

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-5

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Page 10 (Bates 36), Lines 10-13:** Mr. Goodhue's testimony indicates that certain direct expenses, including but not limited to purchased water expense, electricity expense, and chemical treatment expense, reflect the pro forma difference in consumption between the five-year average and the test year. However, PEU's 1604.06 Filing Requirement Schedules (Bates 211-290) do not appear to contain any pro forma adjustment in this regard for chemical treatment expense. Please explain. (See also Staff 1-26)

**RESPONSE:**

No pro forma expense was made for chemicals as part of the rate case due to the nominal change in Chemical pricing between 2016 and 2017. Upon reflection, the adoption of expenses based on 50% of the difference between the test year production and the 5 year average production for rate making did result in a difference in Water Treatment Chemicals that should have been pro formed. Please see the attached spreadsheet for the pro forma adjustments from the 2016 TY water treatment plant chemical expense to reflect change in chemical pricing between 2016 and 2017 as well as a pro forma of that expense to reflect the use of a production rate equal to 50% of the difference between the TY production and the 5 year average production.

Pennichuck East Utility, Inc.  
DW 17-128  
Water Treatment Chemical Pro Forma  
Staff DR 1-5

G/L Expense Title	Chemical Trade Name	2016 TY Expense	Change in Chemical Pricing between 2016 and 2017	Test Year Pro Forma Adjustment <sup>2</sup>	Pro Forma 2017 Expense <sup>1</sup>	5 Year Ave. Pro Forma <sup>3</sup>	
Salt	Sodium Chloride	\$ 14,949	-2.47%	\$ (369)	\$ 14,580	\$ (694)	
Ferric Chloride	Ferric Chloride	\$ 584	-3.02%	\$ (18)	\$ 566	\$ (27)	
Sodium Hydroxide	25% Sodium Hydroxide	\$ 3,347	10.89%	\$ 4,076	\$ 7,424	\$ (353)	Replaced Pot Ash in 2017
Corrosion Inhibitor	Zinc Orthophosphate	\$ 302	-6.52%	\$ (20)	\$ 282	\$ (13)	
Pot Ash	Potassium Hydroxide	\$ 1,942	No Longer Used	\$ (1,942)	\$ -	\$ -	Replaced with Sodium Hydroxide
Polyphosphate	Blended phosphate	\$ 966	-19.38%	\$ (187)	\$ 779	\$ (37)	
Chlorine	Sodium Hypochlorite	\$ 1,918	4.39%	\$ 84	\$ 2,003	\$ (95)	
Pot Perm	Potassium Permanganate	\$ 476	-0.81%	\$ (4)	\$ 472	\$ (22)	
Arsenic Media Replacement	Arsenic Media	\$ 42,321	-0.73%	\$ (310)	\$ 42,010	\$ (2,000)	
Totals -		\$ 66,806		\$ 1,311	\$ 68,117	\$ (3,244)	

Notes:

- Pro Forma 2017 Expense adjusted 2016 Chemical pricing, per chemical, by replacing 2016 Chemical pricing with 2017 Chemical pricing.
- Test Year Pro Forma Adjustment is the difference between the Pro Forma 2017 Chemical Expense and the 2016 TY Chemical Expense
- 5 Year Ave. Pro Forma Adjustment adjusts the Pro Forma 2017 Chemical Expense by the 4.76% difference between the TY pumpage and 50% of the 5 year average pumpage

Pennichuck East Utility, Inc.

DW 17-128

Staff DR 1-5

Chemical Trade Name	Used For	pricing unit: \$ per...	Percent			
			2016	2017	Change Yr/Yr	
Ferric Chloride	Coagulation	dry pound	\$ 0.23	\$ 0.22	-3.02%	
25% Sodium Hydroxide	pH/alkalinity adj. remote sites/sludge to POTW	dry pound	\$ 0.37	\$ 0.42	10.89%	
Zinc Orthophosphate	corrosion inhibition	gallon	\$ 7.36	\$ 6.88	-6.52%	
Tetra potassium pyro-phosphate	iron/mn sequestration	dry pound	\$ 1.26	\$ 1.18	-6.43%	
Blended phosphate	corrosion/sequestration (small systems)	dry pound	\$ 1.29	\$ 1.04	-19.38%	
Sodium Hypochlorite	disinfection	dry pound	\$ 0.54	\$ 0.57	4.39%	
Sodium Chloride	Used in softening systems, CWS PWW and PEU	dry pound	\$ 0.16	\$ 0.16	-2.47%	
Arsenic Media	Used for Arsenic removal	Cubic Foot	\$ 409.21	\$ 406.21	-0.73%	
Potassium Permanganate	Mn & Iron Oxidant	dry pound	\$ 3.72	\$ 3.69	-0.81%	

**Pennichuck East Utilities, Inc.**  
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Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-22

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 1, Attachment B, Page 1 (Bates 221), Adjustment IA and Schedule 1, Attachment B, Page 2 (Bates 222), Adjustment IA:**

- a) Please provide a detailed explanation of the calculation used to derive the reduction in the Hudson purchased water meter time in the amount of \$4,614.
- b) Please explain why the calculated \$4,614 reduction (See (a)) is both included in deriving the Union Contract pro forma adjustment for Production Expense (Bates 221) as well as the Union Contract pro forma adjustment for Transmission and Distribution Expense (Bates 222).
- c) Please explain the basis used for deriving the 67.96% Benefits percentage.

**RESPONSE:**

- a) A detailed explanation of the calculation is included in note 1 on Schedule 1, Attachment B, Page 2. The 120 hours of reduced read time translates to a savings of \$1,080 of Truck expense (based on a truck cost of \$9 per hour) and 120 hours of labor at a Meter Tech 1 wage rate of \$29.45 per hour resulting in a total meter reading savings of about \$4,614 per year.
- b) The meter reading savings should only have been included as a pro forma to Transmission and Distribution Expenses. This savings should not have been applied to Production expenses.
- c) See the attached spreadsheet detailing the calculation of the union direct overhead of 67.96%.



Pennichuck East Utility, Inc.

DW 17-128

Staff DR 1-22

Step Allocation of Benefits						
	Total Dollars	Non-Union Wage Portion	Union Wage Portion	Total with Adjustments	Source	Allocation Method
<b>2016 Benefits</b>						
Officer's Life Insurance	5,808	5,808	-	5,808	Budget	Specific
Pension - DB Plan	1,351,820	771,158	580,762	1,351,820	Budget	Allocated based on pro-rata wages
Group Pension: 401K	223,500	131,313	98,412	229,725	Budget	Allocated based on pro-rata wages
Post Retirement Health Expense	1,250	713	537	1,250	Budget	Allocated based on pro-rata wages
Post Employment Health Expense	216,372	120,632	-	120,632	Budget	Non-Union Only
Group Health Insurance	1,695,454	891,424	804,030	1,695,454	Based on 2017 Budget - See	Based on actual participation (HR)
Health Insurance: Opt Out	19,500	10,872	8,628	19,500	Below for Calc	Allocated based on pro-rata headcounts
Group Dental	185,965	97,877	88,089	185,965	Based on 2017 Budget - See	Based on actual participation (HR)
Group Life/Disability Insurance	33,000	18,398	14,602	33,000	Below for Calc	Allocated based on pro-rata headcounts
Misc Employee Benefits	59,105	32,953	26,152	59,105	Budget	Allocated based on pro-rata headcounts
Tuition Reimbursements	19,907	11,098	8,809	19,907	Actual	Allocated based on pro-rata headcounts
Training/Educational Seminars	111,228	62,012	49,216	111,228	Actual	Allocated based on pro-rata headcounts
Boat & Clothing Allowance-OPS	312,914	-	312,914	312,914	Budget	Union
Boat & Clothing Allowance-CS-Union	5,355	-	5,355	5,355	Budget	Union
Boat & Clothing Allowance-WTP	132,380	-	132,380	132,380	Budget	Union
Union Sick Time	89,887	-	89,887	89,887	Actual + % wage increase	
Vacation Earned YTD (per Acc Vac Rpt) Union Only	21,897	-	22,444	22,444	From December vacation accrual	
Payroll Taxes:						
Employer FICA/Medicare	612,454	359,835	269,677	629,512	Actual + % wage increase	Allocated based on pro-rata wages
FUTA	5,886	3,243	2,443	5,886	Actual	Allocated based on pro-rata wages
SUI	1,953	1,114	839	1,953	Actual	Allocated based on pro-rata wages
<b>Total Benefits</b>	<b>\$1,033,342</b>	<b>2,518,449</b>	<b>2,515,176</b>	<b>\$,033,625</b>		
Benefits % (of wages)	80.9%	51.25%	87.96%		Update In Synergen for new year	
Total Wages thru 12/24/16	8,341,128	4,747,016	3,594,112			Wages per Payroll (Paylocity)
Less: Accrued Wages as of 12/31/15	(114,886)	(67,367)	(47,519)			Year End Payroll Accrual Entry
Add: Accrued Wages thru current year-end	155,018	91,167	63,852			Current Year end Payroll Accrual
<b>Grand Total Wages</b>	<b>8,381,260</b>	<b>4,770,815</b>	<b>3,610,445</b>			
<b>Grand Total Wages + 2017 wage increases</b>	<b>8,614,646</b>	<b>4,913,940</b>	<b>3,700,706</b>		Non-union 3% - Union 2.5%	
%	100.0%	56.9%	43.1%			
Total Headcount	113	63	50			
(Excluding Summer Help)	100.0%	55.8%	44.2%			

