # 26 and based on the Co's responses to Staff 1-17(a) and Tech 1-5(a). (Schedules 10a and 10b) (See Staff Adj #'s 36 and 69):	
		Reclassified to Miscellaneous Deferred Debits	\$ (29,200)
		Reclassified to DW 15-209 Deferred Rate Case Expense	(949)
		Reclassified to DW 14-285 Debt Expense	(1,035)
			(31,184)

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER STAFF

Adj #

51	To adjust Co's O & M Exp Adj # 7 to reflect test year general legal expenses. (Schedules 11(a), (b), & (c)): 2014 General Legal Exp's as originally recorded by Co (Schedule 11(a)) Reclassified to DW 15-209 Deferred Rate Case Expense Reclassified to DW 13-335 Debt Expense Reclassified as Non-Recurring Adjusted 2014 General Legal Exp's per Staff (Schedule 11(a)): Less: Co's proposed proforma General Legal Exp's per Co's O & M Exp Adj # 7	\$ 29,017 (2,495) (16,545) (1,662) 8,316 (15,700)	(7,384)
52	To reduce Computer Support Exp by amounts incurred during the test year relative to software that was not fully installed and operational based on the Co's response to Tech 1-1(b).		(1,776)
53	To record anticipated decrease in annual health and business insurance premiums per Co's response to Staff DR 1-40. Anticipated decrease in Business Insurance Anticipated decrease in Group Medical Insurance	\$ (21,000) (7,600)	(28,600)
53a	<u>Settlement:</u> To reduce decrease in anticipated insurance premiums to actual decrease in property insurance premiums per Pg 73; Sch F-48; Line 99(c) of LRWC's 2015 NHPUC Annual Report: Actual decrease in Property Insurance premiums per '15 Annual Report Less: Staff Adj # 53: To record anticipated decrease in insurance premiums	\$ (18,463) 28,600	10,137
54	To reduce O & M Exp's by 2013 medical reimbursement paid during the test year per Staff Audit Issue # 27.		(285)
55	To reverse Co's O & M Exp Adj # 3 due to the anticipated implementation of the Co's pension plan being beyond 12 months after the test year per the Co's response to Staff 1-15.		(16,000)
56	To reduce test year Regulatory Commission Expense by amount of expense write-offs of prior Commission cases based on Pg 47 of Staff Audit Report as well as the Co's response to Tech 1-8(g).		(16,943)
57	To reduce O & M Exp's by non-recurring expenses incurred during the test year per Staff Audit Issue # 25: Cost of removing tub and shower from office space Cost of loan prepayment fee	\$ (1,546) (3,908)	(5,454)
Total Adjustments - Operation & Maintenance Expenses			\$ (118,260)

Depreciation Expense:

58 To reverse Co's Depr Exp Adj # 12 in order to remove Depreciation Expense on post-test year plant additions from test year expense. \$ (15,055)

59 To adjust test year Depreciation Exp relative to adjustments made to certain fixed asset additions at the Co's Paradise Shores division per Staff Audit Issue # 12 (See Staff Adj #'s 4 and 15):

	Cost Adj		Depr %		
Structures:	\$ 9,834	x	2.50%	=	\$ 246
Wells (Mt Roberts):	(7,134)	x	2.50%	=	(178)
Mains (Mt Roberts):	(2,389)	x	2.00%	=	(48)
Totals:	<u>\$ 311</u>				

20

60 To adjust test year Depreciation Exp relative to adjustment made to Main asset additions at the Co's Paradise Shores division (Mt Roberts) per the Co's response to Staff 2-19 (See Staff Adj #'s 5 and 16):

	Cost Adj		Depr %		
Mains (Mt Roberts):	\$ (300)	x	2.00%	=	(6)

(6)

61 To adjust test year Depreciation Exp relative to adjustments made to Paradise Shores Meter additions for 2013 and 2014 per Staff Audit Issue # 16 (See Staff Adj #'s 6 and 17):

	Cost Adj		Depr %		
2013 Meters:	\$ (95)	x	5.00%	=	\$ (5)
2014 Meters:	234	x	5.00%	=	12
Totals:	<u>\$ 139</u>				

7

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER STAFF

Adj #

62	To adjust test year Depreciation Exp relative to duplicate Pump cost adjustment made to Paradise Shores division per Staff Audit Issue # 18 (See Staff Adj #'s 7, 18, and 43):					
		Pumps:	$\frac{\text{Cost Adj}}{\$ (4,030)}$	x	$\frac{\text{Depr \%}}{10.00\%}$	= (403)
63	To record test year Depreciation Exp relative to cost of hydrofracking a well at the Co's West Point division reclassified from O & M Exp to Plant Assets based on Pg 43 of the Staff Audit Report as well as the Co's response to Staff 2-20 (See Staff Adj #'s 8, 19, and 44):					
		Wells:	$\frac{\text{Cost Adj}}{\$ 2,592}$	x	$\frac{\text{Depr \%}}{3.33\%}$	= 86
63a	<u>Settlement:</u> To remove Depreciation Expense relative to capitalized hydrofracking cost at Co's West Point division. (See Staff Adj #'s 8a, 19a, and 44a)					(86)
64	To adjust annual Depreciation Expense relative to corrections made to the depreciation lives of certain well assets per Pg's 19-20 & 30 of the Staff Audit Report and Staff Audit Issue # 15. (Schedule 5) (See Staff Adj # 20)					1,250
65	To adjust annual Depreciation Expense relative to corrections made to the depreciation lives of certain vehicle assets per Pg's 26-27 & 33 of the Staff Audit Report and Staff Audit Issue # 15. (Schedule 6) (See Staff Adj # 21)					(7,643)
66	To record test year Depreciation Exp relative to cost of truck tire rims reclassified to Plant in Service based on Staff Audit Issue # 25 (See Staff Adj #'s 9, 22, and 45):					
		Vehicles:	$\frac{\text{Cost Adj}}{\$ 844}$	x	$\frac{\text{Depr \%}}{20.00\%}$	= 169
Total Adjustments - Depreciation Expense						<u>\$ (21,662)</u>

Amortization Expense - Other:

67	To record annual amortization of 'No Lead Rule' costs reclassified from O & M Exp to Miscellaneous Deferred Assets per Staff Audit Issue # 25 and to be amortized over 3 years based on the Co's response to Staff 2-31. (Schedule 8) (See Staff Adj #'s 34 and 46)					\$ 4,320
68	To record annual amortization of Paradise Shores well evaluation costs reclassified from CWIP to Miscellaneous Deferred Assets and to be amortized over 10 years based on Pg's 13-14 of Staff Audit Report. (Schedule 8) (See Staff Adj # 35):					3,601
69	To record annual amortization of General Accounting Expenses reclassified from O & M Exp to Miscellaneous Deferred Assets and to be amortized over 3 years. (Schedule 8) (See Staff Adj #'s 36 and 50)					<u>9,733</u>
Total Adjustments - Amortization Expense - Other						<u>\$ 17,654</u>

Other Tax Expense:

70	To reduce Other Tax Expense for payroll taxes on post-test year wages recorded during the test year per Staff Audit Issue # 33: Issue # 33 (See Staff Adj # 47):					
	Staff adj for post-test year wages recorded during the test year (Staff Adj # 47)				\$ (1,529)	
	Payroll Tax Percentage			x	<u>7.65%</u>	\$ (117)
71	To reverse Co's amended Tax Expense Adj # 15 in order to remove from test year expense State Property Tax expense on post-test year plant additions.					(3,055)
72	To reverse Co's amended Tax Exp Adj # 17 in order to remove from test year expense municipal property tax expense on post-test year plant additions.					(4,451)
73	<u>Settlement:</u> To adjust Co's proforma test year Property Tax Expense to proforma 2015 level. (Schedule 12)					<u>3,267</u>
Total Adjustments - Other Tax Expense						<u>\$ (4,356)</u>

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER STAFF

Adj #

Income Tax Expense:

74	<u>Settlement:</u>	To record the State Income Tax Effect of Staff's net adj's to Proforma Net Operating Income (Loss). (Schedule 3b)		\$ 10,181
75	<u>Settlement:</u>	To record the Federal Income Tax Effect of Staff's net adj's to Proforma Net Operating Income (Loss). (Schedule 3b)		45,316
76	To adjust Co's amended Income Tax Exp Adj # 21 relative to the State Income Tax effect of the Co's Net Operating Income Adjustments:			
		Amended net increase in net operating income resulting from Co's operating revenue and expense adj's	\$ 171,724	
		Add: Co's amended Income Tax Exp Adj's # 20 & # 21 relative to Federal & State income tax provisions	153,089	
		Amended net increase in net operating income before Co's Federal & State income tax adjustments	324,813	
		State income tax provision @ marginal rate of 8.50%	27,609	
		Less: Co's amended Income Tax Exp Adj # 21 relative to State business tax	(28,787)	(1,178)
77	To adjust Co's amended Income Tax Exp Adj # 20 relative to the Federal Income Tax effect of the Co's Net Operating Income Adjustments:			
		Amended Net increase in net operating income resulting from Co's operating revenue and expense adj's	\$ 171,724	
		Add: Co's amended Income Tax Exp Adj's # 20 & # 21 relative to Federal & State income tax provisions	153,089	
		Amended net increase in net operating income before Co's Federal & State income tax provisions	324,813	
		Less: State income tax provision per Staff Adj # 76	(27,609)	
		Amended net increase in net operating income resulting from Co's adj's subject to Federal income tax	297,204	
		Federal income tax provision @ marginal rate of 34.00%	101,049	
		Less: Co's amended Income Tax Exp Adj # 20 relative to Federal income tax	(124,302)	(23,253)
Total Adjustments - Income Tax Expense				\$ 31,066
NET OPERATING INCOME ADJUSTMENTS PER STAFF (See Schedule 3; Column 6)				\$ 123,602

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

PROFORMA ADJUSTMENTS TO FEDERAL AND STATE INCOME TAX EXPENSE PER STAFF

Summary of Operating Income Statement Adj's before Income Taxes per Staff (Schedule 3a):

Operating Revenues:

Water Revenues from General Customers	\$ -
Water Revenues from POASI Special Contract	27,844
Other Operating Revenues	<u>200</u>

Net Increase / (Decrease) in Operating Revenues	<u>28,044</u>
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Operating Expenses:

Operation & Maintenance Expenses	(118,260)
Depreciation Expense	(21,662)
Amortization of CIAC	-
Amortization of Acquisition Adjustment	-
Amortization Expense - Other	17,654
Other Tax Expense	(4,356)
Total Operating Expenses	<u>(126,624)</u>

Gain (Loss) from Disposition of Utility Property	<u>-</u>
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Net Increase / (Decrease) in Net Operating Income (Loss) before State Income Tax Expense	154,668
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State Income Tax Expense:

New Hampshire Business Profits Tax @ 8.50 %	\$ (13,147)
Reduction in test year State Income Tax Expense per Staff Audit Issue # 34	<u>2,966</u> <u>(10,181)</u>

Net Increase / (Decrease) in Net Operating Income (Loss) before Federal Income Tax Expense	144,487
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Federal Income Tax Expense:

Federal Income Tax @ 34.00%	\$ (49,126)
Reduction in test year Federal Income Tax Expense per Staff Audit Issue # 34	<u>3,810</u> <u>(45,316)</u>

Net Proforma Adjustments to Net Operating Income (Loss) before Staff Adj #'s 76 and 77 to amend Co's proforma Income Tax Provisions	99,171
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Staff Adj # 76 to correct Co's State Income Tax Provision as amended	1,178
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Staff Adj # 77 to correct Co's Federal Income Tax Provision as amended	<u>23,253</u>
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Net Proforma Adjustments to Net Operating Income (Loss) per Staff (See Schedule 3; Column 6)	<u><u>\$ 123,602</u></u>
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DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

CALCULATION OF NON-REVENUE PRODUCING PLANT ADDITION ADJUSTMENTS - PARADISE SHORES
IN SUPPORT OF STAFF ADJUSTMENTS # 10 and # 23

Plant in Service:

Revised Test Year Plant Additions per Co (Att JPL-5 / Sch 7)

Plant in Service Adjustments:

Staff Adj # 4: Staff Audit Issue # 12

Staff Adj # 5: Co response to Staff 2-19

Staff Adj # 6: Staff Audit Issue # 16

Staff Adj # 7: Staff Audit Issue # 18

Total Adjustments

Test Year Plant Additions after Adjustments

Test Year Average %

Test Year Average of Adjusted Plant in Service

Difference between Year-end Value and Test Year Average of
Paradise Shores Test Year Plant Additions

Non-Revenue Producing Plant in Service Adjustment

Accumulated Depreciation:

Revised Accum Deprec on Test Yr Add's per Co (Att JPL-5 / Sch 7)

Accumulated Depreciation Adjustments:

Co's amended Rate Base Adj # 5: To add 1/2-yr of Accum Depr

Staff Adj # 15: Staff Audit Issue # 12

Staff Adj # 16: Co response to Staff 2-19

Staff Adj # 17: Staff Audit Issue # 16

Staff Adj # 18: Staff Audit Issue # 18

Staff Adj # 20: Staff Audit Issue # 15 (See Schedule 5)

Total Accumulated Depreciation Adjustments

Accumulated Depreciation on Test Year Plant Additions
after Adjustments

Test Year Average %

Test Year Average of Adjusted Accumulated Depreciation

Difference between Year-end Value and Test Year Average of
Paradise Shores Accumulated Depreciation on
Test Year Plant Additions

Non-Revenue Producing Accumulated Depreciation
Adjustment

	Source of Supply and Pumping Plant				Transmission and Distribution Plant			TOTAL
	# 304 Structures	# 307 Wells	# 311 Pumps	# 339 Misc	# 331 Mains	# 333 Services	# 334 Meters	
Revised Test Year Plant Additions per Co (Att JPL-5 / Sch 7)	\$ 69,896	\$ 143,607	\$ 44,431	\$ 365	\$ 79,283	\$ 1,810	\$ 11,764	\$ 351,156
Plant in Service Adjustments:								
Staff Adj # 4: Staff Audit Issue # 12	9,834	(7,134)	-	-	(2,389)	-	-	311
Staff Adj # 5: Co response to Staff 2-19	-	-	-	-	(300)	-	-	(300)
Staff Adj # 6: Staff Audit Issue # 16	-	-	-	-	-	-	234	234
Staff Adj # 7: Staff Audit Issue # 18	-	-	(4,030)	-	-	-	-	(4,030)
Total Adjustments	9,834	(7,134)	(4,030)	-	(2,689)	-	234	(3,785)
Test Year Plant Additions after Adjustments	79,730	136,473	40,401	365	76,594	1,810	11,998	347,371
Test Year Average %	x 69.23%	x 69.23%	x 69.23%	x 69.23%	x 69.23%	x 50.00%	x 50.00%	x 69.23%
Test Year Average of Adjusted Plant in Service	55,198	94,481	27,970	253	53,027	905	5,999	240,488
Difference between Year-end Value and Test Year Average of Paradise Shores Test Year Plant Additions	\$ 24,532	\$ 41,992	\$ 12,431	\$ 112	\$ 23,567	\$ 905	\$ 5,999	\$ 106,883
Non-Revenue Producing Plant in Service Adjustment	\$ 24,532	\$ 41,992	\$ 12,431	\$ 112	\$ 23,567			\$ 102,635
Accumulated Depreciation:								
Revised Accum Deprec on Test Yr Add's per Co (Att JPL-5 / Sch 7)	\$ (873)	\$ (1,766)	\$ (2,220)	\$ (37)	\$ (792)	\$ (29)	\$ (294)	\$ (6,011)
Accumulated Depreciation Adjustments:								
Co's amended Rate Base Adj # 5: To add 1/2-yr of Accum Depr	(873)	(1,766)	(2,220)	(37)	(792)	(29)	(294)	(6,011)
Staff Adj # 15: Staff Audit Issue # 12	(246)	178	-	-	48	-	-	(20)
Staff Adj # 16: Co response to Staff 2-19	-	-	-	-	6	-	-	6
Staff Adj # 17: Staff Audit Issue # 16	-	-	-	-	-	-	(12)	(12)
Staff Adj # 18: Staff Audit Issue # 18	-	-	403	-	-	-	-	403
Staff Adj # 20: Staff Audit Issue # 15 (See Schedule 5)	-	(1,133)	-	-	-	-	-	(1,133)
Total Accumulated Depreciation Adjustments	(1,119)	(2,721)	(1,817)	(37)	(738)	(29)	(306)	(6,767)
Accumulated Depreciation on Test Year Plant Additions after Adjustments	(1,992)	(4,487)	(4,037)	(74)	(1,530)	(58)	(600)	(12,778)
Test Year Average %	x 69.23%	x 69.23%	x 69.23%	x 69.23%	x 69.23%	x 50.00%	x 50.00%	x 69.23%
Test Year Average of Adjusted Accumulated Depreciation	(1,379)	(3,106)	(2,795)	(51)	(1,059)	(29)	(300)	(8,846)
Difference between Year-end Value and Test Year Average of Paradise Shores Accumulated Depreciation on Test Year Plant Additions	\$ (613)	\$ (1,381)	\$ (1,242)	\$ (23)	\$ (471)	\$ (29)	\$ (300)	\$ (3,932)
Non-Revenue Producing Accumulated Depreciation Adjustment	\$ (613)	\$ (1,381)	\$ (1,242)	\$ (23)	\$ (471)			\$ (3,729)

**CALCULATION OF WELL ASSET DEPRECIATION RATE ADJUSTMENT PER STAFF
IN SUPPORT OF STAFF ADJUSTMENTS # 20 and # 64**

Staff Adjustment to Accumulated Depreciation:

2010 West Point Well (Per Pg's 19-20 of Staff Audit Report):

Recorded Cost of Asset:	\$	8,781		
Test Year Average of Accumulated Depreciation per Staff:				
Depreciation Rate per Staff (30-year / 3.33%)		3.33%		
Annual Depreciation	\$	292		
Accumulated Depreciation: Beginning of Test Year (end of service year 4)	x	3.5	= \$	(1,023)
Accumulated Depreciation: End of Test Year (end of service year 5)	x	4.5	=	(1,316) \$ (1,170)

Less: Test Year Average of Accumulated Depreciation per Company:

Depreciation Rate per Company (50-year / 2.00%)		2.00%		
Annual Depreciation	\$	176		
Accumulated Depreciation: Beginning of Test Year (end of service year 4)	x	3.5	= \$	(615)
Accumulated Depreciation: End of Test Year (end of service year 5)	x	4.5	=	(790) (702) \$ (467)

2014 Paradise Shores Well (Per Pg 30 of Staff Audit Report & Audit Issue # 15):

Revised Cost per Co (Att JPL-5 / Sch 7)	\$	143,607		
Less: Staff Adj # 4: Staff Audit Issue # 12		(7,134)		
Adjusted Cost of Well Assets	\$	136,473		

Test Year Average of Accumulated Depreciation per Staff:

Depreciation Rate per Staff (30-year / 3.33%)		3.33%		
Annual Depreciation	\$	4,545		
13-month average reflected in test year Rate Base (9 months ÷ 13 months)	x	69.23%	=	\$ (3,146)

Less: Test Year Average of Accumulated Depreciation per Company:

Depreciation Rate per Company (40-year / 2.50%)		2.50%		
Annual Depreciation	\$	3,412		
13-month average reflected in test year Rate Base (9 months ÷ 13 months)	x	69.23%	=	(2,362) (784)

Total Adjustment to Test Year Average Accumulated Depreciation

\$ (1,251)

Staff Adjustment to Depreciation Expense:

Increase in Annual Depreciation Expense - 2010 West Point Well	\$	117		
Increase in Annual Depreciation Expense - 2014 Paradise Shores Well		1,133		
Total Adjustment to Annual Depreciation Expense	\$	1,250		

**CALCULATION OF VEHICLE ASSET DEPRECIATION RATE ADJUSTMENT PER STAFF
IN SUPPORT OF STAFF ADJUSTMENTS # 21 and # 65**

Staff Adjustment to Accumulated Depreciation:

