

DW 20-187

LAKES REGION WATER COMPANY, INC.

Request for Change in Rates

Responses to Commission Record Requests

Date of Request: 05/05/22

Date of Response: 05/18/22

Record Request No. 1

Witnesses: Stephen P. St. Cyr

Request: Please provide the NH Business Profits Tax rates for the years ending December 31, 2022 and December 31, 2021. If the NH Business Profits Tax rate is other than 7.7, please provide updated schedules.

Response: According to the NH Department of Revenue Administration web site (<https://www.revenue.nh.gov/faq/business-profits.htm>) (May 17, 2022): “For taxable periods ending on or after December 31, 2019, the BPT rate is reduced to 7.7%. For taxable periods ending on or after December 31, 2022, the BPT rate is reduced to 7.6%.”

Updated schedules (Attachments A & B to the Settlement Agreement) using the Business Profits Tax Rate of 7.6% for the year ending December 31, 2022, are being provided with this response electronically and a PDF copy is attached for use on the Commission’s Docketbook.

The change in the NHBPT rate (if required) would decrease the combined revenue requirement for permanent rates and the step adjustment by a total of \$185.

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES
REVENUE REQUIREMENT

Attachment A
Schedule 1

Rate Base (Schedule 2; Column 6)	\$ 3,607,730
Rate of Return (Schedule 1a)	x <u>8.52%</u>
Operating Income Requirement (See Schedule 3; Column 8)	307,258
Less: Proforma Test Year Operating Income (Schedule 3; Column 6)	<u>(276,906)</u>
Revenue Deficiency / (Surplus) Before Tax Effect (See Schedule 3; Column 7)	30,352
Tax Factor (Schedule 1b)	÷ <u>73.00%</u>
Revenue Deficiency / (Surplus) After Tax Effect (See Schedule 3; Column 7)	41,581
Add: Pro Forma Water Revenues from General Customers (Schedule 3; Column 6)	<u>1,337,149</u>
Water Revenues from General Customers Proposed by Department (See Schedule 3; Column 8)	<u>\$ 1,378,730</u>
Percent Increase in Annual Water Revenues from General Customers	<u>3.11%</u>

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES
WEIGHTED AVERAGE COST OF CAPITAL

	(1)	(2)	(3)	(4)	(5)	(5a)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	CAPITAL STRUCTURE						COST OF DEBT						
	Balance 12/31/14	Original Proforma Adj's Per Company	Proforma Adj's Per Dept	Adjusted Balance	Calculated Percent	Proforma Percent	Annual Interest	Annual Debt Expense	Proforma Adj's Per Company	Proforma Adj's Per Department	Adjusted Cost of Debt	TOTAL COST RATE	WEIGHTED AVERAGE COST OF CAPITAL
Long-Term Debt:													
Total Long-Term Debt (See Schedule 1ai)	\$ 915,541	\$ 633,000	\$ (92,094)	\$ 1,456,447	32.19%	32.19%	\$ 50,392	\$ 1,939	\$ 34,825	\$ (12,607)	\$ 74,549	5.12%	1.65%
Common Equity:													
Common Equity	10,000	-		10,000	0.22%								
Additional Paid-in Capital	1,423,322	-		1,423,322	31.46%								
Capital Stock Expense	4	-		4	0.00%								
Retained Earnings	1,537,894	96,463	(a,b)	1,634,357	36.13%								
Total Common Equity	<u>2,971,220</u>	<u>96,463</u>	<u>-</u>	<u>3,067,683</u>	<u>67.81%</u>	<u>67.81%</u>						10.13% (c)	6.87%
Total Capitalization	<u>\$ 3,886,761</u>	<u>\$ 729,463</u>	<u>\$ (92,094)</u>	<u>\$ 4,524,130</u>	<u>100.00%</u>	<u>100.00%</u>							<u>8.52%</u>

(a) See Dept Adj # 23: To reverse Accumulated Deferred Income Taxes - Savings: \$ 85,414

(b) To increase Retained Earnings based on certain Department adjustments to correct test year Operating Income & Expense accounts

Dept Adj # 27: Audit Issue # 7	\$ 1,210
Dept Adj # 28: Audit Issue # 7	1,125
Dept Adj # 29: Audit Issue # 7	6,008
Dept Adj # 30: Audit Issue # 7	875
Dept Adj # 51: Audit Issue # 1	3,356
Dept Adj # 52: Audit Issue # 3	(1,435)
Dept Adj # 53: Audit Issue # 7	(15)
Dept Adj # 54: Audit Issue # 7	(75)
	<u>\$ 11,049</u>

(c) To reduce Cost of Equity from 10.44% proposed by the Company to 9.63% base ROE plus 0.50% for avoidance of ROE litigation for 10.13%.

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES
CALCULATION OF COST OF DEBT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)			
	LONG-TERM DEBT					COST OF DEBT										
Description	Date of Issue	Date of Maturity	Interest Rate	Balance 12/31/19	Proforma Adj's Per Company	Proforma Balance Per Co	Proforma Adj's Per Department	Proforma Balance Per Dept	Interest Expense	Annual Debt Expense	Total Debt Cost	Proforma Adj's Per Company	Proforma Balance Per Co	Proforma Adj's Per Department	Adjusted Cost of Debt	TOTAL COST RATE
Operating Loans:																
CoBank S01 (Line of Credit)	06/24/14	06/30/15	Variable	\$ -	\$ -	\$ -		\$ -	\$ 1,107	\$ -	\$ 1,107	\$ -	\$ 1,107		\$ 1,107	0.00%
CoBank T01 (15 Year Note)	06/24/14	06/20/19	5.25%	315,853	-	315,853		315,853	17,758	400	18,158	-	18,158	(1,176) (a)	16,982	5.38%
CoBank T02 (5 Year Note)	06/25/14	06/20/19	3.45%	-	-	-		-	305	-	305	-	305	(305) (b)	-	0.00%
CoBank T03 (20 Year Note) - Indian Mound	04/27/15	06/20/15	5.50%	96,249	-	96,249		96,249	5,105	927	6,032	-	6,032	189 (c)	6,221	6.46%
CoBank T04 (20 Year Note) - Dockham Shores	12/18/17	11/20/37	5.45%	124,254	-	124,254		124,254	7,021	-	7,021	-	7,021	697 (d,e)	7,718	6.21%
CoBank T05 (20 Year Note) - Step 2	12/18/17	11/20/37	5.45%	245,496	-	245,496		245,496	13,868	-	13,868	-	13,868	(488) (f)	13,380	5.45%
CoBank T06 (20 Year Note)	12/02/21	04/20/42	4.40%	-	633,000	633,000	(92,094) (g)	540,906	-	-	-	34,769	34,769	(10,969) (h)	23,800	4.40%
Total Operating Loans				<u>781,852</u>	<u>633,000</u>	<u>1,414,852</u>	<u>(92,094)</u>	<u>1,322,758</u>	<u>45,164</u>	<u>1,327</u>	<u>46,491</u>	<u>34,769</u>	<u>81,260</u>	<u>(12,053)</u>	<u>69,207</u>	<u>5.23%</u>
Equipment Loans:																
Ford 2014 F150 6505	08/06/14	08/06/19	6.24%	-	-	-		-	114	-	114	-	114	(114) (i)	-	0.00%
Ford 2016 F150 8576	04/30/16	06/30/21	0.00%	11,796	-	11,796		11,796	-	-	-	-	-	-	-	0.00%
Ford 2017 F550 0334	10/16/17	10/16/22	4.34%	30,765	-	30,765		30,765	1,571	204	1,775	19	1,794	(236) (j)	1,558	5.06%
Ford 2018 F250 2428	02/08/18	02/08/23	4.84%	29,301	-	29,301		29,301	2,119	204	2,323	19	2,342	(701) (k)	1,641	5.60%
Ford 2018 F250 2159	02/08/18	02/08/23	4.84%	25,358	-	25,358		25,358	1,424	204	1,628	18	1,646	(197) (l)	1,449	5.72%
Ford 2019 F250 4338	11/27/19	11/27/24	1.90%	36,469	-	36,469		36,469	-	-	-	-	-	693 (m)	693	1.90%
Total Equipment Loans				<u>133,689</u>	<u>-</u>	<u>133,689</u>	<u>-</u>	<u>133,689</u>	<u>5,228</u>	<u>612</u>	<u>5,840</u>	<u>56</u>	<u>5,896</u>	<u>(554)</u>	<u>5,342</u>	<u>4.00%</u>
Total Long-Term Debt				<u>\$ 915,541</u>	<u>\$ 633,000</u>	<u>\$ 1,548,541</u>	<u>\$ (92,094)</u>	<u>\$ 1,456,447</u>	<u>\$ 50,392</u>	<u>\$ 1,939</u>	<u>\$ 52,331</u>	<u>\$ 34,825</u>	<u>\$ 87,156</u>	<u>\$ (12,607)</u>	<u>\$ 74,549</u>	<u>5.12%</u>
(a) CoBank T01 Balance @ 12/31/19				\$ 315,853			(h) CoBank T06 Loan - Dockham Shores					\$ 540,906				
Interest Rate			x	5.25%			Interest Rate (Dept TS 2-1)					x	4.40%			
Calculated Interest Expense				16,582			Interest Expense						23,800			
Less: Test Year Interest Expense				(17,758)			Less: Interest Expense per Co Filing						(34,769)			
Interest Adjustment				<u>\$ (1,176)</u>			CoBank T06 Loan - Dockham Shores Interest Adj						<u>\$ (10,969)</u>			
(b) CoBank T02 Balance @ 12/31/19				\$ -			(i) Ford 2014 F150 6505 Balance @ 12/31/19					\$ -				
Interest Rate			x	3.45%			Interest Rate					x	6.24%			
Calculated Interest Expense				-			Calculated Interest Expense						-			
Less: Test Year Interest Expense				(305)			Less: Test Year Interest Expense						(114)			
Interest Adjustment				<u>\$ (305)</u>			Interest Adjustment						<u>\$ (114)</u>			
(c) CoBank T03 Balance @ 12/31/19				\$ 96,249			(j) Ford 2017 F550 0334 Balance @ 12/31/19					\$ 30,765				
Interest Rate			x	5.50%			Interest Rate					x	4.34%			
Calculated Interest Expense				5,294			Calculated Interest Expense						1,335			
Less: Test Year Interest Expense				(5,105)			Less: Test Year Interest Expense						(1,571)			
Interest Adjustment				<u>\$ 189</u>			Interest Adjustment						<u>\$ (236)</u>			
(d) CoBank T04 Balance @ 12/31/19				\$ 124,254			(k) Ford 2018 F250 2428 Balance @ 12/31/19					\$ 29,301				
Interest Rate			x	5.45%			Interest Rate					x	4.84%			
Calculated Interest Expense				6,772			Calculated Interest Expense						1,418			
Less: Test Year Interest Expense				(7,021)			Less: Test Year Interest Expense						(2,119)			
Interest Adjustment				<u>\$ (249)</u>			Interest Adjustment						<u>\$ (701)</u>			
(e) Total Debt Acquisition Exp - CoBank T04 (Sch 5)				\$ 18,918			(l) Ford 2018 F250 2159 Balance @ 12/31/19					\$ 25,358				
Term of Loan			÷	20			Interest Rate					x	4.84%			
Annual Amortization of Loan Expense				<u>\$ 946</u>			Calculated Interest Expense						1,227			
							Less: Test Year Interest Expense						(1,424)			
							Interest Adjustment						<u>\$ (197)</u>			
(f) CoBank T05 Balance @ 12/31/19				\$ 245,496			(m) Ford 2019 F250 4338 Balance @ 12/31/19					\$ 36,469				
Interest Rate			x	5.45%			Interest Rate					x	1.90%			
Calculated Interest Expense				13,380			Calculated Interest Expense						693			
Less: Test Year Interest Expense				(13,868)			Less: Test Year Interest Expense						-			
Interest Adjustment				<u>\$ (488)</u>			Interest Adjustment						<u>\$ 693</u>			
(g) CoBank T06 Loan (Dept TS 2-1) - Dockham Shores				\$ 214,906												
Wildwood Pumpstation				260,000												
Robin Lane Main Replacement				66,000												
Less: Total CoBank T06 Loan				(633,000)												
CoBank T06 Loan - Post-Test Year Projects				<u>\$ (92,094)</u>												

**DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES
EFFECTIVE TAX FACTOR**

Attachment A
Schedule 1b

Taxable Income	100.00%
Less: NH Business Profits Tax	-7.60%
Federal Taxable Income	92.40%
Federal Income Tax Rate	x <u>21.00%</u>
Effective Federal Income Tax Rate	19.40%
Add: NH Business Profits Tax	<u>7.60%</u>
Effective Tax Rate	<u><u>27.00%</u></u>
Percent of Income Available if No Tax	100.00%
Less: Effective Tax Rate	<u>-27.00%</u>
Percent Used as a Divisor in Determining Revenue Requirement	<u><u>73.00%</u></u>
Tax Multiplier (Effective Tax Rate ÷ Percent Used as a Divisor)	<u><u>0.36994</u></u>

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES
RATE BASE

Attachment A
Schedule 2

	(1)	(2)	(3)	(4)	(5)	(6)
	13-Mo Avg Rate Base Per Co	Original Proforma Adj's Per Company	Original Proforma Rate Base Per Co	Proforma Adj's Per Department (Sch 2a)	Dept Adj # (Sch 2a)	Proforma Rate Base Per Staff
<u>Plant in Rate Base:</u>						
Utility Plant in Service	\$ 6,588,574	\$ 641,200	\$ 7,229,774	\$ (607,688)	1 - 8	\$ 6,622,087
Less: Accumulated Depreciation	<u>(2,094,807)</u>	<u>(97,121)</u>	<u>(2,191,928)</u>	<u>9,387</u>	9 - 17	<u>(2,182,541)</u>
Net Plant in Service	<u>4,493,767</u>	<u>544,079</u>	<u>5,037,846</u>	<u>(598,300)</u>		<u>4,439,546</u>
Acquisition Adjustment (AA)	(276,689)		(276,689)			(276,689)
Less: Accumulated Amortization - AA	<u>200,435</u>	<u>3,930</u>	<u>204,365</u>			<u>204,365</u>
Net Acquisition Adjustment	<u>(76,254)</u>	<u>3,930</u>	<u>(72,324)</u>	<u>-</u>		<u>(72,324)</u>
Contributions in Aid of Construction (CIAC)	(899,678)		(899,678)			(899,678)
Less: Accumulated Amortization - CIAC	<u>331,659</u>	<u>8,768</u>	<u>340,427</u>			<u>340,427</u>
Net Contributions in Aid of Construction	<u>(568,019)</u>	<u>8,768</u>	<u>(559,251)</u>	<u>-</u>		<u>(559,251)</u>
Net Plant in Rate Base	<u>3,849,494</u>	<u>556,777</u>	<u>4,406,271</u>	<u>(598,300)</u>		<u>3,807,971</u>
<u>Working Capital:</u>						
Cash Working Capital	177,874	8,318	186,192	(18,302)	18	167,890
Materials and Supplies	20,242	4,510	24,752			24,752
Miscellaneous Deferred Assets	72,896	20,835	93,731	6,904	19 - 22	100,635
Accumulated Deferred Income Taxes	(332,308)	(27,692)	(360,000)			(360,000)
Accumulated Deferred Income Taxes - EDIT	(10,271)	(123,246)	(133,517)			(133,517)
Accumulated Deferred Income Taxes - Savings	<u>(6,570)</u>	<u>(78,844)</u>	<u>(85,414)</u>	<u>85,414</u>	23	<u>-</u>
Net Working Capital in Rate Base	<u>(78,137)</u>	<u>(196,119)</u>	<u>(274,256)</u>	<u>74,016</u>		<u>(200,240)</u>
NET RATE BASE	<u><u>\$ 3,771,357</u></u>	<u><u>\$ 360,658</u></u>	<u><u>\$ 4,132,015</u></u>	<u><u>\$ (524,285)</u></u>		<u><u>\$ 3,607,730</u></u>

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES
PROFORMA ADJUSTMENTS TO RATE BASE PER DEPARTMENT

Attachment A
Schedule 2a

Adj #**PROFORMA ADJUSTMENTS TO PLANT IN SERVICE:****Utility Plant in Service:**

1	To reduce Co's Rate Base Adj # 2 (DS/WW Acquisition Costs) relative to adjusted DS acquisition costs (See Sch 4): Dockham Shores Acquisition Costs adjusted per Schedule 4 Less: Dockham Shores Acquisition Costs per Company	\$ 15,902 <u>(35,876)</u>	\$ (19,975)
2	To reverse Co's Rate Base Adj # 3 (2020 Plant Additions) to remove 2020 plant additions.		(191,548)
3	To reverse Co's Rate Base Adj # 4 (2020 Plant Retirements) to add back 2020 plant retirements.		26,741
4	To reverse Co's Rate Base Adj # 5 (2021 Plant Additions) to remove 2021 plant additions.		(418,000)
5	To record retirement of Logics Utility Billing S/W asset per Audit Issue # 1. (See Adj # 13)		(5,870)
6	To record retirement of three utility trailers per Audit Issue # 5 and Energy 2-16. (See Adj # 15)		(6,254)
7	To reclass expenditure related to DS Pumphouse from O&M Exp per Audit Issue # 7 and Energy 2-17. (See Adj # 27)		1,210
8	To reclass expenditure related to Office Driveway Paving from O&M Exp per Audit Issue # 7 and Energy 2-17. (See Adj # 29)		<u>6,008</u>
Total Adjustments - Utility Plant in Service			<u>\$ (607,688)</u>

Accumulated Depreciation:

