

Pittsfield Aqueduct Company, Inc.
BALANCE SHEET
ASSETS AND DEFERRED CHARGES
For the Twelve Months Ended December 31, 2017

Schedule LDG-1
Page 1 of 2

Pro Forma

	Account Number	12/31/2017	Pro Forma Adjustments	Pro Forma 12/31/2017
<u>PLANT ASSETS</u>				
Plant in Service	301 to 348	4,654,736	-	4,654,736
Work in process	105	828	-	828
Utility Plant		4,655,563	-	4,655,563
Accumulated depreciation	108	1,389,966	-	1,389,966
Net Plant		3,265,597	-	3,265,597
Net Acquisition Adjustment	114 & 115	-	-	-
Total Net Utility Plant		3,265,597	-	3,265,597
<u>CURRENT ASSETS</u>				
Cash	131 & 133	-	-	-
Restricted Cash - RSF	131	-	-	-
Accounts receivable-billed, net	141 & 143	46,208	-	46,208
Accounts receivable-unbilled, net	173	76,493	-	76,493
Accounts receivable-other	142	-	-	-
Inventory	151	-	-	-
Prepaid expenses	162	37,226	-	37,226
Prepaid property taxes	163 & 236	-	-	-
Prepaid taxes	162.3	-	-	-
		159,927	-	159,927
<u>OTHER ASSETS</u>				
Debt issuance expenses	181	20,208	-	20,208
Acquisition Premium - MARA	186	1,254,117	-	1,254,117
Other & Deferred Charges	182,184,186	20,307	-	20,307
		1,294,631	-	1,294,631
TOTAL ASSETS		\$ 4,720,155	\$ -	\$ 4,720,155

Notes:

Pittsfield Aqueduct Company, Inc.
BALANCE SHEET
EQUITY AND LIABILITIES
For the Twelve Months Ended December 31, 2017

Schedule LDG-1
Page 2 of 2

	Account Number	12/31/2017	Pro Forma Adjustments	Pro Forma 12/31/2017
STOCKHOLDERS' EQUITY				
Common stock	201	\$ 100	\$ -	\$ 100
Paid in capital	211	\$ 2,064,824	-	2,064,824
Comprehensive Income	219	\$ -	-	-
Retained earnings	215	\$ (23,553)	14,139 (1)	(9,414)
		<u>2,041,371</u>	<u>14,139</u>	<u>2,055,510</u>
LONG TERM DEBT				
Bonds, notes and mortgages	221	169,801	1,186,000 (2)	1,355,801
Intercompany advances	223	1,200,472	(1,200,139) (1)(3)	333
Other Long Term Debt	224	1,362	-	1,362
CURRENT LIABILITIES				
Accounts payable	231	7,622	-	7,622
Accrued property taxes	236	-	-	-
Accrued interest payable	237	-	-	-
Other accrued expenses	241	318	-	318
Income taxes payable	236	-	-	-
Customer deposits & other	235	(49)	-	(49)
		<u>7,891</u>	<u>-</u>	<u>7,891</u>
OTHER LIABILITIES AND DEFERRED CREDITS				
Deferred income taxes & liability	282	602,444	-	602,444
Customer advances	252	-	-	-
CIAC, net	271 & 272	696,815	-	696,815
Other deferred credits	241 to 255	-	-	-
		<u>1,299,259</u>	<u>-</u>	<u>1,299,259</u>
TOTAL EQUITY AND LIABILITIES		\$ 4,720,155	\$ -	\$ 4,720,155

Notes:

(1) To record the impact of intercompany interest reduction and offsetting intercompany income tax transfer effect on retained earnings and the intercompany advances accounts.

(2) To record the new 30 year long term note as follows:

New Intercompany Loan	<u>\$ 1,186,000</u>
Total Intercompany Loan Debt	<u>\$ 1,186,000</u>

(3) To record the reclassification of short term intercompany payable and intercompany note payable maturing on 5/1/2018 via a refinance to a new 30-year long-term note payable.

Pittsfield Aqueduct Company, Inc.
OPERATING INCOME STATEMENT
For the Twelve Months Ended December 31, 2017

Schedule LDG-2
Page 1 of 2

	Account Number	TWELVE MONTHS 12/31/17	PRO FORMA ADJUSTMENTS	PRO FORMA 12 MONTHS 12/31/17
Water Sales	460 to 462	\$ 788,657	\$ -	\$ 788,657
Other Operating Revenue	471	3,435	-	3,435
Total Revenues		792,092	-	792,092
Production Expenses	601 to 652	116,764	-	116,764
Transmission & Distribution Expenses	660 to 678	82,996	-	82,996
Engineering Expenses	660	-	-	-
Customer Acct & Collection Exp	902 to 904	18,126	-	18,126
Administrative & General Expense	920 to 950	19,654	-	19,654
Inter Div Management Fee	930	172,080	-	172,080
Total Operating Expense		409,621	-	409,621
Dep Exp/Acq Adj Expense	403 & 406	103,390	-	103,390
Amortization Expense:CIAC	405	(23,072)	-	(23,072)
Amortization Expense	407	35,923	-	35,923
Gain on Debt Forgivness	414	-	-	-
Property Taxes	408.1	211,656	-	211,656
Income Tax	409 to 410	17,053	5,358 (1)	22,411
Total Operating Deductions		754,571	5,358	759,929
Net Operating Income		37,521	(5,358)	32,163
Other Income and Deductions		-	-	-
Interest Expenses		61,074	(19,497) (2)	41,577
Net Income		(23,553)	14,139	(9,414)

Notes:

1 - To record the tax impact resulting from reduction in expenses, as calculated on the effective tax rates for federal and state tax purposes.

