# DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION PERMANENT RATE REVENUE REQUIREMENT



Average Rate Base per Staff (Att A; Sch 2; Col 6)	\$ 274,515
Rate of Return (Att A; Sch 1a)	7.21%
Operating Income Requirement	19,792
Adjusted Net Operating Income per Staff (Att A; Sch 3; Col 7)	28,200
Revenue Deficiency / (Surplus) Before Income Taxes	(8,407)
Divided by Tax Factor (Att A; Sch 1b)	60.39%
Revenue Deficiency / (Surplus)	(13,922)
Pro-forma Test Year Water Sales (Att A; Sch 3; Col 7)	 138,684
Revenue Requirement from Water Sales per Staff	124,762
Less: Adjusted Test Year Water Sales (Att A; Sch 3; Col 1, 2 & 5)	 (127,666)
Increase / (Decrease) in Revenue Requirement from Water Sales	\$ (2,904)
Percent Increase / (Decrease) in Revenue Requirement from Water Sales	-2.27%

### DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION WEIGHTED AVERAGE COST OF CAPITAL

			Capital Structure					Interest Expense				Amortizat	ion Expense				Weighted
	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff	Adjusted 12/31/14	Percent	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff	Adjusted 12/31/14	Interest Rate	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff	Adjusted 12/31/14	Total Annual Cost of Debt	Cost Rate	Average
Long-term Debt: 2014 CoBank Loan Total Long-term Debt	\$ 252,802 252,802	s -	s .	\$ 252,802 252,802	41.56% 41.56%	\$ 8,637 \$ 8,637	\$ -	\$ ·	\$ 8,637 8,637	3.42% 3.42%	\$ 1,803 \$ 1,803	<u>s</u> .	\$ -	\$ 1,803 1,803	\$ 10,440 \$ 10,440	4.13%	1.72% 1.72%
Common Equity: Common Stock Additional Paid-in Capital Retained Earnings Total Common Equity	339,521 15,956 355,477	<u> </u>		339,521 15,956 355,477	0.00% 55.82% 2.62% 58.44%											9.40%	5.49%
Total Capitalization	\$ 608,279	\$ -	\$ ·	\$ 608,279	100.00%												7.21%

### DW 15-199 ABENAKI WATER COMPANY, INC. EFFECTIVE TAX FACTOR

Taxable Income	100.00%
Less: NH Business Profits Tax	8.50%
Federal Taxable Income	91.50%
Federal Income Tax Rate	34.00%
Effective Federal Income Tax Rate	31.11%
Add: NH Business Profits Tax	8.50%
Effective Tax Rate	39.61%
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	39.61%
Percent Used as a Divisor in Determining the Revenue Requirement	60.39%
Tax Multiplier	0.65590

### DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION PERMANENT RATE AVERAGE RATE BASE

		(1) 5-Qtr Average Company	Pro Adju	(2) -forma stments	Ra	(3) ro-forma ate Base Company	Adj	(4) Staff ustments A; Sch 2a)	(5) Adj#	Ra	(6) ro-forma ate Base Per Staff
Plant in Service			1911		21/18	of Building	用中的	BEDE	14 11		
Plant in Service	\$	551,504	\$	101,348	\$	652,852	\$	(40,126)	1 - 4	\$	612,726
Less: Accumulated Depreciation and Amortization		(279,764)		(13,458)		(293,222)		17,809	5 - 9		(275,413)
Net Plant in Service		271,740		87,890	C.B	359,630	ert i	(22,317)			337,313
Contributions in Aid of Construction (CIAC)		(43,052)		ALA.		(43,052)		-			(43,052)
Accumulated Amortization of CIAC	F 77	5,696		709		6,405		(1,418)	10		4,987
Net Contributions in Aid of Construction		(37,356)		709		(36,647)	100	(1,418)			(38,065)
Net Plant in Rate Base		234,384		88,599		322,983	A . 94	(23,735)			299,248
Working Capital											
Cash Working Capital		7,020		779		7,799		(229)	11 - 12		7,570
Materials and Supplies						9770					-
Prepaid Expenses		567		1,030		1,597					1,597
Accumulated Deferred Income Taxes		(33,017)				(33,017)		(883)	13		(33,900)
Total Working Capital in Rate Base		(25,430)		1,809		(23,621)		(1,112)			(24,733)
Total Average Rate Base	\$	208,954	\$	90,408	\$	299,362	\$	(24,847)		\$	274,515

### DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE AVERAGE RATE BASE

Proforma Adjustme	its to Plant in Service:
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	Plant in Service						
1	To adjust pro-forma test year average for p	lant in service to	test year-end balance. (Att A; Sch 2b; Col 8)			\$	(77,739)
2	To adjust Plant in Service for meter retirem	ents not recorded	d in test year. (Staff 2-9 & Att A; Sch 2c)				(17,993)
3	To adjust Plant in Service for organizationa Balance of Organizational Costs 12/31/14 Less: Audit Adjustment #7 Less: Staff Adjustment-Daggett invoices	costs. (D. Carso \$102,233 (9,141) (2,041) \$ 91,051	on testimony and Audit Report Adjustment # % Allocation to Belmont system: % Allocation to Belmont water:	75%	\$ 68,288 \$ 50,533		50,533
4	To adjust Plant in Service for Land & Land I Total cost 9,141		assed from organizational costs. (Audit Repo % Allocation to Belmont system:		stment #7 \$ 6,856	)	
			% Allocation to Belmont water:	74%	\$ 5,073	144	5,073
	Total Adjustments - Plant in Service					\$	(40,126)
	Accumulated Depreciation and Accumulated	ated Amortizatio	<u>on</u>				
5	To adjust pro-forma test year average for A	ccum Deprec & A	Amort back to test year-end balance. (Att A; S	Sch 2b;	Col 8)	\$	4,073
6	To adjust Accumulated Depreciation for me	ter retirements no	ot recorded in test year. (Staff 2-9 & Att A; So	ch 2c)			17,993
7	To record additional Accumulated Depreciat (Att A, Sch 2c)	ion per Staff's ca	lculation, incorrect rates used by Company.	_	\$ 3,164 (2,895)		(269)
8	To adjust Accumulated Depreciation for add in test year. (Att A; Sch 2c)	itional half-year d	depreciation on 2014 Plant Additions not refle	ected			(1,583)
9	To adjust Accumulation Amortization for full-	year amortization	n on Organizational costs. (Att A; Sch 2c)				(2,405)
	Total Adjustments - Accumulated Depreciati	on				\$	17,809
	Accumulated Amortization - CIAC						
10	To adjust pro-forma test year average accur	n amortization - (	CIAC back to test year-end balance. (Att A; S	ich 2b;	Col 8)	\$	(1,418)
	Proforma Adjustments to Working Capita	l:					
	Cash Working Capital						
11	To adjust Co's test year cash working capita	component to a	mount calculated per Staff. (Att A; Sch 2b; C	ol 8)		\$	(779)
12	To adjust Co's pro-forma cash working capit Total pro-forma O & M Expenses after Sta Cash Working Capital % (45 days / 365 da Pro-forma Cash Working Capital Compone Less: Pro-forma cash working capital comp	ff Adj's (Att A; Sc lys) ent per Staff	reflect Staff O&M Expense Adj's: th 3; Col 7) by Co. and adjusted by Staff (Att A; Sch 2b)	-	61,391 12.33% 7,570 (7,020)		550
	Total Adjustments - Cash Working Capital					\$	(229)
	Deferred Income Taxes						
13	To adjust deferred income taxes to test year	end balance. (At	tt A; Sch 2b; Col 8)			\$	(883)
et R	Rate Base Adjustments per Staff					\$	(24,847)

### DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION CONVERSION OF RATE BASE COMPONENTS FROM YEAR-END AVERAGE TO 5-QUARTER AVERAGE