Health Insurance Calculation		
2017 Budget	1,695,454	
2016 - Union % (Based on Actual Participation at YE 2016)	47.42%	804,030
2016 - Non-Union % (Based on Actual Participation @ YE 2016)	52.58%	891,424
	100.00%	1,695,454

Dental Insurance Calculation		
2017 Budget	185,965	
2016 - Union % (Based on Actual Participation at YE 2016)	47.37%	88,089
2016 - Non-Union % (Based on Actual Participation @ YE 2016)	52.63%	97,877
	100.00%	185,965

Grand Total Wage Calculation		
Union	3,610,445	2.50%
Non-Union	4,770,815	3.00%
	8,381,260	

Union Sick Time	89,887	Actual
x 2.5% wage increase	2,192	
Total for 2017	89,887	

Employer FICA/Medicare	612,454	Actual
Union	263,100	269,677
Non-Union	349,354	359,835
	612,454	629,512

Group Pension: 401K	223,500	Budgeted
Union	96,012	98,412
Non-Union	127,488	131,313
	223,500	229,725

Vacation Earned YTD	21,897	22,444	2.50%
Union Carryover			

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Date Request Received: 12/21/17  
Request No. Staff 1-27

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 1, Attachment C, Page 1 (Bates 224), Adjustment IA:** Please provide documentation in support of the Company's proposed 2017 Insurance Expense amount of \$106,848.

**RESPONSE:**

At the time of the filing we used a budget number as we did not have actuals to insert. Attached please find supporting documentation showing the actual insurance expense through 11/31/17 as \$93,001.87. Using the last months amount of \$8,901.28 as a run rate the total 2017 insurance expense comes to \$101,903.15 (\$93,001.87 + \$8,901.28). Please see adjusted schedule. Bills are available onsite to audit if requested.

Pennichuck East Utility, Inc.

DW 17-128

Staff DR 1-27

**PENNICHUCK EAST UTILITIES**  
**Schedule 109 - Administrative and General Expenses**  
**11/30/2017**

**FINAL**

	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	CURRENT MONTH % OF CHANGE	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE DOLLAR CHANGE	YEAR TO DATE % OF CHANGE	ANNUAL BUDGET	PRIOR YEAR TO DATE ACTUAL
OFFICE SUPPLIES & EXPENSE	93 34	124 00	25%	1,476 08	1,364 00	(112 08)	-8%	1,488 00	1,145 06
OFFICE SUP & EXP: PHONE-NC	530 77	370 00	-43%	5,896 41	4,070 00	(1,826 41)	-45%	4,440 00	6,019 14
OUTSIDE SERVICES	8 00	350 00	98%	15,550 44	3,850 00	(11,700 44)	-304%	4,200 00	2,942 42
REGULATORY COMMISSION EXPENSE	5,096 00	2,285 00	-123%	23,385 00	24,613 00	1,228 00	5%	26,898 00	18,094 00
INSURANCE EXPENSE	8,901 28	8,904 00	0%	93,011.87	97,944 00	4,932 13	5%	106,848 00	95,912 51
LICENSING FEES	940 00	0 00	n/a	10,340 00	11,170 00	830 00	7%	11,170 00	12,588 02
MEALS	0 00	0 00	n/a	0 00	0 00	0 00	n/a	0 00	0 00
MAINTENANCE:COMPUTER EQUIPMENT	0 00	0 00	n/a	0 00	0 00	0 00	n/a	0 00	0 00
TOTAL	15,569 39	12,033 00	-29%	149,659 80	143,011 00	(6,648 80)	-5%	155,044 00	136,701 15
PUBLIC RELATIONS	232 54	1,880 00	88%	2,423 26	19,558 00	17,134 74	88%	20,638 00	5,344 15
MISCELLANEOUS GENERAL EXPENSE	0 00	0 00	n/a	102 00	0 00	(102 00)	n/a	0 00	149 19
MISC GEN EXP:UNREALIZED ACQUIS	0 00	0 00	n/a	0 00	0 00	0 00	n/a	0 00	0 00
CHARITABLE CONTRIBUTIONS	0 00	0 00	n/a	0 00	0 00	0 00	n/a	0 00	0 00
TOTAL	232 54	1,880 00	88%	2,525 26	19,558 00	17,032 74	87%	20,638 00	5,493 34
ADMINISTRATIVE & GENERAL EXPENSE	<u>15,801.93</u>	<u>13,913 00</u>	-14%	<u>152,185.06</u>	<u>162,569 00</u>	<u>10,383.94</u>	6%	<u>175,682.00</u>	<u>142,194.49</u>

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Date Request Received: 12/21/17  
Request No. Staff 1-28

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**REQUEST: Re: Schedule 1, Attachment C, Page 1 (Bates 224, Adjustment IIA:** It appears that the Company's current NHPUC Assessment (Fiscal Year 2018) is \$28,033. (See page 34 of the NH PUC Fiscal Year 2018 List of Utility Assessments:

<http://puc.nh.gov/Home/AboutUs/Assessments/2018%20Assessment%20Booklet.pdf>)

Would the Company be amenable to reflecting this amount as its pro forma Regulatory Commission Expense?

**RESPONSE:**

Yes.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-30

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 1, Attachment C, Page 2 (Bates 225), Adjustment IF:**

- a) Please provide documentation in support of the following 2017 estimated expenses:
  - i. Pension \$1,575,420
  - ii. Health Retirement \$ 216,372
- b) Please provide documentation in support of the following 2016 actual expenses:
  - i. Pension \$1,284,210
  - ii. Health Retirement \$ 230,968

**RESPONSE:**

- a) Please see the attached supporting documentation for the 2017 estimated expenses. The Health Retirement and Pension plan are recurring entries based on 2017 actuarial valuations. The Pension expense has run higher than the budgeted amount with \$219,860.81 through 11/31/17. To arrive at a more accurate estimated for 2017 expenses adding the budgeted monthly amount of \$18,625 to the November total give you a total of \$238,125.81. This brings the estimated 2017 Pension Expense to \$1,590,045.81.
- b) The 2016 actual Pension and Health Retirement Expense came from schedule "DW 16-806 PWW Revenue Requirement - Staff Calculated Working Version - 5-Yr Avg Perm - Debt Service Adj's - Revised CBFRR" per the PWW Rate Case. Please see attached supporting documents.

DW 17-128

DW 16-806

PENNICHUCK WATER WORKS, INC.