2 - To record the change in intercompany interest expense associated with Intercompany Debt refinancing.

Pittsfield Aqueduct Company, Inc.
OPERATING INCOME STATEMENT
For the Twelve Months Ended December 31, 2017

Schedule LDG-2
Page 2 of 2

Supporting Calculations:

Interest Expense:

	New	Old
Intercompany debt	\$ 1,186,000	\$ 776,850
Interest Rate	3.200%	7%
Annual Interest	\$ 37,952	\$ 54,380

Interest Expense Proforma:	Tax Effect at 27.48%
\$ (19,497)	\$ 5,358

Depreciation

Additions:

	Fairview Street	Total
Structures & Improvements	\$ -	\$ -
Transmission & Distribution Mains	\$ -	\$ -
Power Generation Equipment	\$ -	\$ -
Pumping Equipment	\$ -	\$ -
Supply Main	\$ -	\$ -
Totals	\$ -	\$ -

Rate	Amount
0.00%	\$ -
1.57%	\$ -
0.00%	\$ -
0.00%	\$ -
0.00%	\$ -
\$	\$ -

Retirements: - N/A

	Fairview Street	Total
Structures & Improvements	\$ -	\$ -
Transmission & Distribution Mains	\$ -	\$ -
Power Generation Equipment	\$ -	\$ -
Pumping Equipment	\$ -	\$ -
Supply Main	\$ -	\$ -
Totals	\$ -	\$ -
Net Additions	\$ -	\$ -

Rate	Amount
0.00%	\$ -
1.57%	\$ -
0.00%	\$ -
0.00%	\$ -
0.00%	\$ -
\$	\$ -

Pro Forma Depreciation

Property Taxes

	Pittsfield Rate
Town	\$ -
State of New Hampshire	\$ -
Total Tax Rate	\$ -
Pro Forma Property Taxes	\$ -

Pittsfield Aqueduct Company, Inc.
Pro Forma Capital Structure for Ratemaking Purposes
For the Twelve Months Ended December 31, 2017

Schedule LDG-3

	<u>Pro Forma 2017</u>	<u>Pro Forma</u> <u>Eliminations</u>	<u>Pro Forma 2017</u> <u>with</u> <u>Eliminations</u>	<u>Component</u> <u>Ratio</u>
Long-term Debt	1,355,801	-	1,355,801	95.49%
Intercompany Debt	\$ -	-	-	0.00%
<u>Common Equity:</u>				
Common Stock	100	(100) (1)	-	
Paid In Capital	2,064,824	(1,991,347) (1)	73,477	
Comprehensive Income	-	-	-	
Retained Earnings	(9,414)		(9,414)	
Total Common Equity	2,055,510	(1,991,447)	64,063	4.51%
Total Capital	<u>\$ 3,411,311</u>	<u>\$ (1,991,447)</u>	<u>\$ 1,419,864</u>	<u>100.00%</u>

Notes:

(1) Per Order 25,292 in DW 11-026, eliminate the MARA and related common equity:

MARA	1,443,498
Equity as of 1/25/12	826,112
Paid in Capital as of 1/25/12	237,129
	<u>2,506,739</u>
Less: Dividends Paid in Feb 2013	(68,574)
Dividends Paid in Mar 2014	(145,473)
Plus: Reclas RSF offset in Mar 2014	-
Dividends Paid in Mar 2015	(86,576)
Dividends Paid in Mar 2016	(91,362)
Dividends Paid in Mar 2017	(123,408)
	<u>1,991,347</u>



PITTSFIELD AQUEDUCT COMPANY, INC.

CORPORATE SECRETARY'S CERTIFICATE

I, Suzanne L. Ansara, do hereby certify that I am the duly elected Corporate Secretary of Pittsfield Aqueduct Company, Inc. (the "Company"), a New Hampshire corporation, and that I am authorized to execute and deliver this Certificate on behalf of the Company. In that capacity, I do hereby further certify that:

1. The following resolution was adopted by the Board of Directors of the Company on February 23, 2018; and such resolution has not been altered, amended or repealed, and is in full force and effect, as of the date hereof:

Resolved: that the Board of Directors of Pittsfield Aqueduct Company, Inc. (the "Company") hereby authorizes the Company to refinance the outstanding balance of \$776,850.00 of the January 1, 2010 intercompany loan between the Company and Pennichuck Corporation, for a term of 30 years at an interest rate of approximately 3.2% on a fully amortizing basis, along with an additional sum of \$599,150, converting short term obligations from the Company to Pennichuck Corporation to long term notes payable, on the same terms; in the aggregate, the new obligation will be for \$1,376,000 over 30 years at 3.2%, fully amortizing.

In Witness Whereof, I have hereunto set my hand this 5th day of March, 2018.


Suzanne L. Ansara
Corporate Secretary