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Qua	arter Ending Bala	nce		Average	Yr End Average	Rate Base to	
12/31/13	03/31/14	06/30/14	09/30/14	12/31/14	Per Staff	Per Company	Yr End Bal	Adjustment #
\$ 529,217	\$ 537,581	\$ 551,334	\$ 564,276	\$ 575,113	\$ 551,504	652,852	\$ (77,739)	1
(271,478)	(274,646)	(279,398)	(284,150)	(289,149)	(279,764)	(293,222)	4,073	5
(43,052)	(43,052)	(43,052)	(43,052)	(43,052)	(43,052)	(43,052)		
4,987	5,342	5,697	6,051	6,405	5,696	6,405	(1,418)	10
WE CHANGE	968 6 3 78	A. 65 (19.75)	10.00	200000000000000000000000000000000000000	(a) 7,020	7,799	(779)	11
	Part of			rea and				
	and the	1,238		1,597	567	1,597		
(32,134)	(32,575)	(33,017)	(33,458)	(33,900)	(33,017)	(33,017)	(883)	13
					\$ 208,955	\$ 299,362	\$ (76,746)	
	12/31/13 \$ 529,217 (271,478) (43,052) 4,987	Qui 12/31/13 03/31/14 \$ 529,217 \$ 537,581 (271,478) (274,646) (43,052) (43,052) 4,987 5,342	Quarter Ending Bala           12/31/13         03/31/14         06/30/14           \$ 529,217         \$ 537,581         \$ 551,334           (271,478)         (274,646)         (279,398)           (43,052)         (43,052)         (43,052)           4,987         5,342         5,697           -         -         -           -         -         -           -         -         1,238	Quarter Ending Balance           12/31/13         03/31/14         06/30/14         09/30/14           \$ 529,217         \$ 537,581         \$ 551,334         \$ 564,276           (271,478)         (274,646)         (279,398)         (284,150)           (43,052)         (43,052)         (43,052)         (43,052)           4,987         5,342         5,697         6,051           -         -         -         -           -         -         1,238         -	Quarter Ending Balance           12/31/13         03/31/14         06/30/14         09/30/14         12/31/14           \$ 529,217         \$ 537,581         \$ 551,334         \$ 564,276         \$ 575,113           (271,478)         (274,646)         (279,398)         (284,150)         (289,149)           (43,052)         (43,052)         (43,052)         (43,052)         (43,052)           4,987         5,342         5,697         6,051         6,405           -         -         -         -         -           -         -         1,238         -         1,597	Guarter Ending Balance         5-Quarter Average Average           12/31/13         03/31/14         06/30/14         09/30/14         12/31/14         Per Staff           \$ 529,217         \$ 537,581         \$ 551,334         \$ 564,276         \$ 575,113         \$ 551,504           (271,478)         (274,646)         (279,398)         (284,150)         (289,149)         (279,764)           (43,052)         (43,052)         (43,052)         (43,052)         (43,052)         (43,052)           4,987         5,342         5,697         6,051         6,405         5,696           -         -         -         -         -         -           -         -         1,238         -         1,597         567           (32,134)         (32,575)         (33,017)         (33,458)         (33,900)         (33,017)	Quarter Ending Balance         5-Quarter Average Average Per Staff         Pro Forma Yr End Average Per Company           12/31/13         03/31/14         06/30/14         09/30/14         12/31/14         Per Staff         Per Company           \$ 529,217         \$ 537,581         \$ 551,334         \$ 564,276         \$ 575,113         \$ 551,504         652,852           (271,478)         (274,646)         (279,398)         (284,150)         (289,149)         (279,764)         (293,222)           (43,052)         (43,052)         (43,052)         (43,052)         (43,052)         (43,052)         (43,052)           4,987         5,342         5,697         6,051         6,405         5,696         6,405           -         -         -         -         -         -         -         -           -         -         1,238         -         1,597         567         1,597           (32,134)         (32,575)         (33,017)         (33,458)         (33,900)         (33,017)         (33,017)	To Adjust Rate Base to Per Staff   Per Company   To Adjust Rate Base to Per Staff   Per Company   Per Company

(a) Adjustment of Test Year Cash Working Capital:

Test Year O & M Expenses (Att A; Sch 3; Col 1 + Col 2)

\$ 56,931

Cash Working Capital % (45 days / 365 days)

12.33%

Adjusted Test Year Cash Working Capital per Staff

7,020

### DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION PLANT / CIAC ADDITIONS AND RETIREMENTS

#### 2014 Plant Additions:

Account		Amount	Depreciation Rate		Annual preciation	De	cumulated preciation 12/31/14	in	et Plant Service 12/31/14
311: Pumping Equipment	\$	823	10.00%	\$	82	\$	(41)	\$	782
333: Services		295	2.50%		7		(4)		291
334: Purchase & Installation of Meters		38,847	5.00%		1,942		(971)		37,876
346: Communication Equipment		489	14.29%		70		(35)		454
347: Set up Computer billing/GL/AP System		5,164	14.29%		738		(369)		4,795
347: Remote Access Software		278	20.00%		56		(28)		250
As Computed by Company:	\$	45,896		\$	2,895	\$	(1,448)	\$	44,448
303: Land & Land Rights	\$	5,073	0.00%	\$		\$	1 1000	\$	5,073
311: Pumping Equipment		823	10.00%		82		(41)		782
333: Services		295	2.50%		7		(4)		291
334: Purchase & Installation of Meters		38,847	5.00%		1,942		(971)		37,876
346: Communication Equipment		489	9.00%		44		(22)		467
347: Set up Computer billing/GL/AP System		5,164	20.00%		1,033		(517)		4,647
347: Remote Access Software		278	20.00%		56		(28)		250
As Computed by Staff:	\$	50,969		\$	3,164	\$	(1,583)	\$	49,386
2014 Plant Retirements:						A00	umulated	M	et Plant
			Depreciation	A	Annual		preciation		Service
Account		Amount	Rate	Dep	reciation	@	12/31/14	@	12/31/14
334: Purchase & Installation of Meters		17,993	5.00%		900		(17,993)	- 1	
	\$	17,993		\$	900	\$	(17,993)	\$	
Organizational Costs Additions:									
			Amortization	A	Innual		umulated ortization	Or	Net g Costs
Account		Amount	Rate	Amo	ortization	@	12/31/14		12/31/14
301: Organizational Costs (75% Belmont; 74% Water)	\$	50,533	4.76%	\$	2.405	\$	(1.203)	\$	49 330

50,533

### DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION PERMANENT RATE OPERATING INCOME STATEMENT

	10 1	(1) est Year l/2 months Company	Adj	(2) malization ustments Company	Adj	(3) ro-forma justments Company	To	(4) djusted est Year Company	-	(5) Staff ustments A; Sch 3a)	(6) Adj#	T	(7) Adjusted est Year Per Staff	Re Defi	(8) venue ciency / urplus)		(9) evenue juirement
Operating Revenues Water Sales	\$	111,808	\$	15,973	s	11.018	s	138,799	s	(115)	14	•	138,684	e		s	138.684
Other Operating Revenues	Φ	111,000	Φ	15,973	Φ	11,010	Φ	130,799	Φ	115	15	Ф	115	Ф		Φ	115
Total Water Revenues		111,808		15,973	_	11,018		138,799		113	13		138,799				138,799
Total Water Neverides		111,000		10,070		11,010		100,700				_	100,700				100,700
Operating Expenses																	
Operation & Maintenance Expenses:																	
Source of Supply Expenses																	
Pumping Expenses		19,849		2,836		-		22,685		(291)	16		22,394				22,394
Water Treatment Expenses		11,091		1,584		200		12,875		(138)	17		12,737				12,737
Transmission & Distribution Expenses		8,309		1,187		-		9,496					9,496				9,496
Customer Accounts Expenses		3,806		544		-		4,350					4,350				4,350
Administrative & General Expenses		6,760		965		6,123		13,848		(1,434)	18 - 20		12,414				12,414
Total Operation & Maintenance Expenses	474	49,815		7,116	M.	6,323	By	63,254		(1,863)			61,391	18 Y.L.	Kah Al III		61,391
Depreciation Expense		15,471		2,210		1,973		19,654		(631)	21 - 23		19,023				19,023
Amortization Expense - CIAC		(1,231)		(176)		-		(1,407)		-			(1,407)				(1,407)
Amortization Expense - Organization Costs				-		4,726		4,726		(2,321)	24		2,405				2,405
Taxes other than Income		9,581	1.5	1,369		3,798		14,748		(2,229)	25 - 27		12,519				12,519
Total Operating Expenses	1.14	73,636		10,519		16,820		100,975		(7,044)			93,931	ealin's	Gara.	2011	93,931
Net Operating Income / (Loss)																	
Before Income Taxes		38,172		5,454		(5,802)		37,824		7,044			44,868		0.50		44,868
Income Taxes	-	7,425		1,061		5,392		13,878		2,790	Att A; Sch 3c		16,668		-		16,668
Net Operating Income (Loss)	\$	30,747	\$	4,393	\$	(11,194)	\$	23,946	\$	4,254		\$	28,200	\$		\$	28,200

### DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE OPERATING REVENUES AND EXPENSES

Adi #	With 2 Will Staff Ave. Michigan 2			
	Pro-forma Adjustments to Operating Revenue:			
14	To adjust test year water sales for other revenues included in error. (Report of Proposed Rate Changes)			\$ (115)
15	To record other revenues included in water sales in error. (Report of Proposed Rate Changes)			\$ 115
	Pro-forma Adjustments to Operating Expenses:			
	Pumping Expenses:			
16	To adjust electric expense per company's response to Tech 2-3.			\$ (291)
	Water Treatment Expenses:			
17	To adjust chemical expense per company's response to Tech 2-3.			\$ (138)
	Administrative & General Expenses			
18	To adjust test year insurance expense for prior year's expense. (See Audit Report page 34)  Prepaid Insurance carried through acquisition, \$371. (\$371 / 2 = 186)			
	This expense was booked in Belmont only and split equally between water and sewer.			\$ (186)
19	To adjust test year for Administrative Costs charged by Parent in March, April and May but were not included in the Management Fee Agreement. (See Audit Issue #3)  Total Costs allocated for Belmont Division Allocation percentage	\$	(3,034)	
	Total Costs allocated for Water Division		50.00%	\$ (1,517)
20	To reclassify NHWWA dues and NAWC conference costs which should not have been booked to the sewer division. (\$538/2)			\$ 269
	Total Adjustments - Administrative & General Expenses			\$ (1,434)
	Depreciation Expense			
21	To eliminate Company's pro-forma adjustment for full-year depreciation expense relative to 2015 additions.			\$ (525)
22	To adjust test year depreciation expense for meter retirements not recorded during the test year. (Att A, Sch 2c)			(900)
23	To record additional depreciation expense per Staff's calculation, incorrect rates used by Company.	\$	3,164	
	(Att A, Sch 2c)  Total Adjustments - Depreciation Expense		(2,895)	\$ (631)
	Amortization European Commissional Conta			,
	Amortization Expense - Organizational Costs	-		
24	To adjust Company's pro-forma adjustment relative to Organizational Costs. Filed amount (Att A; Sch 2c)		4,726 2,405	\$ (2,321)
	Taxes Other than Income			
25	To eliminate Company's pro-forma adjustment relative to State of NH property taxes. Calculation was based Additions, 2015 Additions and Organizational Costs.	d on 20°	14	\$ (789)
26	To eliminate Company's pro-forma adjustment relative to Town of Belmont property taxes. Calculation was 2014 Additions, 2015 Additions and Organizational Costs.	based o	on	\$ (3,009)
27	To record Town of Belmont and State of NH property tax expense associated with 2014 additions. (Att A, So	ch 3b)		\$ 1,569
	Total Adjustments - Taxes Other than Income		-	\$ (2,229)
Net O	perating Expense Adjustments per Staff before Income Taxes		4	\$ (7,044)

# DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION INCREASE PROPERTY TAX CALCULATION

#### **Municipal Taxes - Town of Belmont:**

2014 Net Plant Additions - Water Division (Att A; Sch 2c) 2014 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-5)		\$	49,386 25.17	
Estimated Municipal Taxes on 2014 Net Additions to Plant	* - * - * - * - * - * - * - * - * - * -	Φ	25.17	\$ 1,243
State Utility Property Taxes:				
2014 Net Plant Additions - Water Division (Att A; Sch 2c)		\$	49,386	
2014 State Tax Rate (per \$1,000 of Valuation) (Staff DR 1-5)	X	\$	6.60	
Estimated State Taxes on 2014 Net Additions to Plant				\$ 326
Net Increase in Property Tax Expense for 2014 Net Additions to Plant				\$ 1,569

# DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION PROFORMA ADJUSTMENTS TO INCOME TAXES

#### **INCOME TAXES**

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Total proforma adjustments to Water Revenue	\$ 115
Total proforma adjustments to Other Revenue	(115)
Total proforma adjustments to Water Treatment Expenses	291
Total proforma adjustments to Pumping Expenses	138
Total proforma adjustments to Transmission and Distribution Expenses	
Total proforma adjustments to Customer Accounting Expenses	Tall The season
Total proforma adjustments to Administrative & General Expenses	1,434
Total proforma adjustments to Depreciation Expense	631
Total proforma adjustments to Amortization Expense	2,321
Total proforma adjustments to Taxes Other than Income	2,229
Additional Revenue/(Expense) Subject to New Hampshire Business Profits Tax	7,044
New Hampshire Business Profits Tax @ 8.5%	(599)
Additional Revenue/(Expense) Subject to Federal Income Tax	6,445
Federal income Tax @ 34%	(2,191)
Staff Proforma Adjustments Net of Income Taxes	\$ 4,254

# DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION STEP INCREASE

#### Increase in Net Income Requirement:

2015 Plant Additions (Att A; Sch 4a) Less: Accumulated Depreciation (Att A; Sch 4a) Net 2015 Plant in Service	\$	32,896 (1,084) 31,812
Net 2015 Plant in Rate Base	\$	31,812
Rate of Return (Att A; Sch 1a)	x	7.21%
Increase in Operating Income Requirement	\$	2,294
Net Increase in Operating Expenses:		
Annual Depreciation Expense: 2015 Plant Additions less Retirements (Att A; Sch 4a)	\$	2,099
Property Tax Expense for 2015 Net Additions to Plant (Att A; Sch 4b)		1,011
Income Tax Expense for 2015 Additions - State and Federal (Att A; Sch 4c)	e ans.	1,259
Step Increase in Revenue Requirement	\$	6,662
Adjusted Test Year Water Sales (Att A; Sch 3; Col's 1, 2 & 5)	\$	127,666
Percent Increase / (Decrease) in Revenue Requirement from Water Sales	100	5.22%

## DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION STEP INCREASE PLANT / ORGANIZATIONAL COSTS ADDITIONS AND RETIREMENTS

#### 2015 Plant Additions:

Account	A	mount *	Depreciation Rate	Annual reciation	Dep	umulated reciation 12/31/15	Net Plant in Service @ 12/31/15		
304: Structures & Improvements - Rebuild Pump Station 311: Pumping Equipment - Rebuild Pump Station 334: Purchase New Meters 334: Install New Meters	\$	9,200 15,052 7,275 1,369 32,896	2.50% 10.00% 5.00% 5.00%	\$ 230 1,505 364 68 2,167	\$	(115) (753) (182) (34) (1,084)	\$	9,085 14,299 7,093 1,335 31,812	

<sup>\*</sup> See Staff Data Request 2-2 for detail

#### 2015 Plant Retirements:

Account	Amount	Depreciation Rate	Annual Depreciation	Accumulated Depreciation @ 12/31/15	Net Plant in Service @ 12/31/15
334: Purchase & Installation of Meters	1,356	5.00%	68	(1,356)	-
	\$ 1,356		\$ 68	\$ (1,356)	\$ -

# DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION STEP INCREASE PROPERTY TAX CALCULATION

#### **Municipal Taxes - Town of Belmont:**

2015 Net Plant Additions - Water Division (Att A; Sch 4a) 2015 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-5) Estimated Municipal Taxes on 2015 Net Additions to Plant	x	\$ 31,812 25.17	\$ 801
State Utility Property Taxes:			
2015 Net Plant Additions - Water Division (Att A; Sch 4a) 2015 State Tax Rate (per \$1,000 of Valuation) (Staff DR 1-5)	x	\$ 31,812 6.60	
Estimated State Taxes on 2015 Net Additions to Plant			\$ 210
Net Increase in Property Tax Expense for 2015 changes to Plant			\$ 1,011