9	To adjust Co's Rate Base Adj # 8 (DS/WW Acquisition Costs) for adjustments made to DS Acquisition costs per Sch 4 (See Adj # 47): Dockham Shores Acquisition Costs adjusted per Schedule 4 Wildwood Acquisition Costs (Sch 4) Total Acquisition Costs - Adjusted Amortization Rate - 20 Years Re-Calculated Accumulated Amortization Less: Co's Rate Base Adj # 8	\$ 15,902 14,664 <u>30,566</u> x 5.00% <u>(1,528)</u> 1,264	\$ (264)
10	To reverse Co's Rate Base Adj # 10 (2020 Plant Additions) to remove accumulated depreciation on 2020 plant additions.		12,010
11	To reverse Co's Rate Base Adj # 11 (2020 Plant Retirements) to add back accumulated depreciation on 2020 retirements.		(26,741)
12	To reverse Co's Rate Base Adj # 12 (2021 Plant Additions) to remove accumulated depreciation on 2021 plant additions.		13,874
13	To record retirement of Logics Utility Billing S/W asset per Audit Issue # 1. (See Adj # 5)		5,870
14	To adjust Accumulated Depreciation to reflect correct half-year depreciation per Audit Issue # 3 and Energy 2-15. (See Adj # 52)		(1,435)
15	To record retirement of three utility trailers per Audit Issue # 5 and Energy 2-16. (See Adj # 6)		6,254
16	To record Accum Depr on reclassified DS Pumphouse expenditure based on Audit Issue # 7 (See Adj # 53): Reclassified DS Pumphouse Expenditure Structures & Improve's Depreciation Rate	\$ 1,210 x 2.50%	(30)

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES
PROFORMA ADJUSTMENTS TO RATE BASE PER DEPARTMENT

Attachment A
Schedule 2a

Adj #

17	To record Accum Depr on reclassified Office Driveway Paving expenditure based on Audit Issue # 7 (See Adj # 54):		
	Reclassified Office Driveway Paving Expenditure	\$ 6,008	
	Structures & Improve's Depreciation Rate	x 2.50%	(150)

Total Adjustments - Accumulated Depreciation **\$ 9,387**

PROFORMA ADJUSTMENTS TO WORKING CAPITAL:**Cash Working Capital:**

18	To adjust Cash Working Capital component of rate base for Staff proforma adj's to Co's test year O & M Expense:		
	O & M Expenses proposed by Department (Schedule 3; Column 6):	\$ 917,236	
	% of O & M Exp's attributable to billings in arrears (1,714 / 1,813):	x 94.54% =	\$ 867,149
	% of O & M Exp's attributable to billings in advance (99 / 1,813):	x -5.46% =	(50,086)
	O & M Expenses subject to Cash Working Capital:		817,063
	Cash Working Capital Factor (75 days / 365 days)		20.55%
	Net Cash Working Capital per Department		167,890
	Less: Net Cash Working Capital per Company		(186,192)
			\$ (18,302)

Miscellaneous Deferred Assets:

19	To add unamortized balance of '2012 Investigation (DW 07-105)' to Co's recorded Misc Deferred Dr's. (See Sch 5)		\$ 19,927
20	To reclass expenditure related to DW 16-619 from O&M Exp per Audit Issue # 7 (Energy 2-17) (See Adj # 28)		1,125
21	To amortize reclassified DW 16-619 expenditure over 5-years based on Audit Issue # 7 (See Adj # 55):		
	Reclassified DW 16-619 Expenditure	\$ 1,125	
	Amortization Rate (5-Yr)	x 20.00%	(225)
22	To adjust Co's Misc Deferred Dr's Adj # 16 to reflect initial year amortization (Staff 1-8, Energy 2-6) (Sch 5)		(13,923)

Total Adjustments - Miscellaneous Deferred Assets **\$ 6,904**

Accumulated Deferred Income Taxes - Savings:

23	To reverse Accumulated Deferred Income Taxes - Savings:		
	Test Year Savings Adjustment (See Co's Other Water Revenues Adj # 4)	\$ 42,707	
	Prior Year Savings Adjustment	42,707	\$ 85,414

NET RATE BASE ADJUSTMENTS PER DEPARTMENT (See Schedule 2; Column 4) **\$ (524,285)**

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES
OPERATING INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Actual Test Year	Original Proforma Adj's Per Company	Original Proforma Test Year Per Co	Proforma Adj's Per Department (Sch 3a)	Dept Adj # (Sch 3a)	Proforma Test Year Per Dept	Revenue Deficiency (Surplus) (Sch 1)	Operating Income Req'mnt (Sch 1)
<u>Operating Revenues:</u>								
Water Revenues from General Customers	\$ 1,321,367	\$ 260,172	\$ 1,581,539	\$ (244,390)	24 - 25	\$ 1,337,149	\$ 41,581	\$ 1,378,730
Water Revenues from POASI Special Contract	228,515	(17,747)	210,768	-	26	210,768		210,768
Other Operating Revenues	13,808	36,440	50,248			50,248		50,248
Total Operating Revenues	<u>1,563,690</u>	<u>278,865</u>	<u>1,842,555</u>	<u>(244,390)</u>		<u>1,598,165</u>	<u>41,581</u>	<u>1,639,746</u>
<u>Operating Expenses:</u>								
Operation & Maintenance Expenses	971,780	45,446	1,017,226	(99,990)	27 - 46	917,236		917,236
Depreciation Expense	200,869	39,082	239,951	(27,955)	47 - 54	211,996		211,996
Amortization of CIAC	(17,535)		(17,535)			(17,535)		(17,535)
Amortization of Acquisition Adjustment	(7,218)		(7,218)			(7,218)		(7,218)
Amortization Expense - Other	-		-	27,048	55 - 58	27,048		27,048
Other Tax Expense	99,522	16,257	115,779	(13,197)	59 - 60	102,582		102,582
Total Operating Expenses	<u>1,247,418</u>	<u>100,785</u>	<u>1,348,203</u>	<u>(114,095)</u>		<u>1,234,108</u>	<u>-</u>	<u>1,234,108</u>
Net Operating Income (Loss) before Income Taxes	316,272	178,080	494,352	(130,295)		364,057	41,581	405,638
Income Tax Expense	74,247	56,843	131,090	(43,939)	61 - 62	87,151	11,228	98,379
Net Operating Income (Loss)	<u>\$ 242,025</u>	<u>\$ 121,237</u>	<u>\$ 363,262</u>	<u>\$ (86,356)</u>		<u>\$ 276,906</u>	<u>\$ 30,352</u>	<u>\$ 307,258</u>

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES

Attachment A
Schedule 3a

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER DEPARTMENT

Adj #

Water Revenues from General Customers

24	To reverse Co's Water Sales Adj # 2 relative to the Co's calculated revenue requirement		\$ (260,172)
25	To record pro forma increase in revenues for Dockham Shores per DW 19-177:		
	Pro forma 2019 Revenues from Water Sales per DW 19-177 Settlement Agreement (Sch 1)	\$ 54,413	
	Less: Actual 2019 Revenues from Water Sales	<u>(38,631)</u>	<u>15,782</u>
	Total Adjustments - Water Revenues from General Customers		<u>\$ (244,390)</u>

Water Revenues from POASI Special Contract

26	To adjust revenues from POASI Special contract.		\$ -
	Total Adjustments - Water Revenues from POASI Special Contract		<u>\$ -</u>

Operation & Maintenance Expenses:

27	To reclass expenditure related to DS Pumphouse to Utility Plant per Audit Issue # 7 (Energy 2-17) (See Adj # 7)		\$ (1,210)
28	To reclass expenditure related to DW 16-619 to Misc Deferred Assets per Audit Issue # 7 (Energy 2-17) (See Adj # 20)		(1,125)
29	To reclass expenditure related to Office Driveway Paving to Utility Plant per Audit Issue # 7 (Energy 2-17) (See Adj # 8)		(6,008)
30	To eliminate two Outside Service Exp transactions per Audit Issue # 7 (Energy 2-17):		
	Outside Services - Accounting	\$ (875)	
	Outside Services - Legal	<u>(10,206)</u>	<u>(11,081)</u>
31	To eliminate T&D Maint Exp transaction incurred during 2018 per Audit Issue # 7 (Energy 2-17)		(1,805)
32	To eliminate Fuel or Purchased Power Exp transaction incurred in 2018 per Audit Issue # 8.		(721)
33	To adjust Co's O&M Exp Adj # 1 (Wages) per Co's response to Energy 2-18.		(62)
34	To reduce Co's O&M Exp Adj # 1 (Wages) for 2021 Wage Increase. (Energy 2-18)		(12,417)
35	To reduce Co's O&M Exp Adj # 1 (Wages) for allocated capitalized wages (Energy 2-1(b)):		
	Co's O&M Exp Adj 1	\$ 51,464	
	Less: Dept's Wage Adj' (See Adj #'s 33-34)	<u>(12,479)</u>	
	Adjusted Pro Forma Wage Increase	38,985	
	2019 Capitalized Wages (Co's 2019 Annual Report, Schedule F-58, Lines 26-27)	\$ 20,029	
	2019 Actual Wages (Energy 2-18)	<u>÷ 383,999 x 5.22%</u>	<u>(2,033)</u>
36	To reduce Co's O&M Exps for HRA Exp attributable to 2018 per Audit Issue # 10		(920)
37	To reduce HRA portion of Co's O&M Exp Adj # 2 (Benefits) per Co's response to Energy 3-3:		
	Co's Actual 2020 HRA Payments (Energy 3-3)	\$ 1,473	
	Less: HRA portion of Co's O&M Exp Adj # 2	<u>(10,030)</u>	<u>(8,557)</u>

