

PART Puc 1604 FULL RATE CASE FILING REQUIREMENTS

Puc 1604.01 Contents of a Full Rate Case.

(a) Notwithstanding the requirements of Puc 203.02, a utility with annual revenues of \$1,000,000 or more filing a proposed tariff as part of a full rate case shall file with the commission an original and 6 copies of each of the following:

- (1) The utility's internal financial reports for the following periods:
 - a. For the first and last month of the test year;
 - b. For the entire test year; and
 - c. For the 12 months or 5 quarters prior to the test year;
- (2) Annual reports to stockholders and statistical supplements, if any, for the most recent 2 years;
- (3) Federal income tax reconciliation for the test year;
- (4) A detailed computation of New Hampshire and federal income tax factors on the increment of revenue needed to produce a given increment of net operating income;
- (5) A detailed list of charitable contributions charged in the test year above the line showing donee, the amount, and the account charged according to the following guidelines:
 - a. If the utility's annual gross revenues are less than \$100,000,000 all contributions of \$50 and more shall be reported;
 - b. If the utility's annual gross revenues are \$100,000,000 or more, all contributions of \$2,500 and more shall be reported; and
 - c. The reporting threshold for a particular charity shall be on a cumulative basis, indicating the number of items comprising the total amount of contribution;
- (6) A list of advertising charged in the test year above the line showing expenditure by media, subject matter, and account charged according to the following guidelines:
 - a. If the utility's annual gross revenues are less than \$100,000,000 all expenditures of \$50 and more shall be reported; and
 - b. If the utility's annual gross revenues are \$100,000,000 or more, all expenditures of \$2,500 and more shall be reported;
- (7) The utility's most recent cost of service study if not previously filed in an adjudicative proceeding;
- (8) The utility's most recent construction budget;
- (9) The utility's chart of accounts, if different from the uniform system of accounts established by the commission as part of Puc 300, Puc 400, Puc 500, Puc 600 and Puc 700;
- (10) The utility's Securities and Exchange Commission 10K forms and 10Q forms or hyperlinks thereto, for the most recent 2 years;

- (11) A detailed list of all membership fees, dues, lobbying expenses and donations for the test year charged above the line showing the trade, technical, and professional associations and organizations and amount, and the account charged, according to the following guidelines:
- a. If the utility's annual gross revenues are less than \$100,000,000 all membership fees, dues and donations shall be reported; and
 - b. If the utility's annual gross revenues are \$100,000,000 or more, all membership fees, dues and donations of \$5,000 and more shall be reported;
- (12) The utility's most recent depreciation study if not previously filed in an adjudicative proceeding;
- (13) The utility's most recent management and financial audits if not previously filed in an adjudicative proceeding;
- (14) A list of officers and directors of the utility and their full compensation for each of the last 2 years, detailing base compensation, bonuses, and incentive plans;
- (15) Copies of all officer and executive incentive plans;
- (16) Lists of the amount of voting stock of the utility categorized as follows:
- a. Owned by an officer or director individually;
 - b. Owned by the spouse or minor child of an officer or director; or
 - c. Controlled by the officer or director directly or indirectly;
- (17) A list of all payments to individuals or corporations for contractual services in the test year with a description of the purpose of the contractual services, as follows:
- a. For utilities with less than \$10,000,000 in annual gross revenues, a list of all payments in excess of \$10,000;
 - b. For utilities with \$10,000,001 to \$100,000,000 in annual gross revenues, a list of all payments in excess of \$50,000; and
 - c. For utilities with annual gross revenues in excess of \$100,000,000, a list of all payments in excess of \$100,000;
 - d. The reporting thresholds for a particular entity shall be on a cumulative basis, indicating the number of items comprising the total amount of expenditure.
- (18) For non-utility operations, the amount of assets and costs allocated thereto and justification for such allocations;
- (19) Balance sheets and income statements for the previous 2 years if not previously filed with the commission;
- (20) Quarterly income statements for the previous 2 years if not previously filed with the commission;

- (21) Quarterly sales volumes for the previous 2 years, itemized for residential and other classifications of service, if not previously filed with the commission;
 - (22) A description of the utility's projected need for external capital for the 2 year period immediately following the test year;
 - (23) The utility's capital budget with a statement of the source and uses of funds for the 2 years immediately following the test year;
 - (24) The amount of outstanding short term debt, on a monthly basis during the test year, for each short-term indebtedness;
 - (25) If a utility is a subsidiary, a certificate of an appropriate official of the subsidiary detailing any expense of the parent company which was included in the subsidiary's cost of service; and
 - (26) Support for figures appearing on written testimony and in accompanying exhibits.
- (b) Notwithstanding the requirements of Puc 203.02, a utility with annual revenues of less than \$1,000,000 filing a proposed tariff as part of a full rate case shall file with the commission an original and 6 copies of each of the following:
- (1) A detailed list of charitable contributions charged in the test year above the line, showing donee, the amount, and the account charged;
 - (2) A detailed list of advertising charges in the test year above the line, showing donee, the amount, and the account charged;
 - (3) The utility's most recent construction budget;
 - (4) The utility's chart of accounts, if different from the uniform system of accounts established by the commission as part of Puc 300, Puc 400, Puc 500, Puc 600 and Puc 700;
 - (5) A detailed list of all membership fees, dues, lobbying expenses and donations charged in the test year above the line, showing donee, the amount, and the account charged;
 - (6) Copies of any depreciation studies if not previously filed in an adjudicative proceeding;
 - (7) Copies of any management or financial audits which the utility has not submitted to the commission;
 - (8) A list of officers, executives, and directors of the utility and their full compensation for each of the last 2 years, detailing base compensation, bonuses, and incentive plans;
 - (9) A list of all payments to individuals or corporations for contractual services in the test year with a description of the purpose of the contractual services;
 - (10) For non-utility operations, the amount of assets and costs allocated thereto and justification for such allocations;
 - (11) Balance sheets and income statements for the previous 2 years if not previously filed with the commission;
 - (12) Quarterly income statements for the previous 2 years if not previously filed with the commission;

PUC 1604.01(a)(1)

The utility's internal financial reports for the following periods:

- a. For the first and last month of the test year;**
- b. For the entire test year; and**
- c. For the 12 months or 5 quarters prior to the test year**

Response:

Please refer to Requirement 1 Attachment 1 for a. and c.

Refer to Company response to Puc 1604.01(a)(19) for b.

Aquarion Water Company of New Hampshire
Balance Sheets
For the Period Ended January 31,
(Dollars in thousands, except per share amounts)

	2019
Assets:	
Property, plant and equipment:	
Utility plant, net of accumulated depreciation	\$ 35,615
Non-utility property and equipment	-
	<u>35,615</u>
Current assets:	
Cash and cash equivalents	78
Accounts receivable, net of allowance (2019, \$18)	161
Accrued unbilled revenue	301
Miscellaneous receivables	11
Materials and supplies	152
Notes receivable from associated companies	86
Prepaid expenses and other	136
	<u>925</u>
Other assets:	
Unamortized debt discount and expense	104
Regulatory assets	3,208
	<u>3,312</u>
Total Assets	<u><u>\$ 39,852</u></u>
Liabilities and Stockholder's Equity:	
Stockholder's equity:	
Preferred stock, \$100 par value, authorized 5,700 shares - 23 shares of 6% Series issued and outstanding.	\$ 2
Common stock, \$25 par value, authorized 100,000 shares; issued and outstanding 87,483 shares.	2,187
Paid-in-capital	4,038
Retained earnings	7,276
Total stockholder's equity	<u>13,503</u>
Long-term debt	<u>13,900</u>
Current liabilities:	
Leases - Current	-
Notes payable to associated companies	300
Accounts payable and accrued liabilities	385
Accrued bond interest	241
Payable to associated companies	-
Accrued taxes	-
	<u>926</u>
Regulatory and other long-term liabilities:	
Advances for construction	579
Deferred income taxes	6,156
Deferred investment tax credits	
Accrued pension costs	1,066
Accrued postretirement benefit expense	669
Other long term liabilities	606
	<u>9,076</u>
Commitments and contingencies	
Contributions in aid of construction	<u>2,447</u>
Total Liabilities and Stockholder's Equity	<u><u>\$ 39,852</u></u>

Aquarion Water Company of New Hampshire
Balance Sheets
For the Period Ended December 31,
(Dollars in thousands, except per share amounts)

	2019
Assets:	
Property, plant and equipment:	
Utility plant, net of accumulated depreciation	\$ 40,059
Non-utility property and equipment	-
	<u>40,059</u>
Current assets:	
Cash and cash equivalents	22
Accounts receivable, net of allowance (2019, \$18)	264
Accrued unbilled revenue	252
Miscellaneous receivables	24
Materials and supplies	160
Notes receivable from associated companies	-
Prepaid expenses and other	209
	<u>931</u>
Other assets:	
Unamortized debt discount and expense	93
Right of Use Assets	450
Regulatory assets	3,728
	<u>4,271</u>
Total Assets	<u><u>\$ 45,261</u></u>
Liabilities and Stockholder's Equity:	
Stockholder's equity:	
Preferred stock, \$100 par value, authorized 5,700 shares - 23 shares of 6% Series issued and outstanding.	\$ 2
Common stock, \$25 par value, authorized 100,000 shares; issued and outstanding 87,483 shares.	2,187
Paid-in-capital	6,038
Retained earnings	8,373
Total stockholder's equity	<u>16,600</u>
Long-term debt	<u>13,900</u>
Current liabilities:	
Leases - Current	87
Notes payable to associated companies	1,200
Accounts payable and accrued liabilities	1,087
Accrued bond interest	229
Payable to associated companies	23
Accrued taxes	-
	<u>2,626</u>
Regulatory and other long-term liabilities:	
Advances for construction	728
Deferred income taxes	6,447
Deferred investment tax credits	
Accrued pension costs	1,030
Accrued postretirement benefit expense	625
Other long term liabilities	892
	<u>9,722</u>
Commitments and contingencies	
Contributions in aid of construction	<u>2,413</u>
Total Liabilities and Stockholder's Equity	<u><u>\$ 45,261</u></u>

AQUARION WATER COMPANY of NEW HAMPSHIRE
STATEMENT OF INCOME
For the Month Ending

	January 31,
	2019
Residential	287,996
Commercial	84,021
Industrial	2,097
Public Authorities	8,355
Public Fire	72,788
Private Fire	37,483
Other Revenues	13,335
Operating Revenues	506,075
Operation	230,723
Maintenance	50,492
Deprecation	94,311
Taxes other Than Income Taxes	66,631
Current Income Taxes	(1,000)
Deferred Income Taxes	-
Operating Expenses	441,157
Utility Operating Income	64,918
Merchandise, Jobbing and Contract Work	(1,250)
Interest	-
Misc Non-Operating Gain (Loss), Net	-
Other Income	(1,250)
Other Income Deductions	(3,120)
Other Deductions	(3,120)
Net Other Income	(4,370)
Income Before Interest Charges	69,288
Interest on Long-term Debt	68,967
Amortization of Debt Discount and Expense	1,501
Interest on Debt to Affiliated Companies	1,218
Other Interest Charges	1,624
Interest Charges	73,310
Net Income (Loss)	(4,022)

AQUARION WATER COMPANY of NEW HAMPSHIRE
STATEMENT OF INCOME
For the Month Ending

	December 31,	
	2019	Year End
Residential	260,072	4,247,284
Commercial	75,097	1,321,123
Industrial	(203)	8,872
Public Authorities	5,888	131,192
Public Fire	60,533	871,923
Private Fire	37,600	442,802
Other Revenues	12,936	203,317
Operating Revenues	451,923	7,226,513
Operation	203,703	2,828,521
Maintenance	28,522	517,520
Deprecation	64,918	1,024,230
Taxes other Than Income Taxes	63,032	753,018
Current Income Taxes	(107,202)	124,279
Deferred Income Taxes	84,807	92,275
Operating Expenses	337,780	5,339,843
Utility Operating Income	114,143	1,886,670
Merchandise, Jobbing and Contract Work	1,868	(11,355)
Interest	-	-
Misc Non-Operating Gain (Loss), Net	(31,708)	(31,658)
Other Income	(29,840)	(43,013)
Other Income Deductions	(3,120)	(31,437)
Other Deductions	(3,120)	(31,437)
Net Other Income	(32,960)	(74,450)
Income Before Interest Charges	147,103	1,961,120
Interest on Long-term Debt	68,967	823,280
Amortization of Debt Discount and Expense	1,501	18,006
Interest on Debt to Affiliated Companies	4,734	24,595
Other Interest Charges	-	1,627
Interest Charges	75,202	867,508
Net Income (Loss)	71,901	1,093,612

Aquarion Water Company of New Hampshire
Balance Sheets
For the Quarter Ended (Five Quarters Prior to the Test Year)
(Dollars in thousands, except per share amounts)

	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Assets:					
Property, plant and equipment:					
Utility plant, net of accumulated depreciation	\$ 31,519	\$ 32,205	\$ 33,585	\$ 34,533	\$ 35,606
Non-utility property and equipment	-	-	-	-	-
	31,519	32,205	33,585	34,533	35,606
Current assets:					
Cash and cash equivalents	10	12	11	35	9
Accounts receivable, net of allowance	250	228	384	384	233
Accrued unbilled revenue	265	266	370	351	284
Miscellaneous receivables	75	75	38	38	11
Materials and supplies	117	201	161	133	156
Notes receivable from associated companies	1,938	1,900	800	500	4
Prepaid expenses and other	188	58	201	44	233
	2,843	2,740	1,965	1,485	930
Other assets:					
Unamortized debt discount and expense	167	163	110	107	105
Right of Use Assets	-	-	-	-	-
Regulatory assets	4,513	4,495	4,097	4,085	3,209
	4,680	4,658	4,207	4,192	3,314
Total Assets	\$ 39,042	\$ 39,603	\$ 39,757	\$ 40,210	\$ 39,850
Liabilities and Stockholder's Equity:					
Stockholder's equity:					
Preferred stock, \$100 par value, authorized 5,700 shares - 23 shares of 6% Series issued and outstanding at December 31, 2010 and 2009	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Common stock, \$25 par value, authorized 100,000 shares; issued and outstanding 87,483 shares at December 31, 2010 and 2009	2,187	2,187	2,187	2,187	2,187
Paid-in-capital	4,038	4,038	4,038	4,038	4,038
Retained earnings	5,800	5,944	6,436	7,241	7,280
Total stockholder's equity	12,027	12,171	12,663	13,468	13,507
Long-term debt	13,900	13,900	13,900	13,900	13,900
Current liabilities:					
Leases - Current	-	-	-	-	-
Notes payable to associated companies	-	-	-	-	300
Accounts payable and accrued liabilities	515	818	1,011	513	710
Accrued bond interest	229	194	228	195	229
Payable to associated companies	-	79	19	62	-
Accrued taxes	-	-	-	-	-
	744	1,091	1,258	770	1,239
Regulatory and other long-term liabilities:					
Advances for construction	291	291	337	337	579
Deferred income taxes	6,078	6,079	6,081	6,086	6,156
Deferred investment tax credits	-	-	-	-	-
Accrued pension costs	1,764	1,603	1,375	1,343	1,120
Accrued postretirement benefit expense	1,789	1,775	1,493	1,475	695
Other long term liabilities	8	262	228	418	204
	9,930	10,010	9,514	9,659	8,754
Commitments and contingencies					
Contributions in aid of construction	2,441	2,431	2,422	2,413	2,450
Total Liabilities and Stockholder's Equity	\$ 39,042	\$ 39,603	\$ 39,757	\$ 40,210	\$ 39,850

AQUARION WATER COMPANY of NEW HAMPSHIRE
STATEMENT OF INCOME
Five Quarters Prior to the Test Year

	Three Months Ending:				
	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Residential	971,455	891,513	1,142,391	1,496,294	936,584
Commercial	293,259	267,282	337,014	461,810	283,081
Industrial	5,802	9,820	10,471	9,344	9,519
Public Authorities	26,278	21,075	32,717	47,227	27,415
Public Fire	224,410	218,411	218,412	221,364	221,361
Private Fire	109,219	108,749	108,072	108,701	108,789
Other Revenues	43,610	39,636	74,019	44,365	42,316
Operating Revenues	1,674,033	1,556,486	1,923,096	2,389,105	1,629,065
Operation	656,506	662,258	580,562	632,850	636,259
Maintenance	125,280	116,385	124,008	140,113	139,828
Deprecation	193,239	235,758	237,559	250,055	245,230
Taxes other Than Income Taxes	190,301	190,201	190,236	189,749	195,087
Current Income Taxes	199,581	30,000	102,000	167,425	96,381
Deferred Income Taxes	(62,850)	1,000	2,000	5,454	132,211
Operating Expenses	1,302,057	1,235,602	1,236,365	1,385,646	1,444,996
Utility Operating Income	371,976	320,884	686,731	1,003,459	184,069
Merchandise, Jobbing and Contract Work	(1,031)	(16,167)	(1,069)	(21)	(10,003)
Interest	(14,637)	(8,178)	(6,927)	(3,002)	(1,815)
Misc Non-Operating Gain (Loss), Net	(40,929)	-	-	-	(44,115)
Other Income	(56,597)	(24,345)	(7,996)	(3,023)	(55,933)
Other Income Deductions	(9,220)	(9,220)	(8,220)	(9,220)	(9,266)
Other Deductions	(9,220)	(9,220)	(8,220)	(9,220)	(9,266)
Net Other Income	(65,817)	(33,565)	(16,216)	(12,243)	(65,199)
Income Before Interest Charges	437,793	354,449	702,947	1,015,702	249,268
Interest on Long-term Debt	206,284	205,048	205,666	206,284	206,284
Amortization of Debt Discount and Expense	4,502	4,502	4,502	4,502	4,502
Interest on Debt to Affiliated Companies	-	-	-	-	-
Other Interest Charges	-	1,125	-	-	-
Interest Charges	210,786	210,675	210,168	210,786	210,786
Net Income (Loss)	227,007	143,774	492,779	804,916	38,482

PUC 1604.01(a)(2)

Annual reports to stockholders and statistical supplements, if any, for the most recent 2 years.

