

PENNICHUCK EAST UTILITY, INC.
BALANCE SHEET
ASSETS AND DEFERRED CHARGES
For the Twelve Months Ended December 31, 2022

2023 PEU Finance Petition
DW 23-_____
Schedule GT-1
Page 1 of 2

	Account Number	12/31/2022	Pro Forma Adjustments	Proforma 12/31/22
<u>PLANT ASSETS</u>				
Plant in Service	301 to 348	84,901,761	-	84,901,761
Work in process	105	401,582	-	401,582
Utility Plant		85,303,343	-	85,303,343
Accumulated depreciation	108	19,027,746	-	19,027,746
Net Plant		66,275,596	-	66,275,596
Net Acquisition Adjustment	114 & 115	4,497,480	-	4,497,480
Total Net Utility Plant		61,778,117	-	61,778,117
<u>CURRENT ASSETS</u>				
Cash & Special Deposits	131 & 133	1,737,051	(26,758) (1)	1,710,293
Accounts receivable-billed, net	141 & 143	1,308,341	-	1,308,341
Accounts receivable-unbilled, net	173	1,118,975	-	1,118,975
Accounts receivable-other	142	-	-	-
Inventory	151	-	-	-
Prepaid expenses	162	8,953	-	8,953
Prepaid property taxes	163 & 236	253,121	-	253,121
Prepaid taxes	162.3	-	-	-
		4,426,441	(26,758)	4,399,683
<u>OTHER ASSETS</u>				
Debt issuance expenses	181	223,924	-	223,924
Acquisition Premium - MARA	186	6,689,990	-	6,689,990
Other & Deferred Charges	182,184,186	945,901	-	945,901
		7,859,815	-	7,859,815
TOTAL ASSETS		\$ 74,064,373	\$ (26,758)	\$ 74,037,615

Notes:
(1) To record impact on assets relative to the net interest expense impact of the loan refinance.

\$ - check

PENNICHUCK EAST UTILITY, INC.
BALANCE SHEET
EQUITY AND LIABILITIES
For the Twelve Months Ended December 31, 2022

2023 PEU Finance Petition
DW 23-____
Schedule GT-1
Page 2 of 2

	Account Number	12/31/2022	Pro Forma Adjustments	Proforma 12/31/22
STOCKHOLDERS' EQUITY				
Common stock	201	\$ 100	\$ -	\$ 100
Paid in capital	211	\$ 9,987,872	-	\$ 9,987,872
Comprehensive Income	219	\$ (5,784)	-	\$ (5,784)
Retained earnings	215	\$ (1,408,955)	26,758	\$ (1,382,197)
		8,573,233	26,758	8,599,991
LONG TERM DEBT				
Bonds, notes and mortgages	221	\$ 25,198,569	-	25,198,569
Intercompany advances	223	5,477,249	-	5,477,249
Other Long Term Debt	224	\$ 9,640	-	9,640
CURRENT LIABILITIES				
Current portion of Long Term Debt		2,318,730	-	2,318,730
Accounts payable	231	\$ 524,090	-	524,090
Accrued property taxes	236	\$ -	-	-
Accrued interest payable	237	\$ 10,880	-	10,880
Fixed Asset Line of Credit	232	\$ 833,226	-	833,226
Other accrued expenses	241	\$ 232,931	-	232,931
Income taxes payable	236	\$ -	-	-
Customer deposits & other	235	\$ 178,969	-	178,969
		4,098,824	-	4,098,824
OTHER LIABILITIES AND DEFERRED CREDITS				
Deferred income taxes	282 & 283	\$ 6,998,173	-	6,998,173
Customer advances	252	\$ -	-	-
CIAC, net	271 & 272	\$ 23,708,684	-	23,708,684
Other long term liabilities		-	-	-
		30,706,857	-	30,706,857
TOTAL EQUITY AND LIABILITIES		\$ 74,064,373	\$ 26,758	\$ 74,091,131

Notes:
(1) To record the impact of interest and income tax benefit on retained earnings.

(2) To record impact on long term debt of refinance of balloon maturity debt with new term loan

PENNICHUCK EAST UTILITY, INC.
OPERATING INCOME STATEMENT
For the Twelve Months Ended December 31, 2022