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES

Attachment A
Schedule 3a

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER DEPARTMENT

Adj #

37S	To adjust HRA portion of Co's annual O&M Exp (Benefits) per Settlement.			
	Co's Actual 2020 HRA Payments	\$	1,473	
	Co's Actual 2021 HRA Payments		4,680	
	2-Year Average		<u>3,077</u>	
	Less: Co's Actual 2020 HRA Payments		<u>(1,473)</u>	1,604
38	To reduce Co's O&M Exp Adj # 2 (Benefits) for allocated capitalized Benefits (Energy 2-1(b)):			
	Co's O&M Exp Adj 2	\$	16,566	
	Less: Dept's Benefits Adj' (See Adj #'s 36 - 37)		<u>(9,477)</u>	
	Adjusted Pro Forma Wage Increase		7,089	
	2019 Capitalized Wages (Co's 2019 Annual Report, Schedule F-58, Lines 26-27)	\$	20,029	
	2019 Actual Wages (Energy 2-18)	÷	<u>383,999</u>	x 5.22%
				(370)
39	To reduce Co's O&M Exps for Pension Exp paid on behalf of the Co's Shareholder (Energy 2-4)			(5,127)
40	To adjust Co's O&M Exp Adj # 3 (Water Testing) to reflect 5-Year Average (Staff 1-6) (Sch 6)			(4,456)
41	To adjust Co's O&M Exp Adj # 4 (T&D Exp's) to reflect 3-Year Average (Staff 1-6) (Sch 7)			(12,990)
41S	To adjust Co's O&M Exp Adj # 4 (T&D Exp's) per Settlement (Sch 7)			1,107
42	To adjust Co's O&M Exp Adj # 5 (Uncollectible Accts) to reflect 3-Year Average (Staff 1-6) (Sch 8)			1,133
43	To adjust Co's O&M Exp Adj # 6 (Outside Services) to reflect 3-Year Average (Staff 1-6) (Sch 9)			(9,835)
43S	To adjust Co's O&M Exp Adj # 6 (Outside Services) per Settlement (Sch 9)			2,614
44	To reclassify Amortization Exp related to '2012 Investigation (DW 07-105)' to Amortization Exp - Other (See Adj # 56)			(9,980)
45	To reclassify Co's O&M Exp Adj # 8 (Amortization Exp) to Amortization Exp - Other. (See Adj # 57)			(16,259)
46	To adjust Co's O&M Exp Adj # 9 (PUC Audit Costs) per the Company's response to Energy 2-11:			
	PUC Audit costs per Energy 2-11	\$	526	
	Amortization Period (3 Years)	÷	<u>3</u>	
	Annualized Audit Expense		175	
	Less: Co's O&M Exp Adj # 9		<u>(1,667)</u>	<u>(1,492)</u>
Total Adjustments - Operation & Maintenance Expenses				\$ (99,990)

Depreciation Expense:

47	To adjust Co's Depr Exp Adj # 10 (DS/WW Acquisition Costs) for adjustments made to DS Acquisition costs (See Adj # 9)			
	Dockham Shores Acquisition Costs adjusted per Schedule 4	\$	15,902	
	Wildwood Acquisition Costs (Sch 4)		14,664	
	Total Acquisition Costs - Adjusted		<u>30,566</u>	
	Amortization Rate - 20 Years	x	5.00%	
	Re-Calculated Accumulated Amortization		<u>1,528</u>	
	Less: Co's Depr Exp Adj # 10		<u>(2,527)</u>	\$ (999)

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES

Attachment A
Schedule 3a

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER DEPARTMENT

Adj #

48	To reverse Co's Depr Exp Adj # 13 to remove Depreciation Expense on 2020 plant additions.		(12,010)
49	To reverse Co's Depr Exp Adj # 14 to add Depreciation Expense on 2020 plant retirements.		668
50	To reverse Co's Depr Exp Adj # 15 to remove Depreciation Expense on 2021 plant additions.		(13,874)
51	To eliminate depreciation expense recorded on Logics Utility Billing S/W asset during the test year. (Energy 2-13)		(3,356)
52	To adjust Depreciation Expense to reflect correct half-year depreciation per Audit Issue # 3 (Energy 2-15) (See Adj # 14)		1,435
53	To record Accum Depr on reclassified DS Pumphouse expenditure based on Audit Issue # 7 (See Adj # 16):		
	Reclassified DS Pumphouse Expenditure	\$ 1,210	
	Structures & Improve's Depreciation Rate	x 2.50%	30
54	To record Accum Depr on reclassified Office Driveway Paving expenditure based on Audit Issue # 7 (See Adj # 17):		
	Reclassified Office Driveway Paving Expenditure	\$ 6,008	
	Structures & Improve's Depreciation Rate	x 2.50%	150
Total Adjustments - Depreciation Expense			<u>\$ (27,955)</u>

Amortization Expense - Other:

55	To amortize reclassified DW 16-619 expenditure over 5-years based on Audit Issue # 7 (See Adj # 21):		
	Reclassified DW 16-619 Expenditure	\$ 1,125	
	Amortization Rate (5-Yr)	x 20.00%	\$ 225
56	To reclassify Amortization Exp related to '2012 Investigation (DW 07-105)' from O&M (Regulatory Comm) Exp (See Adj # 44)		9,980
57	To reclassify Co's O&M Exp Adj # 8 (Amortization Exp) from O&M Expenses. (See Adj # 45)		16,259
58	To increase Co's O&M Exp Adj # 8 (Amortization Exp) (Staff 1-8, Energy 2-6) (Sch 5)		584
Total Adjustments - Amortization Expense - Other			<u>\$ 27,048</u>

Other Tax Expense:

59	To adjust Co's Pro Forma Property Tax Expense (Sch 10)		\$ (12,087)
60	To reduce Co's Other Tax Exp Adj 19 (Payroll) for Dept's Pro Forma Wage Adjustments:		
	Dept Wage Adjustments (See Adj #'s 33-35)	\$ (14,512)	
	Payroll Tax Rate	x 7.65%	(1,110)
Total Adjustments - Other Tax Expense			<u>\$ (13,197)</u>

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES

Attachment A
Schedule 3a

PROFORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES PER DEPARTMENT

Adj #

Income Tax Expense:

61	To adjust Co's calculated Income Tax Provision: Co's Net Operating Income Adjustments before Income Taxes (Schedule 3, Column 2) Effective Tax Rate (Sch 1b) Income Tax Provision relative to Co's Net Operating Income Adjustments Less: Co's Income Tax Provision	\$ 178,080 x 27.00% 48,089 (56,843) \$ (8,754)
62	Dept's Income Tax Provision relative to Dept's Net Operating Income Adjustments (Sch 3b)	(35,185)
Total Adjustments - Income Tax Expense		<u>\$ (43,939)</u>
NET OPERATING INCOME ADJUSTMENTS PER DEPARTMENT (See Schedule 3; Column 4)		<u><u>\$ (86,356)</u></u>

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES

Attachment A
Schedule 3b

PROFORMA ADJUSTMENTS TO FEDERAL AND STATE INCOME TAX EXPENSE PER DEPARTMENT

Summary of Operating Income Statement Adj's before Income Taxes per Department(Schedule 3a):

Operating Revenues:

Water Revenues from General Customers	\$ (244,390)
Water Revenues from POASI Special Contract	-
Other Operating Revenues	-

Net Increase / (Decrease) in Operating Revenues	<u>(244,390)</u>
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Operating Expenses:

Operation & Maintenance Expenses	(99,990)
Depreciation Expense	(27,955)
Amortization of CIAC	-
Amortization of Acquisition Adjustment	-
Amortization Expense - Other	27,048
Other Tax Expense	(13,197)
Total Operating Expenses	<u>(114,095)</u>

Net Increase / (Decrease) in Net Operating Income (Loss) before State Income Tax Expense	(130,295)
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State Income Tax Expense:

New Hampshire Business Profits Tax @ 7.60 %	<u>9,902</u>
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Net Increase / (Decrease) in Net Operating Income (Loss) before Federal Income Tax Expense	(120,393)
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Federal Income Tax Expense:

Federal Income Tax @ 21.00%	<u>25,282</u>
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Sub-total	(95,110)
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Less: Dept's Adj # 61 to Adjust Co's Pro Forma Income Tax Provision	<u>8,754</u>
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Net Proforma Adjustments to Net Operating Income (Loss) per Dept (See Schedule 3; Column 4)	<u><u>\$ (86,356)</u></u>
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DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES
ANALYSIS OF DOCKHAM SHORES ACQUISITION COSTS

Dockham Shores Acquisition/Financing Costs per Company	\$ 35,876
Less: Legal charge directly attributable to proposed acquisition of 'Remick Acres' (Staff 1-9; Pg 362)	(1,026)
Less: Unrelated Accounting Charge (Staff 1-9; Pg 373 (See Co's response to Energy 2-7(c))	(31)
Less: Charges directly attributable to CoBank Financing	
CoBank Loan Fee (Staff 1-9; Pg's 367-368)	(3,000)
Accounting Charge (Staff 1-9; Pg 385)	<u>(16)</u>
Dockham Shores DW 16-619 Acquisition/Financing Costs	31,803
Less: Dockham Shores Allocated Financing Costs (1/2)	<u>(15,902)</u>
Dockham Shores Allocated Acquisition Costs - Adjusted	<u><u>\$ 15,902</u></u>
Summary:	
Dockham Shores Acquisition Costs	\$ 15,902
Dockham Shores Financing Costs	18,918
Non-related Costs	1,057
Dockham Shores Acquisition/Financing Costs per Company	<u><u>\$ 35,876</u></u>