Response:

Not applicable. Aquarion does not prepare annual reports to stockholders and statistical supplements.

PUC 1604.01(a)(3)

Federal income tax reconciliation for the test year.

Response:

Refer to Requirement 3 Attachment 1.

AQUARION WATER COMPANY of NEW HAMPSHIRE

FEDERAL INCOME TAX RECONCILIATION

12 Months Ended 12/31/2019

	<u>Current Provision</u>	<u>Deferred</u>	<u>Total</u>
Net Income	<u>\$ 1,093,611</u>	<u>\$ -</u>	<u>\$ 1,093,611</u>
Add:			
Federal tax revenue adjustment due to customers	\$ 514,000	(514,000)	
Patronage distributions	18,292	-	18,292
Other timing items, net	15,463	(15,463)	
Other permanent items, net	1,235	-	1,235
Federal Income Tax Expense	162,198	-	162,198
State Income Tax Expense	54,357	-	54,357
		-	
Less:			
Tangible property deduction	(604,232)	-	(604,232)
Book over tax depreciation	(88,416)	88,416	
Loss on early disposal of fixed assets	(196,698)	196,698	
Deferred debits	(10,017)	10,017	
Post retirement benefits	(185,720)	185,720	
Pension	(307,029)	307,029	
Current State Income Taxes	(24,990)	(29,367)	(54,357)
Other	-	999	999
Subtotal	<u>\$ (651,557)</u>	<u>230,049</u>	<u>(421,508)</u>
Taxable Income	<u>\$ 442,054</u>	<u>230,049</u>	<u>672,103</u>
Tax at 21%	<u>92,831</u>	<u>48,310</u>	<u>141,141</u>
		-	
Current Provision	\$ 92,831		
Deferred FIT	48,310		
American Water - Regulatory Asset	21,569		
Adjustment Related to 2018 Return	(512)		
Tie to Books	-		
FIT Expense Per Books	<u>\$ 162,198</u>		

PUC 1604.01(a)(4)

A detailed computation of New Hampshire and federal income tax factors on the increment of revenue needed to produce a given increment of net operating income.

Response:

Refer to Requirement 4 Attachment 1.

AQUARION WATER COMPANY of NEW HAMPSHIRE

COMPUTATION OF GROSS REVENUE CONVERSION FACTOR

After Tax Income	100.00
Federal Income Tax (21.00%)	<u>26.58</u>
Taxable Income for Federal Income Tax	126.58
State Income Tax (7.70%)	<u>10.56</u>
Gross Revenue Conversion Factor	<u>137.14</u>

Proof

Taxable income	100.00%
Less: state income tax	<u>7.70%</u>
Federal taxable income	92.30%
Federal income tax, net of state	<u>19.38%</u>
Blended Federal and state tax rates	<u>27.08%</u>

Gross-up factor	<u>137.14</u>
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PUC 1604.01(a)(5)

A detailed list of charitable contributions charged in the test year above the line showing donee, the amount, and the account charged according to the following guidelines:

- a. If the utility's annual gross revenues are less than \$100,000,000 all contributions of \$50 and more shall be reported;**
- b. If the utility's annual gross revenues are \$100,000,000 or more, all contributions of \$2,500 and more shall be reported; and**
- c. The reporting threshold for a particular charity shall be on a cumulative basis, indicating the number of items comprising the total amount of contribution.**

Response:

The Company did not charge any charitable contributions in the test year above the line. Charitable contributions made during 2019 were charged below the line.

PUC 1604.01(a)(6)

A list of advertising charged in the test year above the line showing expenditure by media, subject matter, and account charged according to the following guidelines;

- a. If the utility's annual gross revenues are less than \$100,000,000 all expenditures of \$50 and more shall be reported; and**
- b. If the utility's annual gross revenues are \$100,000,000 or more, all expenditures of \$2,500 and more shall be reported.**

Response:

Refer to Requirement 6 Attachment 1 for a list of advertising expenses of \$50 and more.

AWC Of New Hampshire

Advertising Expenses by Media and Subject matter for the test year 01/01/2019 - 12/31/2019

<u>Description</u>	<u>Subject Matter</u>	<u>Account</u>	<u>Amount</u>
Marketing Solutions Unlimited LLC	bill inserts and news letters	930211 - PR Publications	\$ 765
Adkins Design	bill inserts and news letters	930211 - PR Publications	1,723
			<u>\$ 2,488</u>

PUC 1604.01(a)(7)

The utility's most recent cost of service study if not previously filed in an adjudicative proceeding.

Response:

The Company retained Guastella Associates, LLC to perform a Cost of Service Study (“COSS”) as part of its filing in this proceeding. The COSS are included as part of the testimony of Company Witness John F. Guastella.

PUC 1604.01(a)(8)

The Utility's most recent construction budget.

Response:

Refer to Company response to Puc 1604.01(a)(23).

PUC 1604.01(a)(9)

The utility's chart of accounts, if different from the uniform system of accounts established by the commission as part of Puc 300, Puc 400, Puc 500, Puc 600 and Puc 700.

Response:

Refer to Requirement 9 Attachment 1 for the Company's chart of accounts.

AWC of New Hampshire
Chart of Accounts

<u>AWC OF NH</u> <u>ACCOUNT NUMBER</u>		<u>Account Description</u>	<u>NH PUC ACCOUNT</u> <u>NUMBER</u>	
Main	Sub		Main	Sub
		<u>Utility Plant in Service</u>		
101	301	Organization	101	301
101	303	Miscellaneous Intangible Plant	101	339
101	310	Source Land and Land Rights	101	303
101	311	Source Structures and Improvements	101	304
101	312	Collecting and Impounding Reservoirs	101	305
101	314	Wells and Springs	101	307
101	316	Supply Mains	101	309
101	317	Other Water Source Plant	101	339
101	320	Pumping Land and Land Rights	101	303
101	321	Pumping Structures and Improvements	101	304
101	325	Electric Pumping Equipment	101	311
101	326	Diesel Pumping Equipment	101	311
101	328	Other Pumping Equipment	101	311
101	331	Treatment Structures and Improvements	101	304
101	332	Treatment Equipment	101	320
101	340	T&D Land and Land Rights	101	303
101	341	T&D Structures and Improvements	101	304
101	342	Distribution Reservoirs and Standpipes	101	330
101	343	Transmission and Distribution Mains	101	331
101	345	Services	101	333
101	346	Meters	101	334
101	347	Meter Installations	101	334
101	348	Hydrants	101	335
101	349	Other T&D Plant	101	339
101	390	General Structures and Improvements	101	304
101	391	Office Furniture and Equipment	101	340
101	391H	Computer Equipment - Hardware	101	340
101	391S	Computer Equipment - Software	101	340
101	392	Transportation Equipment	101	341
101	393	Stores Equipment	101	342
101	394	Tools, Shop, and Garage Equipment	101	343
101	395	Laboratory Equipment	101	344
101	396	Power Operated Equipment	101	345
101	397	Communications Equipment	101	346

101	398	Miscellaneous Equipment	101	347
101	399	Other Tangible Property	101	
101	001	Reclass to Cap Pension & OPEB - Other Components		
<u>Property Held for Future Use</u>				
105	000	Land Held for Future Use	103	000
<u>Construction Work in Progress</u>				
107	311	Source Structures and Improvements	105	000
107	312	Collecting and Impounding Reservoirs	105	000
107	314	Wells and Springs	105	000
107	316	Supply Mains	105	000
107	317	Other Water Source Plant	105	000
107	321	Pumping Structures and Improvements	105	000
107	325	Electric Pumping Equipment	105	000
107	326	Diesel Pumping Equipment	105	000
107	328	Other Pumping Equipment	105	000
107	331	Treatment Structures and Improvements	105	000
107	332	Treatment Equipment	105	000
107	341	T&D Structures and Improvements	105	000
107	342	Distribution Reservoirs and Standpipes	105	000
107	343	Transmission and Distribution Mains	105	000
107	345	Services	105	000
107	346	Meters	105	000
107	347	Meter Installations	105	000
107	348	Hydrants	105	000
107	349	Other T&D Plant	105	000
107	390	General Structures and Improvements	105	000
107	391H	Computer Equipment - Hardware	105	000
107	391S	Computer Equipment - Software	105	000
107	392	Transportation Equipment	105	000
107	393	Stores Equipment	105	000
107	394	Tools, Shop, and Garage Equipment	105	000
107	395	Laboratory Equipment	105	000
107	396	Power Operated Equipment	105	000
107	397	Communications Equipment	105	000
107	398	Miscellaneous Equipment	105	000
107	399	Other Tangible Property	105	000
<u>Accum Prov for Deprec - Util</u>				
111	001	Accumulated Depreciation- Utility Plant	108.1	000
111	002	Proceeds from Sale of Equipment	108.1	000
111	003	Cost of Removal of Utility Plant	108.1	000

111	010	Accumulated Depreciation- Retirement	108.1	000
		<u>Non-Utility Property</u>		
121	000	Non-Utility Property	121	000
		<u>Accum Prov for Deprec - N.U.</u>		
122	010	Accumulated Depreciation- Non- Utility	122	000
		<u>Other Investments</u>		
124	000	Other Investments	124	000
		<u>Right of Use Assets</u>		
127	000	Utility Plant in Service Under Operating Leases		
		<u>Cash</u>		
131	050	Cash - Master	131.2	000
131	051	Cash - Disbursements	131.2	000
131	052	Cash- Payroll Account	131.2	000
131	120	Cash - People's Bank	131.2	000
131	150	Cash - Dep Clearing	133	000
131	151	Cash - Disb Clearing	133	000
131	152	Cash- Payroll Clearing	133	000
131	900	Cash Desk	133	000
131	999	Clarification Account	133	000
		<u>Working Funds (Petty Cash)</u>		
135	000	Petty Cash	134	000
		<u>Customer Accounts Receivable</u>		
142	000	Accounts Receivable - Customers	141	000
142	001	Jobbing Receivables	142	000
142	100	Clarification Account	142	000
		<u>Other Accounts Receivable</u>		
143	000	Miscellaneous Receivables	142	000
143	003	Security Deposit- Chemical Containers	142	000
143	008	Amounts Due from VEBA	142	000
143	011	Neptune Receivable- Aquarion	142	000
		<u>Accum Prov for Uncollectibles</u>		
144	000	Reserve for Doubtful Accounts - Water	143	000
144	001	Reserve for Doubtful Accounts - Jobbing	143	000

<u>Accounts Receivable from Associated Companies</u>				
145	100	Notes Receivable- Aquarion	145	000
<u>Accts Rec from Associates</u>				
146	000	Intercompany Receivable (Payable)	145	000
<u>Materials & Supplies</u>				
154	000	Supplies Inventory	151	000
154	002	Supplies Inventory- Chemical Issuances	151	000
<u>Prepayments</u>				
165	000	Miscellaneous Prepayments	162	000
165	001	Prepaid Pension Costs	162	000
165	002	Prepaid Property Taxes	163	000
165	003	Prepaid Insurance	162	000
165	004	Prepaid Maintenance Contracts	162	000
165	005	Prepaid PURA Assessment	162	000
165	009	Prepaid D&O Assessment	162	000
165	011	Prepaid Bond Trustee Fees	162	000
<u>Accrued Utility Revenues</u>				
173	000	Accrued Utility Revenues	173	000
173	001	Accrued Utility Revenues- Cross Connections	174	000
173	002	Temporary Rate Recoupment	174	000
<u>Unamort Debt Disc & Expenses</u>				
181	241	Unamort Debt Disc - \$3.0 M Due 2023- NH	181	000
181	242	Unamort Debt Disc - \$5.9M Due 2035 - NH	181	000
181	244	Unamort Debt Disc - \$5.0M Due 2022 - NH	181	000
181	341	Unamort Debt Amort - \$3.0M Due 2023 - NH	181	000
181	342	Unamort Debt Amort - \$5.9M Due 2035- NH	181	000
181	344	Unamort Debt Amort - \$5.0M Due 2022- NH	181	000
<u>Clearing Accounts</u>				
184	000	General Overhead	184	000
<u>Miscellaneous Deferred Debits</u>				
101	002	Capitalized Pension & OPEB Exp - Other Components		
111	004	A/D - Cap Pension & OPEB Exp - Other Components		
186	015	Deferred Program Maintenance Costs	186.2	000
186	023	Deferred Additional Security Costs	186.2	000
186	032	Deferred Rate Case Costs	186.1	000
186	036	Deferred Water Restriction Costs	186.2	000

186	042	FAS 158 Net (Gain) Loss	186	000
186	043	FAS 158 Prior Service Costs	186	000
186	044	FAS 158 Transition Obligation	186	000
186	048	Deferred Rate Case Costs - 2008 NH Rate	186.1	000
186	303	Def Iss Cost - \$5.9M NH	186	000
186	547	Deferred Tank Rehabilitation - Exeter Rd	186	000
186	901	Unfund Deferred Asset - FAS 109	186	000
186	904	FAS 158 Tax Effect Asset	186	000
186	905	FAS 158 Regulatory Asset- Recoverable	186	000
186	909	Pre-Acquisition (AW Companies) FAS 109	186	000
186	950	Regulatory Asset - Recov Income Tax	186	000
186	951	Regulatory Asset - Other	186	000
186	952	Liab for Excess Def IT	186	000
186	953	Deficit Def Income Tax	186	000
186	954	Liab for Excess DIT - State	186	000
186	955	Liab for 3% ITC	186	000
186	956	Liab for 4% ITC	186	000
186	957	Liab for 10% ITC	186	000
<u>Common Stock Issued</u>				
201	000	Common Stock	201	000
<u>Preferred Stock Issued</u>				
204	000	Preferred Stock	204	000
<u>Premium on Capital Stock</u>				
207	000	Paid In Capital	207	000
<u>Miscellaneous Paid-in Capital</u>				
211	000	Contributed Capital	211	000
<u>Unapprop Retained Earnings</u>				
216	000	Retained Earnings	217	000
<u>Bonds</u>				
221	241	\$3.0M 7.71% Due 2023 - NH	221	000
221	242	\$5.9M 6.21% Due 2035- NH	221	000
221	243	\$4.0M- 4.62% due 1/1/15	221	000
221	244	\$5.0M 4.45% due 2022 - NH	221	000
<u>Long Term Lease Obligation</u>				
225	000	Obligations under Operating Leases- Non Current		

