

Class C Water Utility

**F-1 BALANCE SHEET
Assets and Other Debits**

Line # (a)	Acct # (b)	Account Title (c)	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
UTILITY PLANT					
1	101-105	Utility Plant	\$410,649	\$40,000	\$450,649
2	108-110	Less: Accumulated Depreciation & Amortization	158,423	1,333	159,756
3		Net Plant	\$252,226	\$38,667	\$290,893
4	114-115	Utility Plant Acquisition Adjustment - Net			
5		Total Net Utility Plant	\$252,226	\$38,667	\$290,893
OTHER PROPERTY AND INVESTMENTS					
6	121	Nonutility Property			
7	122	Less: Accumulated Depreciation & Amortization			
8		Net Nonutility Property			
9	124	Utility Investments			
10	127	Depreciation Funds			
11		Total Other Property and Investments			
CURRENT AND ACCRUED ASSETS					
12	131	Cash	\$4,060	(\$375)	\$3,685
13	132	Special Deposits			
14	141-143	Accounts & Notes Receivable Net	14,375		14,375
15	151	Plant Materials and Supplies	477		477
16	162-163	Prepayments	2,733		2,733
17	174	Miscellaneous Current and Accrued Assets			
18		Total Current and Accrued Assets	\$21,645	(\$375)	\$21,270
DEFERRED DEBITS					
19	186	Miscellaneous Deferred Debits	\$11,046	\$1,425	\$12,471
20	190	Accumulated Deferred Income Taxes			
21		Total Deferred Debits	\$11,046	\$1,425	\$12,471
TOTAL ASSETS AND OTHER DEBITS			\$284,917	\$39,717	\$324,634

Class C Water Utility

F-1 BALANCE SHEET
Equity Capital and Liabilities

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
EQUITY CAPITAL					
1	201	Common Stock Issued	\$30,471		\$30,471
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital			
4	217	Retained Earnings	6,093	\$1,200	7,293
5	218	Proprietary Capital (Proprietorships & Partnerships)			
6		Total Equity Capital	\$36,564	\$1,200	\$37,764
LONG TERM DEBT					
7	224	Other Long-Term Debt	\$166,259	38,034	\$204,293
CURRENT AND ACCRUED LIABILITIES					
8	231	Accounts Payable	\$3,451		\$3,451
9	232	Notes Payable			
10	235	Customer Deposits			
11	236	Accrued Taxes	356		356
12	237	Accrued Interest			
13	241	Miscellaneous Current & Accrued Liabilities	649		649
14		Total Current and Accrued Liabilities	\$4,456	\$0	\$4,456
OTHER LIABILITIES					
15	252	Advances for Construction			
16	253	Other Deferred Credits			
17	255	Accumulated Deferred Investment Tax Credit			
18	265	Miscellaneous Operating Reserves			
19	271-272	CIAC - Net	77,638	483	78,121
20	281-283	Accumulated Deferred Income Taxes			-
21		Total Other Liabilities	\$77,638	\$483	\$78,121
22		TOTAL LIABILITIES AND CAPITAL	\$284,917	\$39,717	\$324,634

Class C Water Utility

F-2 STATEMENT OF INCOME

Line # (a)	Acct # (b)	Account Title (c)	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
UTILITY OPERATING INCOME					
1	400	Operating Revenue	\$62,295	\$4,260	\$66,555
2	-	Operating Expenses:			
3	401	Operation and Maintenance	\$35,364	(\$902)	\$34,462
4	403	Depreciation	12,845	1,333	14,178
5	405	Amortization of CIAC	(2,991)	(17)	(3,008)
6	406	Amortization of Utility Plant Acquisition Adj			
7	407	Amortization - Other	207		207
8	408	Taxes Other Than Income	7,311	1,037	8,348
9	-	Income Taxes (409.1, 410.1, 411.1, 412.1)		313	313
10		Total Operating Expenses	\$52,736	\$1,764	\$54,500
11		Net Operating Income (Loss)	\$9,559	\$2,496	\$12,055
OTHER INCOME AND DEDUCTIONS					
12	419	Interest & Dividend Income			
13	420	Allowance for Funds Used During Construction			
14	421	Non-Utility Income			
15	422	Gain (Loss) From Disposition Nonutility Property			
16	426	Miscellaneous Non-Utility Expenses			
17	427	Interest Expense	10,220	1,296	11,516
18	-	Taxes Other Than Income (409.2+410.2+411.2+412.2)			
19		Total Other Income and Deductions	(\$10,220)	(\$1,296)	(\$11,516)
20		NET INCOME (LOSS)	(\$661)	\$1,200	\$539