2011 Vehicle Purchase (Based on Co's Vehicle Schedules included in response to Tech 1-3):

Cost of Assets:

2011 Ford Pickup

\$ 34,068

Test Year Average of Accumulated Depreciation per Staff:

Depreciation Rate per Staff (5-year / 20.00%)

20.00%

Annual Depreciation

\$ 6,814

Accumulated Depreciation: Beginning of Test Year (end of service year 3)

x 2.5 = \$ (17,034)

Accumulated Depreciation: End of Test Year (end of service year 4)

x 3.5 = (23,848) \$ (20,441)

Less: Test Year Average of Accumulated Depreciation per Company:

Depreciation Rate per Company (4-year / 25.00%)

25.00%

Annual Depreciation

\$ 8,517

Accumulated Depreciation: Beginning of Test Year (end of service year 3)

x 2.5 = \$ (21,293)

Accumulated Depreciation: End of Test Year (end of service year 4)

x 3.5 = (29,810) (25,551) \$ 5,110

2013 Vehicle Purchases (Per Pg's 26-27 of Staff Audit Report & Audit Issue # 15):

Cost of Assets:

2013 Ford F-250 Pickup

\$ 46,918

Cap and Accessories

5,533 \$ 52,451

2013 Ford F-250 Pickup

31,536

Total

\$ 83,987

Test Year Average of Accumulated Depreciation per Staff:

Depreciation Rate per Staff (5-year / 20.00%)

20.00%

Annual Depreciation

\$ 16,797

Accumulated Depreciation: Beginning of Test Year (end of service year 1)

x 0.5 = \$ (8,399)

Accumulated Depreciation: End of Test Year (end of service year 2)

x 1.5 = (25,196) \$ (16,797)

Less: Test Year Average of Accumulated Depreciation per Company:

Depreciation Rate per Company (4-year / 25.00%)

25.00%

Annual Depreciation

\$ 20,997

Accumulated Depreciation: Beginning of Test Year (end of service year 1)

x 0.5 = \$ (10,498)

Accumulated Depreciation: End of Test Year (end of service year 2)

x 1.5 = (31,495) (20,997) 4,199

2014 Vehicle Purchase (Per Pg 33 of Staff Audit Report & Audit Issue # 15):

Cost of Assets:

2014 Ford F-150 Pickup

\$ 32,271

Accessories

2,532

Total

\$ 34,803

Test Year Average of Accumulated Depreciation per Staff:

Depreciation Rate per Staff (5-year / 20.00%)

20.00%

Annual Depreciation

\$ 6,961

Test Year Average (service year 1)

x 50.00% = \$ (3,480)

Less: Test Year Average of Accumulated Depreciation per Company:

Depreciation Rate per Company (4-year / 25.00%)

25.00%

Annual Depreciation

\$ 8,701

Test Year Average (service year 1)

x 50.00% = (4,350) 870

Total Adjustment to Test Year Average Accumulated Depreciation - Vehicles

\$ 10,180

Staff Adjustment to Depreciation Expense:

Decrease in Annual Depreciation Expense - 2011 Vehicle

\$ (1,703)

Decrease in Annual Depreciation Expense - 2013 Vehicles

(4,199)

Decrease in Annual Depreciation Expense - 2014 Vehicle

(1,740)

Total Adjustment to Annual Depreciation Expense

\$ (7,643)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

CALCULATION OF OTHER TEST YEAR RATE BASE ITEM ADJUSTMENTS PER STAFF
IN SUPPORT OF STAFF ADJUSTMENTS # 31, # 33, # 37, and # 39

	12/31/13	01/31/14	02/28/14	03/31/14	04/30/14	05/31/14	06/30/14	07/31/14	08/31/14	09/30/14	10/31/14	11/30/14	12/31/14	AVERAGE
Prepaid Expenses:														
Prepaid Expenses per Co Filing (See Att JPL-5; Sch 3)	\$ 34,859	\$ 31,465	\$ 27,699	\$ 24,213	\$ 20,447	\$ 17,091	\$ 35,814	\$ 42,138	\$ 38,372	\$ 45,249	\$ 41,833	\$ 42,339	\$ 37,245	\$ 33,751
Less: 'Prepaid Propane' per Co response to Staff 2-33	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(418)	(752)
Adjusted Prepaid Expenses per Staff	34,079	30,685	26,919	23,433	19,667	16,311	35,034	41,358	37,592	44,469	41,053	41,559	36,827	32,999
Less: Prepaid Expenses per Co Filing (See Att JPL-5; Sch 3)	(34,859)	(31,465)	(27,699)	(24,213)	(20,447)	(17,091)	(35,814)	(42,138)	(38,372)	(45,249)	(41,833)	(42,339)	(37,245)	(33,751)
Staff Adjustment to Prepaid Expenses	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (780)	\$ (418)	\$ (752)

Prepaid Property Tax Expense:

Staff Analysis of Prepaid Property Tax Expense:

(Based on Co's Prepaid Property Tax Workpaper included in the Company's response to Staff 1-25(d))

Prepaid Property Taxes @ 12/31/13

Hidden Valley Sale (\$283 Expensed in February)

Balmoral Improvement Association (\$500 Paid in April)

First Issue Billings (\$13,783 - \$283 - \$500 = \$13,020)

Prepaid Property Taxes @ 12/31/14

Prepaid Property Tax Expense per Staff

Less: Prepaid Property Tax Exp per Co Filing (See Att JPL-5; Sch 3)

Staff Adjustment to Prepaid Property Tax Expense

\$ 11,783	\$ 7,855	\$ 3,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,813
-	-	-	-	333	292	250	208	187	125	83	42	-	-	115
-	-	-	-	-	-	6,510	4,340	2,170	-	-	-	-	-	1,002
-	-	-	-	-	-	-	-	-	-	-	-	-	11,727	902
11,783	7,855	3,928	-	333	292	8,760	4,548	2,337	125	83	42	11,727	3,832	
(11,783)	(11,783)	(11,783)	(11,783)	(11,783)	(11,783)	(11,783)	(11,783)	(11,783)	(11,783)	(11,783)	(11,783)	(11,783)	(11,727)	(11,779)
\$ -	\$ (3,928)	\$ (7,855)	\$ (11,783)	\$ (11,450)	\$ (11,491)	\$ (5,023)	\$ (7,235)	\$ (9,448)	\$ (11,658)	\$ (11,700)	\$ (11,741)	\$ -	\$ -	\$ (7,947)

Customer Deposits:

Staff Analysis of Customer Deposit Activity:

(Based on Co's General Ledger activity in its Account #

50-220-235-0 obtained from the Commission Audit Staff)

Less: Customer Deposits per Company Filing

Staff Adjustment to Customer Deposits

\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,456)	\$ (1,706)	\$ (1,956)	\$ (1,956)	\$ (1,956)	\$ (1,956)	\$ (1,956)	\$ (1,956)	\$ (1,956)	\$ (1,706)
(1,456)	(1,456)	(1,456)	(1,456)	(1,456)	(1,456)	(1,706)	(1,956)	(1,956)	(1,956)	(1,956)	(1,956)	(1,956)	(1,956)	(1,706)

Accumulated Deferred Income Taxes:

Staff Normalization of Accumulated Deferred Income Taxes

Less: Accum Deferred Income Taxes per Co Filing (See Att JPL-5; Sch 3)

Staff Adjustment to Accumulated Deferred Income Taxes

\$ (171,289)	\$ (172,854)	\$ (174,419)	\$ (175,984)	\$ (177,549)	\$ (179,114)	\$ (180,680)	\$ (182,245)	\$ (183,810)	\$ (185,375)	\$ (186,940)	\$ (188,505)	\$ (190,070)	\$ (180,880)	
171,289	171,289	171,289	171,289	171,289	171,289	171,289	171,289	171,289	171,289	171,289	171,289	190,070	172,734	
\$ -	\$ (1,565)	\$ (3,130)	\$ (4,695)	\$ (6,260)	\$ (7,825)	\$ (9,391)	\$ (10,956)	\$ (12,521)	\$ (14,086)	\$ (15,651)	\$ (17,216)	\$ -	\$ (7,946)	

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

CALCULATION OF MISCELLANEOUS DEFERRED ASSET ADJUSTMENTS PER STAFF
IN SUPPORT OF STAFF ADJUSTMENTS # 34, # 35, # 36, # 67, #68, and # 69

	<u>Initial Balance</u>	<u>Years Amortized</u>	<u>Annual Expense</u>	<u>Test Year Average</u>
'No Lead Rule' Write-off (See Staff Adjustment # 46):	\$ 12,959	3	\$ 4,320	\$ 10,799
Paradise Shores Well Field Evaluation (See Att JPL-6 / Pg's 13-14):	36,006	10	3,601	34,206
General Accounting Expenses (See Staff Adjustment # 50):	<u>29,200</u>	3	<u>9,733</u>	<u>24,333</u>
Total Miscellaneous Deferred Assets	<u>\$ 78,165</u>		<u>\$ 17,654</u>	<u>\$ 69,338</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
SUMMARY

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
Revenue Requirement after Tax Effect (Schedule 9b)	\$ 176,184	\$ 36,856	\$ 213,040	\$ 4,067	\$ 617	\$ 4,684	\$ (30,813)	\$ (1,315)	\$ (32,129)	\$ 2,345	\$ (476)	\$ 1,869	\$ 151,783	\$ 35,892	\$ 187,665
Total Operating Expenses (Schedule 9e)	189,173	7,738	196,909	94,339	(13,252)	81,086	(6,391)	(10)	(6,401)	39,641	(20,712)	18,929	310,761	(26,238)	290,523
Less: Other Operating Revenues	-	-	-	(10,095)	-	(10,095)	-	-	-	(9,834)	-	(9,834)	(19,926)	-	(19,926)
Total Revenues to be Collected via All Water Rates	<u>\$ 385,357</u>	<u>\$ 44,592</u>	<u>\$ 409,949</u>	<u>\$ 88,311</u>	<u>\$ (12,635)</u>	<u>\$ 75,676</u>	<u>\$ (37,205)</u>	<u>\$ (1,325)</u>	<u>\$ (38,530)</u>	<u>\$ 32,152</u>	<u>\$ (21,186)</u>	<u>\$ 10,964</u>	<u>\$ 448,616</u>	<u>\$ 9,444</u>	<u>\$ 458,059</u>
Revenues Specific to POASI Special Contract	<u>\$ 385,357</u>	<u>\$ 44,592</u>	<u>\$ 409,949</u>	<u>\$ 88,311</u>	<u>\$ (12,635)</u>	<u>\$ 75,676</u>	<u>\$ (37,205)</u>	<u>\$ (1,325)</u>	<u>\$ (38,530)</u>				<u>\$ 416,464</u>	<u>\$ 30,632</u>	<u>\$ 447,095</u>
POASI	CCF Usage		CCF Usage	Customers		Customers	Customers		Customers						
Paradise Shores	16,090		16,090	1		1	1		1						
Total	8,480		8,480	392		392	-		-						
	24,570		24,570	393		393	1		1						
Rates	\$ 14.97 /ccf		\$ 16.66 /ccf	\$ 224.71 /cust		\$ 192.56 /cust	\$ (37,205) POASI only		\$ (38,530) POASI only						
Revenues:															
POASI	\$ 239,259	\$ 29,202	\$ 268,461	\$ 225	\$ (32)	\$ 193	\$ (37,205)	\$ (1,325)	\$ (38,530)	\$ -	\$ -	\$ -	\$ 202,280	\$ 27,844	\$ 230,124
Paradise Shores	126,098	15,380	141,488	88,086	(12,603)	75,483	-	-	-	32,152	(21,186)	10,964	246,336	(18,400)	227,935
Total	<u>\$ 385,357</u>	<u>\$ 44,592</u>	<u>\$ 409,949</u>	<u>\$ 88,311</u>	<u>\$ (12,635)</u>	<u>\$ 75,676</u>	<u>\$ (37,205)</u>	<u>\$ (1,325)</u>	<u>\$ (38,530)</u>	<u>\$ 32,152</u>	<u>\$ (21,186)</u>	<u>\$ 10,964</u>	<u>\$ 448,616</u>	<u>\$ 9,443</u>	<u>\$ 458,059</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
REVENUE REQUIREMENT

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
NET PLANT IN RATE BASE:															
Total Utility Plant In Service (Schedule 9c)	1,728,362	202,256	1,930,618	114,927	200	115,127	4,525	-	4,525	129,468	139	129,607	1,977,282	202,585	2,179,877
Less: Accumulated Depreciation (Schedule 9c)	(297,850)	(5,650)	(303,500)	(79,030)	3,278	(75,752)	3,350	-	3,350	(63,462)	(328)	(63,790)	(436,792)	(2,700)	(439,492)
Net Utility Plant In Service	1,430,712	196,606	1,627,318	35,897	3,478	39,375	7,875	-	7,875	66,006	(189)	65,817	1,540,490	199,885	1,740,385
Contributions in Aid of Construction (CIAC) (Schedule 9d)	(8,974)	-	(8,974)	-	-	-	(303,495)	-	(303,495)	(176,603)	-	(176,603)	(489,072)	-	(489,072)
Less: Accumulated Amortization - CIAC (Schedule 9d)	1,164	-	1,164	-	-	-	43,810	-	43,810	124,779	-	124,779	169,553	-	169,553
Net Contributions in Aid of Construction	(7,810)	-	(7,810)	-	-	-	(259,685)	-	(259,685)	(51,824)	-	(51,824)	(319,519)	-	(319,519)
Net Utility Plant in Rate Base	1,422,902	196,606	1,619,508	35,897	3,478	39,375	(252,010)	-	(252,010)	14,182	(189)	13,993	1,220,971	199,885	1,420,866
WORKING CAPITAL IN RATE BASE (See Schedule 9g):															
Materials and Supplies	1,118	-	-	-	-	-	-	-	-	-	-	-	1,118	-	1,118
Prepayments - Other	8,828	(99)	8,729	-	-	-	-	-	-	-	-	-	8,828	(99)	8,729
Prepaid Taxes	2,779	-	2,779	-	-	-	-	-	-	-	-	-	2,779	-	2,779
Miscellaneous Deferred Debits	-	39,066	39,066	-	-	-	-	-	-	-	-	-	-	39,066	39,066
Customer Deposits	-	(464)	(464)	-	-	-	-	-	-	-	-	-	-	(464)	(464)
Accumulated Deferred Income Taxes - Depreciation	(39,381)	-	(39,381)	(2,619)	-	(2,619)	(103)	-	(103)	(2,950)	-	(2,950)	(45,053)	-	(45,053)
Subtotal	(28,656)	38,503	11,847	(2,619)	-	(2,619)	(103)	-	(103)	(2,950)	-	(2,950)	(32,328)	38,503	6,175
Calculation of Cash Working Capital (See Schedule 9h):															
Operation & Maintenance Expenses	220,392	(23,922)	196,469	-	-	-	-	-	-	38,700	(21,064)	17,636	259,092	(44,987)	214,105
Cash Working Capital % (75 days + 365 days)	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%
Cash Working Capital	45,286	(4,916)	40,370	-	-	-	-	-	-	7,952	(4,328)	3,624	53,238	(9,244)	43,994
Total Working Capital in Rate Base	18,630	33,587	52,217	(2,619)	-	(2,619)	(103)	-	(103)	5,002	(4,328)	674	20,910	29,259	50,169
Total Rate Base	1,441,532	230,193	1,671,725	33,278	3,478	36,756	(252,113)	-	(252,113)	19,184	(4,517)	14,667	1,241,881	229,164	1,471,035
Rate of Return (See Schedule 1)	x 10.00%	x 7.70%	x 10.00%	x 10.00%	x 7.70%	x 10.00%	x 10.00%	x 7.70%	x 10.00%	x 10.00%	x 7.70%	x 10.00%	x 10.00%	x 7.70%	x 7.70%
Revenue Requirement before Tax Effect	144,153	(15,498)	128,655	3,328	(499)	2,829	(25,211)	5,809	(19,402)	1,918	(790)	1,129	124,188	(10,978)	113,210
Income Tax Factor (See Schedule 1)	+ 81.82%	+ 60.39%	+ 81.82%	+ 81.82%	+ 60.39%	+ 81.82%	+ 81.82%	+ 60.39%	+ 81.82%	+ 81.82%	+ 60.39%	+ 81.82%	+ 81.82%	+ 60.39%	+ 60.39%
Revenue Requirement after Tax Effect	\$ 176,184	\$ 36,856	\$ 213,040	\$ 4,067	\$ 517	\$ 4,684	\$ (30,813)	\$ (1,315)	\$ (32,129)	\$ 2,345	\$ (476)	\$ 1,869	\$ 151,783	\$ 36,682	\$ 187,465

