

Class C Water Utility

F-1 BALANCE SHEET

Assets and Other Debits

Line # (a)	Acct # (b)	Account Title (c)	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
UTILITY PLANT					
1	101-105	Utility Plant	\$477,703	\$24,500	\$502,203
2	108-110	Less: Accumulated Depreciation & Amortization	227,887	1,225	229,112
3		Net Plant	\$249,816	\$23,275	\$273,091
4	114-115	Utility Plant Acquisition Adjustment - Net			
5		Total Net Utility Plant	\$249,816	\$23,275	\$273,091
OTHER PROPERTY AND INVESTMENTS					
6	121	Nonutility Property			
7	122	Less: Accumulated Depreciation & Amortization			
8		Net Nonutility Property			
9	124	Utility Investments			
10	127	Depreciation Funds			
11		Total Other Property and Investments			
CURRENT AND ACCRUED ASSETS					
12	131	Cash	\$3,194	(\$1,429)	\$1,765
13	132	Special Deposits			
14	141-143	Accounts & Notes Receivable Net	28,818		28,818
15	151	Plant Materials and Supplies	696		696
16	162-163	Prepayments	4,313		4,313
17	174	Miscellaneous Current and Accrued Assets			-
18		Total Current and Accrued Assets	\$37,021	(\$1,429)	\$35,592
DEFERRED DEBITS					
19	186	Miscellaneous Deferred Debits	\$5,826	\$1,800	\$7,626
20	190	Accumulated Deferred Income Taxes			
21		Total Deferred Debits	\$5,826	\$1,800	\$7,626
TOTAL ASSETS AND OTHER DEBITS			\$292,663	\$23,646	\$316,309

Class C Water Utility

F-1 BALANCE SHEET
Equity Capital and Liabilities

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
EQUITY CAPITAL					
1	201	Common Stock Issued	\$30,471		\$30,471
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital			
4	217	Retained Earnings	(9,760)	\$1,154	(8,606)
5	218	Proprietary Capital (Proprietorships & Partnerships)			
6		Total Equity Capital	\$20,711	\$1,154	\$21,865
LONG TERM DEBT					
7	224	Other Long-Term Debt	\$135,864	22,492	\$158,356
CURRENT AND ACCRUED LIABILITIES					
8	231	Accounts Payable	\$47,195		\$47,195
9	232	Notes Payable			
10	235	Customer Deposits			
11	236	Accrued Taxes			
12	237	Accrued Interest			
13	241	Miscellaneous Current & Accrued Liabilities	799		799
14		Total Current and Accrued Liabilities	\$47,994	\$0	\$47,994
OTHER LIABILITIES					
15	252	Advances for Construction			
16	253	Other Deferred Credits			
17	255	Accumulated Deferred Investment Tax Credit			
18	265	Miscellaneous Operating Reserves			
19	271-272	CIAC - Net	88,094		88,094
20	281-283	Accumulated Deferred Income Taxes			
21		Total Other Liabilities	\$88,094	\$0	\$88,094
22		TOTAL LIABILITIES AND CAPITAL	\$292,663	\$23,646	\$316,309

Class C Water Utility

F-1 BALANCE SHEET
Capital Structure

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
EQUITY CAPITAL					
1	201	Common Stock Issued	\$30,471		\$30,471
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital	-		-
4	215	Unappropriated Retained Earnings			
5	217	Retained Earnings	(9,760)	\$1,154	(8,606)
6	218	Proprietary Capital (Proprietorships & Partnerships)			
7		Total Equity Capital	\$20,711	\$1,154	\$21,865
LONG TERM DEBT					
8	224	Other Long-Term Debt	\$135,864	\$22,492	\$158,356
9		TOTAL CAPITAL	\$156,575	\$23,646	\$180,221

Capital Structure

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
EQUITY CAPITAL					
1	201	Common Stock Issued	19.46%		16.91%
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital	0.00%		0.00%
4	215	Unappropriated Retained Earnings			
5	217	Retained Earnings	-6.23%	4.88%	-4.78%
6	218	Proprietary Capital (Proprietorships & Partnerships)			
7		Total Equity Capital	13.23%	4.88%	12.13%
LONG TERM DEBT					
8	224	Other Long-Term Debt	86.77%	95.12%	87.87%
9		TOTAL CAPITAL	100.00%	100.00%	100.00%