Class C Water Utility

F-1 BALANCE SHEET
Capital Structure

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
EQUITY CAPITAL					
1	201	Common Stock Issued	\$30,471		\$30,471
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital			
4	215	Unappropriated Retained Earnings			
5	217	Retained Earnings	6,093	\$1,200	7,293
6	218	Proprietary Capital (Proprietorships & Partnerships)			
7		Total Equity Capital	\$36,564	\$1,200	\$37,764
LONG TERM DEBT					
8	224	Other Long-Term Debt	\$166,259	\$38,034	\$204,293
9		TOTAL CAPITAL	\$202,823	\$39,234	\$242,057

Capital Structure

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
EQUITY CAPITAL					
1	201	Common Stock Issued	15.02%		12.59%
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital			
4	215	Unappropriated Retained Earnings			
5	217	Retained Earnings	3.00%	3.06%	3.01%
6	218	Proprietary Capital (Proprietorships & Partnerships)			
7		Total Equity Capital	18.03%	3.06%	15.60%
LONG TERM DEBT					
8	224	Other Long-Term Debt	81.97%	96.94%	84.40%
9		TOTAL CAPITAL	100.00%	100.00%	100.00%

JOURNAL ENTRIES				Impact on NI
JE#1	Dr.	Unamortized Debt Expense	1,500	
	Cr.	Cash		1,500
	To record costs associated with financing (See SPS 11)			
JE#2	Dr.	Cash	40,000	
	Cr.	Other Long Term Debt		39,500
	Cr.	Contribution in Aid of Construction		500
	To record receipt of cash and additional long term debt (See SPS 10)			
JE#3	Dr.	Plant	40,000	
	Cr.	Cash		40,000
	To record additional investment in plant (See SPS 6)			
JE#4	Dr.	Depreciation Expense	1,333	(1,333)
	Cr.	Accumulated Depreciation		1,333
	To record annual depreciation expense (See SPS 6)			
JE#5	Dr.	Accumulated Amortization of CIAC	17	
	Cr.	Amortization Expense		17
	To record annual amortization expense (See SPS 7)			
JE#6	Dr.	Cash	\$902	
	Cr.	Operating Expenses		\$902
	To record increase in operating expenses			
JE#7	Dr.	Taxes other than Income - State	202	(202)
	Dr.	Taxes other than Income - Local	835	(835)
	Cr.	Cash		1,037
	To record increase in property taxes and business enterprise taxes (See SPS 8)			
JE#8	Dr.	Other Long Debt	1,466	
	Dr.	Interest Expense	1,221	(1,221)
	Cr.	Cash		2,687
	To record repayment of principal and interest			
JE#9	Dr.	Amortization of Debt Expense	75	(75)
	Cr.	Unamortized Debt Expense		75
	To record amortization of debt expense			
JE#10	Dr.	Cash	4,260	
	Cr.	Revenue		4,260
	To record receipt of revenue (See SPS 5)			
	Pre Tax Income			1,513
JE#11	Dr.	State Business Enterprise Taxes	120	(120)
	Dr.	Federal Income Taxes	193	(193)
	Cr.	Cash		313
	To record increase in federal income and state business taxes			
	Net Income			1,200