Staff DR 1-30

## STAFF PRO-FORMA OPERATING INCOME ADJUSTMENTS - PERMANENT RATES

Staff  
Adj #PRO-FORMA ADJUSTMENTS - OPERATING REVENUES - PERMANENT RATES:WATER REVENUES NOT SUBJECT TO CBFRR - PERMANENT RATES

27 To reflect increase in pro-forma annual revenues resulting from the Tyngsborough Special Contract per Co's revised 1604 06 Sch 1, Att A1 \$ 128,790

Total Adjustments - Water Revenues not Subject to CBFRR - Permanent Rates \$ 128,790

WICA SURCHARGE REVENUE - PERMANENT RATES

28 To record pro-forma WICA Surcharge Revenue based on test year billed revenue and approved WICA Surcharge % in DW 16-220:

Revenues subject to 3.03% WICA Surcharge:

2015 Test Year Billed Revenue w/o WICA (Co's revised 1604 06 Sch 1; Att A1) \$ 28,920,120

Less: Anheuser-Busch Fixed Contract Charge (371,430)

Hudson Fixed Contract Charge (32,800)

Milford Fixed Contract Charge (81,000)

TWD Special Contract: Volumetric Charge \$ (51,264)

Meter Charge (7,379)

Fixed Contract Charge (76,716) (135,359)

Adjusted test year revenues subject to 3.03% WICA Surcharge 28,299,531

WICA Surcharge % approved in DW 16-220 (Commission Order # 25,896 (05/09/16)) x 3.03% \$ 857,476

Revenues subject to 1.22% incremental increase in WICA Surcharge:

2015 TWD Special Contract Revenue 135,359

Less: Fixed Contract Charge (76,716)

Adjusted TWD Special Contract revenue subject to 1.22% incremental increase in WICA Surcharge 58,643

WICA Surcharge incremental increase % approved in DW 16-220 (Commission Order # 25,896 (05/09/16)) x 1.22% 715 \$ 858,191

Total Adjustments - WICA Surcharge Revenue - Permanent Rates \$ 858,191

TOTAL OPERATING REVENUE ADJUSTMENTS PER STAFF - PERMANENT RATES \$ 986,981

PRO-FORMA ADJUSTMENTS - OPERATING EXPENSES - PERMANENT RATES:TRANSMISSION AND DISTRIBUTION EXPENSE - PERMANENT RATES

29 To reclassify repair costs which extended the lives of certain vehicles from Operating Expenses to Plant in Service per Staff Audit Issue # 12 (See Staff Adj #'s 11, 15, and 41):

Vehicle repair expenditure - 01/31/15 \$ (18,359)

Vehicle repair expenditure - 11/30/15 (16,978) \$ (35,337)

Total Adjustments - Transmission and Distribution Expense - Permanent Rates \$ (35,337)

ADMINISTRATIVE AND GENERAL EXPENSE - PERMANENT RATES

30 To adjust Co's pro-forma for Pension Expense per response to Staff Tech 1-3:

2018 Actual Expense per Co's response to Staff Tech 1-3

Less: 2015 Actual Expense per Co Filing (revised 1604 06 Sch 1, Att C, Pg 1, III Pension Exp, Adj A)

Increase in Expense from 2015 to 2018

Less: Co's Pension Exp Adj IIIA

Total adjustment to Co's pro-forma

Pension	Health Retire	
\$ 1,284,210	\$ 230,968	
(1,214,820)	(208,326)	
69,390	21,642	
(84,036)	23,086	
(14,646) +	45,328 =	\$ 30,682

31 To adjust Co's pro-forma for Insurance Expense per response to Staff Tech 1-4:

2016 Insurance Expense per Co's response to Staff Tech 1-4

Less: 2015 Actual Insurance Expense per Co Filing (revised 1604 06 Sch 1; Att C; IV Insurance; Adj A)

Anticipated decrease in annual Insurance Expense

Less: Co's Proforma Adj for Insurance Expense per Filing (revised 1604 06 Sch 1; Att C; IV Insurance; Adj A)

559,905	
(785,242)	
(205,337)	
91,050	(114,287)



Post -65

Service Cost	\$	136,803.00	
Interest Cost	\$	125,632.00	
Expected Return on Plan Assets	\$	(45,229.00)	
Amortization of Prior Service Cost	\$	(16,227.00)	
Annual Cost	\$	200,979.00	
Monthly Cost	\$	16,748.00	241315-2000-001

Amortization of Net (gain)/Loss	\$	15,392.00	
Monthly Cost	\$	1,283.00	186955-2000-001

Pension-DB Plan

Service Cost	\$	1,100,867.00	
Interest Cost	\$	945,457.00	
Expected Return on Plan Assets	\$	(1,054,204.00)	
Amortization of Prior Service Cost	\$	-	
Annual Cost	\$	992,120.00	
Monthly Cost	\$	82,676.67	241231-2000-001

Amortization of Net (gain)/Loss	\$	359,800.00	
Monthly Cost	\$	29,983.33	186950-2000-001



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## SUMMARY AND COMPARISON OF RESULTS

### Annual Expense

<u>Fiscal Year Beginning</u>		<u>01/01/2017</u>	<u>01/01/2016</u>
<b>Participants</b>	Number of participating employees	106	106
	Number of terminated vested participants	1	1
	Number of retirees/beneficiaries	17	17
<b>Liabilities</b>	Accumulated Benefit Obligation (ABO)	\$ 3,170,822	\$ 2,858,099
<b>Assets and Funded Status</b>	Fair Value of Assets (FVA)	\$ 623,047	\$ 619,420
	Market Related Value of Assets (MRVA)	623,047	619,420
	Excess of ABO over FVA	2,547,775	2,238,679
<b>Net Periodic Benefit Cost</b>	Service Cost	136,803	124,491
	Interest Cost	125,632	119,247
	Expected return on plan assets	(45,229)	(45,286)
	Net amortization and deferral		
	- Transition obligation / (asset)	0	0
	- Prior service cost	(16,227)	(16,227)
	- (Gain)/Loss	<u>(15,392)</u>	<u>9,187</u>
	Net periodic benefit cost (income)	<u>216,371</u>	<u>191,412</u>
<b>Immediate Recognition of Benefit Cost</b>	Acquisitions	0	0
	Curtailments	0	0
	Settlements	0	0
	Special termination benefits	0	0
	Other adjustments	<u>0</u>	<u>0</u>
	Total cost of events	0	0
<b>Assumptions &amp; Dates</b>	Discount rate	4.00%	4.21%
	Long-term rate of return on assets	7.50%	7.50%
	Measurement Date	12/31/2016	12/31/2015
	Census Date	12/31/2015	12/31/2014

216,371/12 = \$18,030.92

Pension

## SUMMARY AND COMPARISON OF RESULTS

### Annual Expense

<u>Fiscal Year Beginning</u>		<u>01/01/2017</u>	<u>01/01/2016</u>
<b>Participants</b>	Number of participating employees	106	103
	Number of terminated vested participants	19	20
	Number of retirees/beneficiaries	40	33
<b>Liabilities</b>	Accumulated Benefit Obligation (ABO)	\$ 21,630,988	\$ 20,123,748
	Projected Benefit Obligation (PBO)	23,993,577	22,336,570
<b>Assets and Funded Status</b>	Fair Value of Assets (FVA)	\$ 14,779,767	\$ 13,872,372
	Market Related Value of Assets (MRVA)	14,779,767	13,872,372
	Excess of PBO over FVA	9,213,810	8,464,198
<b>Net Periodic Benefit Cost</b>	Service Cost	1,100,867	1,014,669
	Interest Cost	945,457	926,236
	Expected return on plan assets	(1,054,204)	(984,493)
	Net amortization and deferral		
	- Transition obligation / (asset)	0	0
	- Prior service cost	0	0
	- (Gain)/Loss	359,800	327,798
	Net periodic benefit cost (income)	1,351,920	1,284,210
<b>Immediate Recognition of Benefit Cost</b>	Acquisitions	0	0
	Curtailments	0	0
	Settlements	0	0
	Special termination benefits	0	0
	Other adjustments	0	0
	Total cost of events	0	0
<b>Assumptions &amp; Dates</b>	Discount rate	4.00%	4.21%
	Long-term rate of return on assets	7.00%	7.00%
	Rate of compensation increase	3.00%	2.75%
	Measurement Date	12/31/2016	12/31/2015
	Census Date	12/31/2015	12/31/2015

