

Pennichuck East Utility, Inc.
Summary of Cost of Service

Required from Rates & Charges	Total		<u>Water Sales</u>		<u>Fire Protection</u>		<u>Customer</u>	
	<u>Cost of Service</u>	<u>Allocation</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Operation & Maintenance	\$ 5,804,292	Total O&M	73.8%	\$ 4,284,832	5.5%	\$ 317,271	20.7%	\$ 1,202,189
Amortization	268,729	Depreciation	63.4%	170,374	18.7%	50,310	17.9%	48,045
Taxes - Federal & State	3,775	Composite Allocation	68.5%	2,585	13.3%	500	18.3%	690
Taxes - Property	1,237,010	Plant in Service	60.6%	749,279	24.9%	307,925	14.5%	179,806
Material Operating Expense Factor (MOEF)	438,399	Total O&M	73.8%	323,634	5.5%	23,964	20.7%	90,801
Debt Service Revenue Requirement	1,888,178	Plant in Service	60.6%	1,143,703	24.9%	470,019	14.5%	274,456
City Bond Fixed Revenue Requirement	926,309	Plant in Service	60.6%	561,082	24.9%	230,583	14.5%	134,644
Less Other Revenues	(30,188)	Composite Allocation	68.5%	(20,671)	13.3%	(4,001)	18.3%	(5,516)
Total: Required from Rates & Charges	\$ 10,536,504	Composite Allocation	68.5%	\$ 7,214,817	13.3%	\$ 1,396,571	18.3%	\$ 1,925,115

Pennichuck East Utility, Inc.
Allocation of O&M Expenses

	<u>Pro-Forma</u>	<u>Allocation</u>	<u>Percent</u>	<u>Water Sales</u>		<u>Fire Protection</u>		<u>Customer</u>	
				<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Source of Supply Expenses									
<u>Operation</u>									
Operation Supervision and Engineering	\$ -	Average Day Demand	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -	-
Operation Labor and Expenses	45,185	Average Day Demand	99.5%	44,959	0.5%	226	0.0%	-	-
Purchased Water	1,093,480	Average Day Demand	99.5%	1,088,013	0.5%	5,467	0.0%	-	-
Miscellaneous Expenses	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-	-
Rents	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-	-
Subtotal: Operation	\$ 1,138,665			\$ 1,132,972		\$ 5,693		\$ -	
<u>Maintenance</u>									
Maintenance Supervision & Engineering	\$ -	Average Day Demand	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -	-
Maintenance of Supply Mains	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-	-
Maintenance of Miscellaneous Water Source Plant	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-	-
Subtotal: Maintenance	\$ -			\$ -		\$ -		\$ -	
Total: Source of Supply Expenses	\$ 1,138,665			\$ 1,132,972		\$ 5,693		\$ -	
Pumping Expenses									
<u>Operation</u>									
Operation Supervision and Engineering	\$ -	Average Day Demand	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -	-
Fuel for Power Production	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-	-
Fuel or Power Purchased for Production	337,595	Average Day Demand	99.5%	335,907	0.5%	1,688	0.0%	-	-
Pumping Labor and Expenses	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-	-
Miscellaneous Expenses	15,383	Average Day Demand	99.5%	15,306	0.5%	77	0.0%	-	-
Rents	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-	-
Subtotal: Operation	\$ 352,978			\$ 351,213		\$ 1,765		\$ -	
<u>Maintenance</u>									
Maintenance Supervision and Engineering	\$ -	Average Day Demand	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -	-
Maintenance of Structures and Improvements	11,812	Average Day Demand	99.5%	11,753	0.5%	59	0.0%	-	-
Maintenance of Power Production Equipment	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-	-
Maintenance of Pumping Equipment	683,819	Average Day Demand	99.5%	680,400	0.5%	3,419	0.0%	-	-
Subtotal: Maintenance	\$ 695,631			\$ 692,153		\$ 3,478		\$ -	
Total: Pumping Expenses	\$ 1,048,609			\$ 1,043,366		\$ 5,243		\$ -	