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
PERMANENT RATES
ANALYSIS OF UNAMORTIZED DEFERRED DEBITS

	Miscellaneous Deferred Debits Per 2019 Annual Report	Company's Pro Forma Adjustments	Miscellaneous Deferred Debits per Company	Department's Pro Forma Adjustments	Miscellaneous Deferred Debits Adjusted per Department	Amortization Period	Annual Amortization Expense per Department	Unamortized Misc Deferred Debits per Department
2012 Investigation (DW 07-105)	\$ 19,927	\$ (19,927) (a)	\$ -	\$ 19,927 (d)	\$ 19,927	N/A	\$ 9,980 (i)	\$ 19,927
Acquisition Costs for Dockham Shores and Wildwood	50,540	(50,540) (b)	-	-	-	N/A	-	-
Step 2 Rate Adjustment (DW 15-209)	2,145	-	2,145	(120) (e)	2,025 ÷	5 =	405	1,620
ROE Petition (DW 19-005)	50,835	-	50,835	-	50,835 ÷	5 =	10,167	40,668
West Point Dry Well	16,581	-	16,581	-	16,581 ÷	20 =	829	15,752
Tax Investigation (DW 18-056)	18,526	-	18,526	2,920 (f,g)	21,446 ÷	5 =	4,289	17,157
Dockham Shores Step Adjustment (DW 16-619)	5,644	-	5,644	1,245 (e,h)	6,889 ÷	5 =	1,378	5,511
Dockham Shores Rate Case (DW 19-177)	10,934	(10,934) (c)	-	-	-	N/A	-	-
	<u><u>\$ 175,132</u></u>	<u><u>\$ (81,401)</u></u>	<u><u>\$ 93,731</u></u>	<u><u>\$ 23,972</u></u>	<u><u>\$ 117,703</u></u>		<u><u>\$ 27,048</u></u>	<u><u>\$ 100,635</u></u>

(a) Deferred Debit not included in Co's Rate Filing: \$(19,927)

(b) See Co's Rate Base Adj # 2: \$(50,540)

(c) Deferred Debit not included in Co's Rate Filing: \$(10,934)

(d) See Dept's Adj # 19: \$19,927

(e) Legal Cost for DS Step Adjustment (Staff 1-8; Pg 132): \$(120) / \$120

(f) Accting Cost for DS Acq Exp (Staff 1-8; Pg 284)
(See Co's Response to Energy 2-6): \$(420)

(g) Accting Costs reclassified from 2018 Outside Services
Expense (See Schedule 9): \$3,340

(h) See Dept's Adj #'s 20: \$1,125

(i) Co recorded amortization expense of \$9,980 during 2019. Dep
reclassified Co's entry from Regulatory Exp per Dept Adj #'s 44 & 56

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
ACCT 643: TREATMENT EXP - MISC - WATER TESTING
DEPARTMENT ADJUSTMENT # 40

WATER TESTING EXP - 5-YEAR AVERAGE (a):

2015	Water Testing	\$ 14,358	
2016	Water Testing	9,479	
2017	Water Testing	8,493	
2018	Water Testing	11,435	
2019	Water Testing	<u>26,555</u>	\$ 14,064

LESS: WATER TESTING EXP - 2019 (26,555)

CALCULATED ADJUSTMENT TO 5-YR AVG (12,491)

LESS: CO'S O&M ADJ # 3 8,035

DEPARTMENT ADJUSTMENT # 40 \$ (4,456)

(a) See Co's Response to Staff 1-6, Pages 51-88

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
TRANSMISSION AND DISTRIBUTION EXPENSES
DEPARTMENT ADJUSTMENTS # 41 and # 41S

T&D EXPENSES - 3-YEAR AVERAGE:		2017 (a)	2018 (b)	2019 (c)	AVERAGE
# 673	MAINTENANCE - T&D MAINS	\$ 10,819	\$ 23,394	\$ 54,544	\$ 29,586
# 675	MAINTENANCE OF SERVICES	-	9,462	1,281	3,581
# 676	MAINTENANCE OF METERS	-	762	3,479	1,414
# 678	MAINTENANCE - MISC EQUIP	-	6,656	-	2,219
TOTALS		<u>\$ 10,819</u>	<u>\$ 40,274</u>	<u>\$ 59,304</u>	<u>\$ 36,799</u>

LESS: T&D EXPENSES - 2019 (59,304)

CALCULATED ADJUSTMENT TO 3-YR AVG (2017 - 2019) (22,505)

LESS: CO'S O&M ADJ # 4 9,515

DEPARTMENT ADJUSTMENT # 41 \$ (12,990)

Adjustment Per Settlement:

T&D EXPENSES - 3-YEAR AVERAGE:		2018 (b)	2019 (c)	2020	AVERAGE
# 673	MAINTENANCE - T&D MAINS	\$ 23,394	\$ 54,544	\$ 6,965	\$ 28,301
# 675	MAINTENANCE OF SERVICES	9,462	1,281	5,090	5,278
# 676	MAINTENANCE OF METERS	762	3,479	1,273	1,838
# 678	MAINTENANCE - MISC EQUIP	6,656	-	813	2,490
TOTALS		<u>\$ 40,274</u>	<u>\$ 59,304</u>	<u>\$ 14,141</u>	<u>\$ 37,906</u>

LESS: T&D EXPENSES - 2019 (59,304)

CALCULATED ADJUSTMENT TO 3-YR AVG (2018 - 2020) (21,398)

LESS: Calculated Adjustment to 3-YR AVG (2017 - 2019) 22,505

DEPARTMENT ADJUSTMENT # 41S \$ 1,107

- (a) See Co's Response to Staff 1-6, Page 38
(b) See Co's Response to Staff 1-6, Pages 40-42
(c) See Co's Response to Staff 1-6, Pages 45-47

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
ACCT 904: UNCOLLECTIBLE ACCOUNTS
DEPARTMENT ADJUSTMENT # 42

UNCOLLECTIBLE ACCOUNTS EXP - 3-YEAR AVERAGE:

2017	Uncollectible Accts (a)	\$ 15,097	
2018	Uncollectible Accts (b)	2,544	
2019	Uncollectible Accts (c)	<u>20,854</u>	\$ 12,832

LESS: UNCOLLECTIBLE ACCTS EXP - 2019	<u>(20,854)</u>
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CALCULATED ADJUSTMENT TO 3-YR AVG	(8,022)
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LESS: CO'S O&M ADJ # 5	<u>9,155</u>
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DEPARTMENT ADJUSTMENT # 42	<u><u>\$ 1,133</u></u>
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(a) See Co's Response to Staff 1-6, Page 38

(b) See Co's Response to Staff 1-6, Page 42

(c) See Co's Response to Staff 1-6, Pages 47-48

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
ACCT 923: OUTSIDE SERVICES
DEPARTMENT ADJUSTMENTS # 43 and # 43S

Attachment A
Schedule 9

		2017 (a')	2018 (b')	2019 (c')	AVERAGE	Settlement	
						Adj	Final
OUTSIDE SERVICES EXP - 3-YEAR AVERAGE:							
# 923.1	ACCOUNTING SERVICES	\$ 21,142	\$ 15,874	\$ 12,422			
	LESS: ADJUSTMENTS	-	(3,340) (a)	(875) (b)			
	ADJUSTED ACCOUNTING SVCS	21,142	12,534	11,547	\$ 15,074	\$ -	\$ 15,074
 #923.2							
	COMPUTER SERVICES	7,227	10,972	8,788			
	LESS: ADJUSTMENTS	-	-	-			
	ADJUSTED COMPUTER SVCS	7,227	10,972	8,788	8,996	-	8,996
 #923.3							
	LEGAL SERVICES	24,838	32,004	12,572			
	LESS: ADJUSTMENTS	(616) (c)	(21,433) (d)	(10,206) (e)			
	ADJUSTED COMPUTER SVCS	24,222	10,571	2,366	12,386	2,614	15,000
 # 923.4							
	OTHER SERVICES	75	-	-			
	LESS: ADJUSTMENTS	-	-	-			
	ADJUSTED OTHER SVCS	75	-	-	25	-	25
	TOTALS	<u>\$ 52,666</u>	<u>\$ 34,077</u>	<u>\$ 22,701</u>	<u>\$ 36,481</u>	<u>\$ 2,614</u>	<u>\$ 39,095</u>
 LESS: OUTSIDE SERVICES EXPENSE - 2019					<u>(33,782)</u>	<u>-</u>	<u>(33,782)</u>
 CALCULATED ADJUSTMENT TO 3-YR AVG					2,699	2,614	5,313
 LESS: CO'S O&M ADJ # 6					<u>(12,534)</u>	<u>-</u>	<u>(12,534)</u>
 DEPARTMENT ADJUSTMENT # 43 / # 43S					<u>\$ (9,835)</u>	<u>\$ 2,614</u>	<u>\$ (7,221)</u>

(a) DW 18-056 Tax Investigation (See Sch 5) \$ (3,340)

(b) Trust Services (Audit Issue # 7) \$ (875)

(c) Timber Lawsuit (Staff 1-6, Pg 39) \$ (616)

(d) Timber Lawsuit (Staff 1-6, Pg 44) \$ (21,433)

(e) Timber Lawsuit (Audit Issue # 7) \$ (10,206)