2023 PEU Finance Petition
DW 23-_____
Schedule GT-2
Page 1 of 2

	Account Number	Twelve Months 12/31/22	Pro Forma Adjustments	Pro Forma 12 Months 12/31/22
Water Sales	460 to 462	\$ 12,472,384	-	\$ 12,472,384
Other Operating Revenue	471	32,069	-	\$ 32,069
Total Revenues		12,504,453	-	12,504,453
Production Expenses	601 to 652	2,967,856	-	2,967,856
Transmission & Distribution Expenses	660 to 678	946,176	-	946,176
Customer Acct & Collection Exp	902 to 904	206,954	-	206,954
Administrative & General Expense	920 to 950	239,006	-	239,006
Inter Div Management Fee	930	2,947,710	-	2,947,710
Total Operating Expense		7,307,703	-	7,307,703
Dep Exp/Acq Adj Expense	403 & 406	1,528,136	-	1,528,136
Amortization Expense:CIAC	405	(522,138)	-	(522,138)
Amortization Expense	407	300,201	-	300,201
Gain on Debt Forgiveness	414	(47,448)	-	(47,448)
Property Taxes	408.1	1,298,041	-	1,298,041
Income Tax	409 to 410	641,147	(9,937)	(2) 631,210
Total Operating Deductions		3,197,939	(9,937)	3,188,002
Net Operating Income		1,998,812	9,937	2,008,749
Other Income and Deductions		-	-	-
Interest Expenses		927,846	36,695 (1)	964,541
Net Income		1,070,966	(26,758)	1,044,208

Notes:

- (1) To record additional interest expense associated with new note @7.2% to replace expiring note at 3.62%
- (2) To record the tax impact resulting from the additional expnese, as the statutory rate of 27.08%

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PENNICHUCK EAST UTILITY, INC.
OPERATING INCOME STATEMENT
For the Twelve Months Ended December 31, 2022

Supporting Calculations:

Interest Expense:

	Amount	Rate	Interest
New CoBank Loan	\$ 1,025,000	7.200%	\$ 73,800
Refinanced Balloon Maturity Payment	\$ (1,025,000)	3.620%	\$ (37,105)
Totals	\$ -		\$ 36,695

Depreciation

N/A

Additions:

Asset Cost				Depreciation	
Asset Totals	Cost of	Total		Rate	Amount
Term Loan	Removal				
\$ -	\$ -	\$ -			\$ -
Totals	\$ -	\$ -	\$ -		\$ -

Net Additions \$ - \$ - \$ -

Pro Forma Depreciation

\$ -

Property Taxes

Combined Local
And State Property Tax

Salem Town Tax Rate (1) Other	\$ -
State of New Hampshire	\$ -
Total Tax Rate	\$ -

Pro Forma Property Taxes \$ - 1.0% \$ - \$ -

Pennichuck East Utility, Inc.
Pro Forma Capital Structure for Ratemaking Purposes
For the Twelve Months Ended December 31, 2022

2022 PEU Finance Petition
DW 22-____
Schedule GT-3
Statement of Capitalization Ratios
PUC 609.03(b)(6) - Form F-4, Exhibit 5

	Pro Forma 2022	Pro Forma Eliminations		Pro Forma 2022 with Eliminations	Component Ratio
Long-term Debt	25,198,569	(1,059,563) (1)		24,139,005	90.47%
Intercompany Debt	\$ 5,477,249	(2,075,969) (1)		3,401,281	12.75%
Common Equity:					
Common Stock	100	(100)		-	
Paid In Capital	9,987,872	(9,987,872) (2)		-	
Comprehensive Income	(5,784)	529,702 (2)		523,918	
Retained Earnings	(1,382,197)			(1,382,197)	
Total Common Equity	8,599,991			(858,279)	-3.22%
Total Capital	<u>\$ 39,275,809</u>	<u>(12,593,802)</u>		<u>\$ 26,682,007</u>	100.00%

Notes:

- (1) Eliminate Capital Recovery Surcharge Related Assets with the offset to Long Term Debt and Intercompany Debt.
The Long Term Debt consists of the CoBank T4 Loan . The remainder is Intercompany Debt.
- (2) Per Order 25,292 in DW 11-026, eliminate the MARA and related equity, and adjust comprehensive income as follows:

Comprehensive Income as of 1/25/12	<u>(529,702)</u>
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Pennichuck East Utility, Inc.
CoBank Financing
Projected Rate Impact on Single Family Residential Home

CoBank Loan Amount -	\$ 1,025,000	(a)	
Loan Percentage -	7.20%		
Loan Term (in years) -	10		
Annual Principal & Interest on Loan -	<u>\$147,289</u>	(b)	
Coverage Multiplier, under DW 20-156 -	<u>1.1</u> x	(c)	
Revenue Requirement for P&I: [(b) x (c)] -	<u>\$162,018</u>	(d)	
Less: P&I from expiring loan obligation from Schedule 5 in Docket DW 20-156	(\$121,912)		
Coverage Multiplier, under DW 20-156 -	<u>1.1</u>		
Revenue Requirement for P&I: [(b) x (c)] -	<u>(\$134,103)</u>		
Net impact of P&I for new loan, as it relates to current rates	\$27,915		
Property tax rate/\$1000 -	\$ -	(e)	
Projected Property Taxes: [(a)/1000 x (e)] -	<u>\$ -</u>	(f)	
Projected Revenue Requirement: [(d) + (f)] -	<u><u>\$27,915</u></u>	(g)	
DW 20-156 Allowed Revenue Requirement -	\$ 10,130,530	(h)	
Calculated QCPAC Surcharge: [(g)/(h)] -	<u><u>0.28%</u></u>	(i)	resulting from the proposed external CoBank financing
Current Monthly Single Family Residential Bill -	\$ 84.31	(j)	
Monthly impact on Single Family Residential Bill of the external Financing: [(i) x (j)] -	<u><u>\$ 0.24</u></u>		per month