Pennichuck East Utility, Inc.
Allocation of O&M Expenses

	<u>Pro-Forma</u>	<u>Allocation</u>	<u>Water Sales</u>		<u>Fire Protection</u>		<u>Customer</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Water Treatment Expenses								
<u>Operation</u>								
Operation Supervision and Engineering	\$ -	Average Day Demand	99.5%	\$ -	0.5%	\$ -	0.0%	\$ -
Chemicals	87,745	Average Day Demand	99.5%	87,306	0.5%	439	0.0%	-
Operation Labor and Expenses	51,051	Average Day Demand	99.5%	50,796	0.5%	255	0.0%	-
Miscellaneous Expenses	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-
Subtotal: Operation	\$ 138,796			\$ 138,102		\$ 694		\$ -
<u>Maintenance</u>								
Maintenance of Water Treatment Equipment	\$ 21,856	Average Day Demand	99.5%	\$ 21,747	0.5%	\$ 109	0.0%	\$ -
Subtotal: Maintenance	\$ 21,856			\$ 21,747		\$ 109		\$ -
Total: Water Treatment Expenses	\$ 160,652			\$ 159,849		\$ 803		\$ -
Transmission and Distribution Expenses								
<u>Operation</u>								
Operation Supervision and Engineering	\$ -	Trans. & Distr.	12.5%	\$ -	21.2%	\$ -	66.3%	\$ -
Transmission and Distribution Lines Expenses	-	Max Day plus Fire	63.3%	-	36.7%	-	0.0%	-
Meter Expenses	163,377	Customer Service	0.0%	-	0.0%	-	100.0%	163,377
Customer Installation Expense	7,706	Customer Service	0.0%	-	0.0%	-	100.0%	7,706
Miscellaneous Expenses	-	Trans. & Distr.	12.5%	-	21.2%	-	66.3%	-
Rents	-	Max Day plus Fire	63.3%	-	36.7%	-	0.0%	-
Subtotal: Operation	\$ 171,083			\$ -		\$ -		\$ 171,083
<u>Maintenance</u>								
Maintenance Supervision and Engineering	\$ -	Trans. & Distr.	12.5%	\$ -	21.2%	\$ -	66.3%	\$ -
Maintenance of Structures and Improvements	-	Trans. & Distr.	12.5%	-	21.2%	-	66.3%	-
Maintenance of Dist. Reservoirs & Standpipes	-	Storage	72.1%	-	27.9%	-	0.0%	-
Maintenance of Trans. & Distribution Mains	131,561	Max Day plus Fire	63.3%	83,245	36.7%	48,316	0.0%	-
Maintenance of Fire Mains	-	Hydrants	0.5%	-	99.5%	-	0.0%	-
Maintenance of Services	264,299	Customer Service	0.0%	-	0.0%	-	100.0%	264,299
Maintenance of Meters	10,595	Customer Service	0.0%	-	0.0%	-	100.0%	10,595
Maintenance of Hydrants	94,774	Hydrants	0.5%	474	99.5%	94,300	0.0%	-
Maintenance of Miscellaneous Plant	56,642	Trans. & Distr.	12.5%	7,053	21.2%	12,015	66.3%	37,573
Subtotal: Maintenance	\$ 557,871			\$ 90,772		\$ 154,632		\$ 312,467
Total: Transmission & Distribution Expenses	\$ 728,954	Trans. & Distr.	12.5%	\$ 90,772	21.2%	\$ 154,632	66.3%	\$ 483,550

Pennichuck East Utility, Inc.
Allocation of O&M Expenses

	<u>Pro-Forma</u>	<u>Allocation</u>	<u>Water Sales</u>		<u>Fire Protection</u>		<u>Customer</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Customer Accounts Expenses								
<u>Operation</u>								
Supervision	\$ -	Customer Service	0.0%	\$ -	0.0%	\$ -	100.0%	\$ -
Meter Reading Salaries	58,102	Customer Service	0.0%	-	0.0%	-	100.0%	58,102
Customer Records & Coll. Expenses-Labor	115,781	Customer Service	0.0%	-	0.0%	-	100.0%	115,781
Uncollectible Accounts	25,101	Customer Service	0.0%	-	0.0%	-	100.0%	25,101
Miscellaneous Customer Account Expense	-	Customer Service	0.0%	-	0.0%	-	100.0%	-
Subtotal: Operation	\$ 198,984			\$ -		\$ -		\$ 198,984
Total: Customer Accounts Expenses	\$ 198,984			\$ -		\$ -		\$ 198,984
Administrative and General Expenses								
<u>Operation</u>								
Administrative and General Salaries	\$ -	Total O&M	74.1%	\$ -	5.1%	\$ -	20.8%	\$ -
Office Supplies and Other Expenses	7,298	Total O&M	74.1%	5,407	5.1%	371	20.8%	1,521
Administrative Expenses Transferred	-	Total O&M	74.1%	-	5.1%	-	20.8%	-
Outside Services Employed	18,688	Total O&M	74.1%	13,845	5.1%	949	20.8%	3,894
Property Insurance	113,498	Plant In Service	60.6%	68,748	24.9%	28,253	14.5%	16,498
Injuries and Damages	-	Total O&M	74.1%	-	5.1%	-	20.8%	-
Employee Pension and Benefits	-	Total O&M	74.1%	-	5.1%	-	20.8%	-
Regulatory Commission Expenses	34,108	Total O&M	74.1%	25,269	5.1%	1,732	20.8%	7,106
Miscellaneous General Expenses	2,354,836	Total O&M	74.1%	1,744,605	5.1%	119,595	20.8%	490,636
Rents	-	Total O&M	74.1%	-	5.1%	-	20.8%	-
Subtotal: Operation	\$ 2,528,428			\$ 1,857,874		\$ 150,900		\$ 519,654
<u>Maintenance</u>								
Maintenance of General Plant	\$ -	Total O&M	74.1%	\$ -	5.1%	\$ -	20.8%	\$ -
Subtotal: Maintenance	\$ -			\$ -		\$ -		\$ -
Total Administrative and General Expenses	\$ 2,528,428			\$ 1,857,874		\$ 150,900		\$ 519,654
Total Operation and Maintenance Expenses	\$ 5,804,292	Total O&M	73.8%	\$ 4,284,832	5.5%	\$ 317,271	20.7%	\$ 1,202,189