<u>Accounts Payable</u>				
232	000	Accounts Payable	231	000
232	001	Accounts Payable- Inv Recd Not Invoiced		000
232	002	Accrued Accounts Payable		000
232	003	Accrued Medical Claims	241	000
232	004	FASB 106 Deferred Ins Costs		000
232	007	Accrued Bill Postage/ Processing		000
232	017	Accrued Purchased Power Costs		000
232	022	Accrued Rental Expense		000
232	100	Accounts Payable- Customer Refunds		000
<u>Notes Payable to Associates</u>				
233	100	Notes Payable to Associates - Aquarion	234	000
233	110	Notes Payable to Aquarion- Swap Rate	234	000
<u>Customer Deposits - Water</u>				
235	000	Customer Deposits Water	235	000
235	002	Miscellaneous Deposits Clearing	235	000
<u>Taxes Accrued</u>				
236	101	Federal Income Taxes	236	000
236	102	State Income Taxes	236	000
<u>Interest Accrued</u>				
237	241	Accr Interest-\$3.0M 7.71% Due 2023 - NH	237	000
237	242	Accr Interest- \$5.9M 6.21% Due 2035- NH	237	000
237	243	Accr Interest- \$4.0M- 4.62% Due 1/1/15	237	000
237	244	Accr Interest-\$5.0M-\$4.45% due 2022-NH	237	000
<u>Dividends Declared</u>				
238	002	Dividends Declared - Preferred Stock	238	000
<u>Tax Collection Payable</u>				
241	001	Federal Withholding Taxes Payable	241	000
241	002	FICA Withholding Taxes Payable	241	000
241	005	Payroll Taxes Clearing	241	000
241	006	Union Dues - Clearing	241	000
<u>Misc Current & Accrued Liabs</u>				
242	000	Miscellaneous Accrued Liabilities	241	000
242	001	Funded Pension Contribution	241	000
242	002	Bonus Accrual	241	000
242	003	Accrued General Liability Claims	241	000

242	005	Accrued Auto Claims	241	000
242	006	Accrued Payroll	241	000
242	007	Audit Fee	241	000
242	008	Legal Fee	241	000
242	009	United Way	241	000
242	010	Employee Thrift/401(K) Plan	241	000
242	014	401K Loan Payments	241	000
242	015	Flex Spending- Healthcare	241	000
242	019	Unclaimed Property	241	000
242	020	Accrued Trustee Fees	241	000
<u>Short-Term Lease Obligation</u>				
243	000	Obligations under Operating Leases- Current		
<u>Customer Advances for Constr</u>				
252	000	Customer Advances	252	000
<u>Other Deferred Credits</u>				
101	003	Cap Pension & OPEB Credits - Other Components		
111	005	A/D - Cap Pension & OPEB Crdt - Other Components		
111	006	A/D - Deferred Cost of Removal		
253	000	Other Deferred Credits	253	000
253	019	Fed Tax adj due RP	253	000
253	021	EDIT due to RP	253	000
253	022	CIAC Tax Gross-Up	253	000
<u>Pensions and Benefits Reserve</u>				
263	003	401(k) SERP	263	000
<u>Contribution in Aid of Constr</u>				
271	000	Expired Customer Advances	271	000
<u>Amort Contrib in Aid of Const</u>				
272	000	Amortization of CIAC	272	000
<u>Accum Def Inc Tax - Deprec</u>				
282	001	Deferred Income Taxes - Flowthrough Dep	282	000
<u>Accum Def Inc Tax - Other</u>				
283	004	Deferred Taxes - FAS 109	283	000
283	005	Deferred Taxes- Accelerated Deprec.	283	000
283	009	Current Year Deferred Provision	283	000
283	015	Deferred Taxes- "A" Reserves	283	000

283	016	Deferred ITC	283	000
283	019	Pre-Acquisition (AW Companies) DTL-Flow	283	000
283	020	DTA - EDIT	283	000
<u>Depreciation Expense</u>				
403	000	Depreciation Expense	403	000
403	001	Depreciation-Cap Pension&OPEB-Other Components	403	000
<u>Amort of Other Utility Plant</u>				
405	000	Amort of Other UP	405	000
<u>Taxes Other Than Income Taxes</u>				
408	001	Payroll Taxes	408.12	000
408	004	Property Taxes - Utility	408.11	000
408	011	PR-OH- PR Taxes		000
408	500	PR-OH- Cap PR Taxes		000
<u>Income Taxes</u>				
409	001	Federal Income Tax - Utility	409.1	000
409	002	State Income Tax	409.11	000
409	007	FIT- Current PTR		000
409	008	SIT- Current PTR		000
<u>Provision for Def Income Taxes</u>				
410	001	FIT- Deferred	411.1	000
410	002	FIT Deferred	410.11	000
410	003	FIT - FAS 109		000
410	004	State Income Tax - Utility FAS 109		000
410	007	Deferred FIT Adj	410.1	000
410	008	Deferred SIT Adj	410.11	000
<u>Revenues from Merch, Jobbing</u>				
415	000	Jobbing Revenue	415	000
415	001	Cross Connections - Testing	415	000
<u>Expenses from Merch, Jobbing</u>				
416	201	Cross Connections - Testing	416	000
416	202	Jobbing Bad Debt Expense	416	000
<u>Interest and Dividend Income</u>				
419	003	Interco IntInc	419	000
<u>Non-Utility Income</u>				

421	218	Miscellaneous Non-Operating Expenses	421	000
421	220	Customer Assistance Program	421	000
421	223	CoBank Qualified Patronage Distribution	421	000
<u>Misc Income Deductions</u>				
426	001	Charitable Donations	426	000
<u>Interest on Long-Term Debt</u>				
427	241	Interest on Long-Term Debt - \$3.0M 7.71 NH	427	000
427	242	Interest on Long-Term Debt - \$5.9M 6.21 NH	427	000
427	244	Interest on Long Term Debt - \$5.0M NH	427	000
<u>Amort of Debt Discount & Exp</u>				
428	000	Amortization of Debt Discount & Expense	428	000
<u>Interest on Debt to Associates</u>				
430	000	Intercompany Interest Expense - Aquarion	427.1	000
<u>Dividends Declared - Preferred</u>				
437	000	Dividends Declared - Preferred	437	000
<u>Dividends Declared - Common</u>				
438	000	Dividends Declared - Common	438	000
<u>Unmetered Sales-General</u>				
460	001	Unmetered Sales to General Customers		
460	002	Unmetered Sales - Hydrant Use		
<u>Metered Sales to General Cust</u>				
461	001	Residential	461.1	000
461	003	Commercial	461.2	000
461	005	Industrial	461.3	000
<u>Private Fire Protection Serv</u>				
462	001	Private Fire	462.2	000
<u>Public Fire Protection Serv</u>				
463	001	Public Fire Protection	462.1	000
<u>Other Sales to Public Author</u>				
464	001	Public Authority	461.4	000
<u>Misc Service Revenue</u>				

471	000	Misc Service Revenue	471	000
471	002	Late Payment Fees	471	000
471	003	Collect at Door Fees	471	000
<u>Rents from Water Property</u>				
472	002	Antenna Rental Income	472	000
<u>Operation Labor & Expenses</u>				
601	001	Labor- Source of Supply Operations	601	000
<u>Miscellaneous Expenses</u>				
603	000	Miscellaneous Expenses – Source of Supply Operations	603	000
603	004	Transportation- Source of Supply Operations	603	000
603	005	Telecommunications - Voice - Operations	603	000
603	008	Telecommunications - Cell Air Cards - Operations	603	000
603	009	Telecommunications - Data Network - Operations	603	000
603	205	Miscellaneous Building Services	603	000
603	206	Miscellaneous Expense- Security	603	000
<u>Rents</u>				
604	000	Rent Expense- SOS Operations	604	000
604	000	Rent Expense - SOS Operation (ASU 840)	604	000
<u>Maintenance of Structures</u>				
611	000	Maintenance of Structures- SOS	611	000
611	001	Maintenance of Structures Labor- SOS	611	000
611	002	Maintenance of Structure O/S Services- SOS	611	000
611	003	Maintenance of Structure Materials- SOS	611	000
611	004	Transportation- SOS Maintenance	611	000
611	201	Maintenance of Structures- Trees	611	000
<u>Maint of Collectin and Impounding Reserviors</u>				
612	000	Maintenance of Reserviors	612	000
612	001	Maintenance of Reserviors Labor	612	000
612	002	Maint of Reserviors O/S Services	612	000
612	003	Maint of Reserviors Materials	612	000
<u>Maint of Wells & Springs</u>				
614	000	Maintenance of Wells & Springs	614	000
614	001	Maintenance of Wells Labor	614	000
614	002	Maintenance of Wells O/S Services	614	000
614	003	Maintenance of Wells Materials	614	000

<u>Maint of Supply Mains</u>				
616	000	Maintenance of Supply Mains	616	000
616	001	Maint of Supply Mains Labor	616	000
616	002	Maint of Supply Mains O/S Services	616	000
616	003	Maint of Supply Mains Materials	616	000
<u>Supervisory Labor</u>				
620	000	Supervisory Labor- Pumping Operations	620	000
620	001	Supervisory Labor- Pumping Operations	620	000
<u>Fuel or Power Purch for Pumpng</u>				
623	200	Purchased Fuel- Electric Accrual	623	000
623	201	Purchased Fuel - Electric	623	000
623	202	Purchased Fuel - Oil	623	000
623	203	Purchased Fuel - Gas	623	000
623	204	Purchased Fuel - Other	623	000
623	205	Purchased Fuel- Electric Rebates	623	000
623	209	Purchased Power - ES	623	000
<u>Pumping Labor & Expenses</u>				
624	000	Pumping Labor and Expenses	624	000
624	001	Labor- Pumping Operations	624	000
624	005	Telecommunications- Land Lines- Pump Op	624	000
624	006	Telecommunications- Cell Phones- Pump	624	000
624	007	Telecommunications- One Commun- Pump O	624	000
624	008	Telecommunications- Wireless- Pumping	624	000
624	009	Telecommunications- Misc.- Pumping Op	624	000
<u>Miscellaneous Expenses</u>				
626	000	Miscellaneous Expenses – Pumping Op	626	000
626	002	Outside Services- Pumping Operations	626	000
626	003	Materials- Pumping Operations	626	000
626	004	Transportation- Pumping Operations	626	000
626	201	Miscellaneous Pumping Expenses- SCADA	626	000
626	202	Miscellaneous Pumping Exp.- Landscaping	626	000
<u>Maint Supervision and Engineering</u>				
630	000	Supervisory Labor- Pumping Maintenance	630	000
630	001	Supervisory Labor- Pumping Maintenance	631	000
<u>Maint of Structures & Improve</u>				
631	000	Maintenance of Structures- Pumping	631	000

631	001	Maint of Structures Labor- Pumping	631	000
631	002	Maint of Structures O/S Services- Pumpi	631	000
631	003	Maint of Structures Materials- Pumping	631	000
<u>Maint of Power Product Equip</u>				
632	001	Maint of Power Prod. Labor	632	000
632	002	Maint of Power Prod. O/S Services	632	000
632	003	Maint of Power Prod. Materials	632	000
<u>Maint of Pumping Equipment</u>				
633	000	Maintenance of Equipment- Pumping	633	000
633	001	Maint of Equipment Labor- Pumping	633	000
633	002	Maint of Equipment O/S Services- Pumpin	633	000
633	003	Maint of Equipment Materials- Pumping	633	000
633	004	Transportation- Pumping Maintenance	633	000
<u>Operation Superv & Engineerng</u>				
640	000	Supervisory Labor- Treatment Operations	640	000
640	001	Supervisory Labor- Treatment Operations	640	000
<u>Chemicals</u>				
641	000	Chemicals	641	000
<u>Operation Labor & Expenses</u>				
642	000	Labor- Treatment Operations	642	000
642	001	Labor- Treatment Operations	642	000
642	010	Intercompany Lab Allocation	642	000
642	011	Intercompany Lab Allocation	642	000
642	015	Intercompany Lab Allocation	642	000
642	201	Lab Support - Supplies	642	000
642	202	Contract Lab Work	642	000
642	203	Water Quality Sample Collections	642	000
642	204	Sludge Disposal	642	000
642	205	Reservoir Management	642	000
<u>Miscellaneous Expenses</u>				
643	000	Miscellaneous Expenses – Treatment Opera	643	000
643	002	Outside Services- Treatment Operations	643	000
643	003	Materials- Treatment Operations	643	000
643	004	Transportation- Treatment Operation	643	000
643	005	Telecomm- Land Lines- Treatment Op	643	000
643	006	Telecommunications- Cell Phones- Treat	643	000
643	007	Telecommunications- One Commun- Treatm	643	000

643	008	Telecommunications- Wireless- Treatment	643	000
643	009	Telecommunications- Misc- Treatment Op	643	000
643	201	Miscellaneous Treatment Expenses- SCADA	643	000
643	202	Miscellaneous Treatment Exp.- Landscapin	643	000
<u>Rents</u>				
644	000	Rent Expense- Treatment Operation	644	000
<u>Maint of Supervision and Engineering</u>				
650	000	Supervisory Labor- Treatment Maintenanc	650	000
650	001	Supervisory Labor- Treatment Maintenanc	650	000
<u>Maint of Structures & Improve</u>				
651	000	Maintenance of Structures- Treatment	651	000
651	001	Maint of Structures Labor- Treatment	651	000
651	002	Maint of Structures O/S Services- Treat	651	000
651	003	Maint of Structures Materials- Treatmen	651	000
<u>Maint of Water Treat Equipment</u>				
652	000	Maintenance of Equipment- Treatment	652	000
652	001	Maint of Equipment Labor- Treatment	652	000
652	002	Maint of Equipment O/S Services- Treatm	652	000
652	003	Maint of Equipment Materials- Treatment	652	000
652	004	Transporation- Treatment Maintenance	652	000
<u>Operation of Supervision and Engineering</u>				
660	000	Supervisory Labor- T&D Operations	660	000
660	001	Supervisory Labor- T&D Operations	660	000
<u>Storage Facilities Expenses</u>				
661	000	Storage Facilities Expenses	661	000
<u>Trans & Distrib Lines Expenses</u>				
662	000	Lines Expense	662	000
662	001	T & D Lines Labor	662	000
662	002	T & D Lines Outside Services	662	000
662	003	T & D Lines Materials	662	000
662	201	Leak Detection- Other	662	000
662	202	Flushing Expenses - T&D Mains	662	000
662	203	Customer Inquiries and Chemical Delivery	662	000
662	204	Flushing Expenses- Customer Inquiries	662	000
<u>Meter Expenses</u>				

663	000	Meter Expenses- T&D Operations	663	000
663	001	Meter Expenses Labor	663	000
663	002	Meter Expenses O/S Services	663	000
663	003	Meter Expenses Materials	663	000
663	201	Credit for Recalled Meters	663	000

Customer Installations Expense

664	000	Customer Installations	664	000
664	001	Cust Installations Labor	664	000
664	002	Cust Installations O/S Services	664	000
664	003	Cust Installations Materials	664	000
664	201	Customer Installations Locating	664	000