$$1,351,920 / 12 = 112,660$$

Pennich  
Administrative  
January - December 2017 Budget

Ar Works, Inc.  
General Expenses

If you need to enter a new row, make sure you are in COLUMN A

Account	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total	2016	Year over Year Change
SALARIES & WAGES - ADMIN	14,551.00	13,592.00	15,532.00	14,105.00	15,115.00	15,115.00	14,512.00	16,220.00	14,810.00	15,515.00	15,515.00	14,810.00	181,693.00	123,993.00	(2,390.00)
OFFICE SALARIES & WAGES	97,900.00	94,410.00	99,900.00	96,520.00	98,950.00	99,077.00	97,311.00	104,354.00	97,301.00	99,077.00	99,077.00	97,301.00	1,158,282.00	1,158,282.00	1,466.00
WAGES - REVENUE & CUSTOMER SERVICE	58,215.00	52,150.00	55,532.00	47,585.00	52,165.00	52,066.00	47,249.00	57,966.00	47,515.00	52,150.00	52,150.00	47,515.00	648,883.00	772,907.00	169,976.00
SALARIES & WAGES - ACCOUNTING	54,034.00	49,147.00	51,100.00	52,940.00	55,855.00	57,224.00	55,446.00	59,855.00	54,564.00	56,017.00	57,224.00	54,564.00	668,279.00	657,096.00	11,183.00
SALARIES & WAGES - IS	38,254.00	34,901.00	36,900.00	35,167.00	37,117.00	38,730.00	37,344.00	41,517.00	37,694.00	39,750.00	38,150.00	37,643.00	465,343.00	433,629.00	31,714.00
SALARIES & WAGES - PM'S	10,058.00	9,597.00	1,458.00	12,332.00	11,947.00	11,421.00	10,901.00	11,440.00	10,951.00	11,421.00	11,421.00	10,901.00	133,722.00	131,992.00	1,730.00
OFFICE SUPPLIES & EXPENSE	4,946.00	4,595.00	4,548.00	4,945.00	4,945.00	4,645.00	4,745.00	4,945.00	4,945.00	4,945.00	4,945.00	4,945.00	48,588.00	50,308.00	(1,720.00)
OFFICE SUPPLIES - RENTAL & CARRY-OUT	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	18,972.00	18,972.00	0.00
CARRIER & EXPRESS MAIL EXPENSE	135.00	38.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	1,620.00	809.00	811.00
RENTAL EXPENSE - EQUIPMENT	75,796.00	75,796.00	75,796.00	75,796.00	75,796.00	75,796.00	75,796.00	75,796.00	75,796.00	75,796.00	75,796.00	75,796.00	912,250.00	912,250.00	0.00
OFFICE EQUIPMENT - MANCHESTER OFFICE	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	45,804.00	45,804.00	0.00
OFFICE EQUIPMENT - MANCHESTER OFFICE	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	45,804.00	45,804.00	0.00
OUTSIDE SERVICE	26,339.00	26,339.00	26,339.00	26,339.00	26,339.00	26,339.00	26,339.00	26,339.00	26,339.00	26,339.00	26,339.00	26,339.00	316,668.00	316,668.00	0.00
REGULATORY COMMISSION EXPENSE	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	117,300.00	117,300.00	0.00
INSURANCE EXPENSE	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	558,144.00	558,144.00	0.00
OFFICERS' LIFE INSURANCE	4,512.00	4,512.00	4,512.00	4,512.00	4,512.00	4,512.00	4,512.00	4,512.00	4,512.00	4,512.00	4,512.00	4,512.00	54,144.00	54,144.00	0.00
BUSINESS TRAVEL - PAY	-	-	-	-	-	-	-	-	-	-	-	-	5,808.00	5,808.00	0.00
PERSONAL PLAN	110,550.00	110,550.00	110,550.00	110,550.00	110,550.00	110,550.00	110,550.00	110,550.00	110,550.00	110,550.00	110,550.00	110,550.00	1,331,970.00	1,298,861.00	33,109.00
GROUP TERM LIFE	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	222,300.00	216,724.00	5,576.00
EARLY RETIREMENT HEALTH EXPENSE	1,250.00	-	-	-	-	-	-	-	-	-	-	-	1,250.00	8,498.00	(7,248.00)
POST-RETIREMENT HEALTH EXP	15,031.00	15,031.00	15,031.00	15,031.00	15,031.00	15,031.00	15,031.00	15,031.00	15,031.00	15,031.00	15,031.00	15,031.00	180,372.00	185,641.00	(5,269.00)
EMPLOYEE SERVICE AWARDS	-	-	-	-	-	-	-	-	-	-	-	-	5,300.00	8,001.00	(2,701.00)
GROUP HEALTH INSURANCE	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	1,619,455.00	1,469,061.00	150,394.00
HEALTH INSURANCE - OPT OUT	-	-	-	-	-	-	-	-	-	-	-	-	19,500.00	21,125.00	(1,625.00)
GROUP DENTAL	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	180,216.00	169,868.00	10,348.00
GROUP LIFE/ACCIDENT INSURANCE	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	33,000.00	32,100.00	900.00
MISC EMPLOYEE BENEFITS	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	14,400.00	12,288.00	2,112.00
MISC EMPLOYEE BENEFITS - WELLNESS	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00	8,505.00	3,495.00
MISC EMPLOYEE BENEFITS - ACTIVITIES	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00	11,841.00	12,159.00
MISC EMPLOYEE BENEFITS - SAFETY	1,955.00	1,955.00	1,955.00	1,955.00	1,955.00	1,955.00	1,955.00	1,955.00	1,955.00	1,955.00	1,955.00	1,955.00	23,460.00	12,475.00	10,985.00
EMPLOYEE RELATIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	1,233.00	(1,233.00)
UNION REPRESENTATIVES	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	28,992.00	15,225.00	13,767.00
TRAINING/EDUCATIONAL SEMINARS	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	120,000.00	96,691.00	23,309.00
MEALS	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	3,300.00	2,973.00	327.00
	679,937.00	664,997.00	721,254.00	675,607.00	704,170.00	691,107.00	685,957.00	731,720.00	690,223.00	702,554.00	694,571.00	685,557.00	8,234,685.00	7,563,184.00	671,501.00
SUPP. SUPP. EXP. RETIRE PLAN	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,046.00)	21,046.00
MEETINGS & CONVENTIONS	375.00	1,710.00	375.00	1,710.00	1,710.00	1,710.00	1,710.00	1,710.00	1,710.00	1,710.00	1,710.00	1,710.00	20,520.00	31,913.00	(11,393.00)
MEMBERSHIPS	2,734.00	6,210.00	620.00	4,220.00	574.00	-	-	-	-	-	-	-	28,087.00	25,425.00	2,662.00
LICENSING FEES	450.00	2,100.00	1,000.00	1,000.00	-	-	-	-	-	-	-	-	8,550.00	8,518.00	32.00
PUBLIC RELATIONS	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	9,300.00	20,656.00	(11,356.00)
MISCELLANEOUS GENERAL EXPENSE	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	1,800.00	2,031.00	(231.00)
MISC GEN EXP. RECRUITMENT FEES	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	2,400.00	9,100.00	(6,700.00)
CHARITABLE CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MAINTENANCE - MANCHESTER SITE/SET	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	32,532.00	32,506.00	26.00
MAINTENANCE - OFFICE PROPERTY	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00	1,522.00	(322.00)
MAINT - OFFICE FURNIT & EQUIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MAINT - COMMUNICATION EQUIP	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	27,348.00	5,512.00	21,836.00
MAINT - MISC GENERAL EQUIP	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	300.00	300.00	0.00
MAINT - COMPUTER EQUIPMENT	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	534,264.00	483,483.00	50,781.00
SENIOR MANAGEMENT VEHICLES	213.00	213.00	213.00	213.00	213.00	213.00	213.00	213.00	213.00	213.00	213.00	213.00	2,556.00	3,744.00	(1,188.00)
SENIOR MGMT - FUEL PURCHASED	387.00	387.00	387.00	387.00	387.00	387.00	387.00	387.00	387.00	387.00	387.00	387.00	4,644.00	4,475.00	169.00
SENIOR MGMT - VEH REGISTRATION	-	-	-	-	-	-	-	-	-	-	-	-	1,920.00	1,507.00	(413.00)
	55,043.00	54,377.00	51,305.00	50,734.26	51,765.30	52,418.00	52,420.00	52,450.00	50,033.00	52,212.75	52,063.00	51,365.00	612,439.32	609,345.00	3,094.32
MISC EXP. TRANSFER (OVERHEAD)	(48,829.00)	(50,209.00)	(52,410.00)	(57,865.00)	(64,184.00)	(65,522.00)	(75,162.00)	(75,162.00)	(75,162.00)	(75,162.00)	(75,162.00)	(75,162.00)	(849,203.00)	(854,504.46)	5,301.46
LABOR: OVERHEAD	(60,440.00)	(60,959.00)	(65,710.00)	(71,925.00)	(83,809.00)	(85,853.00)	(75,239.00)	(85,239.00)	(75,239.00)	(75,239.00)	(75,239.00)	(75,239.00)	(865,317.10)	(927,915.59)	62,598.49
TOTAL ADMIN & GEN EXPENSE	525,710.00	514,788.00	568,944.00	623,742.26	659,575.30	656,536.00	650,788.00	656,909.00	615,266.00	627,766.75	619,725.00	610,222.00	7,347,124.32	6,662,959.55	684,164.77