Pennichuck East Utility, Inc.
Allocation of Plant in Service

<u>Plant In Service</u>	<u>Pro-Forma</u>	<u>Allocation</u>	<u>Water Sales</u>		<u>Fire Protection</u>		<u>Customer</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Organization	1% \$ 386,400	Customer Service	0.0%	\$ -	0.0%	\$ -	100.0%	\$ 386,400
Franchises	0% 69,878	Customer Service	0.0%	-	0.0%	-	100.0%	69,878
L & LR: Supply & Pumping	2% 1,224,782	Average Day Demand	99.5%	1,218,658	0.5%	6,124	0.0%	-
S & I: Supply & Pumping	10% 7,499,075	Average Day Demand	99.5%	7,461,580	0.5%	37,495	0.0%	-
Collecting & Impounding Reserv.	0% -	Average Day Demand	99.5%	-	0.5%	-	0.0%	-
Lake, River & Other Intake	0% -	Average Day Demand	99.5%	-	0.5%	-	0.0%	-
Wells & Springs	3% 2,365,509	Average Day Demand	99.5%	2,353,681	0.5%	11,828	0.0%	-
Infiltration Galleries & Tunnels	0% -	Average Day Demand	99.5%	-	0.5%	-	0.0%	-
Supply Mains	1% 562,249	Average Day Demand	99.5%	559,438	0.5%	2,811	0.0%	-
Power Generation Equipment	1% 759,921	Average Day Demand	99.5%	756,121	0.5%	3,800	0.0%	-
Pumping Equipment	3% 2,023,511	Average Day Demand	99.5%	2,013,393	0.5%	10,118	0.0%	-
Water Treatment Equipment	2% 1,321,060	Average Day Demand	99.5%	1,314,455	0.5%	6,605	0.0%	-
Distribution Reserv. & Standpipes	3% 1,992,420	Storage	72.1%	1,436,557	27.9%	555,863	0.0%	-
Transmission Mains	59% 44,695,023	Max Day plus Fire	63.3%	28,280,630	36.7%	16,414,393	0.0%	-
Distribution Mains	0% -	Max Day plus Fire	63.3%	-	36.7%	-	0.0%	-
Services	11% 8,383,066	Customer Service	0.0%	-	0.0%	-	100.0%	8,383,066
Meters & Meter Installation	3% 2,055,998	Customer Service	0.0%	-	0.0%	-	100.0%	2,055,998
Hydrants	2% 1,617,812	Hydrants	0.5%	8,089	99.5%	1,609,723	0.0%	-
Other Plant & Misc. Equipment	0% 89,767	Plant in Service	60.6%	54,373	24.9%	22,345	14.5%	13,048
Office Furniture & Equipment	0% 2,689	Plant in Service	60.6%	1,629	24.9%	669	14.5%	391
Transportation Equipment	0% -	Plant in Service	60.6%	-	24.9%	-	14.5%	-
Stores Equipment	0% -	Plant in Service	60.6%	-	24.9%	-	14.5%	-
Tools, Shop & Garage Equip.	0% 72,937	Plant in Service	60.6%	44,179	24.9%	18,156	14.5%	10,602
Laboratory Equipment	0% 9,592	Plant in Service	60.6%	5,810	24.9%	2,388	14.5%	1,394
Power Operated Equipment	0% -	Plant in Service	60.6%	-	24.9%	-	14.5%	-
Communications Equipment	1% 528,230	Plant in Service	60.6%	319,958	24.9%	131,491	14.5%	76,781
Miscellaneous Equipment	0% 92,317	Plant in Service	60.6%	55,918	24.9%	22,980	14.5%	13,419
Other Tangible Equipment	0% 10,364	Plant in Service	60.6%	6,278	24.9%	2,580	14.5%	1,506
Total: Plant In Service	100% \$ 75,762,600	Plant in Service	60.6%	\$ 45,890,749	24.9%	\$ 18,859,368	14.5%	\$ 11,012,483