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
UTILITY PLANT IN SERVICE

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
UTILITY PLANT IN SERVICE (See Schedule 9f):															
303.20 Land and Land Rights	109,258	262,095	371,351	-	-	-	-	-	-	-	-	-	109,258	262,095	371,351
304.20 Structures and Improvements	112,035	9,834	121,869	-	-	-	-	-	-	-	-	-	112,035	9,834	121,869
307.20 Wells and Springs	338,833	(51,364)	287,469	-	-	-	-	-	-	-	-	-	338,833	(51,364)	287,469
311.20 Pumping Equipment	99,807	(6,848)	93,059	-	-	-	-	-	-	-	-	-	99,807	(6,848)	93,059
339.21 Other Miscellaneous Equipment (Division)	-	805	805	-	-	-	-	-	-	-	-	-	805	-	805
339.22 Other Miscellaneous Equipment (Common)	370	-	370	-	-	-	-	-	-	-	-	-	370	-	370
339.30 Other Miscellaneous Equipment (Treatment)	465	-	465	-	-	-	-	-	-	-	-	-	465	-	465
330.40 Distribution Reservoirs and Standpipes	413,194	-	413,194	-	-	-	-	-	-	-	-	-	413,194	-	413,194
331.40 Transmission and Distribution Mains	509,090	(11,481)	597,629	-	-	-	-	-	-	-	-	-	509,090	(11,481)	597,629
333.40 Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
334.40 Meters and Meter Installation	-	-	-	-	-	-	4,525	-	4,525	40,590	139	40,590	40,590	-	40,590
335.40 Hydrants	9,235	-	9,235	-	-	-	-	-	-	89,878	-	89,017	93,403	139	93,542
339.41 Other Miscellaneous Equipment (Division)	898	-	898	-	-	-	-	-	-	-	-	-	9,235	-	9,235
339.42 Other Miscellaneous Equipment (Common)	4,227	-	4,227	-	-	-	-	-	-	-	-	-	898	-	898
303.50 Land and Land Rights	-	-	-	4,741	-	4,741	-	-	-	-	-	-	4,227	-	4,227
304.50 Structures and Improvements	-	-	-	27,292	-	27,292	-	-	-	-	-	-	4,741	-	4,741
340.50 Office Furniture and Equipment	-	-	-	2,389	-	2,389	-	-	-	-	-	-	27,292	-	27,292
341.51 Transportation Equipment - Construction	30,049	-	30,049	-	-	-	-	-	-	-	-	-	2,389	-	2,389
341.52 Transportation Equipment - Pickups	-	-	-	39,978	200	40,178	-	-	-	-	-	-	30,049	-	30,049
343.50 Tools, Shop, and Garage Equipment	-	-	-	21,605	-	21,605	-	-	-	-	-	-	39,978	200	40,178
344.50 Laboratory Equipment	-	-	-	553	-	553	-	-	-	-	-	-	21,605	-	21,605
346.00 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	553	-	553
347.50 Miscellaneous Equipment	-	-	-	18,365	-	18,365	-	-	-	-	-	-	-	-	-
348.50 Other Tangible Plant (Rounding)	-	-	-	4	-	4	-	-	-	-	-	-	18,365	-	18,365
Total Utility Plant in Service	\$ 1,728,362	\$ 202,256	\$ 1,930,618	\$ 114,927	\$ 200	\$ 115,127	\$ 4,525	\$ -	\$ 4,525	\$ 129,468	\$ 139	\$ 129,607	\$ 1,077,202	\$ 202,595	\$ 1,279,797
ACCUMULATED DEPRECIATION (See Schedule 9f):															
303.20 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.20 Structures and Improvements	(16,838)	(1,119)	(17,957)	-	-	-	-	-	-	-	-	-	(16,838)	(1,119)	(17,957)
307.20 Wells and Springs	(43,092)	(2,188)	(45,280)	-	-	-	-	-	-	-	-	-	(43,092)	(2,188)	(45,280)
311.20 Pumping Equipment	(39,380)	(1,876)	(41,056)	-	-	-	-	-	-	-	-	-	(39,380)	(1,876)	(41,056)
339.21 Other Miscellaneous Equipment (Division)	(244)	(37)	(281)	-	-	-	-	-	-	-	-	-	(244)	(37)	(281)
339.22 Other Miscellaneous Equipment (Common)	(344)	-	(344)	-	-	-	-	-	-	-	-	-	(344)	-	(344)
339.30 Other Miscellaneous Equipment (Treatment)	2,053	-	2,053	-	-	-	-	-	-	-	-	-	2,053	-	2,053
330.40 Distribution Reservoirs and Standpipes	(38,348)	-	(38,348)	-	-	-	-	-	-	-	-	-	(38,348)	-	(38,348)
331.40 Transmission and Distribution Mains	(145,187)	(650)	(145,837)	-	-	-	-	-	-	-	-	-	(145,187)	(650)	(145,837)
333.40 Services	-	-	-	-	-	-	-	-	-	(20,101)	(29)	(20,130)	(20,101)	(29)	(20,130)
334.40 Meters and Meter Installation	-	-	-	-	-	-	3,350	-	3,350	(43,361)	(298)	(43,659)	(40,011)	(298)	(40,309)
335.40 Hydrants	(1,054)	-	(1,054)	-	-	-	-	-	-	-	-	-	(1,054)	-	(1,054)
339.41 Other Miscellaneous Equipment (Division)	(415)	-	(415)	-	-	-	-	-	-	-	-	-	(415)	-	(415)
339.42 Other Miscellaneous Equipment (Common)	(2,739)	-	(2,739)	-	-	-	-	-	-	-	-	-	(2,739)	-	(2,739)
303.50 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	(9,593)	-	(9,593)	-	-	-	-	-	-	(9,593)	-	(9,593)
340.50 Office Furniture and Equipment	-	-	-	(1,817)	-	(1,817)	-	-	-	-	-	-	(1,817)	-	(1,817)
341.51 Transportation Equipment - Construction	(12,062)	-	(12,062)	-	-	-	-	-	-	-	-	-	(12,062)	-	(12,062)
341.52 Transportation Equipment - Pickups	-	-	-	(34,549)	-	(34,549)	-	-	-	-	-	-	(34,549)	-	(34,549)
343.50 Tools, Shop, and Garage Equipment	-	-	-	(20,880)	3,278	(17,402)	-	-	-	-	-	-	(20,880)	3,278	(17,402)
344.50 Laboratory Equipment	-	-	-	(553)	-	(553)	-	-	-	-	-	-	(553)	-	(553)
346.00 Communication Equipment	-	-	-	9	-	9	-	-	-	-	-	-	9	-	9
347.50 Miscellaneous Equipment	-	-	-	(11,849)	-	(11,849)	-	-	-	-	-	-	(11,849)	-	(11,849)
348.50 Other Tangible Plant (Rounding)	-	-	-	2	-	2	-	-	-	-	-	-	2	-	2
Total Accumulated Depreciation	\$ (297,650)	\$ (5,650)	\$ (303,300)	\$ (79,030)	\$ 3,278	\$ (75,752)	\$ 3,350	\$ -	\$ 3,350	\$ (63,462)	\$ (328)	\$ (63,790)	\$ (436,792)	\$ (2,700)	\$ (439,492)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
UTILITY PLANT IN SERVICE

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
DEPRECIATION EXPENSE (See Schedule 9f):															
303.20 Land and Land Rights	-		-	-		-	-		-	-		-	-		-
304.20 Structures and Improvements	1,733	1,119	2,852	-		-	-		-	-		-	1,733	1,119	2,852
307.20 Wells and Springs	5,338	2,188	7,506	-		-	-		-	-		-	5,338	2,188	7,506
311.20 Pumping Equipment	4,537	1,676	6,213	-		-	-		-	-		-	4,537	1,676	6,213
339.21 Other Miscellaneous Equipment (Division)	45	37	82	-		-	-		-	-		-	45	37	82
339.22 Other Miscellaneous Equipment (Common)	-		-	-		-	-		-	-		-	-		-
339.30 Other Miscellaneous Equipment (Treatment)	23		23	-		-	-		-	-		-	23		23
330.40 Distribution Reservoirs and Standpipes	9,157		9,157	-		-	-		-	-		-	9,157		9,157
331.40 Transmission and Distribution Mains	11,301	650	11,951	-		-	-		-	-		-	11,301	650	11,951
333.40 Services	-		-	-		-	-		-	836	29	865	836	29	865
334.40 Meters and Meter Installation	-		-	-		-	226		226	3,198	301	3,499	3,424	301	3,725
335.40 Hydrants	185		185	-		-	-		-	-		-	185		185
339.41 Other Miscellaneous Equipment (Division)	10		10	-		-	-		-	-		-	10		10
339.42 Other Miscellaneous Equipment (Common)	221		221	-		-	-		-	-		-	221		221
303.50 Land and Land Rights	-		-	-		-	-		-	-		-	-		-
304.50 Structures and Improvements	-		-	548		548	-		-	-		-	548		548
340.50 Office Furniture and Equipment	-		-	5		5	-		-	-		-	5		5
341.51 Transportation Equipment - Construction	2,865		2,865	-		-	-		-	-		-	2,865		2,865
341.52 Transportation Equipment - Pickups	-		-	6,037	(1,771)	6,268	-		-	-		-	6,037	(1,771)	6,268
343.50 Tools, Shop, and Garage Equipment	-		-	617		617	-		-	-		-	617		617
344.50 Laboratory Equipment	-		-	-		-	-		-	-		-	-		-
346.00 Communication Equipment	-		-	-		-	-		-	-		-	-		-
347.50 Miscellaneous Equipment	-		-	2,170		2,170	-		-	-		-	2,170		2,170
348.50 Other Tangible Plant (Rounding)	-		-	-		-	-		-	-		-	-		-
Total Depreciation Expense	\$ 35,415	\$ 5,650	\$ 41,065	\$ 11,375	\$ (1,771)	\$ 9,604	\$ 226	\$ -	\$ 226	\$ 4,034	\$ 330	\$ 4,364	\$ 51,050	\$ 4,209	\$ 55,259

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
CONTRIBUTIONS IN AID OF CONSTRUCTION:															
303.20 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-	-	(210,000)	-	(210,000)	-	-	-	(210,000)	-	(210,000)
331.40 Transmission and Distribution Mains	-	-	-	-	-	-	(90,000)	-	(90,000)	(158,566)	-	(158,566)	(248,566)	-	(248,566)
333.40 Services	-	-	-	-	-	-	-	-	-	(18,037)	-	(18,037)	(18,037)	-	(18,037)
334.40 Meters and Meter Installation	-	-	-	-	-	-	(3,495)	-	(3,495)	-	-	-	(3,495)	-	(3,495)
335.40 Hydrants	(8,974)	-	(8,974)	-	-	-	-	-	-	-	-	-	(8,974)	-	(8,974)
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347.50 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Contributions in Aid of Construction	<u>\$ (8,974)</u>	<u>\$ -</u>	<u>\$ (8,974)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (303,495)</u>	<u>\$ -</u>	<u>\$ (303,495)</u>	<u>\$ (176,603)</u>	<u>\$ -</u>	<u>\$ (176,603)</u>	<u>\$ (489,072)</u>	<u>\$ -</u>	<u>\$ (489,072)</u>
ACCUMULATED AMORTIZATION - CIAC:															
303.20 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-	-	30,335	-	30,335	-	-	-	30,335	-	30,335
331.40 Transmission and Distribution Mains	-	-	-	-	-	-	11,700	-	11,700	108,306	-	108,306	120,006	-	120,006
333.40 Services	-	-	-	-	-	-	-	-	-	16,473	-	16,473	16,473	-	16,473
334.40 Meters and Meter Installation	-	-	-	-	-	-	1,575	-	1,575	-	-	-	1,575	-	1,575
335.40 Hydrants	1,164	-	1,164	-	-	-	-	-	-	-	-	-	1,164	-	1,164
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347.50 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Accumulated Amortization - CIAC	<u>\$ 1,164</u>	<u>\$ -</u>	<u>\$ 1,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,610</u>	<u>\$ -</u>	<u>\$ 43,610</u>	<u>\$ 124,779</u>	<u>\$ -</u>	<u>\$ 124,779</u>	<u>\$ 189,553</u>	<u>\$ -</u>	<u>\$ 189,553</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
AMORTIZATION OF CIAC:															
303.20 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-	-	(4,667)	-	(4,667)	-	-	-	(4,667)	-	(4,667)
331.40 Transmission and Distribution Mains	-	-	-	-	-	-	(1,800)	-	(1,800)	(3,183)	-	(3,183)	(4,883)	-	(4,883)
333.40 Services	-	-	-	-	-	-	-	-	-	(601)	-	(601)	(601)	-	(601)
334.40 Meters and Meter Installation	-	-	-	-	-	-	(175)	-	(175)	-	-	-	(175)	-	(175)
335.40 Hydrants	(179)	-	(179)	-	-	-	-	-	-	-	-	-	(179)	-	(179)
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
342.50 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
348.00 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347.50 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Amortization of CIAC	\$ (179)	\$ -	\$ (179)	\$ -	\$ -	\$ -	\$ (6,642)	\$ -	\$ (6,642)	\$ (3,784)	\$ -	\$ (3,784)	\$ (10,805)	\$ -	\$ (10,805)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
OPERATING EXPENSES

OPERATING EXPENSES:

Operation & Maintenance Expenses (See Schedule 9h)

Source of Supply Expenses

Pumping Expenses

Water Treatment Expenses

Transmission and Distribution Expenses

Customer Account Expense

Subtotal

Administrative and General Expenses:

Salary and Wages Expense:

Superintendent (1.0)

Field Personnel (3.0)

Office (0.5)

Office (2.5)

Total Salary and Wages Expense

Outside Professional Services

Outside Professional Services - Discount

Property Insurance Expense (Allocated by Utility Plant)

Group Insurance (Allocated per (g))

Pension Plan

Rate Case Expenses

Regulatory Commission Expense

Materials

Contracted Services

Heat / Electric Expense - Office

Telephone Expense

Office Expense

Dig Safe Expense

Bank Charges Expense

Operating Permits Expense

Total Administrative and General Expenses

Total Operation & Maintenance Expenses

Depreciation Expense (Schedule 9c)

Amortization of CIAC (Schedule 9d)

Amortization Expense - Other (Schedule 9i)

Payroll Tax Expense (Allocated per (g)) (See Schedule 9j)

Property Tax Expense (See Schedule 9j)

Total Operating Expenses

(g) Payroll Allocation

Volume Basis Wages -

Source of Supply Wages

Water Treatment Wages

Transmission and Distribution Wages

Admin & Gen'l Superintendent

Admin & Gen'l Field

Admin & Gen'l Office (0.5)

Total Volume Basis Wages

Customer Basis Wages - Admin & Gen'l Office (2.5)

Non-POASI Wages - Customer Account Wages

Total Wages

	Volume Basis			Customer Allocation Basis			POASI			Non - POASI			TOTAL		
	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance	Balance @ 12/31/14	Adjustments	Adjusted Balance
Source of Supply Expenses	20,490	(13,809)	6,681	-	-	-	-	-	-	-	-	-	20,490	(13,809)	6,681
Pumping Expenses	28,100	5,103	31,203	-	-	-	-	-	-	-	-	-	28,100	5,103	31,203
Water Treatment Expenses	2,738	1,341	4,079	-	-	-	-	-	-	-	-	-	2,738	1,341	4,079
Transmission and Distribution Expenses	42,925	(2,060)	40,865	-	-	-	-	-	-	-	-	-	42,925	(2,060)	40,865
Customer Account Expense	-	-	-	-	-	-	-	-	-	18,454	(2,411)	16,043	18,454	(2,411)	16,043
Subtotal	92,253	(9,425)	82,827	-	-	-	-	-	-	18,454	(2,411)	16,043	110,707	(11,837)	98,870
Administrative and General Expenses:															
Salary and Wages Expense:															
Superintendent (1.0)	15,569	557	16,126	-	-	-	-	-	-	-	-	-	15,569	557	16,126
Field Personnel (3.0)	9,923	355	10,278	-	-	-	-	-	-	-	-	-	9,923	355	10,278
Office (0.5)	4,872	174	5,046	-	-	-	-	-	-	-	-	-	4,872	174	5,046
Office (2.5)	-	-	-	30,082	6,575	36,657	-	-	-	-	-	-	30,082	6,575	36,657
Total Salary and Wages Expense	30,364	1,085	31,449	30,082	6,575	36,657	-	-	-	-	-	-	60,448	7,660	68,108
Outside Professional Services	-	-	-	20,198	(12,740)	7,458	-	-	-	-	-	-	20,198	(12,740)	7,458
Outside Professional Services - Discount	-	-	-	(9,286)	8,672	(614)	-	-	-	-	-	-	(9,286)	8,672	(614)
Property Insurance Expense (Allocated by Utility Plant)	9,378	(3,052)	6,347	524	(245)	378	25	(10)	15	703	(276)	426	10,729	(3,563)	7,166
Group Insurance (Allocated per (g))	7,677	(508)	7,169	4,598	509	5,108	-	-	-	1,236	(69)	1,167	13,511	(68)	13,443
Pension Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate Case Expenses	-	-	-	-	-	-	-	-	-	18,308	(18,308)	-	18,308	(18,308)	-
Regulatory Commission Expense	-	-	-	15,196	(12,268)	2,928	-	-	-	-	-	-	15,196	(12,268)	2,928
Materials	-	-	-	1,045	-	1,045	-	-	-	-	-	-	1,045	-	1,045
Contracted Services	-	-	-	2,185	-	2,185	-	-	-	-	-	-	2,185	-	2,185
Heat / Electric Expense - Office	-	-	-	544	-	544	-	-	-	-	-	-	544	-	544
Telephone Expense	-	-	-	3,097	-	3,097	-	-	-	-	-	-	3,097	-	3,097
Office Expense	-	-	-	10,915	(2,535)	8,380	-	-	-	-	-	-	10,915	(2,535)	8,380
Dig Safe Expense	-	-	-	80	-	80	-	-	-	-	-	-	80	-	80
Bank Charges Expense	-	-	-	1,117	-	1,117	-	-	-	-	-	-	1,117	-	1,117
Operating Permits Expense	300	-	300	-	-	-	-	-	-	-	-	-	300	-	300
Total Administrative and General Expenses	47,719	(2,455)	45,265	80,395	(12,032)	68,363	25	(10)	15	20,246	(18,654)	1,593	148,385	(33,150)	115,235
Total Operation & Maintenance Expenses	139,972	(11,881)	128,091	80,395	(12,032)	68,363	25	(10)	15	38,700	(21,064)	17,636	259,092	(44,987)	214,105
Depreciation Expense (Schedule 9c)	35,415	5,650	41,065	11,375	(1,771)	9,604	228	-	228	4,034	330	4,364	51,050	4,209	55,259
Amortization of CIAC (Schedule 9d)	(179)	-	(179)	-	-	-	(6,642)	-	(6,642)	(3,784)	-	(3,784)	(10,805)	-	(10,805)
Amortization Expense - Other (Schedule 9i)	-	6,932	6,932	-	-	-	-	-	-	-	-	-	-	6,932	6,932
Payroll Tax Expense (Allocated per (g)) (See Schedule 9j)	4,289	90	4,379	2,569	551	3,120	-	-	-	690	22	713	7,548	663	8,211
Property Tax Expense (See Schedule 9j)	9,676	6,945	16,621	-	-	-	-	-	-	-	-	-	9,676	6,945	16,621
Total Operating Expenses	\$ 189,173	\$ 7,736	\$ 196,909	\$ 94,339	\$ (13,252)	\$ 81,086	\$ (6,391)	\$ (10)	\$ (6,401)	\$ 39,641	\$ (20,712)	\$ 18,929	\$ 316,761	\$ (26,238)	\$ 290,523
(g) Payroll Allocation	Balance @ 12/31/14	Adjustments	Adjusted Balance												
Volume Basis Wages -															
Source of Supply Wages	3,315	118	3,433												
Water Treatment Wages	625	-	625												
Transmission and Distribution Wages	15,919	22	15,941												
Admin & Gen'l Superintendent	15,569	557	16,126												
Admin & Gen'l Field	9,923	355	10,278												
Admin & Gen'l Office (0.5)	4,872	174	5,046												
Total Volume Basis Wages	50,223	1,226	51,449												
Customer Basis Wages - Admin & Gen'l Office (2.5)	30,082	6,575	36,657												
Non-POASI Wages - Customer Account Wages	8,086	289	8,375												
Total Wages	\$ 88,391	\$ 8,090	\$ 96,481												
				Allocation @ 12/31/14	Adjusted Allocation										
				56.82%	53.33%										
				34.03%	37.99%										
				9.15%	8.68%										
				100.00%	100.00%										

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
UTILITY PLANT ADJUSTMENTS

	303.20 Land	304.20 Structures	307.20 Wells	311.20 Pumps	331.4 Mains	333.4 Services	334.4 Meters	339.2 Misc Equip	341.52 Vehicle - PU	Total
Utility Plant in Service:										
Co's revisions to remove AFUDC from 2014 Mt. Roberts equipment additions (See Att JPL-5 / Sch 7)			\$ (44,230)	\$ (2,618)	\$ (8,772)					\$ (55,820)
<u>Settlement:</u> Staff Adj # 2a: To record adjusted shareholder investment in Mt. Roberts land	262,095									262,095
Staff Adj # 4: To adjust 2014 Paradise Shores additions per Audit Issue # 12		9,834	(7,134)		(2,389)					311
Staff Adj # 5: To reduce 2014 Paradise Shores mains per Co response to Staff 2-19					(300)					(300)
Staff Adj # 6: To adjust 2013 & 2014 Paradise Shores meter additions per Audit Issue # 16							139			139
Staff Adj # 7: To remove cost of duplicate pump entry per Audit Issue # 18				(4,030)						(4,030)
Staff Adj # 8: To record cost of truck tire rims per Audit Issue # 25 (\$844 x 23.70%)									200	200
Total Adjustments - Utility Plant in Service	\$ 262,095	\$ 9,834	\$ (51,364)	\$ (6,848)	\$ (11,461)	\$ -	\$ 139	\$ -	\$ 200	\$ 202,695
Accumulated Depreciation:										
Co's revisions to remove Accumulated Depreciation on 2014 Mt Roberts AFUDC (See Att JPL-5 / Sch 7)			\$ 553	\$ 141	\$ 88					\$ 782
Co's amended Rate Base Adj # 5: To record additional 1/2 year of depr on '14 additions (Att JPL-5 / Sch 3A)		(873)	(1,766)	(2,220)	(792)	(29)	(294)	(37)		(6,011)
Staff Adj # 15: Adjustment relative to 2014 Paradise Shores additions per Audit Issue # 12		(246)	178		48					(20)
Staff Adj # 16: Adjustment relative to 2014 Paradise Shores mains per response to Staff 2-19					6					6
Staff Adj # 17: Adjustment relative to 2013-14 Paradise Shores meters per Audit Issue # 16							(5)			(5)
Staff Adj # 18: Adjustment relative to duplicate Paradise Shores pump entry per Audit Issue # 18				403						403
Staff Adj # 20: Adjustment relative to change in service life of 2014 Paradise Shores well addition			(1,133)							(1,133)
Staff Adj # 21: Adjustment relative to change in service life of Pickup Trucks (\$14,001 x 23.70%)									3,318	3,318
Staff Adj # 22: Adjustment relative to reclass of truck tire rims per Audit Issue # 25 (\$169 x 23.70%)									(40)	(40)
Total Adjustments - Accumulated Depreciation	\$ -	\$ (1,119)	\$ (2,168)	\$ (1,676)	\$ (650)	\$ (29)	\$ (299)	\$ (37)	\$ 3,278	\$ (2,700)
Depreciation Expense:										
Co's Depr Exp Adj # 10A: To remove depr exp on AFUDC recorded during the test year (Att JPL-5 / Sch 1B)			\$ (553)	\$ (141)	\$ (88)					\$ (782)
Co's amended Depr Exp Adj # 11: To record additional 1/2 year of depr on '14 additions (Att JPL-5 / Sch 1B)		873	1,766	2,220	792	29	294	37		6,011
Staff Adj # 59: Adjustment relative to 2014 Paradise Shores additions per Audit Issue # 12		246	(178)		(48)					20
Staff Adj # 60: Adjustment relative to 2014 Paradise Shores mains per response to Staff 2-19					(6)					(6)
Staff Adj # 61: Adjustment relative to 2013-14 Paradise Shores meter additions per Audit Issue # 16							7			7
Staff Adj # 62: Adjustment relative to duplicate Paradise Shores pump entry per Audit Issue # 18				(403)						(403)
Staff Adj # 64: Adjustment relative to change in service life of 2014 Paradise Shores well additions			1,133							1,133
Staff Adj # 65: Adjustment relative to change in service life of Pickup Trucks (\$7,643 x 23.70%)									(1,811)	(1,811)
Staff Adj # 66: Adjustment relative to reclass of truck tire rims per Audit Issue # 25 (\$169 x 23.70%)									40	40
Total Adjustments - Depreciation Expense	\$ -	\$ 1,119	\$ 2,168	\$ 1,676	\$ 650	\$ 29	\$ 301	\$ 37	\$ (1,771)	\$ 4,209

