

DW 20-117
HAMPSTEAD AREA WATER COMPANY, INC.
FIRST STEP ADJUSTMENT: 2020 PROJECTS
REVISED CALCULATION OF STEP ADJUSTMENT

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Account		Atkinson Tank (Step 1 - Sch.3a)	Other Plant (Step 1 - Sch.3b)	West Side Dr. (Step 1 - Sch. 3c)	MSDC Fee (Step 1 - Sch. 3c)	Retirements (Step 1 - Sch. 3)	Total	Staff Adj #
Additions / (Retirements)		\$ 1,597,603	\$ 291,796	\$ 1,314,140	\$ 892,500	\$ -	\$ 4,096,039	56-59, 67
Less: Accumulated Dep./ Amort. (1 Full Year)		(40,441)	(11,020)	(86,112)	(22,885)	-	(160,458)	60-62, 70
Less: CIAC**		(1,004,919)	-	(1,302,918)	-	-	(2,307,837)	63-64
Add: Accumulated Amort. of CIAC (1 Full Year)		25,384	-	85,377	-	-	110,761	65-66
Add: CIAC Tax		272,132	-	352,830	-	-	624,962	68-69
Less: Accumulated Amort. of CIAC Tax (1 Full Year)		(9,071)	-	(11,761)	-	-	(20,832)	71-72
Net Changes to Rate Base from Plant Additions		840,688	280,776	351,556	869,615	-	2,342,636	
Cash working Capital:								
Net Increase in O&M Expenses	81,393							
	x 12.33%							
Net Increase in Cash Working Capital	\$ 10,036							
Total change to Rate Base							+ \$ 10,036	73
Rate of Return (Step 1 - Sch. 2)							= \$ 2,352,671	
							x 4.50%	74-76
Increase in Net Operating Income Requirement							\$ 105,969	
Less: Revenue from New Customers		-	-	-	-	-	(50,526)	77
Add: Net Increase/ (Decrease) to O&M Expense		-	-	-	-	-	81,393	78-80
Add: Annual Depreciation Expense		40,441	11,020	86,112	-	-	137,574	81-83
Less: Annual Amortization of CIAC		(25,384)	-	(85,377)	-	-	(110,761)	84-85
Add: Amortization of Other		9,071	-	11,761	22,885	-	43,717	86-88
Add: Annual Property Tax Expense		17,763	3,657	14,314	-	-	35,735	89-91
Add: Additional income taxes*							16,370	92
Increase / (Decrease) in Net Operating Income		\$ 41,892	\$ 14,677	\$ 26,810	\$ 22,885	\$ -	\$ 259,470	
Step Increase							\$ 259,470	
2019 Test Year Water Sales Revenues							\$ 2,242,163	
% Increase in Annual Water Revenues							11.57%	

*Additional income taxes are a result of the additional equity associated with the Step 1 Rate Base additions.
* = Net Change to Rate Base * Tax Gross up Factor on Step 1 RoR - Sch. 2
**See Step 1 RoR - Sch. 2

**See 2020 Annual Report Sch. F-46.3

Step 1 Increase to Revenue Requirement (as dollars and reflecting the not-to-exceed limit per DW 20-117 Permanent Rate Settlement Agreement)***

258,450

Step 1 Increase to Revenue Requirement (as a percentage and reflecting the not-to-exceed limit per DW 20-117 Permanent Rate Settlement Agreement)***

11.53%

***DW 20-117 Permanent Rate Settlement Agreement and Step 1 Revenue Requirement not to exceed limit Increase approved by Order No. 26.635.