Miscellaneous Expenses

665	000	Miscellaneous Expenses- T&D Operations	665	000
665	001	Labor- T&D Opeations	665	000
665	002	Outside Services- T&D Operations	665	000
665	003	Materials- T&D Operations	665	000
665	004	Transportation- T&D Operations	665	000
665	005	Telecommunications- Land Lines- T&D Op	665	000
665	006	Telecommunications- Cell Phones- T&D- O	665	000
665	007	Telecommunications- One Commun- T&D Op	665	000
665	008	Telecommunications- Wireless- T&D Opre	665	000
665	009	Telecommunications- Miscellaneous- T&D	665	000
665	201	Misc. T&D Expense – Business Meals	665	000
665	202	Misc. T&D Expenses- Building Services	665	000
665	203	Call Before You Dig	665	000
665	204	Electricity	665	000
665	205	Utility Railroad License Agreements	665	000
665	206	Utilities Expenses	665	000

Rents

666	000	Rent Expense- T&D Operations	666	000
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Maint of Supervision and Engineering

670	000	Supervisory Labor- T&D Maintenance	670	000
670	001	Supervisory Labor- T&D Maintenance	670	000

Maint of Structures & Improve

671	000	Maintenance of Structures – T&D	671	000
671	001	Maint of Structures Labor- T&D	671	000
671	002	Maint of Structures O/S Services- T&D	671	000
671	003	Maint of Structures Materials- T&D	671	000

<u>Maint of Distrib Resv & Stndp</u>				
672	000	Maintenance of Standpipes	672	000
672	001	Maint of Tanks Labor	672	000
672	002	Maint of Tanks O/S Services	672	000
672	003	Maint of Tank Materials	672	000
672	201	Tank Painting Amortization	672	000
<u>Maint of Trans & Distrib Mains</u>				
673	000	Maintenance of Mains	673	000
673	001	Maint of Mains Labor	673	000
673	002	Maint of Mains O/S Services	673	000
673	003	Maint of Mains Materials	673	000
673	004	Transportation- T&D Maintenance	673	000
673	050	Main Breaks- Control Account	673	000
<u>Maint of Services</u>				
675	000	Maintenance of Services	675	000
675	001	Maint of Services Labor	675	000
675	002	Maint of Services O/S Services	675	000
675	003	Maint of Services Materials	675	000
<u>Maint of Meters</u>				
676	000	Maintenance of Meters	676	000
676	001	Maint of Meters Labor	676	000
676	002	Maint of Meters O/S Services	676	000
676	003	Maint of Meters Materials	676	000
<u>Maint of Hydrants</u>				
677	000	Maintenance of Hydrants	677	000
677	001	Maint of Hydrants Labor	677	000
677	002	Maint of Hydrants O/S Services	677	000
677	003	Maint of Hydrants Materials	677	000
677	201	Maintenance of Hydrants- Damage Claims	677	000
<u>Maint of Miscellaneous Equipment</u>				
678	000	Maintenance of Miscellaneous Plant- T&D	678	000
678	001	Maint of Valves Labor	678	000
678	002	Maint of Valves O/S Services	678	000
678	003	Maint of Valves Materials	678	000
<u>Supervision</u>				
901	000	Customer Supervision Labor	901	000

901	001	Exempt Labor- Customer Service	901	000
901	004	Transportation- Customer Service	901	000

Meter Reading Expenses

902	000	Meter Reading Expenses	902	000
902	001	Meter Reading Labor	902	000
902	002	Meter Reading Outside Services	902	000
902	003	Meter Reading Materials	902	000
902	004	Transportation- Meter Reading	902	000
902	201	Proceeds from Sale of Meter Reads	902	000

Customer Records & Coll. Exp

903	000	Customer Records and Collections	903	000
903	001	Collections Labor- Non-exempte	903	000
903	002	Collections Outside Services	903	000
903	003	Collections Materials	903	000
903	004	Transportation- Collections	903	000
903	005	Telecommunications- Collections	903	000
903	201	Records & Collections - Postage	903	000
903	202	Bill Printing Services	903	000
903	203	Goodwill Credit	903	000
903	204	Leak Concessions	903	000
903	205	Reimbursable Outside Collections	903	000
903	206	Non-Reimbursable Agent Collections Fees	903	000
903	207	Inoperable Curb Box Charge	903	000
903	208	Customer Comm's-Reverse 911 Services	903	000
903	209	Bank Fees- FISC	903	000
903	210	Other Outside Services- Collections	903	000

Bad Debit Expense

904	000	Bad Debit Expense	904	000
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Misc Customer Accounts Expense

905	000	Miscellaneous Customer Accounts Expenses	905	000
905	010	Allocation Customer Accounts Expenses	905	000
905	011	Allocation Customer Accounts Expenses	905	000
905	015	Allocation Customer Accounts Expenses	905	000

Information Technology

906	000	IT Expenses	906	000
906	001	IT Labor	906	000
906	002	IT Outside Services	906	000
906	003	IT Materials	906	000

906	004	Transportation- IT	906	000
906	006	Telecommunications- Cell Phones- IT	906	000
906	007	Telecommunications- One Commun- IT	906	000
906	008	Telecommunications- Wireless- IT	906	000
906	009	Telecommunications- Miscellaneous- IT	906	000
906	010	Allocated IT Expenses	906	000
906	011	Allocated IT Expenses	906	000
906	015	Allocated IT Expenses	906	000
906	201	IT Hardware Maintenance- Contracts	906	000
906	202	IT- Software Maint. & Service- Other	906	000
906	217	IT Hardware Maintenance - Break/Fix	906	000

Admin & General Salaries

920	000	Payroll Expense	920	000
920	001	Labor Transfer CATS- AWC of CT Empl's	920	000
920	002	Supervisory Labor Transfer CATS- CT	920	000
920	003	Labor Transfer CATS- Non CT Empl's	920	000
920	004	G & A Labor	920	000
920	005	Capitalized Labor- Plan	920	000
920	006	Exempt Standby Pay	920	000
920	010	Allocated Payroll	920	000
920	015	Allocated Payroll	920	000
920	100	Capitalized Payroll (WBSE Labor Settlement)	920	000
920	101	Contract Labor	920	000
920	102	Bonus Expense	920	000
920	103	LTIP Expense	920	000
920	400	Indirect Labor, Benefits, and Other	920	000
920	401	Indirect Labor- Plan	920	000
920	500	Indirect Labor, Benefits, and Other	920	000
920	501	Material Handling Overhead	920	000

Office Supplies & Other Exp

921	000	Office Supplies and Materials	921	000
921	003	Office Supplies and Other Expenses	921	000
921	004	Transportation- G&A	921	000
921	005	Telecommunications- G&A	921	000
921	006	Telecommunications- Cell Phones- G&A	921	000
921	007	Telecommunications- One Commun- G&A	921	000
921	008	Telecommunications- Wireless- G&A	921	000
921	009	Telecommunications- Miscellaneous- G&A	921	000
921	200	Gasoline	921	000
921	201	G&A Business Meals and Entertainment	921	000
921	202	Auto Mileage Reimbursement	921	000

921	203	Individual Dues and Memberships	921	000
921	204	Subscriptions and Publications	921	000
921	205	Postage Expenses	921	000
921	206	Electricity	921	000
921	207	Payroll Computer Expense	921	000
921	208	Building Services	921	000
921	209	Office Supplies	921	000
921	210	Postage Expense	921	000
921	211	Utilities Expense	921	000
921	500	Miscellaneous Inventory Adjustments	921	000

Outside Services Employed

923	000	Outside Services	923	000
923	002	Outside Services	923	000
923	010	Allocation from AWC CT	923	000
923	011	Allocation from AWC CT	923	000
923	015	Allocation from AWC CT	923	000
923	100	Corporate Allocation from Aquarion	923	000
923	200	Paving	923	000
923	201	Outside Services - Auditing	923	000
923	202	Outside Services - Legal	923	000
923	203	Outside Services - Pension	923	000
923	204	Bank Fees - BOA	923	000
923	205	Macquarie Asset Management	923	000
923	206	Corporate Office Allocation	923	000
923	207	Intercompany Charges- Other Items	923	000
923	208	Other Outside Services and Consulting	923	000
923	209	Trustee Fees- Fleet (Pension)	923	000
923	210	Trustees Fees - Long-Term Debt	923	000
923	213	Outside Services- HR Consulting Fees	923	000
923	214	Outside Services - CC	923	000
923	215	Actuary Fees - PBGC	923	000

Property Insurance

924	001	Property Insurance	924	000
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Injuries & Damages

925	001	Insurance Premiums- General Liability	925	000
925	002	Damages Not Covered By Insurance	925	000
925	003	Safety and Accident Prevention	925	000
925	004	D & O Liability	925	000
925	005	General Liability Claims	925	000
925	006	Insurance Premiums- Auto Liability	925	000

925	007	Insurance Premiums- Excess Liability	925	000
925	008	Insurance Premiums- Fiduciary	925	000
925	009	Insurance Premiums- Other Liability	925	000
925	010	Insurance Premiums- Admin	925	000
925	011	Workers Compensation Insurance	925	000
925	012	Workers Compensation Insurance Claims	925	000
925	013	Auto Insurance Claims	925	000
925	015	Insurance Premiums - Employment Practices	925	000
925	016	Insurance Premiums - Cyber Liabilities	925	000
<u>Employee Pensions & Benefits</u>				
926	000	Other Fringe Benefits	926	000
926	010	Fringe Benefits Allocated	926	000
926	011	PR OH- Fringe Benefits on Alloc Labor	926	000
926	015	Fringe Benefits Allocated	926	000
926	100	Capitalized Benefits (WBSE Settlement)	926	000
926	201	Benefits - Funded Pension Plan	926	000
926	202	Benefits - Thrift / 401(k) Plan	926	000
926	203	Benefits- Supplemental Pension/ SERP	926	000
926	204	Benefits - FAS 106	926	000
926	205	Amortization of FAS 106	926	000
926	206	Benefits – Medical Plan	926	000
926	207	Employee Contributions - Medical Plan	926	000
926	208	Benefits- Social & Recreation Committee	926	000
926	209	Benefits - Auto Allowance	926	000
926	210	Benefits- Death Benefits Expense	926	000
926	211	Workers Compensation Insurance	926	000
926	212	Benefits - Life Insurance	926	000
926	213	Benefits - Long-Term Disability	926	000
926	214	Seminars & Conferences - Non-Labor	926	000
926	215	Benefits - Tuition Reimbursement	926	000
926	216	Compliance Training Costs - Non-Labor	926	000
926	217	Non-Compliance Training - Non-Labor	926	000
926	218	Benefits - Service Awards	926	000
926	219	Company Meetings - Nonpayroll	926	000
926	220	Workers Compensation Insurance Claims	926	000
926	221	Benefits- Medicare Part D Subsidy	926	000
926	222	Medical Plan Opt Out Credits	926	000
926	226	Pension Expense	926	000
926	227	OPEB Expense - Othr Comp	926	000
926	500	PR Overhead- Capitalized Fringe Benefits	926	000
926	501	Capitalized Pension & OPEB Exp - Other Components	926	000
926	502	Capitalized Pension & OPEB Exp - Other Components	926	000

<u>Regulatory Commission Expenses</u>				
928	000	Regulatory Expenses - Other	928	000
928	001	Annual PURA Assessment	928	000
928	002	Rate Case Expense	928	000
928	003	Rate Uniformity Plan	928	000

<u>Miscellaneous General Expenses</u>				
930	000	Misc. G&A Expenses - Other	930	000
930	201	Company Dues and Memberships	930	000
930	202	Industry Conferences	930	000
930	203	Travel Expenses	930	000
930	204	Advisory Boards	930	000
930	205	Employee Recruiting	930	000
930	206	Employee Relocation	930	000
930	207	Customer Relations	930	000
930	208	Press Relations/ Wire Service	930	000
930	209	Customer Communication- Newspaper/Radio	930	000
930	210	Public Relations	930	000
930	211	Public Relations - Publications	930	000
930	212	Community Projects	930	000
930	213	Civic and Community Related Expenses	930	000
930	214	Economic Development	930	000
930	215	Directors Expenses	930	000
930	216	PAC Expenses	930	000
930	217	Directors Retiree Expense- Long-Term	930	000
930	218	Bank Reconciliation Expenses	930	000
930	219	Commissions	930	000
930	220	Corporate Secretary Filing and Misc Fees	930	000

<u>Rents</u>				
931	000	Rent Expense	931	000
931	201	Office Equipment Rental Expense	931	000
932	000	Maintenance of Miscellaneous Equipment		
932	001	Transportation Allocated to Orders		
932	002	Outside Services - G&A Maintenance		
932	003	Materials and Supplies - G&A Maintenance		
932	100	Capitalized Vehicle O/H (WBSE Settlement		
932	201	Maintenance of General Property		
932	202	Maintenance of Office Equipment		
932	500	Vehicle Overhead- Capital Only		
999	000	WBS Element Settlements		

PUC 1604.01(a)(10)

The utility's Securities and Exchange Commission 10K forms and 10Q forms, or hyperlinks thereto, for the most recent 2 years.

Response:

Not applicable. Aquarion does not prepare 10K forms or 10Q forms.

PUC 1604.01(a)(11)

A detailed list of all membership fees, dues, lobbying expenses and donations for the test year charged above the line showing the trade, technical, and professional associations and organizations and amount, and the account charged, according to the following guidelines:

- a. If the utility's annual gross revenues are less than \$100,000,000 all membership fees, dues and donations shall be reported; and**
- b. If the utility's annual gross revenues are \$100,000,000 or more, all membership fees, dues and donations of \$5,000 and more shall be reported.**

Response:

Refer to Requirement 11 Attachment 1 for a list of all membership fees, dues and donations.

AWC Of New Hampshire

Dues and membership fees during the test year 01/01/2019 to 12/31/2019

New Hampshire Water Works Association	\$ 1,527
National Association of Water Companies	6,851
American Water Works Association	2,177
	<hr/>
	\$ 10,555
	<hr/>

PUC 1604.01(a)(12)

The utility's most recent depreciation study if not previously filed in an adjudicative proceeding.

Response:

The Company retained Gannett Fleming Valuation and Rate Consultants, LLC to perform a depreciation study related to water plants as of December 31, 2019 as part of its filing in this proceeding. The Depreciation Study is included as part of the testimony of Company Witness Ned Allis..

PUC 1604.01(a)(13)

The utility's most recent management and financial audits if not previously filed in an adjudicative proceeding.

Response:

Refer to Requirement 13 Attachment 1 for the audited financial statements as of and for the years ended December 31, 2019 and 2018.

Audited Financial Statements

**AQUARION WATER COMPANY
OF NEW HAMPSHIRE, INC.**

As of and for the years ended December 31, 2019 and 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Aquarion Water Company of New Hampshire, Inc.