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
WORKING CAPITAL RATE BASE ADJUSTMENTS

	162.00 Prepays	186.00 Deferred	235.00 Deposits	Total
Working Capital Rate Base Adjustments:				
Staff Adj # 31: To reduce ppd exp's by ppd propane per Audit Issue # 3 (-\$418 x 23.70%)	\$ (99)			\$ (99)
Staff Adj # 34: To record 'no-lead rule' deferred asset per Audit Issue # 25 (\$8,639 x 23.70%)		2,047		2,047
Staff Adj # 35: Paradise Shores well field evaluation reclassified from CWIP		32,405		32,405
Staff Adj # 36: Gen'l accounting exp's reclassified as a deferred asset (\$19,467 x 23.70%)		4,614		4,614
Staff Adj # 37: To record customer deposits (-\$1,956 x 23.70%)			(464)	(464)
Total Adjustments - Working Capital Rate Base	\$ (99)	\$ 39,066	\$ (464)	\$ 38,503

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF ROADS SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 46
OPERATION & MAINTENANCE EXPENSE ADJUSTMENTS

	Supply	Pumping	Treatment	T&D	Accounts	Sal - Sust	Sal - Field	Sal - Off (0.5)	Sal - Off (2.5)	Prof Svc's	Adm's - Disc	Insurance	Group Ins	Pension	Rate Case	Reg Comm	Office	Total
Operation & Maintenance Expenses:																		
Co's O&M Adj # 1 To adj test year hours to reflect full year (\$22,274 x (\$34,953 - \$147,230))	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,288									\$ 5,288
Co's O&M Adj # 2 To reflect 4% wage increase (N)	133	-	25	637	323	623	397	195	1,415									3,747
Co's O&M Adj # 3 To record pension plan for Co employees (\$16,000 x 23.70%)														3,792				3,792
Co's O&M Adj # 4 To adjust water test expense to 3 year average (\$3,272 x (\$597 - \$11,000))			246															246
Co's O&M Adj # 5 To adjust test debt expense to 3 year average (-\$9,076 x (\$5,378 - \$19,076))					(2,700)													(2,700)
Co's O&M Adj # 6 To eliminate accounting vendor discount (I)											9,286							9,286
Co's O&M Adj # 7 To adjust general law expense to 3 year average (-\$13,317 x (\$6,889 - \$29,017))										(3,162)								(3,162)
Co's O&M Adj # 8 To eliminate rate case expenses recovered during the test year (I)															(18,308)			(18,308)
Co's O&M Adj # 9 To record amortization of DW 07-105 costs (\$9,800 x 23.70%)																2,365		2,365
Co's O&M Adj # 10 To eliminate non-recurring office expenses (-\$4,958 x (\$10,915 - \$44,828))																	(1,207)	(1,207)
Staff Adj # 42 Source of supply exp's reclassified from O&M Exp to fixed plant per Audit Issue # 17	(15,000)																	(15,000)
Staff Adj # 43 Adjustment for duplicate Pump cost per Audit Issue # 16		4,000																4,000
Staff Adj # 45 To reduce fire alarm exp's to rate base per Audit Issue # 25 (-\$644 x (\$4,519 - \$19,034))				(200)														(200)
Staff Adj # 46 To reduce 'no lead rule' exp's to rate base per Audit Issue # 25 (-\$12,959 x (\$10,092 - \$37,343))				(3,502)														(3,502)
Settlement Staff Adj # 46a To increase O & M Exp for annl maint/repair of plant in service (\$18,103 x 23.70%)	1,073	1,073	1,073	1,073														4,296
Staff Adj # 47 Removal of post-test year wages per Audit Issue # 35 (A)	(14)	-	(3)	(68)	(34)	(66)	(42)	(21)	(128)									(376)
Staff Adj # 48 To reduce Co's O&M Adj # 6 to reflect actual discount (-\$2,592 x (\$9,286 - \$38,178))											(614)							(614)
Staff Adj # 49 To reverse Co's O&M Adj # 9																(2,365)		(2,365)
Staff Adj # 50 To reclassify test year general accounting expenses (-\$31,184 x (\$10,257 - \$43,206))										(7,403)								(7,403)
Staff Adj # 51 To adj Co's O&M Adj # 7 relative to general legal exp's (-\$7,354 x (\$8,888 - \$29,017))										(1,753)								(1,753)
Staff Adj # 52 To reduce computer support expense (-\$1,776 x (\$3,052 - \$12,850))										(422)								(422)
Staff Adj # 53 To reduce the exp (-\$21,000 x (\$10,729 - \$56,594)) / (-\$7,800 x (\$13,511 - \$56,652))											(4,053)		(1,606)					(5,659)
Settlement Staff Adj # 53a To adj the reduction (\$2,537 x (\$10,729 - \$56,594)) / (\$7,800 x (\$13,511 - \$56,652))											490		1,806					2,296
Staff Adj # 54 Prior year medical reimbursement per Audit Issue # 27 (-\$285 x (\$13,511 - \$56,652))													(68)					(68)
Staff Adj # 55 To reverse Co's O&M Adj # 3 relative to pension plan														(3,792)				(3,792)
Staff Adj # 56 To reduce comm exp by prior rate case exp write-off (-\$18,843 x (\$15,195 - \$20,985))																(12,288)		(12,288)
Staff Adj # 57 Non-recurring office exp's per Audit Issue # 25 (-\$5,454 x (\$10,915 - \$44,828))																	(1,328)	(1,328)
Total Adjustments - Operation & Maintenance Expenses	\$ (13,808)	\$ 5,103	\$ 1,341	\$ (2,062)	\$ (2,411)	\$ 557	\$ 355	\$ 174	\$ 6,575	\$ (12,743)	\$ 8,672	\$ (2,553)	\$ (88)	\$ -	\$ (18,308)	\$ (12,288)	\$ (2,535)	\$ (44,987)

(N) Calculation of 4% Wage Increase

Paradise Shores Test Year Salaries
Adjustment for Test Year Hours
Total Proforma Salaries
Proforma Wage Increase %
Proforma Salary Increase

Supply	Pumping	Treatment	T&D	Accounts	Sal - Sust	Sal - Field	Sal - Off (0.5)	Sal - Off (2.5)	Total
\$ 3,315	\$ -	\$ 625	\$ 15,919	\$ 8,066	\$ 15,569	\$ 9,923	\$ 4,672	\$ 30,082	\$ 88,391
								\$ 5,288	\$ 5,288
3,315		625	15,919	8,066	15,569	9,923	4,672	35,370	93,679
4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
\$ 133	\$ -	\$ 25	\$ 637	\$ 323	\$ 623	\$ 397	\$ 195	\$ 1,415	\$ 3,747

(I) 2015 Appendix A, Pg 2 / 4 Line 114.5 Items Includable Cost # Basic

(J) 2015 Appendix A, Pg 2 / 4 Line 103 Items Non-POAST Only

(K) Calculation of Reduction of Post-Test Year Wages per Audit Issue # 35

LRWC Test Year Salaries
% of LRWC Total Salaries
Total Test Year Wage Adjustment per Staff Adj # 47

Paradise Shores Test Year Salaries
Paradise Shores Test Year Salaries as % of LRWC Test Year Salaries
Paradise Shores Portion of Test Year Wage Adjustment per Staff Adj # 47

Supply	Pumping	Treatment	T&D	Accounts	Sal - Sust	Sal - Field	Sal - Off (0.5)	Sal - Off (2.5)	Total
\$ 22,646	\$ -	\$ 6,214	\$ 50,489	\$ 25,919	\$ 65,583	\$ 41,319	\$ 20,622	\$ 126,708	\$ 359,460
8.30%	0.00%	1.73%	14.85%	7.21%	18.24%	11.51%	5.71%	36.25%	100.00%
\$ (88)	\$ -	\$ (26)	\$ (215)	\$ (110)	\$ (278)	\$ (178)	\$ (67)	\$ (539)	\$ (1,520)
\$ 3,315	\$ -	\$ 625	\$ 15,919	\$ 8,066	\$ 15,569	\$ 9,923	\$ 4,672	\$ 30,082	\$ 88,391
14.64%	N/A	10.06%	31.53%	31.20%	23.74%	23.96%	23.74%	23.74%	24.59%
\$ (14)	\$ -	\$ (3)	\$ (68)	\$ (34)	\$ (66)	\$ (42)	\$ (21)	\$ (128)	\$ (376)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
AMORTIZATION EXPENSE ADJUSTMENTS

	<u>Annual Amortization</u>
Amortization Expense:	
Staff Adj # 67: Annual amortization of 'No Lead Rule' costs ($\$4,320 \times 23.70\%$)	\$ 1,024
Staff Adj # 68: Annual amortization of Paradise Shores well evaluation costs	3,601
Staff Adj # 69: Annual amortization of deferred asset related to accounting costs ($\$9,733 \times 23.70\%$)	<u>2,307</u>
Total Adjustments - Amortization Expense	<u><u>\$ 6,932</u></u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 40
OTHER TAX ADJUSTMENTS

	Property Tax	Payroll Tax	Total
Other Tax Expense:			
Co's amended Tax Adj # 14: To adj State RE Tx for '14 Additions (Att JPL-5 / Sch 1B) (\$2,900 x 23.70%)	\$ 687		\$ 687
Co's amended Tax Adj # 16: To adj Municipal RE Tax for '14 Additions (Att JPL-5 / Sch 1B) (\$351,156 x \$0.00633)	2,223		2,223
Co's Tax Adj # 18: To adj PR tax relative to Co Adj # 1 (\$5,288 x 7.65%)		405	405
Co's Tax Adj # 19: To adj PR tax relative to Co Adj # 2 (\$3,747 x 7.65%)		287	287
Staff Adj # 70: To adjust PR Tax relative to Staff Adj # 48 (-\$376 x 7.65%)		(29)	(29)
<u>Settlement: Staff Adj # 73: To adjust test year RE Tax expense (I)</u>	<u>4,035</u>		<u>4,035</u>
Total Adjustments - Other Tax Expense	<u>\$ 6,945</u>	<u>\$ 663</u>	<u>\$ 7,608</u>
(I) Calculation of Paradise Shores portion of Staff Adj # 73 (See Schedule 12):			
2015 Direct RE Taxes - Paradise Shores	\$ 10,600		
Less: Co's revision to remove AFUDC from rate base - Paradise Shores (-\$55,038 x 87.40% x \$0.00647)	(311)		
Less: Staff Rate Base Adj's - Paradise Shores (\$221,460 x 87.40% x \$0.00647)	1,252		
Adjusted Direct RE Taxes - Paradise Shores	11,541		
Less: 2014 Direct RE Taxes - Paradise Shores (Co Response to Staff 1-25)	(4,874)	\$ 6,667	
2015 State RE Tax - All Divisions	19,693		
Less: Co's amendment to remove AFUDC from rate base - Paradise Shores (-\$55,038 x 87.40% x \$0.0066)	(317)		
Less: Staff Rate Base Adj's (\$220,934 x 87.40% x \$0.0066)	1,274		
Adjusted State RE Tax - All Divisions	20,650		
Add: 2015 Municipal RE Tax - Administrative	781		
Total 2015 Indirect RE Taxes - All Divisions	21,431		
Paradise Shores Allocation %	x 23.70%		
Total 2015 Indirect RE Taxes - Paradise Shores	5,079		
Less: 2014 Indirect RE Taxes - Paradise Shores (Co Response to Staff 1-25)	(4,801)	278	
Net 2015 Incremental RE Taxes - Paradise Shores		6,945	
Less: Co's amended Tax Adj's # 14 & 16 - Paradise Shores		(2,910)	\$ 4,035

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

ANALYSIS OF GENERAL ACCOUNTING EXPENSE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 50

(Based on Analysis of Co's Responses to Staff 1-17(a) and Tech 1-5(a) re: Accounting Services - Norman E. Roberge)

Invoice #	Invoice Date	Dates of Service	Description	General	Deferred Asset	Total
2014-01	03/14/14	01/01/14 - 01/31/14	Provide training to the new manager; Provide assistance in developing rate case exhibits; Provided oversight and assistance in the preparation of the NHPUC Annual Report;	\$ 6,920.00		\$ 6,920.00
2014-02	03/15/14	02/01/14 - 02/28/14	Assisted in annual closing of the books (NDS); Orchestrated and assisted in the completion of the annual POASI calculation; Assisted in reconciliation of the POASI Y/E	3,680.00		3,680.00
2014-03	04/07/14	03/01/14 - 03/31/14	Accounts Receivable; Assisted in the preparation of Department of Revenue Administration Form PA-20; Assisted staff in evaluation new financial software; Assist in work order process and updating Property, Plant and Equipment records (additions and retirements); and Prepare Journal Entries (adjusting, correcting entries etc.)	9,240.00		9,240.00
2014-04	05/17/14	04/28/14		600.00		600.00
2014-05	05/18/14	05/01/14 - 05/08/14		2,080.00		2,080.00
13342	08/13/14	08/13/14	Meet with Tim and Steve Review monthly financials for 2013 & 2012 Discuss cash flow statements for 2014 and needed adjustments	480.00		480.00
13388	09/01/14	08/16/14	POASI projections 10, 15 & 25 years 1) Current Asset Structure 2) With Mt Roberts 3) With Mt Roberts and CIAC contribution	320.00		320.00
		08/21/14	POASI projections	80.00		80.00
		08/26/14	Assist with questions from NH DRA concerning PA-20 filing	200.00		200.00
13612	10/19/14	09/24/14	at Lakes Region Add new accounts to excel financials Discuss workorders Discuss new accounting software Update monthly comparisons for 2013 and 2014	640.00		640.00
13872	11/26/14	10/12/14	at Lakes Region Try to resolve balance sheet problems (not successful) Work on workorders Discuss fixed assets	520.00		520.00

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

ANALYSIS OF GENERAL ACCOUNTING EXPENSE ADJUSTMENT
IN SUPPORT OF STAFF ADJUSTMENT # 50

(Based on Analysis of Co's Responses to Staff 1-17(a) and Tech 1-5(a) re: Accounting Services - Norman E. Roberge)

Invoice #	Invoice Date	Dates of Service	Description	General	Deferred Asset	Total
		10/20/14	at Lakes Region Relink balance sheet to other excel files Review work order recording progress Assign and review work required to be completed or in progress for next visit in 1st wk of Dec	680.00		680.00
13828	12/04/14	12/03/14	at Lakes Region Review work order recording progress Prepare Jake time allocation entries - Jan-Oct Review work required to be completed Property & Equipment analysis	640.00		640.00
13830	12/12/14	12/11/14	at Lakes Region Review work order recording progress Review work required to be completed Discussions with TJ and Jake Property & Equipment analysis	640.00		640.00
13892	12/18/14	12/17/14	at Lakes Region Property & Equipment analysis	600.00		600.00
139893	12/24/14	12/22/14	at Lakes Region Property & Equipment analysis	640.00		640.00
13905	12/31/14	12/29/14 12/30/14	Property & Equipment analysis Property & Equipment analysis	560.00 680.00		560.00 680.00
		01/01/14 - 12/30/14	Staff Adjustment	(29,200.00)	29,200.00	-
			TOTALS	\$ -	\$ 29,200.00	\$ 29,200.00

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF GENERAL ACCOUNTING EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 50

(Based on Analysis of Co's Response to Staff 1-17(a) re: Accounting Services - Stephen P. St. Cyr & Associates)

Invoice #	Invoice Date	Dates of Service	Description	General	DW 14-285 Financing	DW 15-209 Rate Case	Total
12958	04/12/14	03/12/14 - 03/31/14	2013 Year End / Other	\$ 1,509.38			\$ 1,509.38
12958	04/12/14	03/31/14	Staff Adjustment: Talk w/Tom re: Mt. Roberts rate case (DW 15-209)	(28.75)		28.75	-
12970	05/15/14	04/07/14 - 04/29/14	2013 Year End / Other	402.50			402.50
12970	05/15/14	04/07/14	Staff Adjustments: Talk w/Tom re: financing (DW 14-285)	(28.75)	28.75		-
		04/08/14	Talk w/Tom re: financing (DW 14-285)	(28.75)	28.75		-
		04/16/14	Talk w/Tim re: rate case (DW 15-209)	(28.75)		28.75	-
		04/17/14	Meet w/Tim re: . . . Financing, Mt. Roberts, Swissvale, rate case (DW 14-285 / DW 15-209)	(115.00)	57.50	57.50	-
		04/29/14	Review PUC order (DW 14-285)	(57.50)	57.50		-
13405	08/08/14	07/11/14 - 07/25/14	2013 Year End / Other 2014 Financing 2014 Rate Case	603.75 172.50 431.25			603.75 172.50 431.25
13405	08/08/14	07/11/14 - 07/25/14	Audit Staff Adjustments: Audit Issue # 26 (DW 14-285 / DW 15-209)	(603.75)	172.50	431.25	-
13436	09/05/14	08/06/14 - 08/28/14	2013 Year End / Other 2014 Financing 2014 Rate Case	71.88 661.25 258.75			71.88 661.25 258.75
13436	09/05/14	08/06/14 - 08/28/14	Audit Staff Adjustments: Audit Issue # 26 (DW 14-285 / DW 15-209)	(920.00)	661.25	258.75	-

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF GENERAL ACCOUNTING EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 50

(Based on Analysis of Co's Response to Staff 1-17(a) re: Accounting Services - Stephen P. St. Cyr & Associates)