(a') See Co's Response to Staff 1-6, Pages 38-39

(b') See Co's Response to Staff 1-6, Pages 42-44

(c') See Co's Response to Staff 1-6, Pages 48-50

DW 20-187
LAKES REGION WATER COMPANY, INC.
LRWC - CONSOLIDATED
2020 PROPERTY TAX EXPENSE ANALYSIS
DEPARTMENT ADJUSTMENT # 59

Attachment A
Schedule 10

		2020 PROPERTY TAX EXPENSE						
		First Issue			Second Issue			Total
		Assess	Rate	Tax	Assess	Rate	Tax	Payment
ALBANY:	7-56-Bldg	\$ -	\$ -	\$ -	\$ 46,600	\$ 10.34	\$ 482	\$ 482
CAMPTON:	2-1-500	41,000	10.64	436	8,100	22.27	(256)	180
CONWAY:	216-27	61,900	8.16	505	55,400	15.39	348	853
	266-74	126,900	8.16	1,036	100,900	15.39	517	1,553
		188,800		1,541	156,300		865	2,405
FREEDOM:	34-34	260,700	5.67	1,478	338,100	8.97	1,555	3,033
GILFORD:	227-142	164,800	7.00	1,154	166,140	13.19	1,038	2,191
	227-192	21,160	7.00	148	21,510	13.19	136	284
	000-000	130,800	7.00	916	43,200	13.19	(346)	570
		316,760		2,217	230,850		828	3,045
LACONIA:	166-358-20	157,588	9.28	1,462	177,661	17.80	1,700	3,162
MOULTONBOROUGH:	71-001	69,600	2.60	181	71,000	5.35	199	380
	71-006	191,000	2.60	497	187,900	5.35	509	1,005
	71-015	232,400	2.60	604	288,300	5.35	938	1,542
	72-092	8,300	2.60	22	8,900	5.35	26	48
	72-093	8,300	2.60	22	8,900	5.35	26	48
	72-094	8,300	2.60	22	8,900	5.35	26	48
	72-095	317,189	2.60	825	317,189	5.35	872	1,697
	93-03	8,500	2.60	22	9,200	5.35	27	49
	272-03	52,700	2.60	137	56,900	5.35	167	304
	888-888-2	1,200,500	2.60	3,121	916,300	5.35	1,781	4,902
		2,096,789		5,452	1,873,489		4,572	10,023
OSSIPEE:	44-999-UTL	11,600	8.57	99	11,000	17.20	90	189
	73-999-UTL	370,000	8.32	3,078	471,000	16.70	4,787	7,866
		381,600		3,178	482,000		4,877	8,055
TAMWORTH:	201-039-300	346,500	9.81	3,399	406,800	20.64	4,997	8,396
THORNTON:	11-5-W	298,900	8.45	2,526	292,800	18.33	2,841	5,367
TUFTONBORO:	70-2-48	363,700	4.11	1,495	415,700	7.78	1,739	3,234
	70-2-49	66,000	4.11	271	66,000	7.78	242	513
		429,700		1,766	481,700		1,982	3,748
STATE OF NH:					4,020,200	6.60	26,533	26,533
TOTAL		<u>\$ 4,518,337</u>		<u>\$ 23,455</u>	<u>\$ 8,514,600</u>		<u>\$ 50,975</u>	<u>\$ 74,430</u>
Less: Pro-forma Property Tax Expense per Co:								
Co's Test Year Property Tax Expense							\$76,312	
Co's Property Tax Expense Adj's # 17 & # 18							10,205	(86,517)
Department's Adjustment # 59 to Property Tax Expense								<u>\$ (12,087)</u>

DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
CALCULATION OF STEP ADJUSTMENT

Attachment B
Schedule 1

			<u>Total</u>
2020 Plant Additions (Sch 2)	\$	206,821	
Less: Accumulated Depreciation - 2020 Plant Additions (Sch 2)		(15,240)	\$ 191,581
2021 Plant Additions (Sch 3)	\$	670,351	
Less: Accumulated Depreciation - 2021 Plant Additions (Sch 3)		(48,800)	621,551
Cash Working Capital:			
Increase in Operation and Maintenance Expense (Sch 4)	\$	11,769	
% of O & M Exp's attributable to billings in arrears (1,714 / 1,813):	x	94.54% =	\$ 11,127
% of O & M Exp's attributable to billings in advance (99 / 1,813):	x	-5.46% =	(643)
O & M Expenses subject to Cash Working Capital:			10,484
Cash Working Capital Factor (75 days / 365 days)			20.55%
			2,154
Total Addition to Rate Base			815,287
Rate of Return (Att 1; Sch 1a)			x 8.52%
Increase in Net Operating Income Requirement			\$ 69,435
Increase in Annual Wage Expense (Sch 4) - Settlement:			11,769
Depreciation Expense:			
Annual Depreciation Expense - 2020 Plant Additions (Sch 2)	\$	15,240	
Less: Annual Depreciation Expense - 2020 Retirements (Sch 2a)		(668)	\$ 14,572
Annual Depreciation Expense - 2021 Plant Additions (Sch 3)	\$	48,800	
Less: Annual Depreciation Expense - 2021 Retirements (Sch 3a)		(15,365)	33,435
			48,006
Property Tax Expense:			
Annual Property Tax Expense - 2020 Plant Additions (Sch 2)	\$	2,358	
Annual Property Tax Expense - 2021 Plant Additions (Sch 3)		7,353	9,712
Increase in Annual Payroll Tax Expense (Sch 4) - Settlement:			900
Income Tax Expense:			
Increase in Net Operating Income Requirement	\$	69,435	
Income Tax Multiplier (Att 1; Sch 1b)	x	0.36994	25,687
Increase in Revenue Requirement			\$ 165,510
Less: Increase in POASI Special Contract (Schedule 5a)			(20,734)
Step Increase			\$ 144,775
Pro Forma Water Revenues from General Customers (Att 1; Sch 3)			\$ 1,337,149
% Increase in Annual Water Revenues from General Customers			10.83%

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
2020 PLANT, DEPRECIATION, AND STATE AND LOCAL PROPERTY TAXES

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Div #	Name	Acct #	Non-Revenue Producing	Total Division	Annual Depreciation	Net Plant	State Utility Taxes @ \$6.60	Local Property Tax Rates	Local Property Taxes	Total Property Taxes
1	Far Echo Harbor									
	F&W Pump	311	\$ 10,566		\$ 1,057	\$ 9,509	\$ 63	\$ 5.35	\$ 51	\$ 114
	Meters	334	1,767		88	1,679	11	5.35	9	20
	Telemetry	339	4,199	\$ 16,532	600	3,599	24	5.35	19	43
2	Paradise Shores									
	Woodstream Main - 400' of 4" Fusion	331	2,514		50	2,464	16	5.35	13	29
	Main - 300' Liesure Lane	333	1,389		35	1,354	9	5.35	7	16
	Meters	334	5,257	9,160	263	4,994	33	5.35	27	60
3	West Point									
	Meters	334	540		27	513	3	5.35	3	6
	Storage	339	648	1,188	32	616	4	5.35	3	7
4	Waterville Valley Gateway									
	Meters	334	628	628	31	597	4	18.33	11	15
5	Hidden Valley									
	Meters	334	1,625	1,625	81	1,544	10	7.78	12	22
6	Wentworth Cove									
	REPCO Panel	304	8,963		179	8,784	58	17.80	156	214
	Pumpstation upgrades	304	29,633		593	29,040	192	17.80	517	709
	Submersible Pump	311	3,630		363	3,267	22	17.80	58	80
	Water-Right Customer Care Unit	320	10,237		365	9,872	65	17.80	176	241
	Meters	334	502		25	477	3	17.80	8	12
	Telemetry	339	3,952		565	3,387	22	17.80	60	83
	Pressure Tank	339	2,241		1,494	747	5	17.80	13	18
	Compressor	339	1,008	60,166	672	336	2	17.80	6	8
7	Pendelton Cove									
	Meters	334	708	708	35	673	4	17.80	12	16
8	Deer Run									
	Meters	334	351	351	18	333	2	22.27	7	10
9	Woodland Grove									
	Meters	334	458	458	23	435	3	15.39	7	10
10	Echo Lake Woods									
	Meters	334	448	448	22	426	3	15.39	7	9
11	Brake Hill									
	No additions		-	-				13.98	-	-