We have audited the accompanying financial statements of Aquarion Water Company of New Hampshire, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aquarion Water Company of New Hampshire as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 30, 2020

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

BALANCE SHEETS

(Dollars in thousands, except per share amounts)

<u>Assets and Other Debits</u>		<u>Liabilities and Stockholder's Equity</u>			
	2019	2018		2019	2018
<u>Property, Plant and Equipment</u>			<u>Stockholder's Equity</u>		
Utility Plant	\$ 53,637	\$ 48,717	Preferred stock, \$100 par value, authorized 5,700 shares-23 shares of 6% Series issued & outstanding December 31, 2019 and 2018	\$ 2	\$ 2
Less: Accumulated depreciation	(13,570)	(13,114)	Common stock, \$25 par value, authorized 100,000 shares; issued and outstanding 87,483 shares at December 31, 2019 and 2018	2,187	2,187
Net utility plant	40,067	35,603	Paid in capital	3,558	3,558
			Contributed capital	2,480	480
			Retained earnings	8,373	7,280
			Total	16,600	13,507
<u>Current Assets</u>			<u>Long-Term Debt</u>		
Cash and cash equivalents	22	9	Term note	13,900	13,900
Accounts receivables, net of reserves of \$18 and \$17 as of December 31, 2019 and 2018, respectively	333	329	Unamortized debt issuance costs	(93)	(105)
Amounts due from Aquarion	-	4	Net Long-Term Debt	13,807	13,795
Other receivables	23	10			
Accrued revenues	252	284	<u>Current and Accrued Liabilities</u>		
Materials and supplies, at cost	160	156	Accounts payable and accrued liabilities	1,179	807
Prepayments	167	199	Amounts due to Aquarion	1,200	300
Other investments	42	35	Accrued interest	229	229
Total	999	1,026	Short-term lease obligation	87	-
			Total	2,695	1,336
			<u>Commitments and Contingencies</u>		
<u>Other Assets</u>			<u>Other Liabilities and Deferred Credits</u>		
Unfunded deferred taxes	2,625	2,427	Deferred taxes and investment tax credits	4,692	4,401
Deferred pension and OPEB regulatory asset	1,037	720	Contributions in aid of and customers' advances for construction	3,141	3,029
Right of Use Assets	450	-	Deferred pension and OPEB	1,655	1,815
Regulatory assets	66	65	Regulatory liabilities	2,291	1,958
Total	4,178	3,212	Long term lease obligations	363	-
			Total	12,142	11,203
Total Assets and Other Debits	\$ 45,244	\$ 39,841	Total Liabilities and Stockholder's Equity	\$ 45,244	\$ 39,841

See accompanying notes.

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

STATEMENTS OF INCOME
(Dollars in thousands)

	Year Ended December 31,	
	2019	2018
Revenues	\$ 7,227	\$ 7,498
Costs and expenses:		
Operating, maintenance and general expenses	3,455	3,075
Depreciation	1,024	969
Taxes other than income	753	765
Total costs and expenses	5,232	4,809
Operating income	1,995	2,689
Other expense, net	182	169
Interest expense	868	842
Income before income taxes	1,309	2,016
Income tax expense	216	536
Net income	\$ 1,093	\$ 1,480

See accompanying notes.

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

STATEMENT OF STOCKHOLDER'S EQUITY

(Dollars in thousands, except for share amounts)

	Preferred Stock		Common Stock		Paid in	Contributed	Retained	Total
	<u>Shares</u>	<u>Par Value</u>	<u>Shares</u>	<u>Par Value</u>	<u>Capital</u>	<u>Capital</u>	<u>Earnings</u>	<u>Stockholder's</u>
								<u>Equity</u>
Balance at December 31, 2017	23	\$ 2	87,483	\$ 2,187	\$ 3,558	\$ 480	\$ 5,800	\$ 12,027
Net income	-	-	-	-	-	-	1,480	1,480
Balance at December 31, 2018	23	2	87,483	2,187	3,558	480	7,280	13,507
Contributed Capital					-	2,000		2,000
Net income	-	-	-	-	-	-	1,093	1,093
Balance at December 31, 2019	23	\$ 2	87,483	\$ 2,187	\$ 3,558	\$ 2,480	\$ 8,373	\$ 16,600

See accompanying notes.

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Year Ended December 31,	
	2019	2018
Cash flows from operating activities:		
	\$ 1,093	\$ 1,480
Adjustments reconciling net income to net cash provided by operating activities:		
Depreciation and amortization	1,006	953
Deferred income taxes	92	140
Changes in operating assets and liabilities:		
Accounts receivable and accrued unbilled revenue	16	43
Materials and supplies	(4)	(39)
Prepaid expenses and Other	31	(29)
Short term lease obligation	87	-
Receivable from affiliates	27	1,934
Accounts payable and accrued liabilities	599	100
Other noncurrent balance sheet items	(576)	(323)
Other regulatory liability	333	195
Net cash provided by operating activities	\$ 2,704	\$ 4,454
Cash flows from investing activities:		
Other investments	(7)	(16)
Capital additions	(5,618)	(4,740)
Advances and contributions in aid of construction	34	1
Net cash used in investing activities	\$ (5,591)	\$ (4,755)
Cash flows from financing activities:		
Intercompany obligations	900	300
Capital contribution from stockholders	2,000	-
Net cash provided by/(used in) financing activities	\$ 2,900	\$ 300
Net change in cash and cash equivalents	13	(1)
Cash and cash equivalents at beginning of period	9	10
Cash and cash equivalents at end of period	\$ 22	\$ 9
Supplementary Information		
Accounts payable for purchase of fixed asset	\$ 249	\$ 115
Cash paid during the year for:		
Interest	\$ 823	\$ 823
Income taxes	\$ 124	\$ 396

See accompanying notes.

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS
(Dollars in thousands)

Aquarion Water Company of New Hampshire
Docket No. DW 20-184
Standard Filing Requirements
December 18, 2020 (Permanent rates Filing)
Attachment 13 Attachment 1
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1. Organization and operation

Aquarion Water Company of New Hampshire (the “Company”) is a wholly-owned subsidiary of Aquarion Water Company (“AWC”), which is an intermediate holding company of Aquarion Company (“Aquarion”). Aquarion is a wholly-owned subsidiary of Eversource Aquarion Holdings, Inc. (“EAH”), formerly known as Macquarie Utilities Inc. (“MUI”). On December 4, 2017, Eversource Water Ventures (“Eversource”) purchased 100% of the outstanding stock of MUI from Macquarie Utilities Holdings, GP (“MUHGP”) and British Columbia Investment Management Corporation (“bcIMC”). As of the purchase date, Eversource changed the name to EAH. The Company provides water service to approximately 9,541 customers in three communities located in Rockingham County in New Hampshire. As a public utility operating in New Hampshire, the Company functions under rules and regulations prescribed by the New Hampshire Public Utilities Commission (“Commission”).

2. Significant accounting policies

Basis of Presentation

The Company’s accounting policies conform to accounting principles generally accepted in the United States (“GAAP”) and, as applied in the case of rate-regulated public utilities, include those policies contained in the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) Section 980, *Regulated Operations* (“ASC 980”) and comply with the Uniform System of Accounts and ratemaking practices prescribed by the Regulatory Authorities. A description of the Company’s principal accounting policies follows.

Certain reclassifications of prior year data were made in the accompanying financial statements to conform to the current year presentation.

Regulation

The Company has incurred various costs and received various credits, which have been reflected as regulatory assets and liabilities on the Company’s balance sheet. Accounting for such costs and credits as regulatory assets and liabilities is in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 980, *Regulated Operations* (“ASC 980”). ASC 980 sets forth the application of generally accepted accounting principles for those companies whose rates are established by or are subject to approval by an independent third-party regulator. Under ASC 980, regulated companies defer costs and credits on the balance sheet as regulatory assets and liabilities when it is probable that those costs and credits will be recognized in the rate setting process in a period different from the period in which they would have been reflected in income by an unregulated company. These deferred regulatory assets and liabilities are then reflected in the income statement in the period in which the same amounts are reflected in rates charged for service.

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS
(Dollars in thousands)

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Regulatory assets consist of the following at December 31:

	December 31,	
	2019	2018
Pension and OPEB	\$ 1,037	\$ 720
Unfunded deferred taxes	2,625	2,427
Other regulatory assets	66	65
Total	<u>\$ 3,728</u>	<u>\$ 3,212</u>

The Company believes, based on current regulatory circumstances, that the regulatory assets recorded are likely to be recovered and that its use of regulatory accounting is appropriate.

Other regulatory assets include deferred financing charges allowed by the Commission to be amortized over the lives of the related debt issues, ranging from 10 to 30 years.

Regulatory liabilities consist of the following at December 31:

	December 31,	
	2019	2018
Return to ratepayers - Federal Tax	514	203
Return to ratepayers - Excess Deferred Income Taxes	1,755	1,755
Other	22	-
Total	<u>\$ 2,291</u>	<u>\$ 1,958</u>

Property, plant and equipment

Additions to utility plant and replacements of retirement units of property are capitalized. Costs include material, direct labor and such indirect items as engineering and supervision, payroll taxes and benefits, and transportation. Repairs, maintenance and minor replacements of property are charged to current operations. The cost of property units retired in the ordinary course of business plus removal cost (net of salvage) is charged to accumulated depreciation in accordance with the Uniform System of Accounts prescribed by the Commission. The cost of property, plant and equipment is depreciated using the straight-line method. The depreciation rates, based on the average balance of depreciable property, were 2.19% in 2019 and 2.23% in 2018.

In accordance with the Commission's regulations, depreciation on contributed facilities is charged to contributions in aid of construction. Such depreciation amounted to \$37 in 2019 and 2018.

The Company is not aware of any material asset retirement obligations at December 31, 2019 or 2018.

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS
(Dollars in thousands)

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Asset impairment

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the future cash flows expected to result from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the assets. A regulatory asset impairment is charged to earnings if and when future recovery in rates of that asset is no longer probable. There were no asset impairments identified in 2019 or 2018.

Cash and Cash Equivalents

The Company considers all highly liquid investments that have a maturity of three months or less when purchased to be cash equivalents.

Accounts receivable

The Company continuously monitors the creditworthiness of customers and establishes an allowance for amounts that may become uncollectible in the future based on current economic trends, historical payment and bad debt write-off experience, and any specific customer related collection issues.

Revenue recognition

Water service revenues include amounts billed to customers monthly, except public fire which is billed semi annually, and unbilled amounts based on estimated usage from the date of the latest meter reading to the end of the accounting period.

Materials and supplies

Materials and supplies, which are carried at average cost, are primarily for the construction and maintenance of utility plant.

Fair value of financial instruments

Under the Disclosures topic of ASC 715, *Compensation - Retirement Benefits* ("ASC 715"), the Company is required to apply the fair value disclosures in accordance with ASC 820, *Fair Value Measurement* to disclose: (i) how fair value is determined for certain assets, and (ii) a hierarchy (for which these assets must be grouped), based on significant levels of inputs, as follows:

- Level 1** quoted prices in active markets for identical assets or liabilities;
- Level 2** quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liabilities; or

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS
(Dollars in thousands)

Aquarion Water Company of New Hampshire
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Level 3 unobservable inputs for the asset or liability, such as discounted cash flow models or valuations.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Employee benefits

The Company, through Aquarion, has certain noncontributory defined benefit pension plans and other post employment medical plans. These plans are accounted for in accordance with ASC 715, *Compensation Retirement* (“ASC 715”). In addition, the Company through Aquarion, sponsors defined contribution plans under Section 401(k) of the Internal Revenue Code.

Customer Advances for Construction/Contributions in Aid of Construction

The Company may receive advances and contributions to fund construction necessary to extend service to new areas. As determined by the Commission, advances for construction are refundable for limited periods of time as new customers begin to receive service. Amounts which are no longer refundable are reclassified to contributions in aid of construction.

Utility plant funded by advances and contributions is excluded from rate base and is not depreciated for ratemaking purposes. Generally, advances and contributions received during the period of January 1, 1987 through June 12, 1996 have been included in taxable income and the related property is depreciable for tax purposes. As a result of a tax law change, advances and contributions received subsequent to June 12, 1996 are excluded from taxable income and the related property is not depreciable for tax purposes.

Transactions with Affiliated Companies

Aquarion Water Company of Connecticut, an affiliate, provides certain management services to the Company (administration, accounting, data processing, engineering, etc.) at-cost, in accordance with a management and service agreement. Purchases of such services by the Company were \$705 and \$606 in 2019 and 2018, respectively. In addition, the Company was charged a management fee of \$56 and \$31 from Aquarion in 2019 and 2018, respectively.

The Company borrows and lends short-term funds to Aquarion at negotiated rates. Amounts outstanding were \$1,200 and \$300 note payable at December 31, 2019 and 2018, respectively and is included in notes payable from associated companies in the accompanying balance sheets.

The average annual interest rate on these lendings was 2.42% and 2.21% in 2019 and 2018, respectively. Related interest expense was \$25 in 2019 and interest income was \$20 in 2018.

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Income taxes

The Company, its parent and affiliates (“Consolidated Group”) are included in Eversource’s consolidated Federal income tax return. Federal income tax expense for financial reporting purposes is provided on a separate return basis, except that the federal income tax rate applicable to the Consolidated Group is applied to separate company taxable income and is recognized currently.

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. Deferred income taxes have been provided for the difference between the tax bases of assets and liabilities and the amounts at which they are carried in the financial statements for items treated on a normalized basis. These deferred income taxes are based on the enacted tax rates anticipated to be in effect when such temporary differences are expected to reverse.

Regulatory assets and liabilities are recognized for the effect on revenues expected to be realized as the tax effects of temporary differences, previously flowed through to customers, reverse.

Investment tax credits have been deferred and are being amortized to income over the average estimated service lives of the related assets.

Effective with the tax year ended December 31, 2013, the Company adopted, for tax purposes, the final TPR issued by the IRS in September 2013. The final regulations, among other things, allow for the immediate deduction for tax purposes, as an ordinary and necessary repair expense, qualifying expenditures that previously would have been capitalized and depreciated over the estimated useful life of the asset. In connection with this adoption, the Company elected to change its method of accounting for these qualifying expenditures for tax purposes. As such, there are resulting timing differences between the book and tax methods. In accordance with ASC 980 and previous regulatory decisions, the Company elected to flow-through, rather than normalize, these timing differences. On March 17, 2014, the Company filed a petition for the limited purpose of approving a settlement agreement that would implement a 4.0% rate reduction effective January 1, 2015 for a period of three years as a result of the TPR. Commission approval was received on January 12, 2015 effective back to January 1, 2015. As of December 31, 2018 the entire amount has been disbursed back to the rate payer.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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Accounting Standards

New Standards to be Implemented

In June 2016, the FASB issued Accounting Standards Update (ASU 2016-13), *Financial Instruments – Credit Losses*, which provides a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses. Under the new guidance, immediate recognition of credit losses expected over the life of a financial instrument is required. The standard is effective January 1, 2020. The Company assessed the impacts of this standard on the accounting for credit losses on its financial instruments, including accounts receivable, and does not expect a material impact on its financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes*, which eliminates certain exceptions to the general principles of current income tax guidance in ASC 740, *Income Taxes*, and simplifies and improves consistency in application of that income tax guidance through clarifications of, and amendments to, ASC 740. The guidance is effective in the first quarter of 2021. The Company is evaluating the impact of this standard on its financial statements.

Standards Implemented

The FASB issued guidance in February 2016 (ASU 2016-02), with amendments in 2018 (ASU 2018-01, 2018-10 and 2018-11), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet, initially measured at the present value of the lease payments, and disclosing key information about leasing arrangements. In connection with this guidance the FASB created ASC 842, *Leases*, which supersedes ASC 840, *Leases* (“ASC 840”). The new guidance retains a distinction between finance leases and operating leases with the classification criteria substantially similar to the classification of leases in ASC 840. The guidance is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Company adopted this guidance effective January 1, 2019. The Company has elected the practical expedient package whereby it does not need to reassess whether or not an existing contract is or contains a lease or whether a lease is an operating or capital lease, and it does not need to reassess initial direct costs for leases. The Company has also elected the practical expedient to not reevaluate land easements existing at adoption if they were not previously accounted for as leases. The Company recognized \$109 of operating lease liabilities and right-of-use assets on the respective balance sheet upon transition at January 1, 2019. Implementation of the new guidance did not have a material impact on the Company’s results of operations and cash flows.

3. Regulatory matters

As necessary, the Company applies to the Commission for changes in the rates charged for service. The rate increase requests are based on the level of operating expenses and capital costs that are expected to be in effect when the rates become effective. The revenues requested are based on actual sales during the historic test year selected by the Company as the base period,

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but are adjusted for known changes such as an increase or decrease in the number of customers or a documented change in customer usage.

The Company has no expressed limit on the number of days from the end of the selected historic test year to file the completed application with the Commission. Once filed, the Commission has twelve months to render a final decision.