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Dates of Service</u>	<u>Description</u>	<u>General</u>	<u>DW 14-285 Financing</u>	<u>DW 15-209 Rate Case</u>	<u>Total</u>
13544	10/10/14	09/05/14 - 09/16/14	2013 Year End / Other 2014 Rate Case	143.75 28.75			143.75 28.75
13544	10/10/14	09/11/14	Audit Staff Adjustments: Audit Issue # 26 (DW 15-209)	(28.75)		28.75	-
13732	11/07/14	10/28/14	2014 Year End / Other	28.75			28.75
13846	12/09/14	11/04/14 - 11/19/14	2014 Year End / Other	373.75			373.75
13919	01/03/15	12/01/14 - 12/29/14	2014 Year End / Other	172.50			172.50
13919	01/03/15	12/24/14	Staff Adjustments: Talk w/Tim re: financing, Mt. Roberts sch / sup docs (DW 14-285 / DW 15-209)	(86.25)	28.75	57.50	-
		12/29/14	Talk w/Tom re: P&S, petition, filing, etc. (DW 15-209)	(57.50)		57.50	-
TOTALS				\$ 2,875.01	\$ 1,035.00	\$ 948.75	\$ 4,858.76

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2014 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Tech 1-5(a))

Invoice #	Invoice Date	Dates of Service	Description	General	DW 13-335 Financing	DW 15-209 Rate Case	Non-Recurring	Total
114079	01/31/14	01/02/14 - 01/16/14	General Advice	\$ 483.00				\$ 483.00
114080	01/31/14	01/07/14 - 01/10/14	Sale of Land to Raymond Graham Revocable Trust	105.00				105.00
114081	01/31/14	11/07/13 - 12/23/13	CoBank Loan	3,929.23				3,929.23
		01/08/14 - 01/31/14	CoBank Loan	3,247.44				3,247.44
114081	01/31/14		Staff Adjustment:					
		11/07/13 - 01/31/14	CoBank Loan (DW 13-335)	(7,176.67)	7,176.67			-
	02/14/14	02/14/14	Settlement Costs - Sale of Tuftonboro Property	1,536.00				1,536.00
	02/14/14		Staff Adjustment:					
		12/14/14	Non-recurring Expense	(1,536.00)			1,536.00	-
114416	02/28/14	02/20/14 - 02/22/14	General Advice	782.00				782.00
114417	02/28/14	02/06/14	Sale of Land to Raymond Graham Revocable Trust	35.00				35.00
114418	02/28/14	02/03/14 - 02/28/14	CoBank Loan	2,438.00				2,438.00
114418	02/28/14		Staff Adjustment:					
		02/03/14 - 02/28/14	CoBank Loan (DW 13-335)	(2,438.00)	2,438.00			-
114603	03/31/14	03/03/14 - 03/27/14	General Advice	506.00				506.00

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2014 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Tech 1-6(a))

Invoice #	Invoice Date	Dates of Service	Description	General	DW 13-335 Financing	DW 15-209 Rate Case	Non-Recurring	Total
114604	03/31/14	03/04/14 - 03/31/14	CoBank Loan	207.00				207.00
114604	03/31/14	03/04/14 - 03/31/14	Staff Adjustment: CoBank Loan (DW 13-335)	(207.00)	207.00			-
115033	04/30/14	04/01/14 - 04/30/14	General Advice	1,564.00				1,564.00
115405	04/30/14	04/07/14 - 04/30/14	CoBank Loan	529.00				529.00
115405	04/30/14	04/07/14 - 04/30/14	Staff Adjustment: CoBank Loan (DW 13-335)	(529.00)	529.00			-
115713	05/31/14	05/05/14 - 05/30/14	General Advice	736.00				736.00
115714	05/31/14	05/30/14	Sale of Land to Raymond Graham Revocable Trust	52.50				52.50
115715	05/31/14	05/02/14 - 05/30/14	CoBank Loan	2,330.00				2,330.00
115715	05/31/14	05/02/14 - 05/30/14	Staff Adjustment: CoBank Loan (DW 13-335)	(2,330.00)	2,330.00			-
116131	06/30/14	06/03/14 - 06/19/14	General Advice	2,277.00				2,277.00
		06/03/14 - 06/19/14	Courtesy Discount	(684.25)				(684.25)
		06/03/14 - 06/16/14	Reclassification to Mt. Roberts Costs	(621.00)				(621.00)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2014 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Tech 1-6(a))

Invoice #	Invoice Date	Dates of Service	Description	General	DW 13-335 Financing	DW 15-209 Rate Case	Non-Recurring	Total
116132	06/30/14	06/05/14 - 06/24/14	CoBank Loan	3,590.86				3,590.86
116132	06/30/14	06/05/14 - 06/24/14	Staff Adjustment: CoBank Loan (DW 13-335)	(3,590.86)	3,590.86			-
116318	07/31/14	07/08/14 - 07/31/14	General Advice	460.00				460.00
		07/09/14 - 07/24/14	Reclassification to Mt Roberts Costs	(184.40)				(184.40)
116318	07/31/14	07/24/14	Staff Adjustment: Rate Case - Mt Roberts (DW 15-209)	(69.00)		69.00		-
116319	07/31/14	07/29/14 - 07/30/14	CoBank Loan	46.00				46.00
		07/29/14 - 07/30/14	Courtesy Discount	(902.75)				(902.75)
116319	07/31/14	07/29/14 - 07/30/14	Staff Adjustment: CoBank Loan (DW 13-335)	(46.00)	46.00			-
	08/01/14		Upton & Hatfield Discount Adjustment	(470.25)				(470.25)
117001	08/31/14	08/22/14 - 08/31/14	General Advice	345.00				345.00
			Courtesy Discount	(86.25)				(86.25)
117002	08/31/14	08/04/14 - 08/31/14	CoBank Loan	256.00				256.00
			Courtesy Discount	(28.75)				(28.75)
117002	08/31/14	08/04/14	Staff Adjustment: CoBank Loan (DW 13-335)	(227.25)	227.25			-

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2014 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Tech 1-6(a))

Invoice #	Invoice Date	Dates of Service	Description	General	DW 13-335 Financing	DW 15-209 Rate Case	Non-Recurring	Total
117081	09/30/14	09/03/14 - 09/22/14	General Advice	1,155.00				1,155.00
117082	09/30/14	09/05/14 - 09/10/14	Mt Roberts Project	402.50				402.50
117082	09/30/14	09/05/14 - 09/10/14	Staff Adjustment: Rate Case - Mt Roberts (DW 15-209)	(402.50)		402.50		-
117711	10/31/14	10/03/14 - 10/06/14	General Advice	52.50				52.50
117711	10/31/14	10/03/14	Staff Adjustment: Rate Case - Mt Roberts (DW 15-209)	(23.00)		23.00		-
117712	10/31/14	10/01/14 - 10/28/14 - 10/31/14	Mt Roberts Project Courtesy Discount	2,417.50 (417.50)				2,417.50 (417.50)
117712	10/31/14	09/05/14 - 09/10/14	Staff Adjustment: Rate Case - Mt Roberts (DW 15-209)	(2,000.00)		2,000.00		-
118109	11/30/14	11/21/14 - 11/28/14	General Advice	910.00				910.00
118110	11/30/14	11/06/14 - 11/19/14	advs Bruce W. and Nancy B. Lewis, Olga L. Gordon, Trustee	126.00				126.00
	11/30/14	11/06/14 - 11/19/14	advs Bruce W. and Nancy B. Lewis, Olga L. Gordon, Trustee	126.00				126.00
118110	11/30/14	11/06/14 - 11/19/14	Staff Adjustment: Invoice Recorded Twice	(126.00)			126.00	-

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2014 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Tech 1-6(a))

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Dates of Service</u>	<u>Description</u>	<u>General</u>	<u>DW 13-335 Financing</u>	<u>DW 15-209 Rate Case</u>	<u>Non-Recurring</u>	<u>Total</u>
		12/23/14	General Advice	1,767.50				1,767.50
118583	12/31/14	12/05/14	advs Bruce W. and Nancy B. Lewis, Olga L. Gordon, Trustee	-				-
		TOTALS		<u>\$ 8,315.60</u>	<u>\$ 16,544.78</u>	<u>\$ 2,494.50</u>	<u>\$ 1,662.00</u>	<u>\$ 29,016.88</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2013 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Staff 2-10(a))

Invoice #	Invoice Date	Dates of Service	Description	General	DW 13-335 Financing	Non-Recurring	Total
108566	01/31/13	01/02/13 - 01/31/13	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	\$ 1,476.00			\$ 1,476.00
109143	02/28/13	12/06/12 - 02/27/13	General Advice	945.00			945.00
		12/06/12 - 02/27/13	Courtesy Discount	(415.00)			(415.00)
109144	02/28/13	02/06/13	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	48.94			48.94
110036	04/30/13	04/17/13	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	40.00			40.00
11620			Ransmeier & Spellman	(2,897.31)			(2,897.31)
			Ransmeier & Spellman Reclass	(9,386.79)			(9,386.79)
11620			Staff Adjustment: Non-recurring	12,284.10		(12,284.10)	-
110241	05/31/13	05/09/13	General Advice	67.50			67.50
111030	07/31/13	07/29/13 - 07/30/13	General Advice	990.00			990.00
111356	08/31/13	08/28/13 - 08/29/13	Sale of Land to Raymond Graham Revocable Trust	391.00			391.00
112042	09/30/13	09/03/13 - 09/26/13	CoBank Loan	2,123.50			2,123.50
112042	09/30/13	09/03/13 - 09/26/13	Staff Adjustment: CoBank Loan (DW 13-335)	(2,123.50)	2,123.50		-
112493	10/31/13	09/06/13 - 10/28/13	Sale of Land to Raymond Graham Revocable Trust	1,170.50			1,170.50

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2013 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Staff 2-10(a))

Invoice #	Invoice Date	Dates of Service	Description	General	DW 13-335 Financing	Non-Recurring	Total
112494	10/31/13	10/01/13 - 10/30/13	CoBank Loan	5,330.50			5,330.50
		10/01/13 - 10/30/13	Courtesy Discount	(1,000.00)			(1,000.00)
112494	10/31/13	09/03/13 - 09/26/13	Staff Adjustment: CoBank Loan (DW 13-335)	(4,330.50)	4,330.50		-
112987	11/30/13	11/01/13 - 11/24/13	Sale of Land to Raymond Graham Revocable Trust	561.00			561.00
113077	12/31/13	12/31/13	General Advice	225.00			225.00
113078	12/31/13	12/13/13 - 12/30/13	Sale of Land to Raymond Graham Revocable Trust	1,139.00			1,139.00
TOTALS				\$ 6,638.94	\$ 6,454.00	\$ (12,284.10)	\$ 808.84

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2012 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Staff 2-10(a))

Invoice #	Invoice Date	Dates of Service	Description	General	Non-Recurring	Total
103162		12/01/11 - 12/31/11		\$ 247.50		\$ 247.50
103162		12/01/11 - 12/31/11	Staff Adjustment: December 2011	(247.50)	247.50	-
103643	01/31/12	01/13/12 - 01/20/12	General Advice	1,180.00		1,180.00
9976			Stephen P. St. Cyr	52.50		52.50
9976			Staff Adjustment: Stephen P. St. Cyr (Accounting Fees)	(52.50)	52.50	-
104873	04/30/12	04/02/12 - 04/30/12	General Advice	720.00		720.00
105236	05/31/12	05/01/12 - 05/30/12	General Advice	1,060.00		1,060.00
105691	06/30/12	06/07/12 - 06/28/12	General Advice	1,280.00		1,280.00
106116	07/31/12	07/02/12 - 07/30/12	General Advice	980.00		980.00
106505	08/31/12	08/09/12 - 08/10/12	Hidden Valley Property Owners' Association	280.50		280.50
106506	08/31/12	08/02/12 - 08/31/12	General Advice	3,083.00		3,083.00
106968	09/30/12	09/20/12	Hidden Valley Property Owners' Association	66.00		66.00

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF 2012 GENERAL LEGAL EXPENSES
IN SUPPORT OF STAFF ADJUSTMENT # 51
(Based on Analysis of Co's Response to Staff 2-10(a))

Invoice #	Invoice Date	Dates of Service	Description	General	Non-Recurring	Total
106969	09/30/12	09/04/12 - 09/26/12	General Advice	2,239.00		2,239.00
107556	10/31/12	10/03/12 - 10/31/12	General Advice	740.00		740.00
107556	10/31/12	10/31/12	Staff Adjustment: Research law re: emergency rates . . .	(200.00)	200.00	-
107557	10/31/12	10/01/12 - 10/31/12	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	2,026.10		2,026.10
		10/01/12 - 10/31/12	Courtesy Discount	(840.00)		(840.00)
107770	11/30/12	11/01/12	Hidden Valley Property Owners' Association	33.00		33.00
107771	11/30/12	11/30/12	General Advice	80.00		80.00
107772	11/30/12	11/01/12 - 11/28/12	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	2,890.18		2,890.18
108187	12/31/12	12/12/12 - 12/28/12	advs Bruce W. and Nancy B. Lewis, and Olga L. Gordon, Trustee	476.00		476.00
TOTALS				<u>\$ 16,093.78</u>	<u>\$ 500.00</u>	<u>\$ 16,593.78</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
DW 13-335 FINANCING COSTS
IN SUPPORT OF FOOTNOTE (e) on SCHEDULE 1ai
(Based on Company Responses to Tech 1-6 and Staff Data Request 2-10, 2-18, and 2-32)

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Service Dates</u>	<u>Description</u>	<u>Amount</u>
112042	09/30/13	09/03/13 - 09/26/13	CoBank Loan (Staff Adjustment - Sch 11b)	\$ 2,123.50
112494	10/31/13	10/01/13 - 10/30/13	CoBank Loan (Staff Adjustment - Sch 11b)	4,330.50
114081	01/31/14	11/07/13 - 01/31/14	CoBank Loan (Staff Adjustment - Sch 11a)	7,176.67
114418	02/28/14	02/03/14 - 02/28/14	CoBank Loan (Staff Adjustment - Sch 11a)	2,438.00
114604	03/31/14	03/04/14 - 03/31/14	CoBank Loan (Staff Adjustment - Sch 11a)	207.00
115405	04/30/14	04/07/14 - 04/30/14	CoBank Loan (Staff Adjustment - Sch 11a)	529.00
115715	05/31/14	05/02/14 - 05/30/14	CoBank Loan (Staff Adjustment - Sch 11a)	2,330.00
116132	06/30/14	06/05/14 - 06/24/14	CoBank Loan (Staff Adjustment - Sch 11a)	3,590.86

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
DW 13-335 FINANCING COSTS
IN SUPPORT OF FOOTNOTE (e) on SCHEDULE 1ai
(Based on Company Responses to Tech 1-6 and Staff Data Request 2-10, 2-18, and 2-32)

<u>Invoice #</u>	<u>Invoice Date</u>	<u>Service Dates</u>	<u>Description</u>	<u>Amount</u>
116319	07/31/14	07/29/14 - 07/30/14	CoBank Loan (Staff Adjustment - Sch 11a)	46.00
117002	08/31/14	08/14/14	CoBank Loan (Staff Adjustment - Sch 11a)	227.25
118111	11/30/14	11/10/14 - 11/18/14	CoBank Loan	227.50
118584	12/31/14	12/22/14 - 12/23/14	CoBank Loan	87.50
Total Debt Costs				<u><u>\$ 23,313.78</u></u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

MUNICIPAL AND STATE REAL ESTATE TAX ADJUSTMENT TO 2015 LEVEL
IN SUPPORT OF STAFF ADJUSTMENT # 73
(Based on Staff's Analysis of Co's Responses to Staff Data Requests 1-24, 1-25, 2-13, and 2-14)

Water System	Taxing Entity	Identification #	2015 Municipal Property Taxes						Total Taxes
			Valuation	1'st Issue Rate	Billing	Valuation	2'nd Issue Rate	Billing	
Far Echo	Moultonborough	000888 - 888000 - 000003	99,000	3.17	314	No 2'nd Issue Billing			314
Paradise Shores	Balmoral	072-092 083-100			100				100
		072-093 083-122			100				100
		072-094 082-123			100				100
		072-095 083-124			100				100
		093-030 082-015			100				100
	Moultonborough	000071 - 001000 - 000000	248,600	3.17	788	No 2'nd Issue Billing			788
		000072 - 092000 - 000000	8,300	3.17	26	7,900	6.47	25	51
		000072 - 093000 - 000000	8,300	3.17	26	8,000	6.47	25	52
		000072 - 094000 - 000000	8,300	3.17	26	7,900	6.47	25	51
		000072 - 095000 - 000000	317,189	3.17	1,005	317,189	6.47	1,047	2,052
		000093 - 030000 - 000000	8,600	3.17	27	8,300	6.47	26	54
		000888 - 888000 - 000002	99,000	3.17	314	1,090,000	6.47	6,738	7,052
West Point	Moultonborough	000272 - 030000 - 000000	50,600	3.17	160	49,800	6.47	162	322
		000888 - 888000 - 000004	99,000	3.17	314	No 2'nd Issue Billing			314
Waterville Valley Gateway	Thornton	000011 - 000005 - 00000W	196,900	8.20	1,615	196,900	16.50	1,634	3,249
Hidden Valley	Tuftonboro	000070 - 000002 - 000048	249,600	4.13	1,031	226,100	8.75	948	1,978
		000070 - 000002 - 000049	36,200	4.13	150	36,200	8.75	167	317
	Hidden Valley POA	000070 - 000002 - 000048-4						250	250
		000070 - 000002 - 000048-9						250	250
Wentworth Cove	Laconia	166 / 358 / 20	107,300	9.91	1,063	83,500	19.83	592	1,656
Deer Run	Campton	02 / 01 / 500 / 0 / 0	32,600	11.28	343	32,600	20.45	324	667
Woodland Grove	Conway	000266 - 000074 - 000000	116,300	8.59	999	116,300	17.53	1,040	2,039
Echo Lake Woods	Conway	000216 - 000027 - 000000	74,300	8.59	638	74,300	17.53	664	1,302
Brake Hill	Gilford	227-192,000	26,080	15.77	206	26,280	15.52	202	408
Tamworth	Tamworth	201-039-300	297,400	19.16	2,849	269,974	20.37	2,650	5,499
Deer Cove	Ossipee	000044 - 999000 - 000UTL	3,400	9.03	31	3,400	18.43	32	63

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

MUNICIPAL AND STATE REAL ESTATE TAX ADJUSTMENT TO 2015 LEVEL
IN SUPPORT OF STAFF ADJUSTMENT # 73
(Based on Staff's Analysis of Co's Responses to Staff Data Requests 1-24, 1-25, 2-13, and 2-14)

Water System	Taxing Entity	Identification #	2015 Municipal Property Taxes						Total Taxes
			Valuation	1'st Issue Rate	Billing	Valuation	2'nd Issue Rate	Billing	
Lake Ossipee Village	Freedom	000034 - 000034 - 000000	211,500	4.97	1,051	212,700	9.94	1,063	2,114
Indian Mound	Ossipee	000073 - 999000 - 000UTL	70,600	8.53	602	70,600	17.35	623	1,225
Gunstock Glen	Gilford	227-142.000	142,700	15.77	1,125	142,900	15.52	1,093	2,218
Administrative	Moultonborough	000071 - 015000 - 000000	246,400	3.17	781	No 2'nd Issue Billing			781
2015 Municipal Property Tax Assessment			\$ 2,758,169		\$ 15,985	\$ 2,980,843		\$ 19,581	\$ 35,566
Add: 2015 NH State Utility Property Tax									
State Valuation								\$ 2,983,722	
State Tax Rate per \$1,000								x \$ 6.60	
2015 State Utility Tax Assessment								+ \$ 1,000	19,693
Total 2015 Property Tax Assessment									\$ 55,258

Adjustment for Property Taxes relative to Staff Plant Adjustments:

Company amendment to remove AFUDC from test year Rate Base - Paradise Shores (Att JPL-5 / Sch 7)
Settlement: Staff Adj # 2a: To record adjusted shareholder investment in Mt. Roberts land - Paradise Shores

Staff Adj #s 4 and 15: Staff Audit Issue # 12 - Paradise Shores
Staff Adj #s 5 and 16: Co response to Staff 2-19 - Paradise Shores