Class C Water Utility

F-2 STATEMENT OF INCOME

Line # (a)	Acct # (b)	Account Title (c)	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
UTILITY OPERATING INCOME					
1	400	Operating Revenue	\$69,907	\$4,750	\$74,657
2	-	Operating Expenses:			
3	401	Operation and Maintenance	\$64,858		\$64,858
4	403	Depreciation	15,507	1,225	16,732
5	405	Amortization of CIAC	(6,050)		(6,050)
6	406	Amortization of Utility Plant Acquisition Adj			
7	407	Amortization - Other	207		207
8	408	Taxes Other Than Income	9,694	946	10,640
9	-	Income Taxes (409.1, 410.1, 411.1, 412.1)			
10		Total Operating Expenses	\$84,216	\$2,171	\$86,387
11		Net Operating Income (Loss)	(\$14,309)	\$2,579	(\$11,730)
OTHER INCOME AND DEDUCTIONS					
12	419	Interest & Dividend Income			
13	420	Allowance for Funds Used During Construction			
14	421	Non-Utility Income			
15	422	Gain (Loss) From Disposition Nonutility Property			
16	426	Miscellaneous Non-Utility Expenses			
17	427	Interest Expense	(5,925)	(1,425)	(7,350)
18	-	Taxes Other Than Income (409.2+410.2+411.2+412.2)			
19		Total Other Income and Deductions	(\$5,925)	(\$1,425)	(7,350)
20		NET INCOME (LOSS)	(\$20,234)	\$1,154	(\$19,080)

JOURNAL ENTRIES

Impact
on NI

		2016 Net Income (Loss)		\$ (20,234)
1	Dr. Misc Def Dr. - Unamortized Debt Expense	2,000		
	Cr. Cash		2,000	
	To record costs associated with financing (See SPS 9)			
2	Dr. Cash	24,500		
	Cr. Other Long Term Debt		24,500	
	To record receipt of cash and new LTD			
3	Dr. Pumping Equipment	24,500		
	Cr. Cash		24,500	
	To record additions to plant for VSDs & SCADA			
4	Dr. Depreciation Expense	1,225		(1,225)
	Cr. Accumulated Depreciation		1,225	
	To record half year depreciation on 2017 additions to plant			
5	Dr. Other Long Debt	2,008		
	Dr. Interest Expense	1,225		(1,225)
	Cr. Cash		3,233	
	To record principal and interest payment on new owner loan			
6	Dr. Amortization of Debt Expense	200		(200)
	Cr. Misc Def Dr - Unamortized Debt Expense		200	
	To record amortization of debt expense			
7	Dr. Cash	4,750		
	Cr. Revenue		4,750	4,750
	To record anticipated revenue associated with step increase			
8	Dr. State & Local Property Taxes	946		(946)
	Cr. Cash		946	
	To record anticipated increase in state and local property taxes			
		29,250	30,679	
	Net impact on Cash		(1,429)	
	Net Income (Loss)			(19,080)

Revenue Requirement - Step Increase for Pump Drives and SCADA

PLANT IN SERVICE	Amount
Pumping Equipment	\$ 24,500
Less: Accumulated Depreciation	<u>1,225</u>
NET PLANT IN SERVICE	\$ 23,275
Contribution in Aid of Construction	-
Plus: Accumulated Amortization of CIAC	<u>-</u>
NET PLANT IN RATE BASE	\$ 23,275
Cash Working Capital (75/365)	<u>-</u>
TOTAL RATE BASE	\$ 23,275
Return on Additional Plant @ 5.82%	<u>\$ 1,354</u>
O&M Expenses	
Depreciation Expense	\$ 2,450
Amortization of CIAC	-
State Utility Property Taxes	147
Town of Swanzey Property Taxes	<u>799</u>
Operating Expenses	<u>\$ 3,396</u>
Additional Revenue Requirement	<u>\$ 4,750</u>

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12/11/2017

Rate of Return

<u>Long Term Debt:</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Annual Interest</u>	<u>Annual Amort of Fin Costs</u>	<u>Total Annual Costs</u>	<u>Cost Rate</u>
S. Brown 2017 loan	\$24,500	5.00%	\$ 1,225	\$ 200	\$ 1,425	5.82%

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Plant, Depreciation Expense and Accumulated Depreciation

	<u>Costs</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
311 Pumping Equipment	\$ 24,500	\$ 2,450	\$ 1,225
Total	\$ 24,500	\$ 2,450	\$ 1,225

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Owner Financing**Source of Funds:**

Sarah Brown	<u>\$ 24,500</u>
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Total Source of Funds	<u>\$ 24,500</u>
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Use of Funds:

EEHoughton Co., Inc. for VSDs & SCADA	<u>\$ 24,500</u>
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Total Use of Funds	<u>\$ 24,500</u>
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Financing

Estimated Financing Costs

Stephen P. St. Cyr & Associates	<u>\$ 2,000</u>
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Total Financing Costs	<u>\$ 2,000</u>
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12/11/2017