On October 14, 2016 the Company filed its annual Water Infrastructure and Conservation Act (“WICA”) requesting a cumulative surcharge to 5.72% which was subsequently revised to 5.69% (\$395 of revenue) a 1.70% increase (\$119). A final decision approving the 5.69% surcharge was received on January 13, 2017, effective January 1, 2017.

On October 13, 2017 the Company filed its annual WICA requesting a cumulative surcharge of 7.08% (\$491 of revenue), a 1.39% increase (\$96 increase). NHPUC approval was received on December 29, 2017 with the revised surcharge becoming effective January 1, 2018.

The cumulative WICA surcharge at December 31, 2019 and 2018 is 6.72% and 7.08%, respectively. The lower rate in 2019 reflects the impact of a temporary credit to customers for the period June 1, 2019 to December 31, 2019 to return the Company’s tax savings attributable to the period January 1, 2018 to December 31, 2018 resulting from the reduction of the Federal Tax Rate from 35% to 21%. Effective January 1, 2020 the rate was increase to 7.50%.

4. Income taxes

Components of income tax expense are as follows:

	For the Year Ended December 31,	
	2019	2018
Current		
Federal	\$ 99	\$ 278
State	25	118
Total current	<u>124</u>	<u>396</u>
Deferred		
Federal	63	140
State	29	-
Total deferred	<u>92</u>	<u>140</u>
Total income tax expense	<u>\$ 216</u>	<u>\$ 536</u>

A reconciliation of income tax expense at the statutory federal income tax rate to income tax expense is as follows:

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	For the Year Ended December 31,	
	2019	2018
Tax at statutory rate	21.00 %	21.00 %
Increase in taxes resulting from:		
State taxes, net of federal income tax benefit	3.40	6.20
Repairs and maintenance	(9.40)	(0.10)
Permanent differences	-	-
Other	1.50	(0.50)
Actual income tax rate	16.50 %	26.60 %

The following table provides the components of the net non-current deferred tax liability at December 31:

	For the Year Ended December 31,	
	2019	2018
Depreciation	\$ 4,708	\$ 4,468
Other	781	729
Total deferred tax liabilities	5,489	5,197
Other	797	796
Total deferred tax assets	797	796
Net deferred tax liabilities	\$ 4,692	\$ 4,401

No valuation allowance was required on deferred tax assets at December 31, 2019 and December 31, 2018.

As of December 31, 2019 and 2018, the Company has not accrued any interest or penalties related to uncertain tax positions. The Company recognizes interest on over/under payments of income taxes and penalties in income tax expense.

The Company does not have any uncertain tax positions as of December 31, 2019 and 2018.

As a result of Eversource's purchase of the Company's parent in 2017, the Company's parent filed its final Federal and state tax returns in 2018. Tax years 2016-2017 remain subject to examination for Federal and New Hampshire.

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5. Utility plant

The components of utility plant at December 31 are as follows:

	Utility Plant	
	2018	2018
Source of supply	\$ 6,297	\$ 5,815
Pumping	2,332	2,316
Water treatment	290	276
Transmission and distribution	38,129	35,526
General structures and improvements	2,290	2,171
Construction work in progress	4,286	2,611
Other	13	2
	<u>53,637</u>	<u>48,717</u>
Less: accumulated depreciation	13,570	13,114
Property, plant and equipment, net	<u>\$ 40,067</u>	<u>\$ 35,603</u>

6. Preferred stock

There were 23 shares of 6% series preferred stock outstanding at December 31, 2019 and 2018. The shares of outstanding preferred stock have voting rights in the event that dividends are not paid for a period of one year, but no voting rights if all dividends in arrears have been paid in full.

7. Long-term debt

The general mortgage bonds were issued in series. No bonds senior to the general mortgage bonds may be issued as long as general mortgage bonds are outstanding. The amount of bonds authorized is unlimited as long as long-term debt does not exceed 65% of capitalization. Long-term debt is collateralized by utility plant.

Long-term debt as of December 31 consists of the following:

	2019	2018
General mortgage bonds:		
7.71% series due June 1, 2023	\$ 3,000	\$ 3,000
6.21% series due August 1, 2035	5,900	5,900
4.45% series due July 5, 2022	5,000	5,000
Long-Term Debt	<u>\$ 13,900</u>	<u>\$ 13,900</u>
Less: Unamortized Debt Issuance Costs	93	105
Net Long-Term Debt	<u>\$ 13,807</u>	<u>\$ 13,795</u>

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Aggregate maturities of long-term debt for each of the five years succeeding December 31, 2019 is as follows:

<u>Year ended December 31,</u>	
2020	\$ -
2021	-
2022	5,000
2023	3,000
2024	-
Thereafter	5,900
	<u>\$ 13,900</u>

8. Employee Benefit Plans

Pension and postretirement benefit plans

Since several subsidiaries of Aquarion participate in Aquarion's employee benefit plans, it is impractical to segregate the assets of the individual plans. Ultimately, the subsidiaries receive a portion of the total costs based upon the demographics of the employee groups therein. Therefore, the following information presents the reconciliation of the Aquarion benefit plans as of December 31, 2019 and 2018. Certain disclosures of amounts which relate specifically to the Company are shown in the section entitled Segregated Disclosures.

Retirement Plan. Aquarion and certain of its subsidiaries have a noncontributory defined retirement pension plan ("Pension Plan") covering qualified employees. The Pension Plan was closed to new participants on October 1, 2009 for non-union employees and January 1, 2011 for union employees. In general, Aquarion's policy is to fund accrued pension costs. The Pension Plan's assets are primarily invested in U.S. and foreign equities and debt securities issued by the U.S. government and corporations.

Postretirement Health Care Benefits. Aquarion and certain of its subsidiaries provide health benefits for substantially all retired employees ("Postretirement Plans") and life insurance for a small group of retired individuals. Postretirement health benefits are not provided to employees hired after July 1, 1996. Only those employees hired prior to July 1, 1996 who remain until retirement age are eligible. Aquarion amended the Postretirement Plan eligibility effective January 1, 2017 to include certain employees with at least twenty years of service. Both active and retired employees contribute a portion of the cost of medical benefits. Aquarion is funding its postretirement health care benefits through contributions to a Voluntary Employee Beneficiary Association Trust ("VEBA"). Aquarion's tax-deductible contribution to the VEBA for calendar years ended December 31, 2019 and 2018 was \$1,355 and \$3,689, respectively. The Postretirement Plans assets are primarily invested in short-term investments.

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Aquarion follows the provisions of ASC 715, which requires it to recognize in its consolidated balance sheet the funded status of a benefit plan. For the Pension Plan, this is measured as the difference between plan assets at fair value and the projected benefit obligation. For the Postretirement Plans, this is measured as the difference between the plan assets at fair value and the accumulated benefit obligation. In addition, ASC 715 requires Aquarion to recognize the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost. Under ASC 980, the Company has recorded a regulatory asset in the amount of \$1,037 and \$720 as of December 31, 2019 and 2018, respectively, as the Regulatory Authorities have provided for full recovery of these costs in rates.

Pension and Postretirement Benefits

Based on an actuarial valuation as of December 31, the following table sets forth the funded status of the Aquarion's qualified Pension Plans and Postretirement Plans as of December 31:

	Pension Plan		Postretirement Plans	
	2019	2018	2019	2018
<u>Change In Benefit Obligation</u>				
Benefit Obligation at Beginning of Year	\$ 146,072	\$ 164,362	\$ 46,264	\$ 62,262
Service Cost	2,544	3,292	91	217
Interest Cost	5,889	5,194	1,780	1,981
Plan Amendments	-	-	-	-
Actuarial (Gain)/Loss	23,813	(21,411)	4,118	(16,691)
Benefits Paid	(5,753)	(5,365)	(2,031)	(1,505)
Benefit Obligation at End of Year	\$ 172,565	\$ 146,072	\$ 50,222	\$ 46,264
<u>Change In Plan Assets</u>				
Fair Value Of Plan Assets At Beginning Of Year	\$ 99,370	\$ 100,721	\$ 20,982	\$ 22,286
Actual return on assets	19,611	(6,375)	4,117	(1,515)
Employer Contributions	12,500	10,389	1,355	1,716
Benefits Paid	(5,753)	(5,365)	(2,031)	(1,505)
Fair Value of Plan Assets at End of Year	\$ 125,728	\$ 99,370	\$ 24,423	\$ 20,982
<u>Net Amount Recognized</u>				
Funded Status	\$ (46,837)	\$ (46,702)	\$ (25,799)	\$ (25,282)
<u>Amounts recognized in Balance Sheet consist of:</u>				
Noncurrent Liabilities	\$ 46,837	\$ 46,702	\$ 25,799	\$ 25,282

The Pension Plan actuarial (gain)/loss of \$23,813 and (\$21,411) in 2019 and 2018, respectively, was due primarily to a change in the discount rate and a mortality table update.

The Postretirement Plans actuarial loss of \$4,118 reported in 2019 was due primarily to a change in the discount rate, a change to the mortality projection scale, asset returns higher than expected, and actual 2019 benefit payments were lower than expected.

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The Postretirement Plans actuarial gain of \$16,691 reported in 2018 was due primarily to a change in the post-65 trend rate, a change in the discount rate, a change to the mortality projection scale and actual 2018 benefit payments were lower than expected.

The accumulated benefit obligation for the Pension Plan was \$155,191 and \$129,347 at December 31, 2019 and 2018, respectively.

The following table sets forth the components of amounts recognized in Regulatory Assets and Other Comprehensive Income at December 31 and changes recognized in Regulatory Assets and Other Comprehensive Income for the years ended December 31:

	Pension Plan		Postretirement Plans	
	2019	2018	2019	2018
<u>Amounts recognized in Regulatory Assets consist of:</u>				
Net Loss	\$ 43,816	\$ 34,764	\$ 4,077	\$ 2,737
Prior Service Cost (Credit)	637	804	1,012	(706)
<u>Amounts recognized in Accumulated Other Comprehensive Income consist of:</u>				
Net Loss	\$ 929	\$ 1,731	\$ 186	\$ 220
Prior Service Cost (Credit)	13	18	(1)	(30)
<u>Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income:</u>				
Net (Gain)/Loss	\$ (802)	\$ 796	\$ (34)	\$ (144)
Amortization of Prior Service Cost	(5)	(5)	29	32
Total recognized in other comprehensive	\$ (807)	\$ 791	\$ (5)	\$ (112)
<u>Other Changes in Plan Assets and Benefit Obligations Recognized in Regulatory Assets:</u>				
Net (Gain)/Loss	\$ 9,052	\$ (12,501)	\$ 1,340	\$ (15,621)
Prior Service Cost	-	-	-	-
Amortization of Prior Service Cost	(167)	(167)	1,718	1,896
Total recognized in regulatory asset	\$ 8,885	\$ (12,668)	\$ 3,058	\$ (13,725)

The components of the net periodic benefit cost and the weighted average assumptions for the Pension Plans for the years ended December 31 were as follows:

	Pension Plan		Postretirement Plans	
	2019	2018	2019	2018
Components Of Net Periodic Benefit Cost				
Service Cost	\$ 2,544	\$ 3,292	\$ 91	\$ 217
Interest Cost	5,889	5,194	1,780	1,981
Expected Return on Plan Assets	(7,067)	(7,070)	(1,304)	(1,292)
Amortizations:				
Prior Service Cost (Credit)	172	172	(1,748)	(1,928)
Net Loss	3,019	3,739	-	1,882
Net Periodic Benefit Cost	\$ 4,557	\$ 5,327	\$ (1,181)	\$ 860

The weighted-average assumptions used in the actuarial calculations for the Pension Plan and Postretirement Plans were as follows:

	Pension Plan		Postretirement Plan	
	2019	2018	2019	2018
Weighted Average Assumptions:				
Discount Rate for projected benefit obligation	3.35%	4.45%	3.28%	4.41%
Discount Rate for net periodic benefit cost	3.55%/2.94%	4.62%/4.10%	4.41%	3.55%
Expected Return on Plan Assets	7.00%	7.00%	7.00%/5.40%	7.00%/4.50%
Rate of Compensation Increase	4.00%	4.00%	N/A	N/A

The fair values of Pension Plan assets at December 31 by asset category are as follows:

Asset Category	As of December 31, 2019			As of December 31, 2018		
	Level 1	Uncategorized	Total	Level 1	Uncategorized	Total
U.S. Equity Funds	\$ 39,448	\$ -	\$ 39,448	\$ 36,068	\$ -	\$ 36,068
Fixed Income Mutual Funds	43,577	-	43,577	36,269	-	36,269
International Equity Funds	29,325	-	29,325	20,557	-	20,557
Other	6,341	7,037	13,378	-	6,476	6,476
Total	\$ 118,691	\$ 7,037	\$ 125,728	\$ 92,894	\$ 6,476	\$ 99,370

The fair values of Postretirement Plan assets, all of which are Level 1 Investments, at December 31 by asset category are as follows:

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	<u>2019</u>	<u>2018</u>
Asset Category		
U.S. Equity Funds	\$ 7,568	\$ 6,480
Fixed Income Mutual Funds	10,028	8,606
International Equity Funds	5,607	4,846
Other	1,220	1,050
Total	<u>\$ 24,423</u>	<u>\$ 20,982</u>

The equity funds include investments in large-cap, mid-cap, and small-cap companies located inside and outside the United States. The components of fixed income mutual funds consist of long-term fixed income investments in high yield instruments.

The other investments consist entirely of investments in a trust which invests substantially all of its assets in real estate inside the United States through private investment funds. This investment is valued using the Net Asset Value (“NAV”) as a practical expedient and is structured as an investment company offering shares or units to multiple investors for the purpose of providing a return. This investment is valued at NAV provided by the partnership, which is based on discounted cash flows of the underlying investments, real estate appraisals or public market comparables of the underlying investments.

The long-term objectives of the plans are to invest in vehicles that provide a return that both limits the risk of plan assets failing to meet associated liabilities and minimizes long-term expense.

The expected long-term rate of return is based on target allocations of investments. The long-term rate of return is developed based on a capital markets model that was developed by investment consultants. This model considers expectations of future returns for investments and historical returns on comparable equity, debt and other investments. The target and actual allocations were as follows:

	Pension Plan				Postretirement Plans			
	Target		Actual		Target		Actual	
	2019	2018	2019	2018	2019	2018	2019	2018
Asset category:								
Equity securities	54.0 %	59.0 %	54.7 %	58.0 %	54.0 %	59.0 %	53.9 %	59.0 %
Debt securities	36.0	36.0	34.8	35.5	41.0	41.0	41.1	41.0
Other	10.0	5.0	10.5	6.5	5.0	-	5.0	-
Total	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Aquarion expects to contribute \$7,576 and \$2,892 to the Pension Plan (including non-qualified pension plans) and the Postretirement Plans, respectively, for 2020.

Future benefit payments and subsidy receipts are expected to be (including the nonqualified plans):

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	Pension Plans	Postretirement Plans
2020	\$ 6,993	\$ 2,892
2021	\$ 7,424	\$ 2,911
2022	\$ 7,676	\$ 2,831
2023	\$ 8,136	\$ 2,873
2024	\$ 8,561	\$ 2,913
2025-2029	\$ 47,006	\$ 14,209

For measurement purposes, the weighted average annual assumed rate of increase in the per capita cost of covered benefits (health care trend rate) related to the Postretirement Plans for December 31 is as follows:

	2019	2018
Health care cost trend rate assumed next year	6.50%/3.50%	6.75%/3.50%
Rate at which the trend rate is assumed to decline (the ultimate rate)	5.0%/3.50%	5.0%/3.50%
Year at which the trend rate reaches the ultimate rate	2023/2019	2023/2019

The estimated net loss and prior service cost for the Pension Plan that will be amortized from accumulated other comprehensive income and regulatory assets and into net periodic benefit cost over the next fiscal year are \$3,406 and \$151, respectively.