# DW 15-199 ABENAKI WATER COMPANY, INC. BELMONT WATER DIVISION STEP INCREASE INCOME TAXES

#### **INCOME TAXES**

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Total proforma adjustments to Water Revenue Total proforma adjustments to Other Revenue	\$
Total proforma adjustments to Pumping Expenses Total proforma adjustments to Transmission and Distribution Expenses Total proforma adjustments to Customer Accounting Expenses Total proforma adjustments to Administrative & General Expenses Total proforma adjustments to Depreciation Expense Total proforma adjustments to Amortization Expense Total proforma adjustments to Taxes Other than Income	- - - 2,167 - 1,011
Additional Revenue/(Expense) Subject to New Hampshire Business Profits Tax	3,178
New Hampshire Business Profits Tax @ 8.5%	(270)
Additional Revenue/(Expense) Subject to Federal Income Tax	2,908
Federal income Tax @ 34%	(989)
Staff Proforma Adjustments Net of Income Taxes	\$ 1,919

# DW 15-199 ABENAKI SEWER DIVISION PERMANENT RATE REVENUE REQUIREMENT

Average Rate Base per Staff (Att B; Sch 2; Col 6)	\$ 93,016
Rate of Return (Att B; Sch 1a)	7.21%
Operating Income Requirement	6,706
Adjusted Net Operating Income per Staff (Att B; Sch 3; Col 7)	10,966
Revenue Deficiency / (Surplus) Before Income Taxes	(4,260)
Divided by Tax Factor (Att B; Sch 1b)	60.39%
Revenue Deficiency / (Surplus)	(7,054)
Pro-forma Test Year Water Sales (Att B; Sch 3; Col 7)	117,559
Revenue Requirement from Water Sales per Staff	110,505
Less: Adjusted Test Year Sewer Sales (Att B; Sch 3; Col 1, 2 & 5)	(78,313)
Increase / (Decrease) in Revenue Requirement from Sewer Sales	\$ 32,192
Percent Increase / (Decrease) in Revenue Requirement from Water Sales	41.11%

#### DW 15-199 ABENAKI SEWER DIVISION WEIGHTED AVERAGE COST OF CAPITAL

		Capital Structure				Interest Expense							Amortization Expense										Weighted							
		Actual 12/31/14		stments o Filing		stments or Staff		Adjusted 12/31/14	Percent		Actual 12/31/14		stments Co Filing	Adjustr Per S			justed /31/14	Interest Rate		Actual 2/31/14		tments o Filing		ustments er Staff		djusted 2/31/14		otal Annual ost of Debt	Cost	Average
Long-term Debt:																			_											
2014 CoBank Loan	\$	252,802	\$		S	-	. \$	252,802	41.56%	\$	8,637	\$		\$	-	\$	8,637	3.42%	\$	1,803	\$		\$		\$	1,803	\$	10,440	4.13%	1.72
Total Long-term Debt		252,802		-				252,802	41.56%	\$	8,637		-				8,637	3.42%	\$	1,803						1,803	\$	10,440		1.72
	_								17.97		-		1	1 0 13							- 7-11		13.7							
Common Equity:																														
Common Stock		-				-		-	0.00%																					
Additional Paid-in Capital		339,521						339,521	55.82%																					
Retained Earnings		15,956						15,956	2.62%																					
Total Common Equity		355,477						355,477	58.44%																				9.40%	5.49
																														435 115
Total Capitalization	2	608,279	5	-	\$		_ 5	608,279	100.00%																					7.219
Total Capitalization		000,270	_		-			000,270	100.00%																				,	1.21

#### DW 15-199 ABENAKI EFFECTIVE TAX FACTOR

Taxable Income	100.00%
Less: NH Business Profits Tax	8.50%
Federal Taxable Income	91.50%
Federal Income Tax Rate	34.00%
Effective Federal Income Tax Rate	31.11%
Add: NH Business Profits Tax	8.50%
Effective Tax Rate	39.61%
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	39.61%
Percent Used as a Divisor in Determining the Revenue Requirement	60.39%
Tax Multiplier	0.65590

#### DW 15-199 ABENAKI SEWER DIVISION PERMANENT RATE AVERAGE RATE BASE

	-	(1) Year End Average Company	Adj	(2) o-forma ustments Company	Ra	(3) ro-forma ate Base Company	S Adjus	4) taff tments Sch 2a)	(5)	(6) Pro-forma Rate Base Per Staff		
Plant in Service	L. Article											
Plant in Service	\$	108,743	\$	21,251	\$	129,994	\$	603	1-3	\$	130,597	
Less: Accumulated Depreciation		(54,341)		(2,548)		(56,889)		(15)	4 - 6		(56,904)	
Net Plant in Service		54,402		18,703	Stan	73,105	1.264.3	588		e faire	73,693	
Contributions in Aid of Construction (CIAC)												
Accumulated Amortization of CIAC	one Edin	Actorio		1162	iu rai	HE SEE SE	100	PACE I			<u> </u>	
Net Contributions in Aid of Construction	541-2 mm	A AX				tions - in	il-pac	Tropie.			-	
Net Plant in Rate Base		54,402		18,703		73,105		588			73,693	
Working Capital												
Cash Working Capital		9,937		2,033		11,970		(578)	7 - 8		11,392	
Materials and Supplies		7,931		167		7,931					7,931	
Prepaid Expenses		19. 4				1		art de			ł , ,	
Accumulated Deferred Income Taxes	111	Decari-	1		14/4 ha	d the de	2 100				2	
Total Working Capital in Rate Base		17,868		2,033		19,901		(578)			19,323	
Total Average Rate Base	\$	72,270	\$	20,736	\$	93,006	\$	10_		\$	93,016	

## DW 15-199 ABENAKI SEWER DIVISION STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE AVERAGE RATE BASE

#### Adj#

Net Rate Base Adjustments per Staff

	Plant in Service				
1	To adjust plant in service to test year-end ba	alances. (Att B; Sc	h 2b; Col 8)		(18,935)
2	To adjust Plant in Service for Organizational Balance of Organizational Costs 12/31/14 Less: Audit Adjustment #7	\$ 102,233		t #7) 75% \$ 68,288	
	Less: Staff Adjustment-Daggett invoices	(9,141) (2,041) \$ 91,051	% Allocation to Belmont water:	26% \$ 17,755	17,755
3	To adjust Plant in Service for Land & Land F Total cost 9,141	Rights costs reclas		oort Adjustment # 75% \$ 6,856	ŧ7)
			% Allocation to Belmont water:	26% \$ 1,783	1,783
	Total Adjustments - Plant in Service				\$ 603
	Accumulated Depreciation & Accumulate	ed Amortization			
4	To adjust test year average Accum Deprec	& Amort to test yea	ar-end balances. (Att B; Sch 2b; Col 8)		1,190
5	To adjust Accumulated Depreciation for add in test year. (Att B; Sch 2c)	litional half-year de	epreciation on 2014 Plant Additions not re	eflected	(360)
6	To adjust Accumulation Amortization for full-	-year amortization	on Organizational costs. (Att B; Sch 2c)		(845)
	Total Adjustments - Accumulated Depreciati	ion & Amortization			\$ (15)
	Proforma Adjustments to Working Capita	nl:			
	Cash Working Capital				
7	To adjust Co's test year cash working capita	al component to an	nount computed by Staff. (Att B; Sch 2b)		\$ (2,033)
8	To adjust Co's pro-forma cash working capit Total pro-forma O & M Expenses after Sta Cash Working Capital % (45 days / 365 da Pro-forma Cash Working Capital Compone	off Adj's (Att B; Sch ays) ent per Staff	n 3; Col 7)	\$ 92,391 12.33% \$ 11,392	4.455
	Less: Pro-forma cash working capital com	ponent proposed t	by Co. and adjusted by Staff (Att B; SCN 2	(9,937)	1,455
	Total Adjustments - Cash Working Capital			M	\$ (578)