Pennichuck East Utility, Inc.
Allocation of Depreciation

<u>Depreciation</u>		<u>Pro-Forma</u>	<u>Allocation</u>	<u>Water Sales</u>		<u>Fire Protection</u>		<u>Customer</u>	
				<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Organization	1%	\$ 15,284	Customer Service	0.0%	\$ -	0.0%	\$ -	100.0%	\$ 15,284
Franchise	0%	3,494	Customer Service	0.0%	-	0.0%	-	100.0%	3,494
S & I: Supply & Pumping	12%	192,328	Average Day Demand	99.5%	191,366	0.5%	962	0.0%	-
Collecting & Impounding Reserv.	0%	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-
Lake, River & Other Intake	0%	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-
Wells & Springs	6%	91,764	Average Day Demand	99.5%	91,305	0.5%	459	0.0%	-
Infiltration Galleries & Tunnels	0%	-	Average Day Demand	99.5%	-	0.5%	-	0.0%	-
Supply Mains	1%	8,618	Average Day Demand	99.5%	8,575	0.5%	43	0.0%	-
Power Generation Equipment	3%	39,459	Average Day Demand	99.5%	39,262	0.5%	197	0.0%	-
Pumping Equipment	6%	91,864	Average Day Demand	99.5%	91,405	0.5%	459	0.0%	-
Water Treatment Equipment	5%	81,771	Average Day Demand	99.5%	81,362	0.5%	409	0.0%	-
Distribution Reserv. & Standpipes	2%	37,614	Storage	72.1%	27,120	27.9%	10,494	0.0%	-
Transmission Mains	44%	674,289	Max Day plus Fire	63.3%	426,654	36.7%	247,635	0.0%	-
Distribution Mains	0%	-	Max Day plus Fire	63.3%	-	36.7%	-	0.0%	-
Services	11%	165,428	Customer Service	0.0%	-	0.0%	-	100.0%	165,428
Meters & Meter Installation	6%	85,713	Customer Service	0.0%	-	0.0%	-	100.0%	85,713
Hydrants	1%	22,095	Hydrants	0.5%	110	99.5%	21,985	0.0%	-
Other Plant & Misc. Equipment	0%	1,769	Depreciation	63.4%	1,122	18.7%	331	17.9%	316
Office Furniture & Equipment	0%	-	Depreciation	63.4%	-	18.7%	-	17.9%	-
Transportation Equipment	0%	-	Depreciation	63.4%	-	18.7%	-	17.9%	-
Stores Equipment	0%	-	Depreciation	63.4%	-	18.7%	-	17.9%	-
Tools, Shop & Garage Equip.	0%	211	Depreciation	63.4%	134	18.7%	40	17.9%	38
Laboratory Equipment	0%	480	Depreciation	63.4%	304	18.7%	90	17.9%	86
Power Operated Equipment	0%	-	Depreciation	63.4%	-	18.7%	-	17.9%	-
Communications Equipment	2%	27,710	Depreciation	63.4%	17,568	18.7%	5,188	17.9%	4,954
Miscellaneous Equipment	1%	8,413	Depreciation	63.4%	5,334	18.7%	1,575	17.9%	1,504
Other Tangible Plant	0%	942	Depreciation	63.4%	597	18.7%	176	17.9%	168
Adjustment	0%	(27)	Depreciation	63.4%	(17)	18.7%	(5)	17.9%	(5)
Total Depreciation	100%	\$ 1,549,219	Depreciation	63.4%	\$ 982,201	18.7%	\$ 290,037	17.9%	\$ 276,981

Pennichuck East Utility, Inc.
Explanation of Allocations

	<u>Water Service</u>	<u>Fire Prot.</u>	<u>Customer</u>	<u>Total</u>	
Average Day Demand	99.5%	0.5%	0.0%	100.0%	Facilities used to meet average demands or maximum day water
Max Day plus Fire	63.3%	36.7%	0.0%	100.0%	Facilities Used for Maximum Day plus Fire
		<u>Gal/Min</u>	<u>Percent</u>		
	Maximum Day	3,446	63.3%		Product/Purch 603,710 1000 gal/yr
	Fire Demand	<u>2,000</u>	<u>36.7%</u>		50,309 1000 gal/month avg
	Max Day Plus Fire	5,446	100.0%		66,912 1000 gal max month
					1.33 max month
					3.00 max day
Customer Service	0.0%	0.0%	100.0%	100.0%	All Customer Service
Depreciation	63.4%	18.7%	17.9%	100.0%	Based on all allocable Depreciation Items
Composite Allocation	68.5%	13.3%	18.3%	100.0%	Based on all allocable expenses
Total O&M	74.1%	5.1%	20.8%	100.0%	Based on all allocable O&M Expenses
Hydrants	0.5%	99.5%	0.0%	100.0%	For Hydrants
Plant In Service	60.6%	24.9%	14.5%	100.0%	Based on all allocable Utility Plant Items
Storage	72.1%	27.9%	0.0%	100.0%	For Storage Facilities
		<u>Gal/Min</u>	<u>Percent</u>		
	Maximum Hour	5,169	72.1%		Assume Max Hour = 1.5 X Max Day
	Fire Demand	<u>2,000</u>	<u>27.9%</u>		
	Total	7,169	100.0%		
Transmission & Distribution	12.5%	21.2%	66.3%	100.0%	General T&D O&M Expenses

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Pennichuck East Utility, Inc.
Retail Units of Service

<u>Monthly</u>	<u>No. of Meters</u>	<u>No. of Bills</u>	<u>Cost Factor</u>	<u>Meter Equivs.</u>	<u>Flow Factor</u>	<u>Cap. Equivs.</u>
5/8"	7,629	91,548	1.00	7,629	1.00	7,629
3/4"	66	792	1.28	85	1.50	99
1"	140	1,680	2.52	352	2.50	350
1 1/2"	45	540	4.97	224	5.00	225
2"	43	516	5.56	239	8.00	344
3"	4	48	25.96	104	16.00	64
4"	-	-	60.40	-	25.00	-
6"	-	-	84.51	-	50.00	-
	7,927	95,124		8,633		8,711

	<u>Ccf/year</u>
Billable Water Consumption	705,312

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Pennichuck East Utility, Inc.
Fire Protection Units of Service

<u>Inch Feet</u>		<u>Hydrants</u>
Londonderry	1,951,858	201
Pelham	461,000	36

Litchfield	2,665,012	248
Raymond	85,586	12
Bow	10,798	2
Windham	207,178	27
Birch Hill	66,400	6
Exeter	30,120	6
Lee	20,016	7
Total: Inch Feet	5,497,968	545

	<u>Number</u>	<u>Factor *</u>	<u>Equivs.</u>	<u>Percent</u>
<i>Public</i>				
Hydrants	545	111.3	60,664.5	72.03%
<i>Private</i>				
1 1/2"	111	2.9	322.4	
2"	83	6.2	513.8	
3"	0	18.0	0.0	
4"	22	38.3	843.0	
6"	48	111.3	5,342.9	
8"	30	237.2	7,116.2	
10"	0	426.6	0.0	
12"	3	689.0	2,067.1	
Hydrants	66	111.3	7,346.5	
Subtotal: Private	363		23,552.0	27.97%
Total			84,216.5	100.00%

* Nominal size to the 2.63 power.