Staff Adj #s 6 and 17: Staff Audit Issue # 16 - Paradise Shores

Staff Adj #s 7 and 18: Staff Audit Issue # 18 - Paradise Shores

Staff Adj #s 8 and 19: Reclassification of Hydrofracking Exp - West Point

Settlement: Staff Adj #s 8a and 19a: Removal of capitalized Hydrofracking costs - West Point

Staff Adj # 20: Staff Audit Issue # 15 - Paradise Shores

Staff Adj # 20: Staff Audit Issue # 15 - West Point

Staff Adj # 35: Reclass well evaluation costs from CWIP to Deferred Assets - Paradise Shores

Total Plant Adjustments

Tax Assessment Value as a % of Taxable Utility Plant per Book (m)

Tax Assessment of Staff's Plant Adjustments

Combined Tax Rate (\$6.47(Moultonborough) + \$6.60 (State))

Plant in Service	Accum Depr	Net Plant
\$ (55,820)	\$ 782	\$ (55,038)
262,095	-	262,095
311	(20)	291
(300)	6	(294)
139	(5)	134
(4,030)	403	(3,627)
2,592	(86)	2,506
(2,592)	86	(2,506)
-	(1,133)	(1,133)
-	(526)	(526)
(36,006)	-	(36,006)
\$ 166,389	\$ (493)	\$ 165,896
	x	87.40%
		\$ 144,890
	x	13.07
		1,895

Pro-forma Property Tax Expense per Staff

\$ 57,153

Less: Pro-forma Property Tax Expense per Company:

Actual Property Tax Expense - 2014

\$ (47,515)

Co's Amended Property Tax Adj # 14 relative to state property tax expense (Att JPL-5 / Sch 1B)

(2,900)

Co's Amended Property Tax Adj # 16 relative to municipal property tax expense (Att JPL-5 / Sch 1B)

(3,471)

(53,886)

Staff Pro-forma Adjustment to Property Tax Expense

\$ 3,267

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

MUNICIPAL AND STATE REAL ESTATE TAX ADJUSTMENT TO 2015 LEVEL
IN SUPPORT OF STAFF ADJUSTMENT # 73
(Based on Staff's Analysis of Co's Responses to Staff Data Requests 1-24, 1-25, 2-13, and 2-14)

Water System	Taxing Entity	Identification #	2015 Municipal Property Taxes						Total Taxes
			Valuation	1'st Issue Rate	Billing	Valuation	2'nd Issue Rate	Billing	
(m) Tax Assessment %:	Book Value @ 12/31/14	(Per Co's 2014 Ann'l Rpt)							
Total Utility Plant	\$ 5,136,724								
Less: Accumulated Depreciation	(1,582,018)								
Net Plant	3,554,706								
Add: Inventory	4,717								
Less: Non-Real Estate Gen'l Plant	(147,129)								
Taxable Utility Plant per Book	\$ 3,412,294								
	Tax Assessment Value	% of Taxable Plant per Book							
Municipal:	\$ 2,980,843	= 87.36%							
State:	\$ 2,983,722	= 87.44%							
Average:	\$ 2,982,283	= 87.40%							

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

**SETTLEMENT: ANALYSIS OF MT ROBERTS PROPERTY ACQUISITION
IN SUPPORT OF STAFF ADJUSTMENT # 2a**

Date	Payee	Description	Original Costs Proposed by Co	Amending Reduction of AFUDC Per Co	Amended Costs Proposed Per Co	Investment Reductions Per Staff	Adjusted Shareholder Investment
07/30/06	Nancy Montague	Purchase of Land and Buildings	\$ 307,805	\$ (107,805)	\$ 200,000		\$ 200,000
07/31/06	Cleveland, Waters & Bass	Legal Expense relative to purchase	1,051	(368)	683		683
10/31/06	Cleveland, Waters & Bass	Legal Expense relative to purchase	1,621	(548)	1,073		1,073
12/31/06	Town of Moultonborough	2006 Property Tax Bill	2,698	(891)	1,807	1,807	
01/15/07	Wright Survey	01/15/07 Invoice - Survey Expense	4,197	(1,377)	2,820		2,820
03/01/07	Wright Survey	02/16/07 Invoice - Survey Expense	3,260	(1,050)	2,210		2,210
03/22/07	Wright Survey	03/15/07 Invoice - Survey Expense	2,949	(941)	2,008		2,008
04/26/07	Wright Survey	04/21/07 Invoice - Survey Expense	3,751	(1,180)	2,571		2,571
05/01/07	Keith R Nelson	Legal Expense relative to purchase	146	(46)	100		100
12/31/07	Town of Moultonborough	2007 Property Tax Bill	3,141	(879)	2,262	2,262	
07/01/08	Nancy Montague	Consideration: Release of Lease-Conveyance Agreement	66,959	(16,959)	50,000		50,000
10/10/08	Hambrook Land Surveying	Special Exception - Moultonborough ZBA	827	(197)	630		630
12/31/08	Town of Moultonborough	2008 Property Tax Bill	3,176	(717)	2,459	2,459	
12/31/09	Town of Moultonborough	2009 Property Tax Bill	2,926	(491)	2,435	2,435	
01/05/10	Cleveland, Waters & Bass	Legal on land purchase - Swansea, MA	1,786	(298)	1,488	1,488	
12/31/10	Town of Moultonborough	2010 Property Tax Bill	2,674	(281)	2,393	2,393	
12/31/11	Town of Moultonborough	2011 Property Tax Bill	2,530	(96)	2,434	2,434	
12/31/12	Town of Moultonborough	2012 Property Tax Bill	2,501	-	2,501	2,501	
12/31/13	Town of Moultonborough	2013 Property Tax Bill	1,909	-	1,909	1,909	
Totals			\$ 415,907	\$ (134,124)	\$ 281,783	\$ 19,688	\$ 262,095

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES

SETTLEMENT: CALCULATION OF NON-REVENUE PRODUCING PLANT ADDITION ADJUSTMENTS - INDIAN MOUND
IN SUPPORT OF STAFF ADJUSTMENTS # 10a and # 23a

	Source of Supply and Pumping Plant		Transmission and Distribution Plant			
	#311 Pumps	# 339 Miscellaneous	# 330 Tanks	# 331 Mains	# 334 Meters	TOTAL
Plant in Service:						
Test Year Plant Additions (Att JPL-5 / Sch 7)	\$ 661	\$ 254	\$ 875	\$ 42,517	\$ 272	\$ 44,579
Plant in Service Adjustments:						
N/A	-	-	-	-	-	-
Total Adjustments	-	-	-	-	-	-
Test Year Plant Additions after Adjustments	661	254	875	42,517	272	44,579
Test Year Average % (Per NHPUC Audit Staff)	x 7.69%	x 7.69%	x 23.08%	x 7.69%	x 7.69%	x 7.99%
Test Year Average of Adjusted Plant in Service	51	20	202	3,271	21	3,564
Difference between Year-end Value and Test Year Average of Indian Mound Test Year Plant Additions	\$ 610	\$ 234	\$ 673	\$ 39,246	\$ 251	\$ 41,015
Non-Revenue Producing Plant in Service Adjustment	\$ 610	\$ 234	\$ 673	\$ 39,246		\$ 40,764
Accumulated Depreciation:						
Accumulated Depreciation recorded by Co (Att JPL-5 / Sch 7)	\$ (33)	\$ (12)	\$ (9)	\$ (425)	\$ (7)	\$ (486)
Accumulated Depreciation Adjustments:						
Co's Accumulated Depreciation Adj # 5	(33)	(12)	(9)	(425)	(7)	(486)
Total Accumulated Depreciation Adjustments	(33)	(12)	(9)	(425)	(7)	(486)
Accumulated Depreciation on Test Year Plant Additions after Adjustments	(66)	(24)	(18)	(850)	(14)	(972)
Test Year Average	x 7.69%	x 7.69%	x 23.08%	x 7.69%	x 7.69%	x 7.98%
Test Year Average of Adjusted Accumulated Depreciation	(5)	(2)	(4)	(65)	(1)	(78)
Difference between Year-end Value and Test Year Average of Accumulated Depreciation on Indian Mound Test Year Plant Additions	\$ (61)	\$ (22)	\$ (14)	\$ (785)	\$ (13)	\$ (894)
Non-Revenue Producing Accumulated Depreciation Adjustment	\$ (61)	\$ (22)	\$ (14)	\$ (785)		\$ (882)

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
CALCULATION OF STEP ADJUSTMENT

Net Increase in Rate Base:			
Plant in Service:			
	Indian Mound Project (Schedule 2):		
	Proposed asset additions	198,807	
	Less: 1/2 Year Accumulated Depreciation	<u>(3,166)</u>	195,641
	Logics Accounting Software (Schedule 3):		
	Proposed Asset Additions	33,562	
	Less: 1/2 Year Accumulated Depreciation	<u>(1,678)</u>	31,884
Cash Working Capital:			
	Annual Pension Expense (Schedule 5)	\$ 12,929	
	Computer Support Expense - net (Schedule 3)	<u>(2,666)</u>	
	Net Increase in O & M Expense	10,263	
	% of O & M Exp's attributable to billings in arrears (1,566 / 1,667):	x 93.94% =	9,641
	% of O & M Exp's attributable to billings in advance (101 / 1667):	x -6.06% =	<u>(622)</u>
	Net O & M Exp adj's subject to Cash Working Capital Adjustment:	9,019	
	Cash Working Capital % (75 days ÷ 365 days)	x 20.55%	2,109
Deferred Assets:			
	DW 07-105 Deferred Asset (Schedule 4):		
	Proposed Cost	49,902	
	Less: 1/2 Year Amortization	<u>(4,990)</u>	44,912
Net Increase in Rate Base			\$ 274,545
Rate of Return (Schedule 1a)			x 7.49%
Increase in Net Operating Income Requirement			\$ 20,562
O & M Expense:			
	Annual Pension Expense (Schedule 5)	\$ 12,929	
	Computer Support Expense - net (Schedule 3)	<u>(2,666)</u>	10,263
Depreciation Exp (net of retirements):			
	Indian Mound Project (Schedule 2)	\$ 6,198	
	Logics Accounting Software System (Schedule 3)	<u>(305)</u>	5,893
Amortization Expense:			
	DW 07-105 Deferred Asset (Schedule 4)		9,980
Property Tax Expense:			
	Indian Mound Project (Schedule 2)		4,095
Income Tax Expense:			
	Net Increase in Rate Base	\$ 274,545	
	Income Tax Gross-up Factor (Sch 1a / Footnote (d))	x 3.88%	<u>10,639</u>
Increase in Revenue Requirement			\$ 61,433
Less: Increase in POASI Special Contract (Schedule 6a)			<u>(3,625)</u>
Step Increase			\$ 57,808
Actual Water Revenues from General Customers (Attachment JPL-1 / Schedule 3)			\$ 1,043,143
% Increase In Annual Water Revenues from General Customers			5.54%

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
WEIGHTED AVERAGE COST OF CAPITAL

	(1)	(2)	(3)	(4)	(5)	(6)
	CAPITAL STRUCTURE					
	Proforma Balance Per Att JPL-1 / Sch 1a	Financing for 2015 Projects	Proforma Capitalization For Step Adjustment	Percent	COST RATE	WEIGHTED AVERAGE COST OF CAPITAL FOR STEP ADJUSTMENT
Proforma Long-Term Debt:						
Total Long-Term Debt	\$ 1,171,803 (a)	\$ 130,000	\$ 1,301,803	38.46%	4.11% (b)	1.58%
Proforma Common Equity:						
Common Equity	10,000	-	10,000	0.30%		
Additional Paid-in Capital	1,423,631	-	1,423,631	42.06%		
Capital Stock Expense	(7,360)	-	(7,360)	-0.22%		
Retained Earnings	656,934	-	656,934	19.41%		
Total Common Equity	2,083,205	-	2,083,205	61.54%	9.60% (c)	5.91%
Proforma Total Capitalization	\$ 3,255,008	\$ 130,000	\$ 3,385,008	100.00%		7.49%

(a) Determination of Proforma Long-Term Debt:

Proforma Total Common Equity (Att JPL-1 / Sch 1a / Col 5)	\$ 2,083,205
Proforma Equity % (Att JPL-1 / Sch 1a / Col 6a)	÷ 64.00%
Proforma Total Capitalization	3,255,008
Less: Balance of Proforma Total Common Equity	(2,083,205)
Proforma Long-Term Debt	<u>\$ 1,171,803</u>

(b) Schedule 1ai

(c) See Att JPL-1 / Sch 1a / Footnote (c)

(d) Income Tax on Equity Component:

	(1) Weighted Cost	(2) Tax Multiplier	(3) Pre-Tax Cost	(4) Tax Gross-up ((3) - (1))
Debt	1.58%	x 1.00	= 1.58%	0.00%
Equity	5.91%	x 1.66	= 9.78%	3.88%
Total	7.49%		11.36%	3.88%

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
CALCULATION OF COST OF DEBT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
	LONG-TERM DEBT			COST OF DEBT							
Description	Date of Issue	Date of Maturity	Interest Rate	Proforma Balance Per Att JPL-1 / Sch 1a1	CoBank Loan for 2015 Projects	Proforma Balance For Step Adjustments	Proforma Debt Cost Per Att JPL-1 / Sch 1a1	Annual Interest on Additional Debt	Ann'l Amort of Finance Cost on Additional Debt	Proforma Balance For Step Adjustments	TOTAL COST RATE
Operating Loans:											
CoBank (5 Year)	06/24/14	06/30/19	2.70% (f)	288,483	-	288,483	9,663	-	-	9,663	3.35%
CoBank (15 Year - refinance)	06/24/14	06/30/29	4.50% (f)	461,341	-	461,341	22,350	-	-	22,350	4.84%
CoBank (DW 14-285: 2015 Indian Mound)	(e) 07/20/15	06/20/29	2.43% (f)	-	130,000	130,000	-	3,159	425 (g)	3,584	2.76%
Total Operating Loans				<u>749,824</u>	<u>130,000</u>	<u>879,824</u>	<u>32,013</u>	<u>3,159</u>	<u>425</u>	<u>35,597</u>	<u>4.05%</u>
Equipment Loans:											
Ford Motor Credit - 2011 Ford F350XL	09/13/10	09/13/15	7.89%	5,430	-	5,430	321	-	-	321	5.91%
Ford Motor Credit - 2011 Ford F150XL	07/21/11	07/21/16	7.89%	11,707	-	11,707	924	-	-	924	7.89%
Ford Motor Credit - 2013 Ford F250 Super	08/16/13	08/15/18	5.95%	28,120	-	28,120	1,673	-	-	1,673	5.95%
Ford Motor Credit - 2013 Ford F250 Super	08/26/13	08/26/18	5.95%	20,210	-	20,210	1,202	-	-	1,202	5.95%
Ford Motor Credit - 2014 Ford F150	08/06/14	08/06/19	6.24%	29,947	-	29,947	1,869	-	-	1,869	6.24%
Cat Financial - 2014 Excavator	03/27/14	04/05/19	0.71%	43,440	-	43,440	308	-	-	308	0.71%
Total Equipment Loans				<u>138,854</u>	<u>-</u>	<u>138,854</u>	<u>6,297</u>	<u>-</u>	<u>-</u>	<u>6,297</u>	<u>4.53%</u>
Total Long-Term Debt				<u>\$ 888,678</u>	<u>\$ 130,000</u>	<u>\$ 1,018,678</u>	<u>\$ 38,310</u>	<u>\$ 3,159</u>	<u>\$ 425</u>	<u>\$ 41,894</u>	<u>4.11%</u>

(e) Loan information based on Co's response to Tech 4-5.

(f) Interest rates on CoBank loans reflect a 75 basis point per annum reduction relative to the Co's participation in CoBank's Patronage Program. (See Att JPL-1 / Sch1a1; Re: CoBank DW 14-285, 3.18% - 0.75% = 2.43%)

(g) Total Finance Costs per Att JPL-2/Sch 1a1

\$	6,371
+	15
\$	<u>425</u>

Loan Term (Years)

Annual Amortization of Finance Costs

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
DW 14-285 FINANCING COSTS (STEPHEN P. ST. CYR & ASSOCIATES)
(Based on Company Responses to Staff Data Request 1-17, 2-18, and 3-5)

<u>Invoice Date</u>	<u>Service Dates</u>	<u>Description</u>	<u>Amount</u>
05/15/14	04/07/14 - 04/29/14	2013 Year End / Other (Staff Adjustment - Sch 10b)	\$ 172.50
08/08/14	07/11/14 - 07/25/14	2013 Year End / Other (Staff Adjustment - Sch 10b)	172.50
09/05/14	08/06/14 - 08/28/14	2013 Year End / Other (Staff Adjustment - Sch 10b)	661.25
10/10/14	09/02/14 - 09/29/14	2014 Financing	1,466.25
11/07/14	10/01/14 - 10/30/14	2014 Financing	2,213.75
12/09/14	11/04/14 - 11/28/14	2014 Financing	862.50
01/03/15	12/01/14 - 12/29/14	2014 Financing	603.75
01/03/15	12/01/14 - 12/29/14	2014 Year End / Other (Staff Adjustment - Sch 10b)	28.75
02/08/15	01/15/15	2014 Financing	57.50
03/05/15	02/11/15 - 02/19/15	2014 Financing	100.63
Not Provided	05/04/15	2014 Financing	<u>31.25</u>
Total Debt Costs			<u>\$ 6,370.63</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
ANALYSIS OF INDIAN MOUND PROJECT (2015)

	<u>Cost</u>	<u>Year Acquired</u>	<u>Year Retired</u>	<u>Deprec Rate</u>	<u>Annual Deprec</u>	<u>Accum Deprec</u>	<u>Net Book Value</u>
Asset Additions (Per Staff 3-4(a)):							
Structures and Improvements	\$ 172,551	2015	N/A	2.50%	\$ 4,314	\$ (2,157)	\$ 170,394
Pumping Equipment	13,615	2015	N/A	10.00%	1,362	(681)	12,934
Water Treatment Equipment	7,284	2015	N/A	3.60%	262	(131)	7,153
Distribution Reservoirs and Standpipes	1,801	2015	N/A	2.20%	40	(20)	1,781
Miscellaneous Equipment	3,556	2015	N/A	10.00%	356	(178)	3,378
Total	<u>\$ 198,807</u>				<u>\$ 6,333</u>	<u>\$ (3,166)</u>	<u>\$ 195,641</u>

Asset Retirements (as of test-year end based on Staff 3-4(b)):							
Structures and Improvements	\$ 6,738	1998	2016	2.00%	\$ 135	\$ (2,571)	\$ 4,167
Pumping Equipment	3,340	1991	2016	10.00%	-	(3,340)	-
Pumping Equipment	5,749	2002	2016	10.00%	-	(5,749)	-
Water Treatment Equipment	828	1997	2016	10.00%	-	(828)	-
Total	<u>\$ 16,655</u>				<u>\$ 135</u>	<u>\$ (12,488)</u>	<u>\$ 4,167</u>

Net Change in Annual Depreciation Expense: \$ 6,198

Calculation of Annual Property Tax Expense:

Net Book Value of Asset Additions	\$ 195,641
Tax Assessment Value as a % of Taxable Utility Plant per Book (See Att JPL-1; Sch 12)	x 87.40%
Tax Assessment Value of Asset Additions	170,990
Combined Tax Rate (\$17.35(Ossipee) + \$6.60(State) / \$1,000)	x \$0.02395
Annual Property Tax Expense	<u><u>\$ 4,095</u></u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
ANALYSIS OF ACCOUNTING SOFTWARE SYSTEM ACQUISITION

	<u>Cost</u>	<u>Year Acquired</u>	<u>Year Retired</u>	<u>Deprec Rate</u>	<u>Annual Deprec</u>	<u>Accum Deprec</u>	<u>Net Book Value</u>	<u>Annual Maint Fee (Tech 1-1(e))</u>
Asset Addition:								
New Accounting System (Per Staff 3-2)	<u>\$ 33,562</u>	2015	N/A	10.00%	<u>\$ 3,356</u>	<u>\$ (1,678)</u>	<u>\$ 31,884</u>	<u>\$ 8,124</u>
Asset Retirement:								
Previous Accounting System (as of test year-end per Staff 3-2)	<u>\$ 36,610</u>	2005	2016	10.00%	<u>\$ 3,661</u>	<u>\$ (34,780)</u>	<u>\$ 1,830</u>	<u>\$ 10,790</u>
Net Change in Annual Expense:					<u>\$ (305)</u>			<u>\$ (2,666)</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
ANALYSIS OF DW 07-105 DEFERRED ASSET