Pennich  
Administrative  
January - December 2017 Budget

Ar Works, Inc.  
General Expenses

If you need to enter a new row, make sure you are in COLUMN A

Account	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total	2016	Year over Year Change
SALARIES & WAGES - ADMIN	14,551.00	13,592.00	15,532.00	14,105.00	15,115.00	15,115.00	14,512.00	16,220.00	14,810.00	15,515.00	15,515.00	14,810.00	161,693.00	153,993.00	(7,700.00)
OFFICE SALARIES & WAGES	9,700.00	9,410.00	10,500.00	9,500.00	10,000.00	10,000.00	9,700.00	10,500.00	9,700.00	10,000.00	10,000.00	9,700.00	109,800.00	109,800.00	0.00
WAGES - REVENUE & CUSTOMER SERVICE	4,851.00	4,182.00	5,032.00	4,605.00	5,115.00	5,115.00	4,812.00	5,720.00	5,110.00	5,515.00	5,515.00	5,110.00	51,893.00	44,193.00	(7,700.00)
SALARIES & WAGES - ADMIN	36,254.00	34,182.00	40,032.00	34,605.00	35,115.00	35,115.00	34,512.00	36,220.00	34,810.00	35,515.00	35,515.00	34,810.00	428,290.00	409,800.00	(18,490.00)
SALARIES & WAGES - IS	10,000.00	9,500.00	10,500.00	9,500.00	10,000.00	10,000.00	9,700.00	10,500.00	9,700.00	10,000.00	10,000.00	9,700.00	109,800.00	109,800.00	0.00
SALARIES & WAGES - PERS	4,049.00	3,592.00	4,040.00	3,605.00	4,040.00	4,040.00	3,700.00	4,040.00	3,700.00	4,040.00	4,040.00	3,700.00	40,400.00	38,000.00	(2,400.00)
OFFICE SUPPLIES & EXPENSE	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	1,581.00	18,972.00	18,972.00	0.00
COURIER & EXPRESS MAIL EXPENSE	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	1,620.00	1,620.00	0.00
RENTAL EXPENSE - EQUIPMENT	25,250.00	25,250.00	25,250.00	25,250.00	25,250.00	25,250.00	25,250.00	25,250.00	25,250.00	25,250.00	25,250.00	25,250.00	303,000.00	303,000.00	0.00
OFFICE EQUIPMENT - MANCHESTER OFFICE	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	3,817.00	45,804.00	45,804.00	0.00
OFFICE EQUIPMENT - MANCHESTER OFFICE	2,386.00	2,386.00	2,386.00	2,386.00	2,386.00	2,386.00	2,386.00	2,386.00	2,386.00	2,386.00	2,386.00	2,386.00	28,632.00	28,632.00	0.00
OUTSIDE SERVICE	26,329.00	26,329.00	26,329.00	26,329.00	26,329.00	26,329.00	26,329.00	26,329.00	26,329.00	26,329.00	26,329.00	26,329.00	315,948.00	315,948.00	0.00
REGULATORY COMMISSION EXPENSE	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	9,775.00	117,300.00	117,300.00	0.00
INSURANCE EXPENSE	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	46,512.00	558,144.00	558,144.00	0.00
OFFICERS' LIFE INSURANCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BUSINESS TRAVEL - PAY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PERSONNEL PLAN	110,500.00	110,500.00	110,500.00	110,500.00	110,500.00	110,500.00	110,500.00	110,500.00	110,500.00	110,500.00	110,500.00	110,500.00	1,326,000.00	1,326,000.00	0.00
GROUP TERM LIFE	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	18,525.00	222,300.00	222,300.00	0.00
EARLY RETIREMENT HEALTH EXPENSE	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	15,000.00	15,000.00	0.00
POST-RETIREMENT HEALTH EXP	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	180,000.00	180,000.00	0.00
EMPLOYEE SERVICE AWARDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROUP HEALTH INSURANCE	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	135,548.00	1,626,576.00	1,626,576.00	0.00
HEALTH INSURANCE - OPT OUT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROUP DENTAL	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	15,018.00	180,216.00	180,216.00	0.00
GROUP LIFE/ACCIDENT INSURANCE	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	2,750.00	33,000.00	33,000.00	0.00
MISC EMPLOYEE BENEFITS	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00	12,000.00	0.00
MISC EMPLOYEE BENEFITS - WELLNESS	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00	12,000.00	0.00
MISC EMPLOYEE BENEFITS - ACTIVITIES	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00	24,000.00	0.00
MISC EMPLOYEE BENEFITS - SAFETY	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00	12,000.00	0.00
EMPLOYEE RELATIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNION REPRESENTATIVES	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	2,416.00	28,992.00	28,992.00	0.00
TRAINING/EDUCATIONAL SEMINARS	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	120,000.00	120,000.00	0.00
MEALS	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	3,300.00	3,300.00	0.00
SUPP. SUPP. EXP. RETIRE PLAN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MEETINGS & CONVENTIONS	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	4,500.00	4,500.00	0.00
MEMBERSHIPS	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	32,808.00	32,808.00	0.00
LICENSING FEES	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	5,400.00	5,400.00	0.00
PUBLIC RELATIONS	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	9,300.00	9,300.00	0.00
MISCELLANEOUS GENERAL EXPENSE	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	1,800.00	1,800.00	0.00
MISC GEN EXP. RECRUITMENT FEES	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	2,400.00	2,400.00	0.00
CHARITABLE CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MAINTENANCE - MANCHESTER SITE/SEET	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	2,711.00	32,532.00	32,532.00	0.00
MAINTENANCE - OFFICE PROPERTY	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00	1,200.00	0.00
MAINT - OFFICE FURNIT & EQUIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MAINT - COMMUNICATION EQUIP	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	2,279.00	27,348.00	27,348.00	0.00
MAINT - MISC GENERAL EQUIP	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	300.00	300.00	0.00
MAINT - COMPUTER EQUIPMENT	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	44,522.00	534,264.00	534,264.00	0.00
SENIOR MANAGEMENT VEHICLES	213.00	213.00	213.00	213.00	213.00	213.00	213.00	213.00	213.00	213.00	213.00	213.00	2,556.00	2,556.00	0.00
SENIOR MGMT - FUEL PURCHASED	387.00	387.00	387.00	387.00	387.00	387.00	387.00	387.00	387.00	387.00	387.00	387.00	4,644.00	4,644.00	0.00
SENIOR MGMT - VEH REGISTRATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MISC EXP. TRANS. CR (OVERHEAD)	148,829.00	148,829.00	148,829.00	148,829.00	148,829.00	148,829.00	148,829.00	148,829.00	148,829.00	148,829.00	148,829.00	148,829.00	1,785,948.00	1,785,948.00	0.00
LABOR: OVERHEAD	160,440.00	160,440.00	160,440.00	160,440.00	160,440.00	160,440.00	160,440.00	160,440.00	160,440.00	160,440.00	160,440.00	160,440.00	1,925,280.00	1,925,280.00	0.00
TOTAL ADMIN & GEN EXPENSE	525,710.00	517,202.00	519,577.00	509,531.25	505,573.00	512,445.00	506,528.00	517,164.00	507,997.00	517,202.00	506,581.14	505,252.00	6,171,574.22	5,660,109.95	(511,464.27)