Pennichuck East Utility, Inc.
Calculation of Fire Protection Charges

Total Fire Protection Allocation (a)	\$ 1,396,571	
Hydrants O&M	94,300	
Plus O&M Admin	40,215	Based on General & Admin % of Total = 42.65%
Hydrants Cap.	64,093	Based on Hydrant % of Fire Assets: 8.54%
Hydrants Taxes	26,325	
Total Direct Hydrant (b)	\$ 224,934	
Net Non-Hydrant Fire (a) - (b)	\$ 1,171,638	

	<u>Percent</u> <u>Allocated *</u>	<u>Revenue</u> <u>Required</u>
Allocation Between Public and Private		
Public Fire Service	72.03%	\$ 843,977
Private Fire Service	27.97%	327,661
Total	100.0%	\$ 1,171,638

* From Units of Service

Pennichuck East Utility, Inc.
Calculation of Fire Protection Charges

Private Fire Service

Allocated Cost	\$	327,661	
----- =		----- =	\$13.91 per 1" equivalent per year
Number of Equivs		23,552.0	

<u>Service Size</u>	<u>Factor</u>	<u>Demand Charge</u>	<u>Billing Charge</u>	<u>Monthly Charge</u>
1 1/2"	2.9	\$ 3.37	\$ 3.78	\$ 7.15
2"	6.2	7.18	3.78	10.96
3"	18.0	20.85	3.78	24.63
4"	38.3	44.43	3.78	48.21
6"	111.3	129.05	3.78	132.83
8"	237.2	275.01	3.78	278.79
10"	426.6	494.56	3.78	498.34
12"	689.0	798.84	3.78	802.62
Hydrants	111.3	129.05	3.78	132.83

Pennichuck East Utility, Inc.
Summary of Customer Expense Allocations

Required from Customer Charges	Customer		<u>METERS/SERVICES</u>		<u>BILLINGS</u>	
	<u>Total *</u>	<u>Allocation</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Operation & Maintenance	\$ 1,202,189	Customer O&M	70.8%	\$ 851,706	29.2%	\$ 350,485
Amortization	48,045	Customer Depreciation	100.0%	48,045	0.0%	-
Taxes - Federal & State	690	All Customer Expenses	80.5%	555	19.5%	135
Taxes - Property	179,806	Customer Plant	100.0%	179,806	0.0%	-
Operating Expense Contingency	90,801	Customer O&M	70.8%	64,329	29.2%	26,472
Debt Service Revenue Requirement	274,456	Customer Plant	100.0%	274,456	0.0%	-
City Bond Fixed Revenue Requirement	134,644	Customer Plant	100.0%	134,644	0.0%	-
Less Other Revenues	(5,516)	All Customer Expenses	80.5%	(4,438)	19.5%	(1,077)
Total: Required from Customer Charges	\$ 1,925,115	All Customer Expenses	80.5%	\$ 1,549,104	19.5%	\$ 376,015

* From allocation of O&M, Plant & Depreciation allocated to Customer Costs

Pennichuck East Utility, Inc.
Allocation of Customer Expenses

	Customer <u>Total</u>	<u>Allocation</u>	<u>METERS/SERVICES</u>		<u>BILLINGS</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Transmission and Distribution Expenses						
<u>Operation</u>						
Operation Supervision and Engineering	\$ -	Meter	100.0%	\$ -	0.0%	\$ -
Transmission and Distribution Lines Expenses	-	Meter	100.0%	-	0.0%	-
Meter Expenses	163,377	Meter	100.0%	163,377	0.0%	-
Customer Installation Expense	7,706	Meter	100.0%	7,706	0.0%	-
Miscellaneous Expenses	-	Meter	100.0%	-	0.0%	-
Rents	-	Meter	100.0%	-	0.0%	-
Subtotal: Operation	<u>\$ 171,083</u>			<u>\$ 171,083</u>		<u>\$ -</u>
<u>Maintenance</u>						
Maintenance Supervision and Engineering	\$ -	Meter	100.0%	\$ -	0.0%	\$ -
Maintenance of Structures and Improvements	-	Meter	100.0%	-	0.0%	-
Maintenance of Dist. Reservoirs & Standpipes	-	Meter	100.0%	-	0.0%	-
Maintenance of Trans. & Distribution Mains	-	Meter	100.0%	-	0.0%	-
Maintenance of Fire Mains	-	Meter	100.0%	-	0.0%	-
Maintenance of Services	264,299	Meter	100.0%	264,299	0.0%	-
Maintenance of Meters	10,595	Meter	100.0%	10,595	0.0%	-
Maintenance of Hydrants	-	Meter	100.0%	-	0.0%	-
Maintenance of Miscellaneous Plant	37,573	Meter	100.0%	37,573	0.0%	-
Subtotal: Maintenance	<u>\$ 312,467</u>			<u>\$ 312,467</u>		<u>\$ -</u>
Total: Transmission & Distribution Expenses	\$ 483,550			\$ 483,550		\$ -
Customer Accounts Expenses						
<u>Operation</u>						
Supervision	\$ -	Billing/Cust. Svc.	0.0%	\$ -	100.0%	\$ -
Meter Reading Salaries	58,102	Billing/Cust. Svc.	0.0%	-	100.0%	58,102
Customer Records & Coll. Expenses-Labor	115,781	Billing/Cust. Svc.	0.0%	-	100.0%	115,781
Uncollectible Accounts	25,101	Billing/Cust. Svc.	0.0%	-	100.0%	25,101
Miscellaneous Customer Account Expense	-	Billing/Cust. Svc.	0.0%	-	100.0%	-
Subtotal: Operation	<u>\$ 198,984</u>			<u>\$ -</u>		<u>\$ 198,984</u>
Total: Customer Accounts Expenses	\$ 198,984			\$ -		\$ 198,984