	<u>Deferred Costs</u>	<u>Amort Rate</u>	<u>Annual Amort</u>	<u>Accum Amort</u>	<u>Net Deferred Asset</u>
Deferred Asset:					
DW 07-105 Deferred Costs	\$ 49,902	20.00%	\$ 9,980	\$ (4,990)	\$ 44,912

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
ANALYSIS OF ANNUAL PENSION EXPENSE

Test Year Wage & Salary Expense	\$ 378,949
Co O & M Adj # 1: To adj employee salary to reflect full year	22,274
Co O & M Adj # 2: To reflect 4.00% salary increase	15,270
Staff Adj # 48: To eliminate post-test year wages	<u>(1,529)</u>
Total Proforma Test Year Wage & Salary Expense	414,964
<u>Settlement:</u> Annual Projected Pension Contribution %	x 3.00%
Annual Projected Contribution	<u>12,449</u>
Annual Projected Pension Fee	480
Annual Projected Pension Cost	<u><u>\$ 12,929</u></u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
SUMMARY

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
Revenue Requirement after Tax Effect (Schedule 6b)	\$ 1,260	\$ 859	\$ -	\$ 6	\$ 2,125
Total Operating Expenses (Schedule 6d)	4,267	1,328	-	266	5,861
Less: Other Operating Revenues	-	-	-	-	-
Total Revenues to be Collected via All Water Rates	<u>\$ 5,527</u>	<u>\$ 2,187</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ 7,986</u>
Revenues Specific to POASI Special Contract	<u>\$ 5,527</u>	<u>\$ 2,187</u>	<u>\$ -</u>		<u>\$ 7,714</u>
	<u>CCF Usage</u>	<u>Customers</u>	<u>Customers</u>		
POASI	16,090	1	1		
Paradise Shores	8,480	392	-		
Total	<u>24,570</u>	<u>393</u>	<u>1</u>		
Rates	<u>\$ 0.22 /ccf</u>	<u>\$ 5.56 /cust</u>	<u>\$ - POASI only</u>		
Revenues:					
POASI	\$ 3,619	\$ 6	\$ -	\$ -	\$ 3,625
Paradise Shores	1,908	2,181	-	272	4,361
Total	<u>\$ 5,527</u>	<u>\$ 2,187</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ 7,986</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
REVENUE REQUIREMENT

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
NET PLANT IN RATE BASE:					
Total Utility Plant in Service (Schedule 6c)	-	7,954	-	-	7,954
Less: Accumulated Depreciation (Schedule 6c)	-	(398)	-	-	(398)
Net Utility Plant in Service	-	7,556	-	-	7,556
Contributions in Aid of Construction (CIAC)	-	-	-	-	-
Less: Accumulated Amortization - CIAC	-	-	-	-	-
Net Contributions in Aid of Construction	-	-	-	-	-
Net Utility Plant in Rate Base	-	7,556	-	-	7,556
WORKING CAPITAL IN RATE BASE:					
Materials and Supplies	-	-	-	-	-
Prepayments - Other	-	-	-	-	-
Prepaid Taxes	-	-	-	-	-
Deferred Assets ((\$49,902 - \$4,990) x 23.70%) (Schedule 4)	10,644	-	-	-	10,644
Customer Deposits	-	-	-	-	-
Accumulated Deferred Income Taxes - Depreciation	-	-	-	-	-
Subtotal	10,644	-	-	-	10,644
Calculation of Cash Working Capital:					
Operation & Maintenance Expenses (Schedule 6d)	2,166	-	-	266	2,432
Cash Working Capital % (75 days ÷ 365 days)	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%
Cash Working Capital	445	-	-	55	500
Total Working Capital in Rate Base	11,089	-	-	55	11,144
Total Rate Base	11,089	7,556	-	55	18,700
Rate of Return (Sch 1a)	x 7.49%	x 7.49%	x 7.49%	x 7.49%	x 7.49%
Revenue Requirement before Tax Effect	831	566	-	4	1,401
Income Tax Gross-up Factor @ Sch 1a / Footnote (d)	430	293	-	2	725
Revenue Requirement after Tax Effect	\$ 1,260	\$ 859	\$ -	\$ 6	\$ 2,125

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
UTILITY PLANT IN SERVICE

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
UTILITY PLANT IN SERVICE:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains	-	-	-	-	-
333.40 Services	-	-	-	-	-
334.40 Meters and Meter Installation	-	-	-	-	-
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment (\$33,562 x 23.70%) (Schedule 3)	-	7,954	-	-	7,954
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Utility Plant in Service	<u>\$ -</u>	<u>\$ 7,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,954</u>
ACCUMULATED DEPRECIATION:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains	-	-	-	-	-
333.40 Services	-	-	-	-	-
334.40 Meters and Meter Installation	-	-	-	-	-
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment (-\$1,678 x 23.70%) (Schedule 3)	-	(398)	-	-	(398)
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Accumulated Depreciation	<u>\$ -</u>	<u>\$ (398)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (398)</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
UTILITY PLANT IN SERVICE

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
DEPRECIATION EXPENSE:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains	-	-	-	-	-
333.40 Services	-	-	-	-	-
334.40 Meters and Meter Installation	-	-	-	-	-
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment (\$3,356 x 23.70%) (Schedule 3)	-	795	-	-	795
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Depreciation Expense	<u>\$ -</u>	<u>\$ 795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 795</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
OPERATING EXPENSES

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
OPERATING EXPENSES:					
Operation & Maintenance Expenses:					
Source of Supply Expenses	-	-	-	-	-
Pumping Expenses	-	-	-	-	-
Water Treatment Expenses	-	-	-	-	-
Transmission and Distribution Expenses	-	-	-	-	-
Customer Account Expense	-	-	-	-	-
Subtotal	-	-	-	-	-
Administrative and General Expenses:					
Salary and Wages Expense:					
Superintendent (1.0)	-	-	-	-	-
Field Personnel (3.0)	-	-	-	-	-
Office (0.5)	-	-	-	-	-
Office (2.5)	-	-	-	-	-
Total Salary and Wages Expense	-	-	-	-	-
Outside Professional Services (-\$2,666 x 23.70%) (Schedule 3)	-	(632)	-	-	(632)
Outside Professional Services - Discount	-	-	-	-	-
Property Insurance Expense (Allocated by Utility Plant)	-	-	-	-	-
Group Insurance (Allocated by Wages)	-	-	-	-	-
Pension Plan (\$12,929 x 23.70%) (Schedule 5) (Allocation per (h))	1,634	1,164	-	266	3,064
Rate Case Expenses	-	-	-	-	-
Regulatory Commission Expense	-	-	-	-	-
Materials	-	-	-	-	-
Contracted Services	-	-	-	-	-
Heat / Electric Expense - Office	-	-	-	-	-
Telephone Expense	-	-	-	-	-
Office Expense	-	-	-	-	-
Dig Safe Expense	-	-	-	-	-
Bank Charges Expense	-	-	-	-	-
Operating Permits Expense	-	-	-	-	-
Total Administrative and General Expenses	1,634	532	-	266	2,432
Total Operation & Maintenance Expenses	1,634	532	-	266	2,432
Depreciation Expense	-	795	-	-	795
Amortization of Contributions in Aid of Construction	-	-	-	-	-
Amortization Expense - Other (\$9,980 x 23.70%) (Schedule 4)	2,365	-	-	-	2,365
Payroll Tax Expense (Allocated by Wages)	-	-	-	-	-
Property Tax Expense (i)	267	-	-	-	267
Total Operating Expenses	<u>\$ 4,267</u>	<u>\$ 1,328</u>	<u>\$ -</u>	<u>\$ 266</u>	<u>\$ 5,861</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
INITIAL STEP ADJUSTMENT: 2015 - 2016 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
OPERATING EXPENSES

(h) Payroll Allocation:

Volume Basis Wages -

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
	Balance @ 12/31/2014	Adjustments	Adjusted Balance		
Source of Supply Wages	\$ 3,315	\$ 118	\$ 3,433		
Water Treatment Wages	625	-	625		
Transmission and Distribution Wages	15,919	22	15,941		
Admin & Gen'l: Superintendent	15,569	557	16,126		
Admin & Gen'l: Field	9,923	355	10,278		
Admin & Gen'l: Office (0.5)	4,872	174	5,046		
Total Volume Basis Wages	50,223	1,226	51,449	Allocation @ 12/31/14	Adjusted Allocation
Customer Basis Wages - Admin & Gen'l: Office (2.5)	30,082	6,575	36,657	56.82%	53.33%
Non-POASI Wages - Customer Account Wages	8,086	289	8,375	34.03%	37.99%
Total Wages	\$ 88,391	\$ 8,090	\$ 96,481	9.15%	8.68%
				100.00%	100.00%

(i) Property Tax Expense (See Att JPL-1 / Sch 12):

Direct RE Taxes - Paradise Shores:

Paradise Shores	\$ -		
Tax Assessment Value as a % of Taxable Utility Plant per Book	x 87.40%		
Tax Assessment Value of Land Purchase	-		
Municipal Tax Rate (Moultonborough)	x \$0.00647	\$ -	
Indirect RE Taxes - Paradise Shores:			
Paradise Shores	\$ -		
Net Book Value of Indian Mound Additions (Schedule 2)	195,641	195,641	
Tax Assessment Value as a % of Taxable Utility Plant per Book	x 87.40%		
Tax Assessment Value of Land Purchase	170,990		
State Tax Rate	x \$0.00660		
Total State Property Taxes	\$ 1,129		
Paradise Shores Allocation %	x 23.70%	267	
Property Tax Expense - Paradise Shores		\$ 267	

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2017 PROJECTS
CALCULATION OF STEP ADJUSTMENT

Account		Paradise Dr Main / Svc Replacement Project (Sch 2)	Captain Lovewell Ln Main / Svc Replacement Project (Sch 3)	Total
331	Transmission & Distribution Mains	\$ 123,000	\$ 137,000	\$ 260,000
333	Services	95,000	46,000	141,000
Total Plant Additions		218,000	183,000	401,000
Less: 1/2 Year Depreciation		(2,418)	(1,945)	(4,363)
Net Plant Additions		215,583	181,055	396,638
Rate of Return (Schedule 1a)		x 4.79% x	x 4.79% x	x 4.79%
Increase in Net Operating Income Requirement		10,334	8,679	19,013
Add: Annual Depreciation Expense		4,835	3,890	8,725
Annual Property Tax Expense		2,463	3,790	6,253
Increase in Revenue Requirement		<u>\$ 17,632</u>	<u>\$ 16,359</u>	<u>\$ 33,990</u>
Less: Increase in POASI Special Contract (Schedule 5a)				(11,087)
Step Increase				<u>\$ 22,903</u>
Actual Water Revenues from General Customers (Att JPL-1 / Sch 3)				<u>\$ 1,043,143</u>
% Increase in Annual Water Revenues from General Customers				<u>2.20%</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2017 PROJECTS
RATE OF RETURN

	<u>Amount</u>	<u>Interest Rate</u>	<u>Annual Interest</u>	<u>Annual Amortization of Finance Cost</u>	<u>Total Annual Cost of Debt</u>	<u>Annual Cost Rate</u>
CoBank Loan (Paradise Drive Main & Service Replacement Project)	\$ 218,000	4.52% (a)	\$ 9,854	\$ 596 (b)	\$ 10,450	4.79%
CoBank Loan (Capt Lovewell Ln Main & Service Replacement Project)	183,000	4.52% (a)	8,272	501 (b)	8,772	4.79%
Total	\$ 401,000		\$ 18,125	\$ 1,097	\$ 19,222	4.79%

(a) Interest rates on CoBank loan reflects a 75 basis point per annum reduction relative to the Co's participation in CoBank's Patronage Program.
(5.27% - 0.75% = 4.52%)

(b) Calculation of projected amortization of finance costs based on Co's response to Tech 5-4:

Estimated 2016 CoBank Financing Costs:

CoBank Origination Fee	\$ 6,000
Legal Fees	15,000
Consultant Fees	7,500
Total	28,500
Loan Term (Years)	20
Annual Amortization of Finance Costs	\$ 1,425

Allocation of Annual Amortization Cost amongst 2016 Projects:

	<u>Project Cost</u>	<u>% of Total</u>	<u>Allocation of Ann'l Amort</u>	<u>Ann'l Amort Step Adj</u>
2016-17 Dockham Shores Purchase / Upgrades	\$ 120,000	23.03%	\$ 328	
2016-17 Paradise Drive Main & Service Replacement Project	218,000	41.84%	596 →	596
2016-17 Capt Lovewell Ln Main & Service Replacement Project	183,000	35.12%	501 →	501
Total	\$ 521,000	100.00%	\$ 1,425	\$ 1,097

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2017 PROJECTS
ANALYSIS OF PROJECTED PARADISE DRIVE MAIN AND SERVICE REPLACEMENT PROJECT

<u>Account</u>	<u>Description</u>	<u>Estimated Cost</u>	<u>Depreciation Rate</u>	<u>Annual Depreciation Expense</u>	<u>One-Half Year Depreciation</u>	<u>Combined Property Tax Rate (c)</u>	<u>Tax Value as % of Net Book (Att JPL-1; Sch 12)</u>	<u>Annual Property Tax Expense</u>
331	Transmission & Distribution Mains							
	Main Replacement	\$ 123,000	2.00%	\$ 2,460	\$ 1,230	\$ 13.07	87.40%	\$ 1,391
333	Services							
	Service Replacements (38)	95,000	2.50%	2,375	1,188	13.07	87.40%	1,072
Total		<u>\$ 218,000</u>		<u>\$ 4,835</u>	<u>\$ 2,418</u>			<u>\$ 2,463</u>
(c)	2015 Municipal Tax Rate - Moultonborough, NH	\$ 6.47						
	State Utility Tax Rate	6.60						
	Combined Property Tax Rate	<u>\$ 13.07</u>						

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2017 PROJECTS

ANALYSIS OF PROJECTED CAPTAIN LOVEWELL LANE MAIN AND SERVICE REPLACEMENT PROJECT

Account	Description	Estimated Cost	Depreciation Rate	Annual Depreciation Expense	One-Half Year Depreciation	Combined Property Tax Rate (d)	Tax Value as % of Net Book (Att JPL-1; Sch 12)	Annual Property Tax Expense
331	Transmission & Distribution Mains							
	Main Replacement	\$ 137,000	2.00%	\$ 2,740	\$ 1,370	\$ 23.95	87.40%	\$ 2,839
333	Services							
	Service Replacements (23)	46,000	2.50%	1,150	575	23.95	87.40%	951
Total		\$ 183,000		\$ 3,890	\$ 1,945			\$ 3,790
(d)	2015 Municipal Tax Rate - Ossipee, NH	\$ 17.35						
	State Utility Tax Rate	6.60						
	Combined Property Tax Rate	<u>\$ 23.95</u>						

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2017 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
SUMMARY

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
Revenue Requirement after Tax Effect (Schedule 5b)	\$ 10,334	\$ -	\$ -	\$ -	\$ 10,334
Total Operating Expenses (Schedule 5d)	6,596	-	-	-	6,596
Less: Other Operating Revenues	-	-	-	-	-
Total Revenues to be Collected via All Water Rates	<u>\$ 16,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,930</u>
Revenues Specific to POASI Special Contract	<u>\$ 16,930</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 16,930</u>
	<u>CCF Usage</u>	<u>Customers</u>	<u>Customers</u>		
POASI	16,090	1	1		
Paradise Shores	8,480	392	-		
Total	<u>24,570</u>	<u>393</u>	<u>1</u>		
Rates	<u>\$ 0.69 /ccf</u>	<u>\$ - /cust</u>	<u>\$ - POASI only</u>		
Revenues:					
POASI	\$ 11,087	\$ -	\$ -	\$ -	\$ 11,087
Paradise Shores	5,843	-	-	-	5,843
Total	<u>\$ 16,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,930</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2017 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
REVENUE REQUIREMENT

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
NET PLANT IN RATE BASE:					
Total Utility Plant in Service (Schedule 5c)	218,000	-	-	-	218,000
Less: Accumulated Depreciation (Schedule 5c)	(2,418)	-	-	-	(2,418)
Net Utility Plant in Service	215,583	-	-	-	215,583
Contributions in Aid of Construction (CIAC)	-	-	-	-	-
Less: Accumulated Amortization - CIAC	-	-	-	-	-
Net Contributions in Aid of Construction	-	-	-	-	-
Net Utility Plant in Rate Base	215,583	-	-	-	215,583
WORKING CAPITAL IN RATE BASE:					
Materials and Supplies	-	-	-	-	-
Prepayments - Other	-	-	-	-	-
Prepaid Taxes	-	-	-	-	-
Deferred Assets	-	-	-	-	-
Customer Deposits	-	-	-	-	-
Accumulated Deferred Income Taxes - Depreciation	-	-	-	-	-
Subtotal	-	-	-	-	-
Calculation of Cash Working Capital:					
Operation & Maintenance Expenses	-	-	-	-	-
Cash Working Capital % (75 days ÷ 365 days)	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%
Cash Working Capital	-	-	-	-	-
Total Working Capital in Rate Base	-	-	-	-	-
Total Rate Base	215,583	-	-	-	215,583
Rate of Return @ Schedule 1a	x 4.79%	x 4.79%	x 4.79%	x 4.79%	x 4.79%
Revenue Requirement before Tax Effect	10,334	-	-	-	10,334
Income Tax Gross-up Factor @ 0.00%	-	-	-	-	-
Revenue Requirement after Tax Effect	\$ 10,334	\$ -	\$ -	\$ -	\$ 10,334

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2017 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
UTILITY PLANT IN SERVICE

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
UTILITY PLANT IN SERVICE:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains (Schedule 3)	218,000	-	-	-	218,000
333.40 Services	-	-	-	-	-
334.40 Meters and Meter Installation	-	-	-	-	-
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment	-	-	-	-	-
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Utility Plant in Service	<u>\$ 218,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,000</u>
ACCUMULATED DEPRECIATION:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains (Schedule 3)	(2,418)	-	-	-	(2,418)
333.40 Services	-	-	-	-	-
334.40 Meters and Meter Installation	-	-	-	-	-
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment	-	-	-	-	-
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Accumulated Depreciation	<u>\$ (2,418)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,418)</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2017 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
UTILITY PLANT IN SERVICE

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
DEPRECIATION EXPENSE:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	-	-	-	-	-
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains (Schedule 3)	4,835	-	-	-	4,835
333.40 Services	-	-	-	-	-
334.40 Meters and Meter Installation	-	-	-	-	-
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common)	-	-	-	-	-
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements	-	-	-	-	-
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction	-	-	-	-	-
341.52 Transportation Equipment - Pickups	-	-	-	-	-
343.50 Tools, Shop, and Garage Equipment	-	-	-	-	-
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment	-	-	-	-	-
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Depreciation Expense	<u>\$ 4,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,835</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2017 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
OPERATING EXPENSES

