

# REPORT OF RECONCILIATION OF ORIGINAL, REVISED & SETTLEMENT REVENUE REQUIREMENT w/9.75% ROE

Aquarion Water Company of New Hampshire, Inc.  
Case No. DW 12-085

Test Year: Twelve Months Ended 12/31/11  
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Line No.	Description	Data Request Reference	Schedule	Original Adjustments	Revised Adjustments	Revenue Impact	
1							
2	<b>Expense Adjustments</b>						
3	Antenna Rental Income	Staff 1-11, Staff 2-2	Schedule No. 1A	\$ 7,674	\$ 10,674	\$ (3,000)	
4	Salaries & Wages	Staff 2-7	Schedule No. 1C	17,649	11,191	(6,458)	
5	Employee Welfare	Staff 2-9	Schedule No. 1D	1,470	8,349	6,879	
6	Employee Bonus Program	Staff 2-10	Schedule No. 1E	522	(1,300)	(1,822)	
7	FAS 106 Post-Retirement Healthcare		Schedule No. 1F	54,730	54,667	(63)	
8	Pension Expense		Schedule No. 1G	40,942	40,895	(47)	
9	Miscellaneous/Non-Recurring Items	Staff 3-6, 8, 9	Schedule No. 1K	(7,830)	(10,089)	(2,259)	
10	Management Allocation	OCA 3-21	Schedule No. 1R	(150)	(21,484)	(21,334)	
11	Depreciation Expense	Staff 3-5	Schedule No. 1U	23,419	16,473	(6,946)	
12	Payroll Taxes	Staff 2-20	Schedule No. 1V	2,813	4,274	1,461	
13	Interest Expense	Staff 1-24	Schedule No. 1X	6,826	3,944	(2,882)	
14							
15	<b>Expense Impact on Revenues</b>					<b>(36,471)</b>	
16							
17	<b>Rate Base Adjustments</b>						
18	Working Capital Allowance	Staff 1-22	Schedule No. 3D	201,405	202,213	808	
19	Customer Advances	Staff 1-14	Schedule No. 3C	(3,792)	(3,771)	21	
20	Reserve for Deferred Taxes	Staff 1-21	Schedule No. 3C	(2,333,416)	(2,333,397)	19	
21	Change in Rate Base					848	
22	<b>Rate Base Impact on Revenues</b>					<b>112</b>	
23							
24	<b>Filing Reconciliation</b>						
25	Original Filing Revenue Requirement					1,113,931	
26	Expense Impact on Revenues					(36,471)	
27	Rate Base Impact on Revenues					112	
28	Adj for Rate Design					352	
29	<b>Adjusted Filing Revenue Requirement</b>					<b>\$ 1,077,924</b>	<b>A</b>
30							
31	<b>Settlement Adjustments - Expense</b>						
32	ROW Deferral		Schedule No. 1O	26,464	-	(26,464)	B
33	Property Taxes		Schedule No. 1W	82,551	68,027	(14,524)	C
34							
35	<b>Settlement Adjustments - Rate Base</b>						
36	Total Rate Base		Schedule No. 3	22,320,609	22,507,606	186,997	
37	Impact on Revenue Requirement					24,681	D
38							
39	<b>Settlement Adjustments - Capitalization</b>						
40	Overall Return on Rate Base (RORB)		Schedule No. 4	7.85%	7.76%	-0.09%	
41	Impact on Revenue Requirement					(34,059)	E
42							
43	RORB Further Revised to Reflect 9.75% ROE from DW 08-098			7.76%	7.55%	-0.21%	
44	Impact on Revenue Requirement					(79,472)	F
45							
46	<b>Settlement Revenue Requirement assuming 9.75% ROE</b>					<b>\$ 948,086</b>	<b>A+B+C+D+E+F</b>

<b>ORIGINAL</b>	
N.H.P.U.C. Case No. <u>DW 12-085</u>	
Exhibit No. <u>18</u>	
Witness <u>Panel 1</u>	
<b>DO NOT REMOVE FROM FILE</b>	

# COMPUTATION OF REVENUE DEFICIENCY

Aquarion Water Company of New Hampshire, Inc.  
Case No. DW 12-085

Test Year: Twelve Months Ended 12/31/11  
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Line No.		Actual Test Year	Required Increase	Pro Forma
1				
2	1 Rate Base	\$ 21,765,919		\$ 22,507,606
3				
4	2 Rate of Return	5.41%		7.55%
5				
6	3 Income Required [L1 x L2]	\$ 1,177,916	\$ 521,408	\$ 1,699,324
7				
8	4 Adjusted net Operating Income at Present Rates			1,135,450
9				
10	5 Deficiency			\$ 563,874
11				
12	6 Tax Effect*			59.48%
13				
14	7 Revenue Deficiency [L5 / L6]			\$ 948,086
15				
16	8 Revenues at Present Rates			\$ 6,086,673
17				
18	9 Proposed Revenue Increase [L7 / L8]			15.58%
19				
20				
21				
22				
23				
24				
25	*A one percent change in requested equity return is equal to approximately \$154K in revenues calculated as follows:			
26				
27				
28				
29	Rate base			\$ 22,507,606
30	Change in Equity (1% x 40.75%)			0.4075%
31				
32	Change in Operating Income			\$ 91,718
33	Conversion Factor			1.68
34				
35	Change in revenue requested			\$ 154,214
36				
37				
38				
39				
40				