# Trial balance

Company 200 PENNICHUCK WATER WORKS INC

8/28/2017	\$4,518.52	\$0.00	158,034.81	106	2109	001 Mass Mutual w/e 08/24/17
9/5/2017	\$4,482.55	\$0.00	162,517.36	106	2109	001 Mass Mutual w/e 8/31/17
9/15/2017	\$4,788.58	\$0.00	167,305.94	106	2109	001 Mass Mutual w/e 09/07/17
9/29/2017	\$4,958.66	\$0.00	172,264.60	106	2109	001 Mass Mutual w/e 09/14/17
9/29/2017	\$4,943.78	\$0.00	177,208.38	106	2109	001 Mass Mutual w/e 09/21/17
10/2/2017	\$4,672.71	\$0.00	181,881.09	106	2109	001 Mass Mutual w/e 09/28/17
10/10/2017	\$4,639.91	\$0.00	186,521.00	106	2109	001 Mass Mutual w/e 10/06/17
10/16/2017	\$4,874.46	\$0.00	191,395.46	106	2109	001 Mass Mutual w/e 10/13/17
10/23/2017	\$4,678.31	\$0.00	196,073.77	106	2109	001 Mass Mutual w/e 10/19/17
10/30/2017	\$4,621.64	\$0.00	200,695.41	106	2109	001 Mass Mutual w/e 10/26/17
11/6/2017	\$4,775.96	\$0.00	205,471.37	106	2109	001 Mass Mutual w/e 11/02/17
11/13/2017	\$4,807.48	\$0.00	210,278.85	106	2109	001 Mass Mutual w/e 11/09/17
11/17/2017	\$87.78	\$0.00	210,366.63	106	2109	001 Mass Mutual B.Colby 401K
11/17/2017	\$61.88	\$0.00	210,428.51	106	2109	001 Mass Mutual B.Colby 401K
11/17/2017	\$58.39	\$0.00	210,486.90	106	2109	001 Mass Mutual B.Colby 401K
11/17/2017	\$34.93	\$0.00	210,521.83	106	2109	001 Mass Mutual B.Colby 401K
11/17/2017	\$34.62	\$0.00	210,556.45	106	2109	001 Mass Mutual B.Colby 401K
11/17/2017	\$29.74	\$0.00	210,586.19	106	2109	001 Mass Mutual B.Colby 401K
11/20/2017	\$4,640.47	\$0.00	215,226.66	106	2109	001 Mass Mutual w/e 11/16/17
11/21/2017	\$5.54	\$0.00	215,232.20	500	2109	001 Earnings Allocation
11/27/2017	\$4,628.61	\$0.00	219,860.81	106	2109	001 Mass Mutual w/e 11/22/17

<b>Yearly Subtotal</b>	<b>Total Debits</b>	<b>Total Credits</b>	<b>Net change</b>
	219,860.81	0.00	219,860.81

## 926250 Account Total:

<b>Opening balance</b>	<b>Total Debits</b>	<b>Total Credits</b>	<b>Net change</b>	<b>Ending Balance</b>
0.00	219,860.81	0.00	219,860.81	219,860.81

<b>Grand Totals</b>	<b>Total Debits</b>	<b>Total Credits</b>	<b>Net change</b>	<b>Ending Balance</b>
	219,860.81	0.00	219,860.81	219,860.81

File name C:\Program Files\Exact Software\rpt\MACGLTRIAL.rpt  
 Report name Trial balance  
 Company 200 PENNICHUCK WATER WORKS INC  
 User kerriganj  
 Date range 1/1/2017 - 12/31/2017  
 Accounts 926250

**PENNICHUCK WATER WORKS INC**  
**Schedule 109 - Administrative and General Expenses**  
**11/30/2017**

**DRAFT**

	<u>CURRENT</u> <u>MONTH/ACTUAL</u>	<u>CURRENT</u> <u>MONTH</u> <u>BUDGET</u>	<u>CURRENT</u> <u>MONTH % OF</u> <u>CHANGE</u>	<u>YEAR TO DATE</u> <u>ACTUAL</u>	<u>YEAR TO DATE</u> <u>BUDGET</u>	<u>YEAR TO DATE</u> <u>DOLLAR</u> <u>CHANGE</u>	<u>YEAR TO DATE</u> <u>% OF CHANGE</u>	<u>ANNUAL BUDGET</u>	<u>PRIOR YEAR TO</u> <u>DATE ACTUAL</u>
SALARIES & WAGES - ADMIN	14,896 41	15,515 00	4%	188,328 87	166,883 00	(21,445 87)	-13%	181,693 00	168,659 91
OFFICERS SALARIES & WAGES	43,460 70	39,077 00	-11%	435,104 62	420,981 00	(14,123 62)	-3%	458,282 00	418,747 88
WAGES: REVENUE & CUSTOMER OPER	78,967 04	82,157 00	4%	780,590 56	864,385 00	83,794 44	10%	942,883 00	708,498 25
SALARIES & WAGES: ACCOUNTING	58,807 81	57,224 00	-3%	625,064 05	613,653 00	(11,411 05)	-2%	668,279 00	602,338 24
SALARIES & WAGES IS	37,206 72	39,730 00	6%	433,163 61	427,400 00	(5,763 61)	-1%	465,343 00	397,493 28
SALRIES & WAGES: PWS	12,388 95	11,421 00	-8%	122,533 74	122,821 00	287 26	0%	133,722 00	120,992 89
OFFICE SUPPLIES & EXPENSE	3,123 05	4,049 00	23%	38,192 92	44,539 00	6,346 08	14%	48,588 00	46,116 47
OFFICE EQUIP: RENTAL/LEASE EXP	3,437 78	3,561 00	3%	37,006 93	39,171 00	2,164 07	6%	42,732 00	33,326 29
COURIER & EXPRESS MAIL EXPENSE	0 00	135 00	100%	606 88	1,485 00	878 12	59%	1,620 00	741 78
RENTAL EXPENSE: HECOP III	26,764 38	29,044 00	8%	257,308 31	293,206 00	55,897 69	19%	322,250 00	281,360 11
OFFICE EXP: MANCHESTR ST-PHONE	2,363 87	3,817 00	38%	27,509 03	41,987 00	14,477 97	34%	45,804 00	41,991 01
OFFICE EXPENSE: MANCH ST ELECT	3,059 24	3,113 00	2%	39,687 78	38,332 00	(1,355 78)	-4%	41,114 00	38,602 25
OUTSIDE SERVICES	16,942 43	20,465 00	17%	279,743 35	342,698 00	62,954 65	18%	365,229 00	386,430 87
REGULATORY COMMISSION EXPENSE	10,879 00	9,614 00	-13%	96,494 00	102,520 00	6,026 00	6%	112,134 00	83,661 47
INSURANCE EXPENSE	46,554 45	46,512 00	0%	492,902 77	511,632 00	18,729 23	4%	558,144 00	510,265 89
OFFICER'S LIFE INSURANCE	386 19	0 00	n/a	7,091 83	5,808 00	(1,283 83)	-22%	5,808 00	5,581 95
SICKNESS & FUNERAL PAY	16,653 07	0 00	n/a	105,808 47	0 00	(105,808 47)	n/a	0 00	79,822 27
PENSION - DR PLAN	112,660 00	112,660 00	0%	1,239,260 00	1,239,260 00	0 00	0%	1,351,920 00	1,190,622 62
GROUP PENSION 401K	19,165 40	18,625 00	-3%	219,860 81	204,875 00	(14,985 81)	-7%	223,500 00	198,664 09
EARLY RETIREE HEALTH EXPENSE	0 00	0 00	n/a	0 00	1,250 00	1,250 00	100%	1,250 00	7,789 88
POST-65 RETIREMENT HEALTH EXP	18,031 00	18,031 00	0%	198,341 00	198,341 00	0 00	0%	216,372 00	170,170 88
EMPLOYEE SERVICE AWARDS	250 00	0 00	n/a	6,086 75	6,300 00	213 25	3%	6,300 00	7,334 25
GROUP HEALTH INSURANCE	127,526 50	142,675 00	11%	1,455,373 89	1,552,780 00	97,406 11	6%	1,695,455 00	1,346,638 78
HEALTH INSURANCE: OPT OUT	0 00	0 00	n/a	19,625 00	19,500 00	(125 00)	-1%	19,500 00	21,125 00
GROUP DENTAL	14,545 89	15,636 00	7%	162,589 22	170,327 00	7,737 78	5%	185,963 00	155,712 36
GROUP LIFE/DISABILITY INSURANC	2,968 00	2,750 00	-8%	29,482 00	30,250 00	768 00	3%	33,000 00	29,424 93
EMPLOYEE BENEFITS/ SECTION 125	0 00	0 00	n/a	0 00	0 00	0 00	n/a	0 00	0 00
MISC EMPLOYEE BENEFITS	(22 80)	1,398 00	102%	24,708 58	11,169 00	(13,539 58)	-121%	12,269 00	21,036 65
MISC EMPLOYEE BENEFITS-WELLNESS	106 65	1,000 00	89%	2,387 55	11,000 00	8,612 45	78%	12,000 00	7,796 11
MISC EMPLOYEE BENEFITS-ACTIVITIES	30 58	2,000 00	98%	5,907 33	22,000 00	16,092 67	73%	24,000 00	10,854 45
MISC EMPLOYEE BENEFITS-SAFETY	1,599 72	3,280 00	51%	21,417 76	20,675 00	(742 76)	-4%	21,455 00	11,435 32
EMPLOYEE RELATIONS	0 00	0 00	n/a	100 00	0 00	(100 00)	n/a	0 00	1,129 94
TUITION REIMBURSEMENTS	1,476 99	2,416 00	39%	26,164 44	26,576 00	411 56	2%	28,992 00	13,955 54
TRAINING EDUCATIONAL SEMINARS	1,094 00	8,791 00	88%	67,304 23	91,189 00	23,884 77	26%	105,784 00	88,633 44
MEALS	573 38	275 00	-109%	5,060 57	3,025 00	(2,035 57)	-67%	3,300 00	2,724 95
	675,596 48	694,271 00	3%	7,430,806 85	7,646,018 00	215,211 15	3%	8,334,685 00	7,209,680 00

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-32

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 1, Attachment D (Bates 227-228), Adjustments IB and IC:** It appears that the following municipal tax rates are incorrect (See <https://www.revenue.nh.gov/mun-prop/municipal/documents/16-final-rates.pdf>). Please comment.