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
OPERATING EXPENSES:					
Operation & Maintenance Expenses:					
Source of Supply Expenses	-	-	-	-	-
Pumping Expenses	-	-	-	-	-
Water Treatment Expenses	-	-	-	-	-
Transmission and Distribution Expenses	-	-	-	-	-
Customer Account Expense	-	-	-	-	-
Subtotal	-	-	-	-	-
Administrative and General Expenses:					
Salary and Wages Expense:					
Superintendent (1.0)	-	-	-	-	-
Field Personnel (3.0)	-	-	-	-	-
Office (0.5)	-	-	-	-	-
Office (2.5)	-	-	-	-	-
Total Salary and Wages Expense	-	-	-	-	-
Outside Professional Services	-	-	-	-	-
Outside Professional Services - Discount	-	-	-	-	-
Property Insurance Expense (Allocated by Utility Plant)	-	-	-	-	-
Group Insurance (Allocated by Wages)	-	-	-	-	-
Pension Plan	-	-	-	-	-
Rate Case Expenses	-	-	-	-	-
Regulatory Commission Expense	-	-	-	-	-
Materials	-	-	-	-	-
Contracted Services	-	-	-	-	-
Heat / Electric Expense - Office	-	-	-	-	-
Telephone Expense	-	-	-	-	-
Office Expense	-	-	-	-	-
Dig Safe Expense	-	-	-	-	-
Bank Charges Expense	-	-	-	-	-
Operating Permits Expense	-	-	-	-	-
Total Administrative and General Expenses	-	-	-	-	-
Total Operation & Maintenance Expenses	-	-	-	-	-
Depreciation Expense (Schedule 5c)	4,835	-	-	-	4,835
Amortization of Contributions in Aid of Construction	-	-	-	-	-
Amortization Expense - Other	-	-	-	-	-
Payroll Tax Expense (Allocated by Wages)	-	-	-	-	-
Property Tax Expense (e)	1,761	-	-	-	1,761
Total Operating Expenses	<u>\$ 6,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,596</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
SECOND STEP ADJUSTMENT: 2017 PROJECTS
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
OPERATING EXPENSES

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
(e) Property Tax Expense:					
<u>Direct RE Taxes - Paradise Shores:</u>					
Paradise Drive Main/Svc Replacement Project (net)				\$ 215,583	
Tax Assessment Value as a % of Taxable Utility Plant per Book				x 87.40%	
Tax Assessment Value of Land Purchase				188,419	
Municipal Tax Rate (Moultonborough)				x \$0.00647	\$ 1,219
<u>Indirect State RE Taxes:</u>					
Capt Lovewell Ln Main/Svc Replacement Project (net)		\$ 181,055			
Paradise Drive Main/Svc Replacement Project (net)		215,583	396,638		
Tax Assessment Value as a % of Taxable Utility Plant per Book			x 87.40%		
Tax Assessment Value of Land Purchase			346,661		
State Tax Rate			x \$0.00660	2,288	
Total Indirect RE Taxes				2,288	
Paradise Shores Allocation %				x 23.70%	542
Property Tax Expense - Paradise Shores					<u>\$ 1,761</u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
COMPUTATION OF CUSTOMER RATES
PERMANENT RATES ONLY

Proposed Annual Water Revenue from General Customers (Attachment JPL-1 / Schedule 1)		\$ 1,146,837
Less: Annual Operating Revenue - WVG Community Pool		
Current Authorized Rate Per Tariff	\$ 1,452.76	
1 + Percentage Increase in Revenue Requirement	x 1.0994	(1,597.17)
Less: Annual Operating Revenue - Non-metered Customers		
Annual Water Revenue from General Customers less Annual Revenue - WVG Pool	\$ 1,145,240	
Total Consolidated Rate Customers	+ 1,665	
Annual Revenue Requirement per Customer		\$ 687.83
Total Non-metered Customers	x 591	\$ (406,509)
Annual Revenue Requirement Collected through Minimum Charge and Consumption Charge		\$ 738,731
Calculation of Average Metered Rate per Customer:		
\$ 541.02 (Minimum Charge) + \$ 5.26 (Metered Charge) x (29,952 ccf ÷ 1,074 metered customers)		
=		\$ 687.83 average charge per metered customer
(X = Minimum Charge; Y = Consumption Charge)		
Calculation of Proportion of Present Minimum Charge to Present Consumption Charge:		
Present Annual Minimum Charge Per Tariff: (X)		\$ 494.32
Present Annual Consumption Charge Per Tariff (per 100 cu ft): (Y)	÷ \$ 4.81	
Proportion of Present Minimum Charge to Present Consumption Charge: (X ÷ Y)		102.8
Calculation of Consumption Charge:		
X + Y * 29,952 ÷ 1,074 =		\$ 687.83
Y * 102.8 + Y * 27.9 =		\$ 687.83
Y * 130.7 =		\$ 687.83
Y =	\$ 5.26 * 29,952 =	\$ (157,681)
Annual Revenue Requirement Collected through Minimum Charge		\$ 581,050
Calculation of Annual Minimum Charge:		
X + Y * 29,952 ÷ 1,074 =		\$ 687.83
X + \$ 5.26 * 27.9 =		\$ 687.83
X + \$ 146.82 =		\$ 687.83
X =	\$ 541.02 * 1,074 =	\$ (581,050)
Remainder of Annual Water Revenue from General Customers		\$ -
Conversion of Metered Consumption from Gallons to CCF:		
2014 Total Consumption by Metered Customers (Gallons)		34,474,000
Less: 2014 Suissevale Metered Consumption (Gallons)		(12,068,000)
2014 Consumption by Metered Customers (Gallons)		22,406,000
Conversion Factor from Gallons to CCF (1 CCF = 748.051948 Gallons)		+ 748.05
2014 Consumption by Metered Customers (CCF)		29,952

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
REPORT OF PROPOSED RATE CHANGES
PERMANENT RATES ONLY

Revenues:	Number of Customers	Prior Revenues	Proposed Revenues	Proposed \$ Change	Proposed % Change
WVG Pool	1	\$ 1,448	\$ 1,597	\$ 149	10.30%
Unmetered General Customers	591	367,707	406,509	38,802	10.55%
Metered General Customers	1,074	673,988	738,731	64,743	9.61%
Total Unmetered and Metered General Customers	1,666	1,043,143	1,146,837	103,694	9.94%
Suissevale Special Contract	1	136,526	230,124	93,598	68.56%
Total Water Sales	1,667	1,179,669	1,376,961	197,292	16.72%
Other Operating Revenues	N/A	136,341	59,258	(77,083)	-56.54%
Total Operating Revenues	1,667	\$ 1,316,010	\$ 1,436,219	\$ 120,209	9.13%

Rates:	Number of Customers	Prior Rates	Proposed Rates	Proposed \$ Change	Proposed % Change
WVG Pool - Annual	1	\$ 1,452.76	\$ 1,597.17	\$ 144.41	9.94%
Unmetered General Customers - Annual	591	\$ 625.56	\$ 687.83	\$ 62.27	9.95%
Metered General Customers:					
Customer Charge - Annual	1,074	\$ 494.32	\$ 541.02	\$ 46.70	9.45%
Meter Charge - per ccf	1,074	\$ 4.81	\$ 5.26	\$ 0.45	9.45%

DW 15-209 / DW 15-422
LAKE REGION WATER COMPANY, INC.
COMPUTATION OF CUSTOMER RATES
PERMANENT RATES & INITIAL STEP ADJUSTMENT

Proposed Annual Water Revenue from General Customers (Attachment JPL-1 / Schedule 1 and Attachment JPL-2 / Schedule 1)	\$ 1,204,645
Less: Annual Operating Revenue - WVG Community Pool	
Current Authorized Rate Per Tariff	\$ 1,452.76
1 + Percentage Increase in Revenue Requirement	x 1.1548 (1,677.68)
Less: Annual Operating Revenue - Non-metered Customers	
Annual Water Revenue from General Customers less Annual Revenue - WVG Pool	\$ 1,202,967
Total Consolidated Rate Customers	+ 1,665
Annual Revenue Requirement per Customer	\$ 722.50
Total Non-metered Customers	x 591 \$ (426,999)
Annual Revenue Requirement Collected through Minimum Charge and Consumption Charge	\$ 775,968

Calculation of Average Metered Rate per Customer:
 $\$ 568.29 \text{ (Minimum Charge)} + \$ 5.53 \text{ (Metered Charge)} \times (29,952 \text{ ccf} \div 1,074 \text{ metered customers})$
 $= \$ 722.50 \text{ average charge per metered customer}$

(X = Minimum Charge; Y = Consumption Charge)

Calculation of Proportion of Present Minimum Charge to Present Consumption Charge:

Present Annual Minimum Charge Per Tariff: (X)	\$ 494.32
Present Annual Consumption Charge Per Tariff (per 100 cu ft): (Y)	+ \$ 4.81
Proportion of Present Minimum Charge to Present Consumption Charge: (X ÷ Y)	102.8

Calculation of Consumption Charge:

X	+	Y	*	29,952	÷	1,074	=	\$ 722.50
Y	*	102.8	+	Y	*	27.9	=	\$ 722.50
				Y	*	130.7	=	\$ 722.50
				Y	=	\$ 5.53	*	29,952 = \$ (165,629)

Annual Revenue Requirement Collected through Minimum Charge \$ 610,339

Calculation of Annual Minimum Charge:

X	+	Y	*	29,952	÷	1,074	=	\$ 722.50			
		X	+	\$ 5.53	*	27.9	=	\$ 722.50			
			X	+	\$ 154.22	=	\$ 722.50				
					X	=	\$ 568.29	*	1,074	=	\$ (610,339)

Remainder of Annual Water Revenue from General Customers \$ -

Conversion of Metered Consumption from Gallons to CCF:

2014 Total Consumption by Metered Customers (Gallons)	34,474,000
Less: 2014 Suissevale Metered Consumption (Gallons)	(12,068,000)
2014 Consumption by Metered Customers (Gallons)	22,406,000
Conversion Factor from Gallons to CCF (1 CCF = 748.051948 Gallons)	+ 748.05
2014 Consumption by Metered Customers (CCF)	<u><u>29,952</u></u>

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
REPORT OF PROPOSED RATE CHANGES
PERMANENT RATES & INITIAL STEP ADJUSTMENT

Revenues:	Number of Customers	Prior Revenues	Proposed Revenues	Proposed \$ Change	Proposed % Change
WVG Pool	1	\$ 1,448	\$ 1,678	\$ 230	15.86%
Unmetered General Customers	591	367,707	426,999	59,292	16.12%
Metered General Customers	1,074	673,988	775,968	101,980	15.13%
Total Unmetered and Metered General Customers	1,666	1,043,143	1,204,645	161,502	15.48%
Suissevale Special Contract	1	136,526	233,749	97,223	71.21%
Total Water Sales	1,667	1,179,669	1,438,394	258,725	21.93%
Other Operating Revenues	N/A	136,341	59,258	(77,083)	-56.54%
Total Operating Revenues	1,667	\$ 1,316,010	\$ 1,497,652	\$ 181,642	13.80%

Rates:	Number of Customers	Prior Rates	Proposed Rates	Proposed \$ Change	Proposed % Change
WVG Pool - Annual	1	\$ 1,452.76	\$ 1,677.68	\$ 224.92	15.48%
Unmetered General Customers - Annual	591	\$ 625.56	\$ 722.50	\$ 96.94	15.50%
Metered General Customers:					
Customer Charge - Annual	1,074	\$ 494.32	\$ 568.29	\$ 73.97	14.96%
Meter Charge - per ccf	1,074	\$ 4.81	\$ 5.53	\$ 0.72	14.96%

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
COMPUTATION OF CUSTOMER RATES

PERMANENT RATES, INITIAL STEP ADJUSTMENT, & SECOND STEP ADJUSTMENT

Proposed Annual Water Revenue from General Customers (Att JPL-1 / Sch 1, Att JPL-2 / Sch 1, and Att JPL-3 / Sch 1) \$ 1,227,548

Less: Annual Operating Revenue - WVG Community Pool

Current Authorized Rate Per Tariff \$ 1,452.76

1 + Percentage Increase in Revenue Requirement x 1.1768 (1,709.58)

Less: Annual Operating Revenue - Non-metered Customers

Annual Water Revenue from General Customers less Annual Revenue - WVG Pool \$ 1,225,838

Total Consolidated Rate Customers + 1,665

Annual Revenue Requirement per Customer \$ 736.24

Total Non-metered Customers x 591 \$ (435,117)

Annual Revenue Requirement Collected through Minimum Charge and Consumption Charge \$ 790,721

Calculation of Average Metered Rate per Customer:

\$ 579.09 (Minimum Charge) + \$ 5.63 (Metered Charge) x (29,952 ccf + 1,074 metered customers)
= \$ 736.24 average charge per metered customer

(X = Minimum Charge; Y = Consumption Charge)

Calculation of Proportion of Present Minimum Charge to Present Consumption Charge:

Present Annual Minimum Charge Per Tariff: (X) \$ 494.32

Present Annual Consumption Charge Per Tariff (per 100 cu ft): (Y) + \$ 4.81

Proportion of Present Minimum Charge to Present Consumption Charge: (X ÷ Y) 102.8

Calculation of Consumption Charge:

X + Y * 29,952 + 1,074 = \$ 736.24

Y * 102.8 + Y * 27.9 = \$ 736.24

Y * 130.7 = \$ 736.24

Y = \$ 5.63 * 29,952 = \$ (168,778)

Annual Revenue Requirement Collected through Minimum Charge \$ 621,943

Calculation of Annual Minimum Charge:

X + Y * 29,952 + 1,074 = \$ 736.24

X + \$ 5.63 * 27.9 = \$ 736.24

X + \$ 157.15 = \$ 736.24

X = \$ 579.09 * 1,074 = \$ (621,943)

Remainder of Annual Water Revenue from General Customers \$ -

Conversion of Metered Consumption from Gallons to CCF:

2014 Total Consumption by Metered Customers (Gallons) 34,474,000

Less: 2014 Suissevale Metered Consumption (Gallons) (12,068,000)

2014 Consumption by Metered Customers (Gallons) 22,406,000

Conversion Factor from Gallons to CCF (1 CCF = 748.051948 Gallons) + 748.05

2014 Consumption by Metered Customers (CCF) 29,952

DW 15-209 / DW 15-422
LAKES REGION WATER COMPANY, INC.
REPORT OF PROPOSED RATE CHANGES

PERMANENT RATES, INITIAL STEP ADJUSTMENT, & SECOND STEP ADJUSTMENT

Revenues:	Number of Customers	Prior Revenues	Proposed Revenues	Proposed \$ Change	Proposed % Change
WVG Pool	1	\$ 1,448	\$ 1,710	\$ 262	18.06%
Unmetered General Customers	591	367,707	435,117	67,410	18.33%
Metered General Customers	1,074	673,988	790,721	116,733	17.32%
Total Unmetered and Metered General Customers	1,666	1,043,143	1,227,548	184,405	17.68%
Suissevale Special Contract	1	136,526	244,836	108,310	79.33%
Total Water Sales	1,667	1,179,669	1,472,384	292,715	24.81%
Other Operating Revenues	N/A	136,341	59,258	(77,083)	-56.54%
Total Operating Revenues	1,667	\$ 1,316,010	\$ 1,531,642	\$ 215,632	16.39%

Rates:	Number of Customers	Prior Rates	Proposed Rates	Proposed \$ Change	Proposed % Change
WVG Pool - Annual	1	\$ 1,452.76	\$ 1,709.58	\$ 256.82	17.68%
Unmetered General Customers - Annual	591	\$ 625.56	\$ 736.24	\$ 110.68	17.69%
Metered General Customers:					
Customer Charge - Annual	1,074	\$ 494.32	\$ 579.09	\$ 84.77	17.15%
Meter Charge - per ccf	1,074	\$ 4.81	\$ 5.63	\$ 0.82	17.15%

Lakes Region Water Company

2017 Actual Rate of Return Calculation

	<u>Actual 12/31/2017</u>	<u>Actual 12/31/2016</u>	<u>Average</u>
Plant in Service	\$6,225,342	\$5,608,702	\$5,917,022
Less: Acquisition Adjustment	<u>(276,596)</u>	<u>(254,025)</u>	<u>(265,311)</u>
Net Cost	\$5,948,746	\$5,354,677	\$5,651,712
Accumulated Depreciation	(1,964,053)	(1,822,525)	(1,893,289)
Plus: Accumulated Amortization of Acq. Adj	<u>189,932</u>	<u>183,472</u>	<u>186,702</u>
Total Net Utility Plant	\$4,174,625	\$3,715,624	\$3,945,125
Material & Supplies	15,260	9,805	12,533
Prepayments - Other	0	0	0
Prepaid Taxes	20,197	14,273	17,235
Deferred Assets - DW 07-105 Investigation	39,090	49,070	44,080
Accumulated DIT - Depreciation	(205,000)	(128,000)	(166,500)
Net Contribution in Aid of Construction*	<u>(592,962)</u>	<u>(587,479)</u>	<u>(590,221)</u>
Subtotal	<u>\$3,451,210</u>	<u>\$3,073,293</u>	\$3,262,252
Cash Working Capital			
All divisions except TWW	861,179	20.55%	\$176,972
TWW	(9,649)	20.55%	<u>(\$1,983)</u>
Net Cash Working Capital			<u>\$174,989</u>
Total Average Rate Base			<u>\$3,437,241</u>
Net Operating Income			\$236,984
Actual Rate of Return			<u>6.895%</u>
Authorized Rate of Return			<u>7.490%</u>
Required Net Operating Income			<u>\$257,449</u>
Additional Net Operating Income Required			<u>\$20,465</u>

Source: 2017 PUC Annual Report

SPSt. Cyr
3/30/2018

Lakes Region Water Company

2018 Actual Rate of Return Calculation

	<u>Actual 12/31/2018</u>	<u>Actual 12/31/2017</u>	<u>Average</u>
Plant in Service	\$6,550,595	\$6,225,342	\$6,387,969
Less: Acquisition Adjustment	<u>(276,689)</u>	<u>(276,596)</u>	<u>(276,643)</u>
Net Cost	\$6,273,906	\$5,948,746	\$6,111,326
Accumulated Depreciation	(2,060,072)	(1,964,053)	(2,012,063)
Plus: Accumulated Amortization of Acq. Adj	<u>197,147</u>	<u>189,932</u>	<u>193,540</u>
Total Net Utility Plant	\$4,410,981	\$4,174,625	\$4,292,803
Material & Supplies	18,041	15,260	16,651
Prepayments - Other	0	0	0
Prepaid Taxes	0	0	0
Deferred Assets - DW 07-105 Investigation	29,907	39,090	34,499
Accumulated DIT - Depreciation	(330,000)	(205,000)	(267,500)
Net Contribution in Aid of Construction*	<u>(576,786)</u>	<u>(592,962)</u>	<u>(584,874)</u>
Subtotal	<u>\$3,552,143</u>	<u>\$3,431,013</u>	\$3,491,578
Cash Working Capital			
All divisions except TWW	896,800	20.55%	\$184,292
TWW	(13,782)	20.55%	<u>(\$2,832)</u>
Net Cash Working Capital			<u>\$181,460</u>
Total Average Rate Base			<u>\$3,673,038</u>
Net Operating Income			\$259,801
Actual Rate of Return			<u>7.073%</u>
Authorized Rate of Return			<u>7.700%</u>
Required Net Operating Income			<u>\$282,824</u>
Additional Net Operating Income Required			<u>\$23,023</u>

Source: 2018 PUC Annual Report

SPSt. Cyr
3/27/2019

LAKES REGION WATER COMPANY INC.

TAX COMPUTATION		STATEMENT	6
1.	TAXABLE INCOME	132,759	
2.	LESSER OF LINE 1 OR FIRST BRACKET AMOUNT . .	50,000	
3.	LINE 1 LESS LINE 2	82,759	
4.	LESSER OF LINE 3 OR SECOND BRACKET AMOUNT . .	25,000	
5.	LINE 3 LESS LINE 4	57,759	
6.	INCOME SUBJECT TO 34% TAX RATE	57,759	
7.	INCOME SUBJECT TO 35% TAX RATE	0	
8.	15 PERCENT OF LINE 2	7,500	
9.	25 PERCENT OF LINE 4	6,250	
10.	34 PERCENT OF LINE 6	19,638	
11.	35 PERCENT OF LINE 7	0	
12.	ADDITIONAL 5% SURTAX	1,638	
13.	ADDITIONAL 3% SURTAX	0	
14.	TOTAL INCOME TAX		35,026