Pennichuck East Utility, Inc.
Allocation of Customer Expenses

	Customer <u>Total</u>	<u>Allocation</u>	<u>METERS/SERVICES</u>		<u>BILLINGS</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Administrative and General Expenses						
<u>Operation</u>						
Administrative and General Salaries	\$ -	Customer O&M	70.8%	\$ -	29.2%	\$ -
Office Supplies and Other Expenses	1,521	Customer O&M	70.8%	1,077	29.2%	443
Administrative Expenses Transferred	-	Customer O&M	70.8%	-	29.2%	-
Outside Services Employed	3,894	Customer O&M	70.8%	2,759	29.2%	1,135
Property Insurance	16,498	Customer O&M	70.8%	11,688	29.2%	4,810
Injuries and Damages	-	Customer O&M	70.8%	-	29.2%	-
Employee Pension and Benefits	-	Customer O&M	70.8%	-	29.2%	-
Regulatory Commission Expenses	7,106	Customer O&M	70.8%	5,035	29.2%	2,072
Miscellaneous General Expenses	490,636	Customer O&M	70.8%	347,597	29.2%	143,039
Rents	-	Customer O&M	70.8%	-	29.2%	-
Subtotal: Operation	\$ 519,654			\$ 368,156		\$ 151,498
<u>Maintenance</u>						
Maintenance of General Plant	\$ -	Customer O&M	70.8%	\$ -	29.2%	\$ -
Subtotal: Maintenance	\$ -			\$ -		\$ -
Total Administrative and General Expenses	\$ 519,654			\$ 368,156		\$ 151,498
Total Oper. and Maint. Expenses	\$ 1,202,189	Customer O&M	70.8%	\$ 851,706	29.2%	\$ 350,485

Pennichuck East Utility, Inc.
Allocation of Customer Plant Investment

	Customer <u>Total</u>	<u>Allocation</u>	<u>METERS/SERVICES</u>		<u>BILLINGS</u>	
			<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
<u>Plant Investment</u>						
Organization	\$ 386,400	Customer Plant	100.0%	\$ 386,400	0.0%	\$ -
Franchises	69,878	Customer Plant	100.0%	69,878	0.0%	-
Services	8,383,066	Meter	100.0%	8,383,066	0.0%	-
Meters & Meter Installation	2,055,998	Meter	100.0%	2,055,998	0.0%	-
Other Plant & Misc. Equipment	13,048	Customer Plant	100.0%	13,048	0.0%	-
Office Furniture & Equipment	391	Billing/Cust. Svc.	0.0%	-	100.0%	391
Transportation Equipment	-	Customer Plant	100.0%	-	0.0%	-
Stores Equipment	-	Customer Plant	100.0%	-	0.0%	-
Tools, Shop & Garage Equip.	10,602	Customer Plant	100.0%	10,602	0.0%	-
Laboratory Equipment	1,394	Customer Plant	100.0%	1,394	0.0%	-
Power Operated Equipment	-	Customer Plant	100.0%	-	0.0%	-
Communications Equipment	76,781	Customer Plant	100.0%	76,781	0.0%	-
Miscellaneous Equipment	13,419	Customer Plant	100.0%	13,419	0.0%	-
Other Tangible Plant	1,506	Customer Plant	100.0%	1,506	0.0%	-
Total Cust. Plant In Service	\$ 11,012,483	Customer Plant	100.0%	\$ 11,012,092	0.0%	\$ 391