### DW 15-199 ABENAKI SEWER DIVISION CONVERSION OF RATE BASE COMPONENTS FROM YEAR-END AVERAGE TO 5-QUARTER AVERAGE

	(1)		(1)		(3)	(4)	(5)			(6) -Quarter	(7) Year End	(8) To Adjust		(9)
		2/31/13		Qua 03/31/14	Ending Balar 06/30/14	09/30/14		12/31/14	Average Per Staff		Average Per Company	Ra	ite Base to ar End Bal	Adjustment #
Plant in Service	\$	103,850	\$	109,850	\$ 109,899	\$ 110,059	\$	111,059	\$	108,943	129,994	\$	(18,935)	1
Accumulated Depreciation		(53,242)		(53,623)	(54,195)	(54,947)		(55,699)		(54,341)	(56,889)		1,190	4
Contributions in Aid of Construction (CIAC)					- (									
Accumulated Amortization - CIAC		ag .												
Cash Working Capital								(a	1)	9,937	11,970		(2,033)	7
Material and Supplies		7,931		7,931	7,931	7,931		7,931		7,931	7,931		F 3 -3.1	
Accumulated Deferred Income Taxes		terrior .			4			100						
Total Average Rate Base									\$	72,470	\$ 93,006	\$	(19,778)	
(a) Adjustment of Test Year Cash Working Capital:														
Test Year O & M Expenses (Att B; Sch 3; Col 1 + Col 2)	\$	80,592												
Cash Working Capital % (45 days / 365 days)	x	12.33%												
Adjusted Test Year Cash Working Capital per Staff	\$	9,937												

## DW 15-199 ABENAKI SEWER DIVISION PLANT / CIAC ADDITIONS AND RETIREMENTS

Account	Amount	Depreciation Rate	Annual Depreciation	Accumulated Depreciation @ 12/31/14	Net Plant in Service @ 12/31/14
303: Land & Land Rights	\$ 1,783	0.00%	\$ -	\$ -	\$ 1,783
371: Pumping Equipment	7,204	10.00%	720	(360)	6,844
As Computed by Company:	\$ 8,987		\$ 720	\$ (360)	\$ 8,627
2014 Plant Retirements:				Accumulated	Net Plant
Account	Amount	Depreciation Rate	Annual Depreciation	Depreciation @ 12/31/14	in Service @ 12/31/14
	\$ -		\$ -	\$ -	\$
Organizational Costs Additions:				Accumulated	Net
		Amortization	Annual	Amortization	Org Costs
Account	Amount	Rate	Amortization	@ 12/31/14	@ 12/31/14

17,755

### DW 15-199 ABENAKI SEWER DIVISION PERMANENT RATE OPERATING INCOME STATEMENT

\$18909x3p	10 1	(1) est Year /2 Months Company	Adju	(2) nalization ustments Company	Adj	(3) o-forma ustments Company	Te	(4) djusted est Year Company		(5) Staff ustments B; Sch 3a)	(6) Adj#	T	(7) Adjusted est Year Per Staff	De	(8) Sevenue ficiency / Surplus)		(9) Revenue equirement
Operating Revenues Sewer Sales	s	68.524	\$	9,789	\$	39,246	s	117,559	\$			•	447.550	•		•	447.550
Other Operating Revenues	Ф	00,524	Ф	9,709	Ф	39,240	Ф	117,559	Ф			2	117,559	Þ		D.	117,559
Total Sewer Revenues		68,524		9,789		39,246		117,559		-		_	117,559			1	117,559
Operating Expenses																	
Operation & Maintenance Expenses:																	
Source of Supply Expenses		- 100				a Lac											
Pumping Expenses		13,816		1,974		1,625		17,415		San State of			17,415				17,415
Sewer Treatment Expenses		46,479		6,639		8,741		61,859		(2,718)	9 - 10		59,141				59,141
Transmission & Distribution Expenses		10.0		-						-							
Customer Accounts Expenses		3,806		544				4,350					4,350				4,350
Administrative & General Expenses		6,417		917		6,123		13,457		(1,972)	11 - 13		11,485				11,485
Total Operation & Maintenance Expenses		70,518	47	10,074	9-6	16,489		97,081	i	(4,690)		100	92,391	de l	A last	107	92,391
Depreciation Expense		2,200		314		360		2,874					2,874				2,874
Amortization Expense - CIAC				-		-		-		-							
Amortization Expense - Organization Costs		-		-		1,661		1,661		(816)	14		845				845
Taxes other than Income		3,366		481		824		4,671		(333)	15 - 17	4 11	4,338	THE STREET	Charles and	100	4,338
Total Operating Expenses		76,084		10,869		19,334		106,287		(5,839)			100,448		-	-	100,448
Net Operating Income / (Loss)																	
Before Income Taxes		(7,560)		(1,080)		19,912		11,272		5,839			17,111		816 L		17,111
Income Taxes		100		<u>- 11 - 1</u>		3,832		3,832		2,313	Att B; Sch 3c		6,145		W. i.		6,145
Net Operating Income (Loss)	\$	(7,560)	\$	(1,080)	\$	16,080	\$	7,440	\$	3,526		\$	10,966	\$		\$	10,966

## DW 15-199 ABENAKI SEWER DIVISION STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE OPERATING REVENUES AND EXPENSES

#### Adi#

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	Pro-forma Adjustments to Sewer Treatment Expense:		
9	To adjust test year purchased sewer treatment costs where the company substituted 2015 sewer rates.  Company Response to Staff 2-5: Actual 2015 Deferral Less: Company Proforma  \$ 7,386  (8,741)  \$ (1,355)	\$	(1,355)
10	To adjust test year purchased sewer treatment costs per the company's response to Tech 2-3.	\$	(1,363)
	Pro-forma Adjustments to Operating Expenses:	\$	(2,718)
	Administrative & General Expenses		
11	To adjust test year insurance expense for prior year's expense. (See Audit Report page 34)  Prepaid Insurance carried through acquisition, \$371. (\$371 / 2 = 186)  This expense was booked in Belmont only and split equally between water and sewer.	\$	(186)
12	To adjust test year for Administrative Costs charged by Parent in March, April and May but were not included in the Management Fee Agreement. (See Audit Issue #3)  Total Costs allocated for Belmont Division  Allocation percentage  Total Costs allocated for Water Division  (1,51)	%	(1,517)
13	To reclassify NHWWA dues and NAWC conference costs which should not have been booked to the sewer division. (\$538/2)	\$	(269)
	Total Adjustments - Administrative & General Expenses	\$	(1,972)
	Amortization Expense - Organizational Costs		
14	To adjust Company's pro-forma adjustment relative to Organizational Costs.  Filed amount: \$ 1,66 (Att B; Sch 2c)	1 5_ \$	(816)
	Taxes Other than Income		
15	To eliminate Company's pro-forma adjustment relative to State of NH property taxes. Calculation was based on 2014 Additions, 2015 Additions and Organizational Costs.	\$	(126)
16	To eliminate Company's pro-forma adjustment relative to Town of Belmont property taxes. Calculation was based on 2014 Additions, 2015 Additions and Organizational Costs.	\$	(481)
17	To record Town of Belmont and State of NH property tax expense associated with 2014 additions. (Att B, Sch 3b)	\$	274
	Total Adjustments - Taxes Other than Income	\$	(333)
Net C	Operating Expense Adjustments per Staff before Income Taxes	\$	(5,839)

# DW 15-199 ABENAKI SEWER DIVISION INCREASE PROPERTY TAX CALCULATION

#### **Municipal Taxes - Town of Belmont:**

2014 Net Plant Additions - Sewer Division (Att B; Sch 2c) 2014 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-5)	×	\$	8,627 25.17	
Estimated Municipal Taxes on 2014 Net Additions to Plant				\$ 217
State Utility Property Taxes:				
2014 Net Plant Additions - Sewer Division (Att B; Sch 2c) 2014 State Tax Rate (per \$1,000 of Valuation) (Staff DR 1-5)	×	\$ \$	8,627 6.60	
Estimated State Taxes on 2014 Net Additions to Plant			Da a nd X-	\$ 57
Net Increase in Property Tax Expense for 2014 Net Additions to Plant				\$ 274