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
2020 PLANT, DEPRECIATION, AND STATE AND LOCAL PROPERTY TAXES

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Div #	Name	Acct #	Non-Revenue Producing	Total Division	Annual Depreciation	Net Plant	State Utility Taxes @ \$6.60	Local Property Tax Rates	Local Property Taxes	Total Property Taxes
12	Tamworth Water Works									
	Well Pump	311	4,665		467	4,199	28	20.64	87	114
	Transducer	339	1,703	6,368	170	1,533	10	20.64	32	42
13	175 Estates									
	Anion Softners	320	7,453	7,453	266	7,187	47	18.33	132	179
14	Deer Cove									
	No additions		-	-				17.20	-	-
15	Lake Ossipee Village									
	Telemetry	339	3,556	3,556	508	3,048	20	8.97	27	47
16	Indian Mound									
	Main - Richard Rd 550 2" HDPE	331	2,754		55	2,699	18	16.70	45	63
	Richard Rd - 3 Services / 1 Blowoff	333	1,066	3,820	27	1,039	7	16.70	17	24
17	Gunstock Glen									
	No additions		-	-				13.19	-	-
18	Dockham Shores									
	No additions		-	-				13.19	-	-
19	Wildwood									
	Subdrive	311	1,864		186	1,678	11	10.34	17	28
	Sump Pump	311	297	2,161	30	267	2	10.34	3	5
50	Administrative									
	Driveway - paving	304	9,723		194	9,529	63	5.35	51	114
	Portable Generator	310	34,350		3,435	30,915	N/A	5.35	N/A	-
	Hypotherm 45 Plasma Cutter	343	2,483		124	2,359	N/A	5.35	N/A	-
	2011 Vermeer Vacuum	343	35,000		1,750	33,250	N/A	5.35	N/A	-
	TEGA Electrofusion Processor	343	4,800		240	4,560	N/A	5.35	N/A	-
	Utility Cloud	347	5,000		1,000	4,000	N/A	5.35	N/A	-
	Front Desk Computer	347	843	92,199	169	674	N/A	5.35	N/A	-
	Total Plant Placed in Service		\$ 206,821	\$ 206,821	\$ 15,240	\$ 191,581	\$ 764		\$ 1,594	\$ 2,358

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
2020 RETIREMENTS AND RELATED DEPRECIATION

Attachment B
Schedule 2a

Account #	Account Description	Cost	2019 Depr Exp	2019 Ending A/D
311	Pumps	\$ 5,874	\$ -	\$ 5,874
331	Mains	1,600	13	1,438
334	Meters	13,884	169	8,046
339	Misc Equipment	3,952	228	2,206
347	Computer Equipment	2,593	258	2,593
Total		\$ 27,903	\$ 668	\$ 20,157

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
2021 PLANT, DEPRECIATION, AND STATE AND LOCAL PROPERTY TAXES

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
Div #	Name	Acct #	Non-Revenue Producing	Revenue Producing	Total Division	CoBank T06 Loan	Annual Depr On Non- Rev. Producing	2021 Proforma Depreciation on 2021 Additions	2021 Net Plant	Utility Prop Taxes \$6.60	Local Property Tax Rates	Local Property Taxes	Total Property Taxes
1	Far Echo Harbor												
	Bed Rock Well Pump	311	\$ 510				\$ 51						
	Meters	334	916				46						
	Transducer	339	915		\$ 2,341		131	\$ 228	\$ 2,113	\$ 14	\$ 5.35	\$ 11	\$ 25
2	Paradise Shores												
	Mt. Roberts Badger M2000 Meter	311	\$ 2,704				\$ 270						
	T&D mains - Robin Lane	331	58,763			\$ 58,873	1,175						
	Paving - Robin Lane (Spring '22) - Settlement	331	12,050				241						
	T&D mains - Sunrise Dr.	331	41,523				830						
	Paving - Sunrise Dr. (Spring '22) - Settlement	331	12,050				241						
	T&D mains - Glen Forest Dr.	331	25,692				514						
	Paving - Glen Forest Dr. (Spring '22) - Settlement	331	12,050				241						
	Services - Robin Lane	333	10,000			7,127	250						
	Services - Sunrise Dr.	333	15,000				375						
	Services - Glen forest	333	5,000				125						
	Meters	334	2,269	534	\$ 197,101		113	\$ 4,376	\$ 192,725	\$ 1,272	\$ 5.35	\$ 1,031	\$ 2,303
Note: The additions listed above in accounts 331 and 333 are all part of the mains/services replacement project at Paradise Shores.													
3	West Point												
	Meters	334	\$ 526	\$ 176	\$ 526		26	\$ 26	\$ 500	\$ 3	\$ 5.35	\$ 3	\$ 6
4	Waterville Valley												
	Meters	334	\$ 188		\$ 188		9	\$ 9	\$ 179	\$ 1	\$ 18.33	\$ 3	\$ 4
5	Hidden Valley												
	Meters	334	\$ 535		\$ 535		27	\$ 27	\$ 508	\$ 3	\$ 7.78	\$ 4	\$ 7
6	Wentworth Cove												
	Meters	334	\$ 565		\$ 565		28	\$ 28	\$ 537	\$ 4	\$ 17.80	\$ 10	\$ 13
7	Pendleton Cove												
	1" Well Meter	311	\$ 420				\$ 42						
	Meters	334	746	145	\$ 1,166		37	\$ 79	\$ 1,087	\$ 7	\$ 17.80	\$ 19	\$ 27
8	Deer Run												
	BRW#1 Meter	311	\$ 250		\$ 250		\$ 25	\$ 25	\$ 225	\$ 1	\$ 22.27	\$ 5	\$ 6
9	Woodland Grove												
	Meters	334	\$ 170		\$ 170		9	\$ 9	\$ 162	\$ 1	\$ 15.39	\$ 2	\$ 4
11	Brake Hill												
	Pump BRW#1	311	\$ 4,257				\$ 426						
	Meters	334	364		\$ 4,621		18	\$ 444	\$ 4,177	\$ 28	\$ 13.19	\$ 55	\$ 83

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
2021 PLANT, DEPRECIATION, AND STATE AND LOCAL PROPERTY TAXES

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l) Local Property Tax Rates	(m) Local Property Taxes	(n) Total Property Taxes
Div #	Name	Acct #	Non-Revenue Producing	Revenue Producing	Total Division	CoBank T06 Loan	Annual Depr On Non- Rev. Producing	2021 Proforma Depreciation on 2021 Additions	2021 Net Plant	Utility Prop Taxes \$6.60			
13	175 Estates												
	1" Inline Meter	311	\$ 420				\$ 42						
	Transducer	339	905		\$ 1,325		129	\$ 171	\$ 1,154	\$ 8	\$ 18.33	\$ 21	\$ 29
15	Lake Ossipee												
	Pumps & Meter	311	\$ 8,508				\$ 851						
	Treatment Equipment	320	18,239		\$ 26,747		657	\$ 1,507	\$ 25,240	\$ 167	\$ 8.97	\$ 226	\$ 393
19	Wildwood												
	Pumpstation	304	\$ 167,416				\$ 4,185						
	Power Generator Equipment	310	23,628				2,363						
	Pumping Equipment	311	22,306				2,231						
	Treatment Equipment	320	20,724				746						
	Tank	330	36,127				795						
	Misc. Equipment	339	3,488		\$ 273,689	\$ 260,000	498	\$ 10,818	\$ 262,871	\$ 1,735	\$ 10.34	\$ 2,718	\$ 4,453
	Note: The additions listed above are all part of the system upgrades at Wildwood.												
50	General Administration												
	Leak Detector w/Headset	339	\$ 5,672				810						
	Magnetic Locator	339	1,584				226						
	2021 Sure Trac Alum 7x12 Trailer	341	4,378				876						
	2021 Sure Trac LPDump Trailer 6x10 w/tarp	341	8,231				1,646						
	2021 Ford F350	341	57,308				11,462						
	2021 Dodge Ram 1500	341	70,669				14,134						
	2021 Vermeer Vac Restoration	343	13,285		\$ 161,127		1,898	\$ 31,052	\$ 130,075	\$ -		\$ -	\$ -
	Grand Total		\$ 670,351	\$ 855	\$ 670,351	\$ 326,000	\$ 48,800	\$ 48,800	\$ 621,551	\$ 3,244		\$ 4,109	\$ 7,353

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
2021 RETIREMENTS AND RELATED DEPRECIATION

Attachment B
Schedule 3a

Account	Account Description	Costs	2019 Depr Exp, per Co.	2019 Ending A/D, per Co.
304	Structures	\$ 54,984	\$ 196	\$ 50,154
311	Pumps	25,580	831	22,483
320	Treatment Equipment	5,197	158	3,970
331	Mains	7,049	-	7,049
333	Services	2,760	-	3,385
334	Meters	7,865	242	2,096
339	Misc Equipment	1,703	243	304
341	Transportation Equipment	71,793	13,108	64,063
347	Computer Equipment	5,870	587	2,981
Total		\$ 182,801	\$ 15,365	\$ 156,485

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
WAGE INCREASE PER SETTLEMENT

Attachment B
Schedule 4

	2022 Wage Increase (a)	Less: Capitalized Wages (b)	Increase in Annual Wages	Increase in Annual Payroll Tax Expense (c)
President	\$ 2,418	\$ (126)	\$ 2,292	\$ 175
Field Supervisor	2,221	(116)	2,105	161
Utility Manager	1,786	(93)	1,693	130
Field Staff	3,675	(192)	3,483	266
Office Staff	2,317	(121)	2,196	168
Total	<u>\$ 12,417</u>	<u>\$ (648)</u>	<u>\$ 11,769</u>	<u>\$ 900</u>

(a) Per Energy 2-18

(b) See Att 1; Sch 3a; Adj #'s 35 and 38

2019 Capitalized Wages (Co's 2019 Ann'l Rpt, Sch F-58, Lines 26-27)	\$ 20,029
2019 Actual Wages (Energy 2-18)	÷ 383,999
Calculated Capitalized Wage Percentage	<u>= 5.22%</u>

(c) Multiplied by combined SS and FICA Percentage

7.65%

DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
SUMMARY

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
Revenue Requirement after Tax Effect (Schedule 4b)	\$ 22,343	\$ 2,582	\$ -	\$ 4,405	\$ 29,330
Total Operating Expenses (Schedule 4d)	11,344	2,732	-	1,612	15,688
Less: Other Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues to be Collected via All Water Rates	<u>\$ 33,687</u>	<u>\$ 5,314</u>	<u>\$ -</u>	<u>\$ 6,017</u>	<u>\$ 45,018</u>
Revenues Specific to POASI Special Contract	<u>\$ 33,687</u>	<u>\$ 5,314</u>	<u>\$ -</u>		<u>\$ 39,001</u>
	<u>CCF Usage</u>	<u>Customers</u>	<u>Customers</u>		
POASI	15,176	1	1		
Paradise Shores	9,496	414	-		
Total	<u>24,672</u>	<u>415</u>	<u>1</u>		
Rates	<u>\$ 1.37 /ccf</u>	<u>\$ 12.80 /cust</u>	<u>\$ - POASI only</u>		
Revenues:					
POASI	\$ 20,721	\$ 13	\$ -	\$ -	\$ 20,734
Paradise Shores	12,966	5,301	-	6,017	24,284
Total	<u>\$ 33,687</u>	<u>\$ 5,314</u>	<u>\$ -</u>	<u>\$ 6,017</u>	<u>\$ 45,018</u>

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

DW 20-187

LAKES REGION WATER COMPANY, INC.