Pennichuck East Utility, Inc.
Allocation of Customer Depreciation

	Customer		<u>METERS/SERVICES</u>		<u>BILLINGS</u>	
	<u>Total</u>	<u>Allocation</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
<u>Depreciation</u>						
Organization	\$ 15,284	Customer Depreciation	100.0%	\$ 15,284	0.0%	\$ -
Franchise	3,494	Customer Depreciation	100.0%	3,494	0.0%	-
Services	165,428	Meter	100.0%	165,428	0.0%	-
Meters & Meter Installation	85,713	Meter	100.0%	85,713	0.0%	-
Other Plant & Misc. Equipment	316	Customer Depreciation	100.0%	316	0.0%	-
Office Furniture & Equipment	-	Billing/Cust. Svc.	0.0%	-	100.0%	-
Transportation Equipment	-	Customer Depreciation	100.0%	-	0.0%	-
Stores Equipment	-	Customer Depreciation	100.0%	-	0.0%	-
Tools, Shop & Garage Equip.	38	Customer Depreciation	100.0%	38	0.0%	-
Laboratory Equipment	86	Customer Depreciation	100.0%	86	0.0%	-
Power Operated Equipment	-	Customer Depreciation	100.0%	-	0.0%	-
Communications Equipment	4,954	Customer Depreciation	100.0%	4,954	0.0%	-
Miscellaneous Equipment	1,504	Customer Depreciation	100.0%	1,504	0.0%	-
Other Tangible Plant	168	Customer Depreciation	100.0%	168	0.0%	-
Adjustment	(5)	Customer Depreciation	100.0%	(5)	0.0%	-
Total Depreciation	\$ 276,981	Customer Depreciation	100.0%	\$ 276,981	0.0%	\$ -

Pennichuck East Utility, Inc.
Explanation of Customer Allocations

	Meters	Billings	Total
Billing/Cust. Svc.	0.0%	100.0%	100.0% Billing & Customer Service
Meter	100.0%	0.0%	100.0% Meter/Service Related
Customer O&M	70.8%	29.2%	100.0% Based on all other Customer Related O&M
Customer Plant	100.0%	0.0%	100.0% Based on all other Customer Related Plant
Customer Depreciation	100.0%	0.0%	100.0% Based on all other Customer Related Depreciation
All Customer Expenses	80.5%	19.5%	100.0% Based on all allocable expenses

Pennichuck East Utility, Inc.
Calculation of Customer Service Charges

BILLING CHARGE

Billing Cost	\$376,015	
----- =	----- =	\$3.780 per billing
No. of Billings (including Priv. Fire)	99,480	

METER/SERVICE CHARGE

Meter/Service Cost	\$1,549,104	
----- =	----- =	\$179.438 per equivalent per year
No. of Meter Equivs.	8,633.1	

READY TO SERVE (PORTION OF FIXED COSTS)

1/3 of Water Related Debt Service Requirements	\$ 568,262	
----- =	----- =	\$65.235 per equivalent per year
No. of Capacity Equivs.	8,711.0	

<u>Monthly</u>		<u>Billing Charge</u>	<u>Meter Charge</u>	<u>Readiness-to-Serve</u>	<u>Total Charge</u>	<u>Revenue</u>
5/8"	\$	3.78	\$ 14.95	\$ 5.44	\$ 24.17	2,212,641
3/4"		3.78	19.20	8.15	31.13	24,658
1"		3.78	37.64	13.59	55.01	92,418
1 1/2"		3.78	74.39	27.18	105.35	56,888
2"		3.78	83.20	43.49	130.47	67,323
3"		3.78	388.15	86.98	478.91	22,988
4"		3.78	903.10	135.91	1,042.79	-
6"		3.78	1,263.67	271.81	1,539.26	-
8" and up		3.78	2,616.80	434.90	3,055.48	-
					\$	2,476,915

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Pennichuck East Utility. Inc.
Calculation of Metered Rates

Total Cost of Service	\$	10,536,504
Less Revenues from Fire Charges		(1,396,571)
Less Revenues from Customer Service Charges		(2,493,380)
Equals Required Volumetric Revenue	\$	<u>6,646,552</u>
Metered Sales (Ccf/year)		705,312
Cost Based Metered Rate (per Ccf)	\$	9.42

Pennichuck East Utility, Inc.
Summary of Cost of Service

<u>Customer Service Charge (\$/month)</u>	<u>Current</u>	<u>Cost Of Service</u>	<u>% Change</u>	<u>\$ Change</u>
<u>Meter Size</u>				
5/8" \$	20.70	\$ 24.17	17%	\$ 3.47
3/4"	44.03	31.13	-29%	(12.90)
1"	62.32	55.01	-12%	(7.31)
1 1/2"	135.68	105.35	-22%	(30.33)
2"	201.30	130.47	-35%	(70.83)
3"	427.09	478.91	12%	51.82
4"	670.55	1,042.79	56%	372.24
6"	1,341.07	1,539.26	15%	198.19
8" and up	1,674.93	3,055.48	82%	1,380.55
 <u>Metered Rate (\$/100 cubic feet)</u>				
\$	7.51	\$ 9.42	25%	\$ 1.91

