

West Swanzey Water Company

Revenue Requirement - Step Increase for Pump Drives and SCADA

	<u>Amount</u>
PLANT IN SERVICE	
Pumping Equipment	\$ 26,400
Less: Accumulated Depreciation	<u>660</u>
NET PLANT IN SERVICE	\$ 25,740
Contribution in Aid of Construction	-
Plus: Accumulated Amortization of CIAC	<u>-</u>
NET PLANT IN RATE BASE	\$ 25,740
Cash Working Capital (75/365)	<u>-</u>
TOTAL RATE BASE	<u>\$ 25,740</u>
Return on Additional Plant @ 2.43%	<u>\$ 626</u>
O&M Expenses	\$ -
Depreciation Expense	1,320
Amortization of CIAC	-
State Utility Property Taxes	163
Town of Swanzey Property Taxes	883
Federal and State Income Taxes	<u>(4)</u>
Operating Expenses	<u>\$ 2,362</u>
Additional Revenue Requirement	<u>\$ 2,989</u>
Total Proposed Operating Revenues	<u>\$ 109,672</u>
% Increase associated with Step Increase	<u>2.73%</u>

SPSt. Cyr
7/17/2017

West Swanzey Water Company

Rate of Return

	Amount	Interest Rate	Annual Interest	Annual Amortization of Fin Costs	Total Annual Cost of Debt	Annual Cost Rate
Drinking Water State Revolving Fund ("DWSRF") Loan	\$ 26,400	1.96% (a)	\$ 517	\$ 125 (b)	\$ 642	2.43%

(a) Interest rate for DWSRF loan effective 8/4/16 for 20 years is 1.96%

(b) Calculation of projected amortization of finance costs:

Estimated 2017 DWSRF Financing Costs	DWSRF Fees	\$ -
	Consultant Fees	2,500
	Other Fees	-
	Total	\$ 2,500
Loan Term (Years)		<u>20</u>
Annual Amortization of Finance Costs		<u>\$ 125</u>

West Swanzey Water Company

2017 Plant / Depreciation / Accumulated Depreciation

<u>PUC</u> <u>Acct No.</u>	<u>Description</u>	<u>Cost</u>	<u>Depreciation</u> <u>Rate</u>	<u>Annual</u> <u>Expense</u>	<u>Accum</u> <u>Depreciation</u>	<u>Net Book</u> <u>Value</u>
<u>PLANT IN SERVICE</u>						
311	Pumping Equipment	26,400	5.00%	1,320	660	25,740
	TOTAL	<u>\$ 26,400</u>		<u>\$ 1,320</u>	<u>\$ 660</u>	<u>\$ 25,740</u>

West Swanzey Water Company**TAXES**

	<u>Amount</u>
Property Tax Expense:	
State Utility Property Taxes	
State Assessed Value as of April 1, 2016	\$ 250,000
Net Plant at 12/31/15	<u>261,195</u>
Assessment Adjustment Percentage	95.71%
Net Book Value of 2017 Additions to Plant	<u>\$ 25,740</u>
Assessment Adjustment Percentage applied to Net Book Value of 2011 Additions to Plant	\$ 24,637
State Property Tax Rate (per \$1,000)	<u>6.60</u>
State Utility Property Taxes	<u>\$ 163</u>
Town of Swanzey Property Taxes	
Assessed Vaulation	\$ 338,800
Net Plant in Service, 12/31/15	<u>261,195</u>
Assessment Adjustment Percentage	129.71%
Net Book Value of 2017 Additions to Plant	<u>\$ 25,740</u>
Assessment Adjustment Percentage applied to Net Book Value of 2017 Additions to Plant	\$ 33,388
Town of Swanzey Property Tax Rate (per \$1,000)	<u>26.46</u>
Town of Swanzey Property Taxes	<u>\$ 883</u>
Income Tax Expense:	
Return on Additional Plant	\$ 626
Less: Annual Interest Expense	<u>642</u>
Net Income before Taxes	(16)
Effective Tax Rate	<u>22.23%</u>
Combined Federal/State Income Taxes	<u><u>\$ (4)</u></u>

West Swanzey Water Company**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>15.00%</u>
Effective Federal Income Tax Rate	13.73%
Add: NH Business Profits Tax	<u>8.50%</u>
Effective Tax Rate	<u><u>22.23%</u></u>
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	<u><u>22.23%</u></u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>77.78%</u></u>
Tax Multiplier	<u><u>0.28576</u></u>