Attachment B

Schedule 5b

STEP ADJUSTMENT

CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
REVENUE REQUIREMENT

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
NET PLANT IN RATE BASE:					
Total Utility Plant in Service (Schedule 4c)	201,187	24,146	-	38,915	264,248
Less: Accumulated Depreciation (Schedule 4c)	(10,236)	(2,016)	-	(1,161)	(13,413)
Net Utility Plant in Service	190,951	22,130	-	37,754	250,835
Contributions in Aid of Construction (CIAC)	-	-	-	-	-
Less: Accumulated Amortization - CIAC	-	-	-	-	-
Net Contributions in Aid of Construction	-	-	-	-	-
Net Utility Plant in Rate Base	190,951	22,130	-	37,754	250,835
WORKING CAPITAL IN RATE BASE:					
Materials and Supplies	-	-	-	-	-
Deferred Assets	-	-	-	-	-
Customer Deposits	-	-	-	-	-
Accumulated Deferred Income Taxes - Depreciation	-	-	-	-	-
Subtotal	-	-	-	-	-
Calculation of Cash Working Capital:					
Operation & Maintenance Expenses	2,694	-	-	-	2,694
Cash Working Capital % (75 days ÷ 365 days)	x 20.55%	x 20.55%	x 20.55%	x 20.55%	x 20.55%
Cash Working Capital	554	-	-	-	554
Total Working Capital in Rate Base	554	-	-	-	554
Total Rate Base	191,505	22,130	-	37,754	251,389
Rate of Return @ Schedule 1a	x 8.52%	x 8.52%	x 8.52%	x 8.52%	x 8.52%
Revenue Requirement before Tax Effect	16,310	1,885	-	3,215	21,410
Income Tax Gross-up Factor @ 0.36994	6,034	697	-	1,189	7,920
Revenue Requirement after Tax Effect	\$ 22,343	\$ 2,582	\$ -	\$ 4,405	\$ 29,330

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT

Attachment B
Schedule 5c

CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
UTILITY PLANT IN SERVICE

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
UTILITY PLANT IN SERVICE:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	2,704	-	-	-	2,704
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains	164,642	-	-	-	164,642
333.40 Services	-	-	-	31,389	31,389
334.40 Meters and Meter Installation	-	-	-	7,526	7,526
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common) (\$7,256 x 22.89%)	1,661	-	-	-	1,661
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements (\$9,723 x 22.89%)	-	2,226	-	-	2,226
310.50 Power Generation Equipment (\$34,350 x 22.89%)	-	7,863	-	-	7,863
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction (\$12,609 x 22.89%)	2,886	-	-	-	2,886
341.52 Transportation Equipment - Pickups (\$127,977 x 22.89%)	29,294	-	-	-	29,294
343.50 Tools, Shop, and Garage Equipment (\$55,568 x 22.89%)	-	12,720	-	-	12,720
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment (\$5,843 x 22.89%)	-	1,337	-	-	1,337
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Utility Plant in Service	<u>\$ 201,187</u>	<u>\$ 24,146</u>	<u>\$ -</u>	<u>\$ 38,915</u>	<u>\$ 264,248</u>
ACCUMULATED DEPRECIATION:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	(270)	-	-	-	(270)
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains	(3,293)	-	-	-	(3,293)
333.40 Services	-	-	-	(785)	(785)
334.40 Meters and Meter Installation	-	-	-	(376)	(376)
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common) (\$1,036 x 22.89%)	(237)	-	-	-	(237)
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements (\$194 x 22.89%)	-	(44)	-	-	(44)
310.50 Power Generation Equipment (\$3,435 x 22.89%)	-	(786)	-	-	(786)
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction (\$2,522 x 22.89%)	(577)	-	-	-	(577)
341.52 Transportation Equipment - Pickups (\$25,596 x 22.89%)	(5,859)	-	-	-	(5,859)
343.50 Tools, Shop, and Garage Equipment (\$4,012 x 22.89%)	-	(918)	-	-	(918)
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment (\$1,169 x 22.89%)	-	(268)	-	-	(268)
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Accumulated Depreciation	<u>\$ (10,236)</u>	<u>\$ (2,016)</u>	<u>\$ -</u>	<u>\$ (1,161)</u>	<u>\$ (13,413)</u>

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

**DW 20-187
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT**

Attachment B
Schedule 5c

**CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
UTILITY PLANT IN SERVICE**

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
DEPRECIATION EXPENSE:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	270	-	-	-	270
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains	3,293	-	-	-	3,293
333.40 Services	-	-	-	785	785
334.40 Meters and Meter Installation	-	-	-	376	376
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common) (\$1,036 x 22.89%)	237	-	-	-	237
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements (\$194 x 22.89%)	-	44	-	-	44
310.50 Power Generation Equipment (\$3,435 x 22.89%)	-	786	-	-	786
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction (\$2,522 x 22.89%)	577	-	-	-	577
341.52 Transportation Equipment - Pickups ((\$25,596 - \$13,108) x 22.89%)	2,859	-	-	-	2,859
343.50 Tools, Shop, and Garage Equipment (\$4,012 x 22.89%)	-	918	-	-	918
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment ([\$1,169 - \$258] x 22.89%)	-	209	-	-	209
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Depreciation Expense	<u>\$ 7,236</u>	<u>\$ 1,957</u>	<u>\$ -</u>	<u>\$ 1,161</u>	<u>\$ 10,354</u>

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.

DW 20-187

LAKES REGION WATER COMPANY, INC.

Attachment B

Schedule 5d

STEP ADJUSTMENT

CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
OPERATING EXPENSES

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
OPERATING EXPENSES:					
Operation & Maintenance Expenses:					
Source of Supply Expenses	-	-	-	-	-
Pumping Expenses	-	-	-	-	-
Water Treatment Expenses	-	-	-	-	-
Transmission and Distribution Expenses	-	-	-	-	-
Customer Account Expense	-	-	-	-	-
Subtotal	-	-	-	-	-
Administrative and General Expenses:					
Salary and Wages Expense:					
Superintendent (1.0) (\$2,292 x 22.89%)	525	-	-	-	525
Field Personnel (3.0) (\$5,588 x 22.89%)	1,279	-	-	-	1,279
Office (0.5) (\$1,693 x 50% x 22.89%)	194	-	-	-	194
Office (2.5) ((\$2,196 + (\$1,693 x 50%)) x 22.89%)	-	696	-	-	696
Total Salary and Wages Expense	1,998	696	-	-	2,694
Outside Professional Services	-	-	-	-	-
Outside Professional Services - Discount	-	-	-	-	-
Property Insurance Expense (Allocated by Utility Plant)	-	-	-	-	-
Group Insurance (Allocated by Wages)	-	-	-	-	-
Pension Plan	-	-	-	-	-
Rate Case Expenses	-	-	-	-	-
Regulatory Commission Expense	-	-	-	-	-
Materials	-	-	-	-	-
Contracted Services	-	-	-	-	-
Heat / Electric Expense - Office	-	-	-	-	-
Telephone Expense	-	-	-	-	-
Office Expense	-	-	-	-	-
Dig Safe Expense	-	-	-	-	-
Bank Charges Expense	-	-	-	-	-
Operating Permits Expense	-	-	-	-	-
Total Administrative and General Expenses	1,998	696	-	-	2,694
Total Operation & Maintenance Expenses	1,998	696	-	-	2,694
Depreciation Expense (Schedule 4c)	7,236	1,957	-	1,161	10,354
Amortization of Contributions in Aid of Construction	-	-	-	-	-
Amortization Expense - Other	-	-	-	-	-
Payroll Tax Expense (Allocated by Wages)	153	53	-	-	206
Property Tax Expense	1,957	26	-	451	2,434
Total Operating Expenses	\$ 11,344	\$ 2,732	\$ -	\$ 1,612	\$ 15,688

Property Tax Exp - Customer Allocation Basis:

\$114 x 22.89% = \$26

This schedule represents not-to-exceed amounts that are subject to subsequent DOE Audit Staff examination and DOE Staff review.