- a) Derry: \$27.06 versus \$24.83 (less State Ed Rate of \$2.23)
- b) Lee: \$13.40 versus \$26.88 (\$29.25 less State Ed Rate of \$2.37)
- c) Londonderry: \$21.50 versus \$19.29 (less State Ed Rate of \$2.21)
- d) Middleton: \$36.96 versus \$33.92 (\$36.16 less State Ed Rate of \$2.24)
- e) North Conway: \$17.85 versus \$16.87 (\$19.31 less State Ed Rate of \$2.44)
- f) Windham: \$21.82 versus \$19.46 (less State Ed Rate of \$2.36)

**RESPONSE:**

The local tax rates cited by the NHPUC above are correct. The bills pulled by the Company Staff in the Community's above for purposes of determining the current tax rate were either for land only, where the Town charges the State Ed Rate since the State does not tax land as part of the State wide utility tax or were for Communities whose tax programs cannot show \$0.00 as a tax rate so the State Ed Rate shows up on the tax bill but the bill is completed manually and does not include the State Ed Rate. In either case the correct rates to use for the Company's tax rate, other than for land, are the rates detailed above.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-34

Date of Response: 1/11/18  
Witness: Donald L. Ware.

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**REQUEST: Re: Schedule 1, Attachment D (Bates 228), Adjustment IE:** It appears that an incorrect tax rate for the Town of Derry is used in the determination of this adjustment. (See Staff 1-32). Please comment.

**RESPONSE:**

Staff is correct.



**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-35

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 1, Attachment E (Bates 230), Adjustment ID:** A depreciation schedule included with PEU's 2016 NHPUC Annual Report indicates that the depreciation expense associated with its Capital Recovery Assets was \$115,621. Please provide further explanation with regard to the Company's proposed elimination of \$119,855 in Capital Recovery Asset depreciation expense as well as how this amount was derived. (See also Staff 1-53)

**RESPONSE:**

Staff is correct the depreciation expense associated with its Capital Recovery Assets should have been \$115,621. The calculation formulating this number had an incorrect amount for retirements of \$4,521.97 instead of the correct \$287.42. See also Staff 1-53.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-38

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 1A (Bates 233):**

- a) Please provide further explanation with regard to Footnote 1 where an apparent adjustment has been made based on an abatement and property transfer. Should there be similar adjustments made with regard to Town of Pelham property taxes?
- b) Page 75, Schedule F-50, Line 17 of the Company's 2016 NHPUC Annual Report indicates that Property Tax Expense was \$1,051,160. Therefore, should not the adjustment to Property Tax Expense indicated on this schedule be \$(19,575) (\$1,031,585 - \$1,051,160)?
- c) How do the Pelham and Derry tax adjustments impact the property tax expense amount indicated in the 2016 NHPUC Annual Report? Please explain.
- d) Please provide the Company's 2017 municipal and state property tax bills/returns.
- e) Please discuss all pending and/or granted abatements and adjustments relative to the Company's 2017 property tax expense.

**RESPONSE:**

- a) The adjustments made to the Derry Taxes reflected tax changes reflected in the June 2017 tax bills from the Town of Derry on the footnoted properties. The abatement for the Town of Pelham and the additional abatements for the Town of Derry were settled after the rate case was filed and hence no pro forma was made to Schedule 1A. The pro formas for the anticipated (and now confirmed property tax abatements) in Pelham and Derry are reflected on Schedule 1, Attachment D, Adjustments I.D. and I.E. of the 1604.06 schedules.
- b) The actual cash expense for the Company's property taxes in 2016 was \$1,031,585 as detailed on Schedule 1A. The reported property tax expense reported is an accrual based expense based on the fact that the Town Tax year goes from April 1, 2016 to March 31, 2017. As a result the December bill of each year includes taxes 3 months into the following year. Per schedule 1A the accrued tax expense for 2016 should be \$1,098,664 resulting in a pro forma property tax of (\$67,079) (\$1,031,585 - \$1,098,664).
- c) The Pelham and Derry tax abatements were not granted until November of 2017 due to incorrect valuations of the Company's property in 2016. Whereas the Company's 2016

Annual report was filed before any consideration was given by the Towns for abatements the 2016 Annual report would not reflect those changes as they were unknown at the time of the 2016 Annual Report filing.

- d) A copy of each of the Company's 2017 municipal and state property tax bills/returns are attached to this data request.
- e) The Company had three filed tax abatements open during 2017 as follows:
  - 1. A tax abatement was filed with the Town of Derry in February 2017 based on the Company's contention that certain of the Company's properties in Derry were not properly valued in 2016. The Town of Derry granted the Company's abatement request in November of 2017 resulting in a reduction in valuation of the Company's property in Derry. The estimated abatement at the time of the filing was reflected in a pro forma adjustment to the Company's 2016 Test Year expenses reflected on Schedule A, Attachment D, Adjustment I.E.
  - 2. A tax abatement was filed with the Town of Pelham in February 2017 based on the Company's contention that certain of the Company's properties in Pelham were not properly valued in 2016. The Town of Pelham granted the Company's abatement request in November of 2017 resulting in a reduction in valuation of the Company's property in Pelham. The estimated abatement at the time of the filing was reflected in a pro forma adjustment to the Company's 2016 Test Year expenses reflected on Schedule A, Attachment D, Adjustment I.D.
  - 3. A tax abatement was filed with the Town of Litchfield in February of 2016 based on the Company's contention that certain of the Company's properties in Litchfield were not properly valued in 2016. The Town of Litchfield denied the Company's abatement request in December of 2016. The Company filed for a tax hearing before the New Hampshire Bureau of Land and Tax Appeals in May of 2017. The Company and the Town will mediate the dispute sometime in February or March of 2018. If the Company and the Town cannot agree to the taxable value of the Company's property with the help of the mediator, the disagreement over the Company's property valuation by the Town will be heard before the NH Bureau of Land and Tax Appeal sometime in the fall of 2018. If the Company reaches settlement with the Town of Litchfield during the pendency of DW17-128 it would propose to make a pro forma adjustment to its property taxes reflective of the settlement.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-44

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 3, Attachment A (Bates 260), Adjustment IB:** Should not there be a related adjustment to Accumulated Depreciation in order to also reduce such relative to the test year retirements of non-revenue producing plant. (Note: Plant retirements are normally rate base neutral transactions for purposes of utility accounting, ie, a reduction to both Plant in Service and Accumulated Depreciation in the amount of the original cost of the asset.) Please explain. (See also Staff 1-57)

**RESPONSE:**

Yes, there should be a related adjustment to Accumulated Depreciation related to test year retirements of non-revenue producing plant.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

**Petition For Change in Rates**  
**Responses to Staff Data Requests – Set 1**

Date Request Received: 12/21/17  
Request No. Staff 1-45

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 3, Attachment A (Bates 260), Adjustment 1C:** It appears that the Company is eliminating the year-end balance of NC Capital Recovery Assets instead of the 13-month average balance for such in the amount of \$4,234,711. (See also Schedule 3C (Bates 269)) Please explain.

**RESPONSE:**

The Staff is correct. The cell on Schedule 3, Attachment A, Adjustment 1C was mistakenly linked to the year-end balance for this account instead of the 13 month average balance for this account.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-50

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 3, Attachment C (Bates 264), Adjustments IB - \$(1,079,833), IIA - \$(463,240), and IIIA - \$(71,549):** Please explain why it appears that the year-end value rather than the 13-month average value (See Schedule 3C (Bates 269)) are being proposed as the elimination entries for these pro forma adjustments relative to the North Country Capital Recovery Surcharge.