The estimated net loss and prior service credit for the Postretirement Plans that will be amortized from accumulated other comprehensive income and regulatory assets into net periodic benefit cost over the next fiscal year are \$0 and \$472, respectively.

Segregated disclosures

The Company's portion of the net pension cost was \$41 in 2019 and \$82 in 2018. The Company's portion of postretirement benefit income was \$85 in 2019 and \$16 in 2018.

Savings plan for employees

Aquarion sponsors a 401(k) Savings Plan for employees of the Aquarion Water Company (the "Savings Plan"). All employees can make contributions that are invested at their direction in one or more funds. The Company matches 50% of the first 5% of each employee's wages contributed to the Plan or 75% of the first 6% of each employee's wages contributed to the Plans, for union and non-union employees, respectively. The Company expensed matching contributions to the Savings Plan totaling \$55 for 2019 and \$28 for 2018.

9. Operating leases

The Company has entered into lease agreements as a lessee for the use of land, facilities and equipment. These lease agreements are classified as operating leases and the liability and right-of-use

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asset are recognized on the balance sheet at lease commencement. Leases with an initial term of 12 months or less are not recorded on the balance sheet and are recognized as lease expense on a straight-line basis.

The Company determines whether or not a contract contains a lease based on whether or not it provides the Company with the use of a specifically identified asset for a period of time, as well as both the right to direct the use of the asset and receive the significant economic benefits of the asset. The Company has elected the practical expedient to not separate non-lease components from lease components and instead to account for both as a single lease component.

Operating lease cost was approximately \$129 and \$126 in 2019 and 2018, respectively. Operating lease cost is included in operating, maintenance and general expenses on the statement of income.

Supplemental balance sheet information related to leases is as follows:

	NH
Operating Leases:	
Operating Lease Right-of-use-Assets	\$ 450
Operating Lease Liabilities	
Operating Lease Liabilities - Current Portion	\$ 87
Operating Lease Liabilities - Long Term	363
Total Operating Lease Liabilities	\$ 450

Other information related to leases is as follows:

Weighted-Average Remaining Lease Term (Years)	6
Weighted-Average Discount Rate (Percentage)	1.2%

Future minimum lease payments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

2020	\$ 130
2021	132
2022	134
2023	136
2024	63
Thereafter	219
Total	\$ 813

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NOTES TO AUDITED FINANCIAL STATEMENTS
(Dollars in thousands)

Aquarion Water Company of New Hampshire
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10. Subsequent events

Subsequent to December 31, 2019, there was a global outbreak of the novel corona virus (COVID 19) that impacted the financial markets and the overall economy. The effect of this impact is highly uncertain and cannot be predicted. Therefore, the Company is currently unable to estimate the impact of these events on the Company's financial position or results of operations.

Management has evaluated subsequent events through March 30, 2020, the date which the financial statements were available for issue.

PUC 1604.01(a)(14)

A list of officers and directors of the utility and their full compensation for each of the last 2 years, detailing base compensation, bonuses, and incentive plans.

Response:

Refer to Requirement 14 Attachment 1 for a list of officers and directors and their full compensation for 2018 and 2019 is attached.

LIST OF OFFICERS 2019

Line No.	Name	Title of Officer	Residence	Salary	Bonus	Incentive	Other	Total Compensation *
1	Charles V. Firlotte	President and Chief Executive Officer	1182 Prospect Dr. Stratford, CT 06615	\$461,027	\$270,529	\$95,333	\$5,984	\$832,873
2	Donald J. Morrissey	Vice President, Treasurer and Secretary	16 Merlins Ln. Newtown, CT 06470	\$322,322	\$126,092	\$52,888	\$5,498	\$506,799
3	Bruce Silverstone (retired 4/30/19)	Vice President, Corporate Communications	121 Whitney Ave., Trumbull, CT 06611	\$77,302	\$76,896	\$35,914	\$1,771	\$191,883
4	John P. Walsh	Vice President	16 Crown Avenue Falmouth, 02540	\$231,698	\$67,980	\$31,350	\$7,697	\$338,725

LIST OF DIRECTORS 2019

Line No.	Name	Residence	Length of Term	Term Expires	No. of Meetings Attended	Annual Fees
5	Charles V. Firlotte	1182 Prospect Dr. Stratford, CT 06615	1 yr	12/19	4	\$0
6	Donald J. Morrissey	16 Merlins Ln. Newtown, CT 06470	1 yr	06/20	4	\$0
7	John P. Walsh	16 Crown Avenue Falmouth, 02540	1 yr	06/20	4	\$0

LIST OF OFFICERS 2018

Line No.	Name	Title of Officer	Residence	Salary	Bonus	Incentive	Other	Total Compensation *
1	Charles V. Firlotte	President and Chief Executive Officer	1182 Prospect Dr. Stratford, CT 06615	\$447,599	\$262,650	\$575,632	\$4,479	\$1,290,361
2	Donald J. Morrissey	Vice President, Treasurer and Secretary	16 Merlins Ln. Newtown, CT 06470	\$312,934	\$122,419	\$317,722	\$5,123	\$758,198
3	Bruce Silverstone (retired 4/30/19)	Vice President, Corporate Communications	121 Whitney Ave., Trumbull, CT 06611	\$183,138	\$35,822	\$74,376	\$2,060	\$295,396
4	John P. Walsh	Vice President	16 Crown Avenue Falmouth, 02540	\$224,950	\$66,000	\$182,475	\$6,675	\$480,100

LIST OF DIRECTORS 2018

Line No.	Name	Residence	Length of Term	Term Expires	No. of Meetings Attended	Annual Fees
5	Charles V. Firlotte	1182 Prospect Dr. Stratford, CT 06615	1 yr	06/19	4	\$0
6	Donald J. Morrissey	16 Merlins Ln. Newtown, CT 06470	1 yr	06/19	4	\$0
7	John P. Walsh	16 Crown Avenue Falmouth, 02540	1 yr	06/19	4	\$0

*Compensation is charged/allocated between Aquarion Water Company of New Hampshire, Aquarion Water Company of Massachusetts, Aquarion Water Company of Connecticut, Aquarion Company and Homeowner Safety Valve.

PUC 1604.01(a)(15)

Copies of all officer and executive incentive plans.

Response:

Refer to Requirement 15 Attachment 1 for the Aquarion Water Company Employee Incentive Plan effective January 1, 2020.

Aquarion Water Company Employee Incentive Plan

Effective January 1, 2020

Objectives

- To incentivize employees behavior towards achievement of goals and objectives as outlined in the 2020 Business Plan.
 - Goals include initiatives focused on financial achievement, employee, customer service, product quality, operations as well as individual employee performance.
- To ensure that our compensation structure will support our ability to attract and retain employees who are focused on our customer through goal achievement, continuous improvement of business processes and enhanced customer service delivery.

-
- Overall Weightings, [REDACTED]:
 - Payouts made in cash at [REDACTED] of Target based on performance matrix and the individual's contribution

Goals

- Deliver strong financial results to shareholders through focus on delivery of net income and growth initiatives.
- Focus on employee engagement to support Aquarion as an employer of choice.
- Develop and implement strategies that improve the customer experience.
- Deliver high quality water, reliably and safely.
- Foster Aquarion's reputation as Stewards of the Environment by promoting a positive Company image and improved local community awareness.

2020 Performance Goals

- Major Initiatives are developed in support of the overall Operating Plan and Balanced Scorecard (Financial, Service and Product Quality as well as Operational Excellence)
- Progress on major initiatives are reviewed monthly to ensure they remain on track to achieve the Company results.
- Major business risks have been identified, monitored and integrated with the Eversource Risk Management Process.
- The following pages provide the specific Annual Incentive Plan goals for 2020.

FINANCIAL PERFORMANCE		
	Category	Overall Weighting
[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
OPERATIONAL PERFORMANCE		
	Category	Overall Weighting
[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	
	[REDACTED]	
[REDACTED]	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
[REDACTED]	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	

FINANCIAL PERFORMANCE:

	Category	2020 Plan	Rationale
Financial Performance			
Overall Weighting =			

OPERATIONAL PERFORMANCE:

OPERATIONAL PERFORMANCE (REDACTED)			
	Category	2020 Plan	Rationale
(REDACTED)	(REDACTED)	(REDACTED)	(REDACTED)
	(REDACTED)	(REDACTED)	(REDACTED)
	(REDACTED)	(REDACTED)	(REDACTED)
(REDACTED)	(REDACTED)	(REDACTED)	(REDACTED)
	(REDACTED)	(REDACTED)	(REDACTED)
	(REDACTED)	(REDACTED)	(REDACTED)
(REDACTED)	(REDACTED)	(REDACTED)	(REDACTED)
	(REDACTED)	(REDACTED)	(REDACTED)
	(REDACTED)	(REDACTED)	(REDACTED)

REDACTIONS

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OPERATIONAL PERFORMANCE (REDACTED)			
	Category	2020 Plan	Rationale
REDACTED	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
	REDACTED	REDACTED	REDACTED
REDACTED			

Matrix of Target Payout: Employee Bonus Plan

	Target Bonus %
Non-Exempt Employees	██████
Exempt Employees	████
Directors	██████
Vice Presidents	██████████
President	██████

Time and Form of Payment of Bonuses

- Bonuses payable under the Employee Incentive Plan for any year will not be determined until after the close of such year.
- If an employee has remained continuously employed through the year for which a bonus is payable, any bonus payable for such year will vest on December 31st of that year and be paid to the employee in a lump sum between January 1st and March 15th of the next succeeding year.
- If an employee terminates employment for any reason (other than termination due to a Change in Control) on or before December 31st of a year for which a bonus would otherwise be payable, the employee will forfeit any and all rights to such bonus immediately upon termination of employment. If reason for termination is due to a Change in Control, the employee will receive a pro-rata payment through the date of termination. Notwithstanding the foregoing, the Compensation Committee reserves the right, upon an employee's termination of employment, to authorize, in its sole discretion, the payment to such terminated employee (or his or her estate in the event of the employee's death) of a pro rata portion of any bonus to which such employee would otherwise have become entitled had such employee continued employment through the end of the year for which such bonus is payable; provided, however, that in no event will the date of payment of such bonus be accelerated.

Administration of the Plan; Governing Law

- The Employee Incentive Plan shall be administered under the direction of the President and the Compensation Committee. The Compensation Committee may make such rules and other terms and conditions for the conduct and administration of the Plan as it shall think fit and may amend the Plan, provided, that, no such amendment shall adversely affect the right of any employee to receive payment under the Plan of a vested bonus. Any dispute regarding the interpretation of the Plan or the terms and conditions of participation or the calculation of the thresholds, scorecard measures or bonuses shall be determined by the Committee in its sole discretion and its decision shall be final and binding on all persons.
- All questions pertaining to the construction, regulation, validity and effect of the provisions of the Plan will be determined in accordance with the laws of the State of Connecticut without giving effect to the conflict of laws principles thereof. Anything in this Plan to the contrary notwithstanding, the terms of this Plan shall be interpreted and applied in a manner consistent with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations thereunder so as not to subject an employee participating in the Plan to the payment of any tax penalty or interest which may be imposed by Section 409A of the Code and the Company shall have no right to make any payment under this Plan except to the extent such action would not subject an employee to the payment of any tax penalty or interest under Section 409A of the Code. It is intended that payments made under this Plan on or before the 15th day of the third month following the end of the employee's first taxable year in which the right to the payment is no longer subject to a substantial risk of forfeiture shall be exempt from compliance with Section 409A of the Code pursuant to the exception for short-term deferrals set forth in Section 1.409A-1(b)(4) of the Treasury Regulations.

PUC 1604.01(a)(16)

Lists of the amount of voting stock of the utility categorized as follows:

- a. Owned by an officer or director individually;**
- b. Owned by the spouse or minor child of an officer or director; or**
- c. Controlled by the officer or director directly or indirectly;**

Response:

The Company does not have any voting stock owned or controlled by any officers or directors.

PUC 1604.01(a)(17)

A list of all payments to individuals or corporations for contractual services in the test year with a description of the purpose of the contractual services, as follows:

- a. For utilities with less than \$10,000,000 in annual gross revenues, a list of all payments in excess of \$10,000;**
- b. For utilities with \$10,000,001 to \$100,000,000 in annual gross revenues, a list of all payments in excess of \$50,000; and**
- c. For utilities with annual gross revenues in excess of \$100,000,000, a list of all payments in excess of \$100,000;**
- d. The reporting thresholds for a particular entity shall be on a cumulative basis, indicating the number of items comprising the total amount of expenditure.**

Response:

Refer to Requirement 17 Attachment 1 for a list of vendor payments in excess of \$10,000 in 2019 is attached.

AWC of New Hampshire

Vendor Payments in excess of \$10,000 made during the test year 01/01/2019 - 12/31/2019

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Jamco Excavators Llc	Construction Costs	1,280,257.99
Waterline Industries	Construction Costs	876,761.05
Tighe & Bond	Construction Costs	427,134.46
Town Of Hampton	Tax, Police Detail & Other Miscellaneous Payments	351,680.03
Geosphere Environmental	Construction Costs	282,065.25
Tufts Associated Health Maintenance	Benefits Costs	278,534.97
F. W. Webb Company	Construction Costs	274,111.16
Results Engineering	SCADA Support	217,936.43
Core & Main Lp	Construction Costs - Equipment	214,789.29
Robert Pike Construction Inc	Construction Costs	182,047.45
Neptune Technology Group Inc	Equipment Costs - Meters	181,148.00
New Hampshire Dept Of Revenue Admin	State Utility Property Tax Expense	177,956.00
Next Generation Strategies, Llc.	Public Relations	153,060.75
Unitil Exeter & Hampton Electric Co	Electricity Payments	137,569.61
Town Of North Hampton	Tax, Police Detail & Other Miscellaneous Payments	110,924.28
Eversource	Electricity Payments	105,686.59
Casemo Realty, Llc.	Rent Expense	103,467.27
Gutermann, Inc.	Leak Logger Pilot	71,864.00
Rain For Rent	Temporary Water Piping for Main Construction	67,915.74
Richardson Electrical Co Inc	Construction Costs	67,598.25
Maher Services, Inc.	Construction Costs	60,335.00
Bck Excavation, Llc.	Construction Costs	57,232.50
W.L. French Excavating Corp	Construction Costs	56,329.91
Mpx	Postage Costs	55,771.45
Eastern Analytical, Inc.	Water Quality Sampling	54,179.00
Nh Brown Law, Pllc	Legal Services	35,639.96
New Hampshire Public Utilities Comm	Public Utility Assessment	35,484.00
Unitedhealthcare Insurance Co.	Benefits Costs	32,533.62
Portsmouth Chevrolet Inc	Vehicles	28,069.00
Usa Bluebook	Construction Costs - Equipment	24,011.73
Denis L. Maher Co., Llc.	Well/Pump Maintenance	22,337.00
Unifirst Corporation	Construction Costs	21,264.82
Ti Sales Inc.	Construction Costs	19,573.20
Underground Testing & Services, Llc	Construction Costs	19,000.00
Wex Bank	Gasoline	18,574.43
Town Of Hampton	Tax, Police Detail & Other Miscellaneous Payments	18,263.66
Monson Companies	Water Treatment Chemicals	17,844.67
Whitewater Inc	Cross Connection Testing	17,496.75
Town Of Stratham	Tax, Police Detail & Other Miscellaneous Payments	17,192.84
Gallagher, Callahan & Gartrell	Construction Costs - Permits	16,767.50
Town Of North Hampton	Tax, Police Detail & Other Miscellaneous Payments	15679.56
Town Of Rye	Tax, Police Detail & Other Miscellaneous Payments	15590.55
New England Water Distribution	Leak Surveying Costs	13694
Unitil	Electricity Payments	13635.1
Carus Corporation	Water Treatment Chemicals	12263
Ronald Mulcahy	Rent Expense	11943.74
Pit Stop Auto & Truck Of Hampton	Vehicle Maintenance Costs	11021.51
Charles Lamie Jr	Landscaping Costs	10580
Wausau Financial Systems Inc	Lockbox Fees	10298.93
		<u>6,305,116.00</u>

PUC 1604.01(a)(18)

For non-utility operations, the amount of assets and costs allocated thereto and justification for such allocations.

