

**MILL BROOK VILLAGE WATER SYSTEM (MBVWS)
REVENUE REQUIREMENT**

	<u>Pro-forma Test Year 12/31/14</u>
Rate Base	73,358
Rate of Return	9.60%
Operating Income Required	7,042
Adjusted Net Operating Income (Schedule 1)	36,778
Deficiency	(29,736)

**MILL BROOK VILLAGE WATER SYSTEM (MBVWS)
OVERALL RATE OF RETURN**

Item	Component Ratio	Component Cost Rate	Weighted Average Cost Rate
Common Stock	100.00%	9.6	9.60%
Preferred Stock	0.00%	0.0	0.00%
Long Term Debt	0.00%	0.0	0.00%
Short Tem Debt	0.00%	0.0	0.00%
Total	100.00%		9.60%

Item	13 Actual Amount	Actual Component Ratio	14 Proforma Amount	Proforma Component Ratio
Common Equity				
Common Stock	-		-	
Add'l Paid In Capital	70,106		70,106	
Retained Earnings	-		-	
SubTotal	70,106	1.000	70,106	1.0
Preferred Stock Equity				
Preferred Stock	-	0.0	-	0.0
Long Term Debt				
	-	-	-	-
Short Term Debt				
	-	0.0	-	0.0
Total Capital	<u>\$ 70,106</u>	1.0	<u>\$ 70,106</u>	1.0

**MILL BROOK VILLAGE WATER SYSTEM (MBVWS)
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	<u>0.00%</u>
Effective Federal Income Tax Rate	0.00%
Add: NH Business Profits Tax	<u>0.00%</u>
Effective Tax Rate	<u><u>0.00%</u></u>
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	<u>0.00%</u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>100.00%</u></u>
Tax Multiplier	<u><u>0.00000</u></u>

Schedule 2

**MILL BROOK VILLAGE WATER SYSTEM (MBVWS)
RATE BASE**

	<u>Pro-formed Test Year Average</u>
Plant in Service	70,106
Less: Accumulated Depreciaton	<u>2,339</u>
Net Utility Plant	67,767
Plus: Cash Working Capital	5,591
Less: CIAC	<u>-</u>
Rate Base	73,358
Net Operating Income Applicable to Rate Base (Schedule 1)	6,730
Rate of Return	9.17%

**MILL BROOK VILLAGE WATER SYSTEM (MBVWS)
ASSETS AND DEFERRED CHARGES**

	12 Months Ending 12/31/13
Water Plant in Service	582,463
Less: Accum Deprec & Amort	512,357
Total New Water Plant	<u>70,106</u>
Non Utility Property	-
Total Other Property & Investments	<u>-</u>
Cash	
Accounts Receivable Net - Water	-
Materials & Supplies	-
Prepayments	-
Miscellaneous Current & Accrued Assets	-
Total Current & Accrued Assets	<u>-</u>
Total Deferred Debits	<u>-</u>
Total Assets and Other Debits	<u><u>70,106</u></u>

**MILL BROOK VILLAGE WATER SYSTEM (MBVWS)
STOCKHOLDERS EQUITY & LIABILITIES**

	12 Months Ending 12/31/13
Common Stock Issued	70,106
Other Paid-in Capital	-
Retained Earnings	-
Total Capital	<u>70,106</u>
Other Long-Term Debt	-
Accounts Payable	-
Misc Current & Accrued Liabilities	<u>-</u>
Total Current and Accrued Liabilities	-
Contribution in Aid of Construction - Net	<u>-</u>
Total Liabilities and Capital	<u><u>70,106</u></u>

Schedule 2C

MILL BROOK VILLAGE WATER SYSTEM (MBVWS)
WORKING CAPITAL COMPUTATION

Total Proformed Operating Expenses (Schedule 3)	27,209
Total Cash Flow	27,209
Cash Working Capital Percentage	20.55% *
Working Capital Needed	5,591

* Formula: Half the billing period of **90** days+30 days/365 days in year

Schedule 3

MILL BROOK VILLAGE WATER SYSTEM (MBVWS)
INCOME STATEMENT

	12 Months Ending 12/31/13	Proforma Adjustments	Test Year As Performed
Operating Revenues	11,100	25,678	36,778
Operating Expenses			
Operating & Maintenance Expense	11,100	16,109	27,209
Depreciation Expense	-	2,339	2,339
Amortization of CIAC	-	-	-
Amort Expense - Other	-	-	-
Taxes Other Than Income (State Utility Prop Tax)	-	500	500
Income Taxes (State?)	-	-	-
Total Operating Expenses	11,100	18,948	30,048
Net Operating Income (Loss)	-	6,730	6,730

Depreciaton Calculations				
Item	Cost	Dep Rate	Depreciation	Life
New Well (Started service Jan 2014)	61,570.00	3.30%	2,031.81	30yrs
PH Treatment (Started service Jan 2014)	8,536.00	3.60%	307.30	28yrs
Totals	70,106.00		2,339.11	

**MILL BROOK VILLAGE WATER SYSTEM (MBVWS)
REPORT OF PROPOSED RATE CHANGES**

Rate or Class of Service	Effect of Proposed Change	Average Number of Customers	Current Rates	Proposed Rates	Proposed Change	
					Amount	% Increase
Residential	Increase	37	\$ 11,100	\$ 36,778	\$ 25,678	231.33%
Miscellaneous		-	-	-	-	0.00%
Totals		<u>37</u>	<u>\$ 11,100</u>	<u>\$ 36,778</u>	<u>\$ 25,678</u>	<u>231.33%</u>

Average Yearly Rate per Customer: \$ 994.00

Average Quarterly Rate per Customer: \$ 248.50

Notes:

- 1 The proposed changes are based on the existing 37 customers.
- 2 The present annual rate has been subsidised by the developer over the past 25 years
- 3 In actuality there is no authorized present rate as MBVWS is not yet a public utility.