

Aquarion provided several schedules within the filing which fulfill the requirements for continuing property records. Within DS-1, Audit was able to verify the reported Mill Road-Atlantic Ave to Pine Road, North Hampton main replacement value of \$1,045,877, the associated retirements of \$91,840, with the asset set to depreciate at a rate of 1.20%, with ½ year convention applied to both the addition and the retirement.

Retirements

Filing schedule Attachment DS-1, page 3 of 3, notes the Mill Road project had \$91,839.77 of eligible asset retirements.

Aquarion provided a spreadsheet showing the asset number of 32 specific assets that were retired, the amount retired and if it was a full or partial retirement. A request for more detailed information was made, and the Company provided the details of the SAP general ledger retirement entries which took place in August, September, and revised in October 2018. The detail identified the location, account number, number of feet, type of pipe, and original year of capitalization. Retirements were properly credited to account 101000 and debited to Accumulated Depreciation-Retirements, account 111010.

Calculated Rate of Return, Cost of Capital and Return on Equity

For comparison and informational purposes, Audit has compiled the calculated rate of return, cost of capital, and return on equity percentages, as determined within the context of each year's annual report desk audit. The most recently approved rate case DW 12-085, by Order 25,539 issued 6/28/2013 authorized an overall Rate of Return of 7.49% based on a cost of equity 9.6% and cost of debt 6.05%. The Company appears to have been overearning based on the Rate of Return calculations below, since 2013.

<u>Year</u>	<u>Rate of Return</u>	<u>Cost of Capital</u>	<u>Return on Equity</u>	
2012	05.67%	05.69%	05.21%	
2013	10.83%	05.81%	17.35%	- 9.60 = 7.75%
2014	10.43%	07.55%	12.58%	- 9.60 = 2.98%
2015	09.60%	07.54%	11.13%	- 9.60 = 1.53%
2016	11.70%	07.57%	14.76%	- 9.60 = 5.16%
2017	09.22%	07.63%	11.16%	- 9.60 = 1.56%
				18.98%
				X 154,000
				\$ 2,922,920
				6.72%
				\$ 1,034,880