Pennichuck East Utility, Inc.
Summary of Cost of Service

	<u>Current</u>	<u>Cost Of Service</u>	<u>% Change</u>	<u>\$ Change</u>
<u>Public Fire Protection (per month)</u>				
\$/hydrant/month (HM)	\$ 16.07	\$ 34.39	114%	\$ 18.32
\$/inch-foot/month (IF)	\$ 0.01231	\$ 0.01279	4%	\$ 0.00049
<u>Private Fire Protection</u>				
	<u>Current</u>	<u>Cost of Service</u>	<u>% Change</u>	<u>\$ Change</u>
<u>Service Size</u>				
1 1/2"	\$ 9.71	\$ 7.15	-26%	\$ (2.56)
2"	17.25	10.96	-36%	(6.29)
3"	38.82	24.63	-37%	(14.19)
4"	69.02	48.21	-30%	(20.81)
6"	155.33	132.83	-14%	(22.50)
8"	276.10	278.79	1%	2.69
10"	455.26	498.34	9%	43.08
12"	733.22	802.62	9%	69.40
Hydrants	121.37	132.83	9%	11.46

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Pennichuck East Utility, Inc.
Revenue Proof

Customer Service Charge:

		Number of <u>Bills</u>	Cost of Service Rates	
			<u>Rate</u>	<u>Revenue</u>
Monthly	5/8"	91,548	\$ 24.17	\$ 2,212,641
	3/4"	792	31.13	24,658
	1"	1,680	55.01	92,418
	1 1/2"	540	105.35	56,888
	2"	516	130.47	67,323
	3"	48	478.91	22,988
	4"	-	1,042.79	-
	6"	-	1,539.26	-
	8" and up	-	3,055.48	-
Total Customer Service Charges				\$ 2,476,915

Consumption Charges

	<u>Use (ccf)</u>			
Metered Rate	705,312	\$	9.42	\$ 6,646,552
Total Consumption Charges				\$ 6,646,552

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Pennichuck East Utility, Inc.
Revenue Proof

Fire Protection - Monthly Charges

Cost of Service Rates

		<u>Rate</u>	<u>Revenue</u>
	Hydrants	Hyd.Maint. Chg	HydMaint Rev
<u>Hydrant Maintenance</u>	545	\$ 34.39	\$ 224,934
	Inch-Feet	In-Ft Cng	In-Ft Rev
<u>Inch-Foot</u>	5,497,968	\$ 0.01279	\$ 843,977
<u>Total Public Fire Revenue</u>			\$ 1,068,911
<u>Private Fire</u>			
1 1/2"	111	\$ 7.15	\$ 9,520
2"	83	10.96	10,913
3"	0	24.63	-
4"	22	48.21	12,726
6"	48	132.83	76,509
8"	30	278.79	100,363
10"	0	498.34	-
12"	3	802.62	28,894
Hydrants	66	132.83	105,200
Total Private Fire			\$ 344,126
Total Private & Public Fire			\$ 1,413,036
Grand Total Revenue			\$ 10,536,504

Pennichuck East Utility, Inc.
 Customer Impacts Schedule

Cons. (Ccf/Month)	Meter Size	Existing			Cost of Service			Change	
		Volumetric Charge	Monthly Cust. Charge	Monthly Total Bill	Volumetric Charge	Monthly Cust. Charge	Monthly Total Bill	\$	%
3	5/8"	\$ 22.53	\$ 20.70	\$ 43.23	\$ 28.27	\$ 24.17	\$ 52.44	\$ 9.21	21.3%
5	5/8"	37.55	20.70	58.25	47.12	24.17	71.29	13.04	22.4%
10	5/8"	75.10	20.70	95.80	94.24	24.17	118.40	22.60	23.6%
25	1"	187.75	62.32	250.07	235.59	55.01	290.60	40.53	16.2%
50	1"	375.50	62.32	437.82	471.18	55.01	526.19	88.37	20.2%
50	1 1/2"	375.50	135.68	511.18	471.18	105.35	576.53	65.35	12.8%
75	2"	563.25	201.30	764.55	706.77	130.47	837.24	72.69	9.5%
150	2"	1,126.50	201.30	1,327.80	1,413.53	130.47	1,544.00	216.20	16.3%
250	2"	1,877.50	201.30	2,078.80	2,355.89	130.47	2,486.36	407.56	19.6%
500	2"	3,755.00	201.30	3,956.30	4,711.78	130.47	4,842.25	885.95	22.4%

Class of Service	Inch-Ft	# of Hydrants	Calculated Annual Charge	
FP - Hydrants ¹				
Londonderry FP Hydrants -	1,951,858	201	\$	382,581
Pelham FP Hydrants -	461,000	36	\$	85,625
Litchfield FP Hydrants -	2,665,012	248	\$	511,453
Raymond FP Hydrants ³ -	85,586	12	\$	9,045
		Total FP Hydrants -	\$	988,705
Bow Public Hydrant -	10,798	2	\$	2,483
Windham Public Hydrant	207,178	27	\$	42,947
Birch Hill Public Hydrant -	66,400	6	\$	12,669
Exeter Public Hydrant -	30,120	6	\$	7,100
Lee Public Hydrant -	20,016	7	\$	5,962
Raymond Public Hydrant ³ -	85,586	12	\$	9,045
		Total Public Hydrants -	\$	80,206
		Total Public Fire Protection -	\$	1,068,911

Notes:

1. FP Hydrant charges are billed to the Municipality
2. Public Hydrant Charges are billed to the Customers of the Water systems in those communities with Fire Hydrants in they water system
3. The Town of Raymond pays for 50% of the FP Hydrants charge in Raymond. The remaining 50% of the Public FP-Hydrants charge is paid for via the Raymond Public Hydrant charge.