# DW 15-199 ABENAKI WATER COMPANY, INC. ABENAKI SEWER DIVISION PROFORMA ADJUSTMENTS TO INCOME TAXES

#### **INCOME TAXES**

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Total proforma adjustments to Sewer Revenue Total proforma adjustments to Other Revenue	\$ -
Total proforma adjustments to Sewer Treatment Expenses Total proforma adjustments to Transmission and Distribution Expenses Total proforma adjustments to Customer Accounting Expenses Total proforma adjustments to Administrative & General Expenses Total proforma adjustments to Depreciation Expense Total proforma adjustments to Amortization Expense Total proforma adjustments to Taxes Other than Income	2,718 - - 1,972 - 816 333
Additional Revenue/(Expense) Subject to New Hampshire Business Profits Tax	5,839
New Hampshire Business Profits Tax @ 8.5%  Additional Revenue/(Expense) Subject to Federal Income Tax	5,343
Federal income Tax @ 34%  Staff Proforma Adjustments Net of Income Taxes	(1,816) \$ 3,526

# DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION PERMANENT RATE REVENUE REQUIREMENT

Average Rate Base per Staff (Att C; Sch 2; Col 6)	\$	144,038
Rate of Return (Att C; Sch 1a)		7.21%
Operating Income Requirement		10,385
Adjusted Net Operating Income per Staff (Att C; Sch 3; Col 7)		18,067
Revenue Deficiency / (Surplus) Before Income Taxes		(7,682)
Divided by Tax Factor (Att C; Sch 1b)		60.39%
Revenue Deficiency / (Surplus)		(12,721)
Pro-forma Test Year Water Sales (Att C; Sch 3; Col 7)		100,582
Revenue Requirement from Water Sales per Staff		87,861
Less: Adjusted Test Year Water Sales (Att C; Sch 3; Col 1, 2 & 5)	_	(66,207)
Increase / (Decrease) in Revenue Requirement from Water Sales	\$	21,654
Percent Increase / (Decrease) in Revenue Requirement from Water Sales		32.71%

### DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION WEIGHTED AVERAGE COST OF CAPITAL

			Capital St	ructure			Interest Expense						Amortization Expense									Weighted			
	Actual 12/31/14	o Filing	Adjust		djusted 2/31/14	Percent		Actual 12/31/14		stments Co Filing		ljustments Per Staff		djusted 2/31/14	Interest Rate		Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff		Adjusted 12/31/14		al Annual at of Debt	Cost Rate	Average
Long-term Debt: 2014 CoBank Loan Total Long-term Debt	\$ 252,802 252,802	\$ :	\$	<u>:</u>	\$ 252,802 252,802	41.56% 41.56%	\$	8,637 8,637	\$		5		<u>s</u>	8,637 8,637	3.42% 3.42%	\$	1,803 1,803	\$ ·	\$ -	\$	1,803	\$	10,440 10,440	4.13%	1.72% 1.72%
Common Equity: Common Stock	-				200 504	0.00%																			
Additional Paid-in Capital Retained Earnings Fotal Common Equity	 339,521 15,956 355,477	 <u>:</u>		<u>:</u>	339,521 15,956 355,477	55.82% 2.62% 58.44%																		9.40%	5.49%
Total Capitalization	\$ 608,279	\$	\$		\$ 608,279	100.00%																			7.21%

#### DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION

Taxable Income	100.00%
Less: NH Business Profits Tax	8.50%
Federal Taxable Income	91.50%
Federal Income Tax Rate	34.00%
Effective Federal Income Tax Rate	31.11%
Add: NH Business Profits Tax	8.50%
Effective Tax Rate	39.61%
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	39.61%
Percent Used as a Divisor in Determining	
the Revenue Requirement	60.39%
Tax Multiplier	0.65590

### DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION PERMANENT RATE AVERAGE RATE BASE

		(1) Year End Average • Company	Adju	(2) o-forma ustments Company	R	(3) ro-forma ate Base Company		(4) Staff ustments C; Sch 2a)	(5)	(6) Pro-forma Rate Base Per Staff		
Plant in Service					T gin	, illustrations	ib C	278921				
Plant in Service	\$	413,314	\$	75,210	\$	488,524	\$	(40,232)	1-4	\$	448,292	
Less: Accumulated Depreciation		(212,014)		(8,058)		(220,072)		3,540	5 - 8		(216,532)	
Net Plant in Service		201,300		67,152		268,452	goni I	(36,692)			231,760	
Contributions in Aid of Construction (CIAC)		(143,900)		6) (3 <sup>2</sup> )		(143,900)		district.			(143,900)	
Accumulated Amortization of CIAC		44,318		4,502		48,820		ca diam'			48,820	
Net Contributions in Aid of Construction		(99,582)		4,502		(95,080)		-			(95,080)	
Net Plant in Rate Base		101,718		71,654		173,372		(36,692)			136,680	
Working Capital												
Cash Working Capital		5,899		815		6,714		(140)	9 - 10		6,574	
Materials and Supplies		424				424					424	
Prepaid Expenses		72		288		360		-			360	
Accumulated Deferred Income Taxes		<u> </u>				-		- ·			_	
Total Working Capital in Rate Base	<u> </u>	6,395		1,103		7,498		(140)			7,358	
Total Average Rate Base	\$ 108,113 \$			72,757	57 \$ 180,870		70 \$ (36,832)			\$	144,038	

### DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE AVERAGE RATE BASE

#### Adj#

Proforma Adjustments to Plant in Service:

	Plant in Service		
1	To adjust pro-forma test year average for plant in service to test year-end balance. (Att C; Sch 2b; Col 8)	\$	(62,559)
2	To adjust Plant in Service for meter retirements not recorded in test year. (Staff DR 2-9 & Att C; Sch 2c)		(2,720)
3	To adjust Plant in Service for organizational costs. (D. Carson testimony and Audit Report Adjustment #7)  Balance of Organizational Costs 12/31/14 \$ 102,233 % Allocation to Bow system: 25% \$ 22,762  Less: Audit Adjustment #7 (9,141)  Less: Staff Adjustment-Daggett invoices (2,041)  \$ 91,051	\$	22,762
4	To adjust Plant in Service for Land & Land Rights costs reclassed from organizational costs. (Audit Report Adjustment #7) Total cost 9,141 % Allocation to Bow system: 25% \$ 2,285	My A	2,285
	Total Adjustments - Plant in Service	\$	(40,232)
	Accumulated Depreciation & Acccumulated Amortization		
5	To adjust pro-forma test year average for Accum Deprec and Amort back to test year-end balance. (Att C; Sch 2b; Col 8)	\$	2,644
6	To adjust Accumulated Depreciation for meter retirements not recorded in test year. (Staff DR 2-9 & Att C; Sch 2c)		2,720
7	To adjust Accumulated Depreciation for additional half-year depreciation on 2014 Plant Additions not reflected in test year. (Att C; Sch 2c)		(741)
8	To adjust Accumulation Amortization for full-year amortization on Organizational Costs. (Att C; Sch 2c)		(1,083)
	Total Adjustments - Accumulated Depreciation	\$	3,540
	Proforma Adjustments to Working Capital:		
	Cash Working Capital		
9	To adjust Co's test year cash working capital component to amount calculated per Staff. (Att C; Sch 2b)	\$	(815)
10	To adjust Co's pro-forma cash working capital component to reflect Staff O&M Expense Adj's:  Total pro-forma O & M Expenses after Staff Adj's (Att C; Sch 3; Col 7)  Cash Working Capital % (45 days / 365 days)  Pro-forma Cash Working Capital Component per Staff Less: Pro-forma cash working capital component proposed by Co. and adjusted by Staff (Att C; Sch 2b)  (5,899)		675
	Total Adjustments - Cash Working Capital	\$	(140)
Net	Rate Base Adjustments per Staff	\$	(36,832)

### DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION CONVERSION OF RATE BASE COMPONENTS FROM YEAR-END AVERAGE TO 5-QUARTER AVERAGE