Response:

Not applicable. The Company does not have any non-utility operations.

PUC 1604.01(a)(19)

- **Balance sheets and income statements for the previous 2 years if not previously filed with the commission.**

Response:

Balance sheets and income statements for 2018 and 2019 were filed as part of the annual reports filed with the commission.

PUC 1604.01(a)(20)

Quarterly income statements for the previous 2 years if not previously filed with the commission.

Response:

Refer to Requirement 20 Attachment 1 for quarterly income statements for 2018 and 2019.

AQUARION WATER COMPANY of NEW HAMPSHIRE
STATEMENT OF INCOME
2018 QUARTERLY FINANCIALS

	3/31/2018	6/30/2018	9/30/2018	12/31/2018	FY 2018
Residential	891,513	1,142,391	1,496,294	936,584	4,466,783
Commercial	267,282	337,014	461,810	283,081	1,349,187
Industrial	9,820	10,471	9,344	9,519	39,154
Public Authorities	21,075	32,717	47,227	27,415	128,435
Public Fire	218,411	218,412	221,364	221,361	879,548
Private Fire	108,749	108,072	108,701	108,789	434,311
Other Revenues	39,636	74,019	44,365	42,316	200,336
Operating Revenues	1,556,486	1,923,096	2,389,105	1,629,065	7,497,754
Operation	662,258	580,562	632,850	636,259	2,511,929
Maintenance	116,385	124,008	140,113	139,828	520,334
Deprecation	235,758	237,559	250,055	245,230	968,602
Taxes other Than Income Taxes	190,201	190,236	189,749	195,087	765,273
Current Income Taxes	30,000	102,000	167,425	96,381	395,806
Deferred Income Taxes	1,000	2,000	5,454	132,211	140,665
Operating Expenses	1,235,602	1,236,365	1,385,646	1,444,996	5,302,609
Utility Operating Income	320,884	686,731	1,003,459	184,069	2,195,145
Merchandise, Jobbing and Contract Work	(16,167)	(1,069)	(21)	(10,003)	(27,259)
Interest	(8,178)	(6,927)	(3,002)	(1,815)	(19,922)
Misc Non-Operating Gain (Loss), Net	-	-	-	(44,115)	(44,115)
Other Income	(24,345)	(7,996)	(3,023)	(55,933)	(91,296)
Other Income Deductions	(9,220)	(8,220)	(9,220)	(9,266)	(35,925)
Other Deductions	(9,220)	(8,220)	(9,220)	(9,266)	(35,925)
Net Other Income	(33,565)	(16,216)	(12,243)	(65,199)	(127,221)
Income Before Interest Charges	354,449	702,947	1,015,702	249,268	2,322,366
Interest on Long-term Debt	205,048	205,666	206,284	206,284	823,280
Amortization of Debt Discount and Expense	4,502	4,502	4,502	4,502	18,006
Interest on Debt to Affiliated Companies	-	-	-	-	-
Other Interest Charges	1,125	-	-	-	1,125
Interest Charges	210,675	210,168	210,786	210,786	842,411
Net Income (Loss)	143,774	492,779	804,916	38,482	1,479,955

AQUARION WATER COMPANY of NEW HAMPSHIRE
STATEMENT OF INCOME
2019 QUARTERLY FINANCIALS

	3/31/2019	6/30/2019	9/30/2019	12/31/2019	FY 2019
Residential	866,356	1,111,805	1,358,876	910,247	4,247,284
Commercial	250,380	323,228	511,018	236,498	1,321,123
Industrial	7,827	862	1,377	(1,193)	8,872
Public Authorities	24,581	35,163	48,264	23,184	131,192
Public Fire	218,363	218,363	217,599	217,599	871,923
Private Fire	107,941	108,267	116,344	110,249	442,802
Other Revenues	39,992	68,583	51,959	42,783	203,317
Operating Revenues	1,515,440	1,866,271	2,305,437	1,539,367	7,226,513
Operation	631,550	660,259	909,916	626,794	2,828,521
Maintenance	177,362	132,538	116,635	90,985	517,520
Deprecation	246,579	248,949	267,121	261,581	1,024,230
Taxes other Than Income Taxes	195,995	193,322	195,871	167,830	753,018
Current Income Taxes	11,000	77,000	114,481	(78,202)	124,279
Deferred Income Taxes	-	4,000	1,468	86,807	92,275
Operating Expenses	1,262,486	1,316,068	1,605,492	1,155,795	5,339,843
Utility Operating Income	252,954	550,203	699,945	383,572	1,886,670
Merchandise, Jobbing and Contract Work	(2,323)	(2,696)	(6,897)	562	(11,355)
Interest	-	-	-	-	-
Misc Non-Operating Gain (Loss), Net	-	50	-	(31,708)	(31,658)
Other Income	(2,323)	(2,646)	(6,897)	(31,146)	(43,013)
Other Income Deductions	(8,359)	(4,359)	(9,359)	(9,359)	(31,437)
Other Deductions	(8,359)	(4,359)	(9,359)	(9,359)	(31,437)
Net Other Income	(10,682)	(7,005)	(16,256)	(40,505)	(74,450)
Income Before Interest Charges	263,636	557,208	716,201	424,077	1,961,120
Interest on Long-term Debt	205,048	205,657	206,293	206,284	823,280
Amortization of Debt Discount and Expense	4,502	4,502	4,502	4,502	18,006
Interest on Debt to Affiliated Companies	3,402	3,421	6,287	11,484	24,595
Other Interest Charges	1,627	-	-	-	1,627
Interest Charges	214,579	213,580	217,082	222,270	867,508
Net Income (Loss)	49,057	343,628	499,119	201,807	1,093,612

PUC 1604.01(a)(21)

Quarterly sales volumes for the previous 2 years, itemized for residential and other classifications of service, if not previously filed with the commission.

Response:

Refer to Requirement 21 Attachment 1 for quarterly and annual sales volume by customer class for 2018 and 2019.

Aquarion Water Company of New Hampshire
5 Year Quarter Sales Volume by Customer Class
(In Thousand Gallons)

Volume for Quarter Ending	Year	Public				Total
		Residential	Commercial	Industrial	Authorities	
March	2018	77,632	29,616	1,381	2,028	110,657
June	2018	96,654	35,806	1,443	2,862	136,765
September	2018	162,376	56,966	1,359	5,117	225,818
December	2018	88,673	34,311	1,389	2,940	127,313
2018 Full Year Sales Volume		425,335	156,699	5,572	12,947	600,553
March	2019	74,495	28,654	1,109	2,582	106,840
June	2019	88,647	34,506	39	3,390	126,582
September	2019	155,256	61,253	22	5,274	221,805
December	2019	90,813	34,635	16	2,909	128,373
2019 Full Year Sales Volume		409,211	159,048	1,186	14,155	583,600

PUC 1604.01(a)(22)

A description of the utility's projected need for external capital for the 2 year period immediately following the test year.

Response:

The Company's projected capital spending is included in the Company response to Puc 1604.01(a)(23). The Company can generally finance its capital improvement program through internally generated funds. At a very high level, net income plus depreciation less dividends will create enough source of funds for typical spending.

Aquarion plans to seek \$9-\$10 million of new external debt in 2022. The amount includes \$5 million which is maturing in July 2022 so the net additional long-term debt will be \$4-\$5 million.

PUC 1604.01(a)(23)

The utility's capital budget with a statement of the source and uses of funds for the 2 years immediately following the test year.

Response:

Refer to Requirement 23 Attachment 1 for capital budget for years 2020 and 2021.

**Aquarion Water Company of New Hampshire
Two Year Capital Expenditure Budget**

DESCRIPTION	CATEGORY	PUC Account No.	2020	2021
Truck Purchase	A&G	341	\$ 40,000	\$ -
Fixed Base Loggers Ph. 3	A&G	346	80,000	40,000
Recurring General Plant	A&G		20,000	20,000
Total General Plant			\$ 140,000	\$ 60,000
Recurring SCADA Hardware	IT	346	-	15,500
Recurring SCADA Software	IT	346	90,000	14,500
Total Information Technology			\$ 90,000	\$ 30,000
Main Replacements - NH	Mains	309	1,425,000	-
High Street Mian Replacement	Mains	309	-	1,400,000
Marston Way Main Replacement	Mains	309	-	-
Main Replacement Planning	Mains	309	-	-
Total Mains			\$ 1,425,000	\$ 1,400,000
Meter Replacements	Meters	334	96,300	122,700
Meters New	Meters	334	63,000	40,700
Total Meters			\$ 159,300	\$ 163,400
Recurring Pumping	Pumping	311	43,000	40,000
Total Pumping			\$ 43,000	\$ 40,000
Risk Assessments and Emergency Response Plans	SOS	307	28,077	21,000
Recurring SOS	SOS	307	60,000	28,000
Total Source of Supply			\$ 88,077	\$ 49,000
Exeter Road Tank Replacement	T&D	330	-	-
Jenness Beach Tank Rehabilitation	T&D	330	-	335,000
Recurring T&D	T&D	330	40,000	40,000
Capitalized Main Breaks	T&D	331	14,000	14,000
Hydrants Replacements	T&D	335	14,000	14,000
Services New	T&D	333	85,000	85,000
Services Replacements	T&D	333	40,000	40,000
Valves Replacements	T&D	330	11,000	11,000
Total Transmission & Distribution			\$ 204,000	\$ 539,000
Recurring Treatment	Treatment	320	20,000	17,000
Winnacut 4-Log	Treatment	320	139,690	-
Well 14A & 4-Log	Treatment	320	171,000	-
Little River WTP/ Well 7/22 - power	Treatment	320	-	-
Little River WTP	Treatment	320	1,541,210	-
Mill Rd. WTP Centralized Treatment	Treatment	320	36,115	-
Mill Road Automation	Treatment	320	-	-
PFC Treatment at Well 6	Treatment	320	-	1,200,000
Well 22 (Including Arsenic Removal)	Treatment	320	-	90,000
Total Treatment			\$ 1,908,015	\$ 1,307,000
TOTAL:			\$ 4,057,392	\$ 3,588,400

PUC 1604.01(a)(24)

The amount of outstanding short term debt, on a monthly basis during the test year, for each short-term indebtedness.

Response:

Refer to Requirement 24 Attachment 1 for 2019 monthly balances of the Company's short-term debt.

AWC of New Hampshire

Month in Test year		Outstanding Short term debt (Intercompany Notes Payable)	
January	2019	\$	300,000
February	2019	\$	400,000
March	2019	\$	400,000
April	2019	\$	400,000
May	2019	\$	400,000
June	2019	\$	700,000
July	2019	\$	700,000
August	2019	\$	900,000
September	2019	\$	1,500,000
October	2019	\$	1,800,000
November	2019	\$	2,200,000
December	2019	\$	1,200,000

PUC 1604.01(a)(25)

If a utility is a subsidiary, a certificate of an appropriate official of the subsidiary detailing any expense of the parent company which was included in the subsidiary's cost of service.

Response:

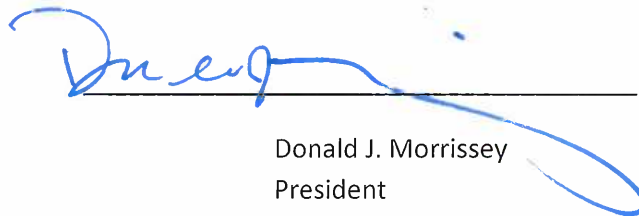
Refer to Requirement 25 Attachment 1 for the Company's certification of corporate allocations from Aquarion Inc., and Eversource.

Puc 1604.01(a)(25) Certification

I certify, based on my personal knowledge, information and belief that the following table reflects the annual operating costs included in Aquarion Water Company of New Hampshire's cost of service attributable to: Aquarion Water Company of Connecticut (AWC-CT), Aquarion Water Company of Massachusetts (AWC-MA) and Aquarion Company. The table includes the nature of the expenditure, service provider and test year and pro forma amounts along with references to Schedules within the filing that provide additional information on the respective charge.

	2019 Actual	Pro Forma	Service Provider	Schedule Reference
Affiliate Company Wages	\$ 128,981	\$ 136,836	AWC-CT	Schedule 1C
Affiliate Company Benefits	141,824	144,065	AWC-CT	Schedule 1D
Allocations from Aquarion Company	55,607	58,138	Aquarion Company	Schedule 1O
Shared Customer Service	89,382	86,832	AWC-CT	Schedule 1P
Shared IT	262,527	181,865	AWC-CT	Schedule 1Q
Shared Facilities	49,830	46,737	AWC-CT	Schedule 1N
	<u>\$ 728,151</u>	<u>\$ 654,473</u>		

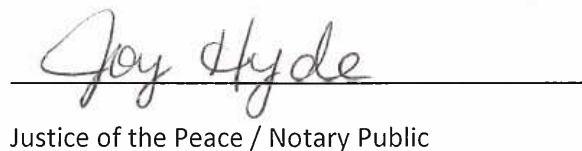
Dated: December 15, 2020


Donald J. Morrissey
President

STATE OF: Connecticut

COUNTRY OF: Fairfield

Sworn to and subscribed before me this 15 day of December, 2020.


Justice of the Peace / Notary Public

My Commission Expires:

Joy Hyde
Notary Public, State of Connecticut
My Commission Expires Aug 31, 2025

PUC 1604.01(a)(26)

- **Support for figures appearing on written testimony and in accompanying exhibits.**

Response:

Refer to Requirement 26 Attachment 1 for the Lead/Lag Study to compute the cash working capital allowance percentage.

Refer to Requirement 26 Attachment 2 for the computation of expense percentage for wages and salaries.

Aquarion Water Company of New Hampshire Working Capital Percentage Calculation

Revenue Classification	(A) <u>Revenue</u>	(B) Days <u>(Lead)/Lag</u>	(C)=(A)*(B) <u>(Lead)/Lag</u> <u>Dollar-Days</u>
<u>Billed in Advance</u>			
<u>Year Round Monthly</u>			
Residential	1,624,932	-15	(24,373,975)
Commercial	307,298	-15	(4,609,471)
Industrial	1,426	-15	(21,395)
Other Public Authority	29,697	-15	(445,462)
<u>Seasonal</u>			
Residential	161,747	-60	(9,704,838)
Commercial	27,047	-60	(1,622,836)
Other Public Authority	12,079	-60	(724,754)
Private Fire	457,261	-15	(6,858,915)
Public Fire	926,116	-90	(83,350,410)
Subtotal Advance	<u>3,547,604</u>		<u>(131,712,057)</u>
<u>Billed in Arrears</u>			
<u>Year Round Monthly</u>			
Residential	2,577,155	15	38,657,319
Commercial	956,554	15	14,348,316
Industrial	7,724	15	115,859
Other Public Authority	82,569	15	1,238,530
<u>Seasonal</u>			
Residential	111,887	15	1,678,302
Commercial	99,359	15	1,490,384
Other Public Authority	12,014	15	180,216
Subtotal in Arrears	<u>3,847,262</u>		<u>57,708,926</u>
	<u>7,394,866</u>		<u>(74,003,131)</u>
Average Days			(10.01)
Average Days to Pay			30
Total Average Days			19.99
Total Days			360
			<u>5.55%</u>

Aquarion Water Company of New Hampshire
Payroll to Expense Percentage

Labor Charged to Capital	63,783.15
Labor Charged to General Overhead	23,955.85
Labor Charged to Expense	714,247.23
Total Wages	<u>801,986.23</u>
Percent of Labor Charged to Expense	89.1%