Financing and Step Increase

Preliminary Calculation of Revenue Requirement

	Total Projected Costs
Plant Additions/Retirements:	
Plant Additions	
Wells	\$20,000
Pumping Equipment	<u>20,000</u>
Total	\$40,000
Less: Accumulated Depreciation	<u>1,333</u>
Net Plant	<u>\$38,667</u>
Contribution in Aid of Construction	
Well	\$250
Pumping Equipment	<u>250</u>
Total	\$500
Less: Accumulated Amortization of CIAC	<u>17</u>
Net Contribution in Aid of Construction	<u>\$483</u>
Plus: Working Capital	<u>(\$185)</u>
Total Additional Rate Base	\$37,998
Rate of Return	<u>3.104%</u>
Additional Net Operating Income Required	<u>\$1,179</u>
Increase in Operating and Maintenance Expenses	(\$902)
Increase in Depreciation Expense	2,666
Increase in Amortization of CIAC	(33)
Increase in Taxes other than Income - State	202
Increase in Taxes other than Income - Town	835
Increase in Business Taxes - State	120
Increase in Income Taxes - Federal	<u>193</u>
Total Increase in Operating Expenses	<u>\$3,080</u>
Total Additional Revenue Required	\$4,260
2010 Operating Revenues	<u>\$62,295</u>
Total Revenue Required	<u>\$66,555</u>
Percentage Increase Required	<u>6.84%</u>

Financing and Step Increase

Plant

Preliminary Accumulated Depreciation and Depreciation Expense

<u>PUC</u> <u>Acct. No.</u>	<u>Description</u>	<u>Cost</u>	<u>Depr.</u> <u>Rate</u>	<u>Annual</u> <u>Cost</u>	<u>Accum</u> <u>Depr.</u>
307	Wells	\$20,000	3.33%	\$666	\$333
311	Pumping Equipment	<u>20,000</u>	10.00%	<u>2,000</u>	<u>1,000</u>
	TOTAL	<u>\$40,000</u>		<u>\$2,666</u>	<u>\$1,333</u>

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2/03/2012

Financing and Step Increase

CIAC

Preliminary Accumulated Amortization of CIAC and Amortization of CIAC

<u>PUC</u> <u>Acct. No.</u>	<u>Description</u>	<u>Cost</u>	<u>Depr.</u> <u>Rate</u>	<u>Annual</u> <u>Cost</u>	<u>Accum</u> <u>Amort</u>
307	Wells	\$250	3.33%	\$8	\$4
311	Pumping Equipment	<u>250</u>	10.00%	<u>25</u>	<u>13</u>
	TOTAL	<u>\$500</u>		<u>\$33</u>	<u>\$17</u>

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Financing and Step Increase

Taxes

				Projected Costs
<u>State Property Taxes</u>				
Total Project Costs				\$40,000
Accumulated Depreciation				<u>1,333</u>
Net Plant				<u>\$38,667</u>
Thousand Dollars of Assessed Value				\$39
Adjusted \$000 of Assessed Value	209,674	265,278	79.04%	\$31
Property Tax Rate				<u>6.60</u>
State Property Taxes				<u>\$202</u>
 <u>Local Property Taxes</u>				
Total Project Costs				\$40,000
Accumulated Depreciation				<u>1,333</u>
Net Plant				<u>\$38,667</u>
Thousand Dollars of Assessed Value				\$39
Adjusted \$000 of Assessed Value	258,100	265,278	97.29%	\$38
Property Tax Rate				<u>22.19</u>
Local Property Taxes				<u>\$835</u>
 Combined Property Tax Expense				 <u>\$1,037</u>

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Financing and Step Increase**Income Taxes**State Business Taxes

Pretax Income	\$ 1,408
State Business Taxes Rate	<u>8.50%</u>
State Business Taxes	<u>\$120</u>

Federal Income Taxes

Pretax Income	\$1,408
State Business Taxes	<u>(120)</u>
Pretax Federal Income	\$1,288
Federal Income Rate	<u>15.00%</u>
Federal Income Taxes	<u>\$193</u>

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Financing and Step Increase

Total Costs of Projects \$40,000

Source of Funds:

State of New Hampshire - Loan \$40,000

Total Source of Funds \$40,000

Use of Funds:

Well \$20,000

Pumping Equipment 20,000

Total Use of Funds \$40,000

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2/03/2012

Financing and Step Increase

Estimated Financing and Step Increase Costs

Stephen P. St. Cyr & Associates	<u>1,500</u>
Total Financing Costs	<u>\$1,500</u>

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