**RESPONSE:**

The cell on Schedule 3, Attachment A, Adjustment 1C was mistakenly linked to the year-end balance for this account instead of the 13 month average balance for this account.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-51

Date of Response: 1/11/18  
Witness: Donald L. Ware

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REQUEST: **Re: Schedule 3A (Bates 267):** Total Operating Expenses for December, 2015 is indicated as \$347,194. However, the Company's December, 2015 Monthly Financial Statement indicates an amount of \$359,515; a difference of \$12,321. Please reconcile and explain this difference.

RESPONSE:

Staff is correct. The totals were representing November 2015 instead of December 2015.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-54

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 3, Attachment A, Exhibit 1 (Bates 270-277):**

- a) It appears that the \$46,144 total depreciation adjustment (Bates 277) (See also Schedule 1, Attachment E (Bates 230), Adjustment IA) was determined incorrectly. Staff believes that the Half-Year Depreciation amounts indicated for the Non-CIAC and Non-PFOA asset additions should have been matched instead of doubled in order to derive the proper adjustment. Please comment.
- b) Please provide further explanation relative to why CIAC and PFOA asset additions are being excluded from this calculation. For purposes of determining a full year's depreciation expense (See Schedule 1, Attachment E (Bates 230), Adjustment IA) should not these asset additions also have been included in the determination of such?
- c) Please clarify the significance of the \$1,546,937 amount indicated on Bates 277.

**RESPONSE:**

- a) The Company agrees with the Staff's assessment.
- b) The impact of CIAC and revenue producing asset additions that occur during of the test year were never pro formed into the various Schedule 3's of the 1604.06 schedules in the past as they have no impact on the rate case revenue requirement. A review of previous rate case filing Schedule 3, Attachment A, Exhibit 1 will reveal this fact as there are no CIAC assets listed in this listing of test year asset additions.
- c) There is no significance to the \$1,546,937 for rate making purposes. This number represents the plant place in service in 2016 that was related to additions made in Litchfield associated with the PFOA project. This calculation has been removed from this schedule.



**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-58

Date of Response: 1/11/18  
Witness: Larry D. Goodhue

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**REQUEST: Re: Schedule 2 (Bates 294):**

- a) Please provide the calculation used to derive the Intercompany Debt pro forma adjustment in the amount of \$(2,309,344).
- b) It does not appear that Common Stock in the amount of \$100 has been eliminated from Common Equity as per the Settlement Agreement in DW 13-126 approved by Commission Order No. 25,696 (07/25/14). Please explain.
- c) It does not appear that the balance of Retained Earnings as of 12/31/16 in the amount of \$(128,250) has been included in the Company's Total Common Equity. Please explain.

**RESPONSE:**

- a) Remove Capital Recovery Assets Rate Base per Schedule 3C in 1604.06 (\$3,744,354)  
Offset by reclass of the long term debt related to the SRF Loan  
for the Birch Hill interconnection \$1,435,010  
(\$2,309,344)
- c) The elimination of the \$100 of Common Stock was not included in error.
- d) This amount for Retained Earnings was improperly excluded from this schedule.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-59

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 5 (Bates 298):** It appears that the interest expense associated with the NH SRF – Birch Hill Loan at 2.864% (\$41,099) has been included in the calculation of the All-in Annual Cost of Debt totaling \$802,473. Since this loan pertains to the North Country Capital Recovery Surcharge (NCCRS), should not the interest expense as well as the loan balance associated with such be eliminated from the determination of the Company's Cost of Debt? Please explain.

**RESPONSE:**

We agree with Staff's comments. The annual interest and amortization of issue costs have been removed. The loan balance is proformed from the long term debt and reclassified to intercompany debt in Schedule 1 and 2. Also see Schedule 5 - Proformed Adjustment Columns. The principle and interest associated with the Birch Hill Loan has been proformed out as part of the 2016 TY Principle and Interest and the 2017 Proformed Principle and Interest for Step.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-60

Date of Response: 1/11/18  
Witness: Donald L. Ware

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**REQUEST: Re: Schedule 5 (Bates 298):**

- a) It appears that the interest expense associated with the Intercompany 2013 PEU loan at 2.65% (\$22,727) and the Intercompany PEU Loan at 2.70% (\$22,785) have been included in the calculation of the All-in Annual Cost of Debt of \$802,473 along with the interest expense associated with both loan's respective refinancings at 3.20% (\$27,444 and \$27,004). Please explain.
- b) It appears that the interest expense associated with the Intercompany 2013 North Country Loan at 2.65% (\$30,671) has been included in the calculation of the All-in Annual Cost of Debt of \$802,473. Since this loan pertains to the NCCRS, should not the interest expense as well as the loan balance associated with such be eliminated from the determination of the Company's Cost of Debt? Please explain.

**RESPONSE:**

- a) We agree with Staff's comments. The annual interest and amortization of issue costs have been removed. Also, see Schedule 5 - Proformed Adjustment Columns for 2016 principle and interest and adjustments for new debt associated with both Intercompany loans at 2.65% and 2.70%. These amounts have been proformed out as part of the 2016 TY Principle and Interest totals.
- b) We agree with Staff's comments. The annual interest and amortization of issue costs have been removed. The loan balance is proformed from the long term debt and reclassified to intercompany debt in Schedule 1 and 2. Also, see Schedule 5 - Proformed Adjustment Columns for 2016 principle and interest and adjustments for new debt associated with the Intercompany 2013 North Country Loan at 2.65%. These amounts have been proformed out as part of the 2016 TY Principle and Interest totals.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-61

Date of Response: 1/11/18  
Witness: Larry D. Goodhue

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**REQUEST: Re: Schedule 5 (Bates 298) and Schedule 6 (Bates 299):** Schedule 6 (Bates 299) indicates an additional Intercompany Loan outstanding as of 12/31/16 in the amount of \$1,179,110.

- a) What is the current status of this Intercompany Loan?
- b) What is the interest rate associated with this Intercompany Loan?
- c) Why was this Intercompany Loan not included on Schedule 5?

**RESPONSE:**

- a) This amount does not represent an intercompany loan, but is rather that balance of intercompany transactions resulting from activity pursuant to the Cost Allocation Agreement and Money Pool Agreements that were approved by the Commission for PEU and PWW, as well as the other companies that compose the consolidated group, inclusive of Pennichuck Corporation. This amount is related to the daily activity for cost shared and money transferred for short term working capital purposes pursuant to these agreements. It represents several operating costs that are paid by other related regulated and non-regulated companies on the behalf of PEU and are charged through the intercompany accounts. At the end of the year, the balance in the individual intercompany accounts with all related companies are reclassified to this Interco Pay/Rec PEU/PCP account. A good portion of the balance represents the management fee allocation, as well as other costs allocated, such as: bank fees, A/P payments and the cash transfers that occur each day between the various subsidiary bank accounts.
- b) The interest charged at the end of each month is based on the federal discount rate at the end of the month. At 12/31/16 this rate was 1.25%. This rate has been used and consistently applied by the companies since the agreements were established, and has been reflected in this manner in a numerous filed rate cases since their implementation.
- c) This is not an amortizing loan and is not considered long term debt, as described in response (a) above. The amount is included in Intercompany Debt on Schedule 2 and 3.

**Pennichuck East Utilities, Inc.**  
**DW 17-128**

Petition For Change in Rates  
Responses to Staff Data Requests – Set 1

Date Request Received: 12/21/17  
Request No. Staff 1-67

Date of Response: 1/11/18  
Witness: Larry D. Goodhue

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REQUEST: **Re: Schedule 8 (Bates 301)**: Based on the approved Settlement Agreements in DW 11-026 and DW 13-126, it appears that the calculated Cost of Common Equity for PEU should be 5.928%, as follows:

Nov-16	2.860%
Dec-16	3.110%
Jan-17	3.020%
Feb-17	3.030%
Mar-17	3.080%
Apr-17	2.940%
May-17	2.960%
Jun-17	2.800%
Jul-17	2.880%
Aug-17	2.800%
Sep-17	2.780%
Oct-17	<u>2.880%</u>
Average	2.928%
Added % per DW 11-026	+ <u>3.000%</u>
Stipulated COE	<u>5.928%</u>

Please comment.

RESPONSE:

Staff is correct. This schedule has been corrected using the Stipulated COE shown above which is based on the interest rates on 30-year Treasury bonds for the most recent 12 months ending prior to the filing of the rate case, plus 3.0 percentage points.