		(1)	(2)	(3)	(4)	(5)	(6) 5-Quarter	(7) Year End	(8) To Adjust	(9)
			Qu	arter Ending Bala	ince		Average	Average	Rate Base to	
	_	12/31/13	03/31/14	06/30/14	09/30/14	12/31/14	Per Staff	Per Company	Year End Bal	Adjustment #
Plant in Service		403,442	\$ 404,002	\$ 408,522	\$ 424,637	\$ 425,965	\$ 413,314	488,524	\$ (62,559)	1
Accumulated Depreciation		(205,158)	(208,996)	(212,494)	(215,992)	(217,428)	(212,014)	(220,072)	2,644	5
Contributions in Aid of Construction (CIAC)		(143,900)	(143,900)	(143,900)	(143,900)	(143,900)	(143,900)	(143,900)	a line of	
Accumulated Amortization - CIAC		43,682	43,030	43,030	43,030	48,820	44,318	48,820		
Cash Working Capital		0.000		Shedre 2	4578-2578-159	(a	5,899	6,714	(815)	9
Material and Supplies		424	424	424	424	424	424	424	ette o .	
Prepaid Expenses		instruction	Light Adv la	A Marilla		360	72	360	aris ari	
Accumulated Deferred Income Taxes		11			18.		-	<u>lea l'estre.</u>	<u> </u>	
Total Average Rate Base							\$ 108,113	\$ 180,870	\$ (60,730)	

(a) Adjustment of Test Year Cash Working Capital:

Test Year O & M Expenses (Att C; Sch 3; Col 1 + Col 2)

\$ 47,845

Cash Working Capital % (45 days / 365 days)

12.33% 5,899

Adjusted Test Year Cash Working Capital per Staff

T.H. 6 - 512

## DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION PLANT / CIAC ADDITIONS AND RETIREMENTS

#### 2014 Plant Additions:

Amount		Depreciation Rate			Depi	reciation	Net Plant in Service @ 12/31/14	
\$	2,285	0.00%	\$	-	\$	- 6	\$	2,285
	13,700	5.00%		685		(343)		13,357
	4,024	2.50%		101		(50)		3,974
	410	5.00%		21		(10)		400
	824	5.00%		41		(21)		803
	2,952	20.00%		590		(295)		2,657
	613	7.18%		44		(22)		591
\$	24,808		\$	1,482	\$	(741)	\$	24,067
	\$	\$ 2,285 13,700 4,024 410 824 2,952 613	Amount         Rate           \$ 2,285         0.00%           13,700         5.00%           4,024         2.50%           410         5.00%           824         5.00%           2,952         20.00%           613         7.18%	Amount         Rate         Dep           \$ 2,285         0.00%         \$           13,700         5.00%         \$           4,024         2.50%         \$           410         5.00%         \$           824         5.00%         \$           2,952         20.00%         \$           613         7.18%	Amount         Rate         Depreciation           \$ 2,285         0.00%         \$ -           13,700         5.00%         685           4,024         2.50%         101           410         5.00%         21           824         5.00%         41           2,952         20.00%         590           613         7.18%         44	Amount         Depreciation Rate         Annual Depreciation         Depreciation         0 1           \$ 2,285         0.00%         \$ -         \$           13,700         5.00%         685         101           4,024         2.50%         101         101           410         5.00%         21         21           824         5.00%         41         2,952         20.00%         590           613         7.18%         44         44	Amount         Rate         Depreciation         @ 12/31/14           \$ 2,285         0.00%         \$ -         \$ -           13,700         5.00%         685         (343)           4,024         2.50%         101         (50)           410         5.00%         21         (10)           824         5.00%         41         (21)           2,952         20.00%         590         (295)           613         7.18%         44         (22)	Amount         Depreciation Rate         Annual Depreciation         Depreciation @ 12/31/14         in @ 12/31/14         @ 2/31/14

#### 2014 Plant Retirements:

Account	Account Ame		Depreciation Rate		nnual eciation	Dep	umulated reciation 12/31/14	Net Plant in Service @ 12/31/14		
334: Purchase & Installation of Meters		2,720	5.00%	14.00	136		(2,720)		-	
	\$	2,720		\$	136	\$	(2,720)	\$		

#### **Organizational Cost Additions:**

Account		Amount	Amortization Rate	annual ortization	Accumulated Amortization @ 12/31/14		Net Org Costs @ 12/31/14		
301: Organizational Costs (25% Bow)	\$	22,762	4.76%	\$ 1,083	\$	(542)	\$	22,220	
	\$	22,762		\$ 1,083	\$	(542)	\$	22,220	

### DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION PERMANENT RATE OPERATING INCOME STATEMENT

	10 1/	(1) est Year 2 Months Company	Adju	(2) nalization ustments Company	Adj	(3) o-forma ustments Company	Te	(4) djusted est Year Company	Adju	(5) Staff ustments C; Sch 3a)	(6) Adj#	Т	(7) Adjusted est Year Per Staff	Def	(8) evenue iciency / urplus)		(9) evenue juirement
Operating Revenues Water Sales	\$	58.021	s	8.289	e	34,375	s	100,685	s	(103)	11	\$	100,582	•		•	100,582
Other Operating Revenues	Φ	30,021	Φ	0,209	Ф	34,373	Φ	100,000	Φ	103)	12	Ф	100,362	Ф	46.64	-D	100,362
Total Water Revenues		58,021		8,289		34,375		100,685		103	12		100,685		-		100,685
Operating Expenses																	
Operating Expenses:													1771				
Source of Supply Expenses								360 .									
Pumping Expenses		15,713		2,246				17,959					17,959				17.959
Water Treatment Expenses		5,825		833				6,658					6,658				6,658
Transmission & Distribution Expenses		9,312		1,330				10,642					10,642				10,642
Customer Accounts Expenses		4,358		622		-		4,980					4,980				4,980
Administrative & General Expenses		6,656		950	1144	6,607		14,213	100	(1,137)	13 - 14		13,076				13,076
Total Operation & Maintenance Expenses		41,864		5,981		6,607		54,452		(1,137)			53,315		30.75	GP II	53,315
Depreciation Expense		10,764		1,538		2,415		14,717		(1,811)	15 - 16		12,906				12,906
Amortization Expense - CIAC		(5,790)		-		651		(5,139)					(5,139)				(5,139)
Amortization Expense - Organization Costs						2,129		2,129		(1,046)	17		1,083				1,083
Taxes other than Income		8,150		1,164		2,778		12,092		(1,966)	18 - 20		10,126				10,126
Total Operating Expenses		54,988		8,683		14,580		78,251		(5,960)			72,291				72,291
Net Operating Income / (Loss)																	
Before Income Taxes		3,033		(394)		19,795		22,434		5,960			28,394				28,394
Income Taxes		2,475	_	354		5,137	فيسا	7,966		2,361	Att C; Sch 3c		10,327	il e	maker.	41	10,327
Net Operating Income (Loss)	\$	558	\$	(748)	\$	14,658	\$	14,468	\$	3,599		\$	18,067	\$		\$	18,067

### DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE OPERATING REVENUES AND EXPENSES

#### Adj#

Adj#			
	Pro-forma Adjustments to Operating Revenue:		
11	To adjust test year water sales for other revenues included in error. (Report of Proposed Rate Changes)	\$	(103)
12	To record other revenues included in water sales in error. (Report of Proposed Rate Changes)	\$	103
	Pro-forma Adjustments to Operating Expenses:		
	Administrative & General Expenses		
13	To adjust test year for Administrative Costs charged by Parent in March, April and May but were not included in the Management Fee Agreement. (See Audit Issue #3)		(1,037)
14	To eliminate Company's pro-forma adjustment relative to water testing expected in 2016.		(100)
	Total Adjustments - Administrative & General Expenses	\$	(1,137)
	Depreciation Expense		
15	To adjust test year depreciation expense for meter retirements not recorded during the test year. (See Attachment C, Schedule 2a)		(136)
16	To eliminate Company's pro-forma adjustment relative to depreciation expense associated with 2015 additions.	\$	(1,675)
	Total Adjustments - Depreciation Expense	\$	(1,811)
	Amortization Expense - Organizational Costs		
17	(1) 0 1) 0 1	\$	(1,046)
	Taxes Other than Income		
18	To eliminate Company's pro-forma adjustment relative to State of NH property taxes. Calculation was based on 2014 Additions, 2015 Additions and Organizational Costs.	\$	(544)
19	To eliminate Company's pro-forma adjustment relative to Town of Bow property taxes. Calculation was based on 2014 Additions, 2015 Additions and Organizational Costs.	\$	(2,233)
20	To record Town of Bow and State of NH property tax expense associated with 2014 additions. (Att C, Sch 3b)	\$	811
	Total Adjustments - Taxes Other than Income	\$	(1,966)
Net O	perating Expense Adjustments per Staff before Income Taxes	\$	(5,960)
	11 12 13 14 15 16	Pro-forma Adjustments to Operating Revenue:  11 To adjust test year water sales for other revenues included in error. (Report of Proposed Rate Changes)  12 To record other revenues included in water sales in error. (Report of Proposed Rate Changes)  13 To adjust ments to Operating Expenses:  Administrative & General Expenses  14 To adjust test year for Administrative Costs charged by Parent in March, April and May but were not included in the Management Fee Agreement. (See Audit Issue #3)  14 To eliminate Company's pro-forma adjustment relative to water testing expected in 2016.  Total Adjustments - Administrative & General Expenses  Depreciation Expense  15 To adjust test year depreciation expense for meter retirements not recorded during the test year. (See Attachment C, Schedule 2a)  16 To eliminate Company's pro-forma adjustment relative to depreciation expense associated with 2015 additions.  Total Adjustments - Depreciation Expense  Amortization Expense - Organizational Costs  17 To eliminate Company's pro-forma adjustment relative to Organizational Costs. Filed amount: \$ 2,129 (Att C; Att 2c) less revised: 1,083 Taxes Other than Income  18 To eliminate Company's pro-forma adjustment relative to State of NH property taxes. Calculation was based on 2014 Additions, 2015 Additions and Organizational Costs.  19 To eliminate Company's pro-forma adjustment relative to Town of Bow property taxes. Calculation was based on 2014 Additions, 2015 Additions and Organizational Costs.	Pro-forma Adjustments to Operating Revenue:  11 To adjust test year water sales for other revenues included in error. (Report of Proposed Rate Changes)  \$ 12 To record other revenues included in water sales in error. (Report of Proposed Rate Changes)  \$ 13 To record other revenues included in water sales in error. (Report of Proposed Rate Changes)  \$ 14 Pro-forma Adjustments to Operating Expenses:    Administrative & General Expenses

# DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION INCREASE PROPERTY TAX CALCULATION

#### **Municipal Taxes - Town of Bow:**

2014 Net Plant Additions - Bow Water Division (Att C; Sch 2c) 2014 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-5) Estimated Municipal Taxes on 2014 Net Additions to Plant	X	\$ \$	24,067 27.09	\$ 652
State Utility Property Taxes:				
2014 Net Plant Additions - Bow Water Division (Att C; Sch 2c) 2014 State Tax Rate (per \$1,000 of Valuation) (Staff DR 1-5)	×	\$	24,067 6.60	
Estimated State Taxes on 2014 Net Additions to Plant			1,32,1,000,000	\$ 159
Net Increase in Property Tax Expense for 2014 Net Additions to Plant				\$ 811

# DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION PROFORMA ADJUSTMENTS TO INCOME TAXES

#### **INCOME TAXES**

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Total proforma adjustments to Water Revenue	\$	103
Total proforma adjustments to Other Revenue		(103)
Total proforma adjustments to Pumping Expenses		#182 Jah
Total proforma adjustments to Transmission and Distribution Expenses		that are
Total proforma adjustments to Customer Accounting Expenses		-
Total proforma adjustments to Administrative & General Expenses		1,137
Total proforma adjustments to Depreciation Expense		1,811
Total proforma adjustments to Amortization Expense		1,046
Total proforma adjustments to Taxes Other than Income		1,966
Additional Revenue/(Expense) Subject to New Hampshire Business Profits Tax		5,960
New Hampshire Business Profits Tax @ 8.5%		(507)
Additional Revenue/(Expense) Subject to Federal Income Tax		5,454
Federal income Tax @ 34%	in the	(1,854)
Staff Proforma Adjustments Net of Income Taxes	\$	3,599

# DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION STEP INCREASE

#### **Increase in Net Income Requirement:**

2015 Plant Additions (Att C; Sch 4a) Less: Accumulated Depreciation (Att C; Sch 4a)	\$	26,418 (661)
Net 2015 Plant in Service		25,757
Net 2015 Plant in Rate Base	\$	25,757
Rate of Return (Att C; Sch 1a)	x	7.21%
Increase in Operating Income Requirement	\$	1,857
Net Increase in Operating Expenses:		
Annual Depreciation Expense: 2015 Plant Additions less Retirements (Att C; Sch 4a)	\$	524
Property Tax Expense for 2015 Net Additions to Plant (Att C; Sch 4b)		868
Income Tax Expense for 2015 Additions - State and Federal (Att C; Sch 4c)		867
Step Increase in Revenue Requirement	\$	4,116
Adjusted Test Year Water Sales (Att C; Sch 3; Col 1, 2 & 5)	\$	66,207
Percent Increase / (Decrease) in Revenue Requirement from Water Sales		6.22%

# DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION STEP INCREASE PLANT / ORGANIZATIONAL COST ADDITIONS AND RETIREMENTS

#### 2015 Plant Additions:

Account	Amount *		Depreciation Rate	Annual Depreciation		Accumulated Depreciation @ 12/31/15		Net Plant in Service @ 12/31/15	
334: Purchase Meters 334: Install Meters	\$	18,374 8,044	5.00% 5.00%	\$	919 402	\$	(460) (201)	\$	17,914 7,843
	\$	26,418		\$	1,321	\$	(661)	\$	25,757
*C 01- "D + D									

\* See Staff Data Request 2-3 for details

#### 2015 Plant Retirements:

Account	Amount	Depreciation Rate	Anr Depre	nual ciation	Accumulated Depreciation @ 12/31/15		Net Plant in Service @ 12/31/15	
334: Purchase & Installation of Meters	\$ 15,932 \$ 15,932	5.00%	\$	797	\$	(15,932)	\$	-1
	Ψ 15,352		<b>3</b>	797	\$	(15,932)	\$	J

# DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION STEP INCREASE PROPERTY TAX CALCULATION

#### **Municipal Taxes - Town of Bow:**

2015 Net Plant Additions - Bow Water Division (Att C; Sch 4a) 2015 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-5) Estimated Municipal Taxes on 2015 Net Additions to Plant	x <u>\$</u>	25,757 27.09	\$ 698
State Utility Property Taxes:			
2015 Net Plant Additions - Bow Water Division (Att C; Sch 4a) 2015 State Tax Rate (per \$1,000 of Valuation) (Staff DR 1-5)	\$	25,757 6.60	
Estimated State Taxes on 2015 Net Additions to Plant	^ <u> </u>	0.00	\$ 170
Net Increase in Property Tax Expense for 2015 changes to Plant			\$ 868

# DW 15-199 ABENAKI WATER COMPANY, INC. BOW WATER DIVISION STEP INCREASE INCOME TAXES

#### **INCOME TAXES**

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Total proforma adjustments to Water Revenue Total proforma adjustments to Other Revenue	\$	-
Total proforma adjustments to Pumping Expenses Total proforma adjustments to Transmission and Distribution Expenses Total proforma adjustments to Customer Accounting Expenses Total proforma adjustments to Administrative & General Expenses Total proforma adjustments to Depreciation Expense Total proforma adjustments to Amortization Expense Total proforma adjustments to Taxes Other than Income		- - - 1,321 - 868
Additional Revenue/(Expense) Subject to New Hampshire Business Profits Tax		2,189
New Hampshire Business Profits Tax @ 8.5%		(186)
Additional Revenue/(Expense) Subject to Federal Income Tax	2	2,003
Federal income Tax @ 34%		(681)
Staff Proforma Adjustments Net of Income Taxes	\$ 1	1,322