Note 1 - interest rate differential between balloon maturity debt payoff and new loan

Pennichuck East Utility, Inc.
Statement of Weighted Average Cost of Long-Term Debt
For the Twelve Months Ended December 31, 2022

2023 PEU Finance Petition
DW 23-____
Schedule GT-4B
PUC 609.03(b)(7) - Form F-4, Exhibit 6

Holder	Term	Maturity	Coupon Rate	Outstanding Balance as of 12/31/22	New Debt Added in 2023	Annual Interest	Annual Amortization Issue Costs	All In Annual Cost	Effective Rate
CoBank	20	03/01/30	5.950%	2,030,680	-	120,825	1,277	122,102	6.01%
State of NH SRF (Green Hills)	20	01/01/25	3.728%	43,873	-	1,636	6,854	8,490	19.35%
State of NH SRF (Pelham Tank)	20	01/01/27	3.488%	145,999	-	5,092	247	5,339	3.66%
State of NH SRF (Maple Hills)	20	06/01/30	2.952%	262,326	-	7,744	483	8,227	3.14%
State of NH SRF (Birch Hill)	20	12/01/31	2.864%	930,094	-	26,638	549	27,187	2.92%
State of NH SRF (Locke Lake - 2007)	20	05/01/30	2.952%	103,509	-	3,056	90	3,145	3.04%
State of NH SRF (Locke Lake - 2011)	20	06/01/33	2.864%	187,091	-	5,358	434	5,792	3.10%
State of NH SRF (Liberty Tree) (9)	20	04/01/35	3.104%	285,213	-	8,853	531	9,384	3.29%
State of NH SRF (Locke Lake - 2012)	20	12/1/2033	2.720%	244,890	-	6,661	1,057	7,718	3.15%
CoBank \$1.7M Loan (RX0848T4) financial impact deleted as replaced by new loan									
CoBank \$925k Loan (RX0848T3)	20	06/20/33	4.250%	582,722	-	24,766	444	25,209	4.33%
SRF Loan - Locke Lake Dam Site Phase 2	20	07/01/35	2.720%	274,754	-	7,473	-	7,473	2.72%
SRF Loan - Locke Lake-Winwood & Monroe-Phase I	20	07/01/36	2.720%	283,262	-	7,705	343	8,047	2.84%
SRF Loan - Locke Lake-Winwood & Monroe-Phase II	20	11/01/36	2.464%	296,918	-	7,316	263	7,579	2.55%
SRF Loan - W&E Main Replacement	20	08/01/36	2.616%	749,835	-	19,616	672	20,288	2.71%
SRF Loan - Hickory & Avery	20	04/01/36	2.616%	304,109	-	7,955	119	8,074	2.66%
SRF Loan - Hardwood Treatment Station	20	07/01/36	2.464%	415,970	-	10,250	349	10,599	2.55%
CoBank 625K Loan	25	03/06/40	4.900%	505,805	-	24,784	1,635	26,420	5.22%
CoBank 1.25M Loan T6(1st tranche)	25	11/01/41	4.200%	1,058,282	-	44,448	489	44,937	4.25%
CoBank 950K Loan T6(2nd tranche)	25	11/01/41	4.830%	814,738	-	39,352	211	39,563	4.86%
SRF Loan - Locke Lake Varney Road	20	11/01/37	1.960%	1,159,057	-	22,718	691	23,409	2.02%
Intercompany 2018 PEU - \$1,701,516	30	05/01/48	3.200%	1,534,638	-	49,108	-	49,108	3.20%
Intercompany 2018 PEU (North Country)- \$1,157,403	30	05/01/48	3.200%	1,043,890	-	33,404	-	33,404	3.20%
SRF Loan 2017 - Brady Ave (Derry)	30	TBD	1.960%	521,543	-	10,222	151	10,373	1.99%
SRF Loan 2017 Hillcrest Road (Litchfield)	20	TBD	1.960%	207,993	-	4,077	-	4,077	1.96%
Co-Bank	25	05/20/43	5.330%	315,697	-	16,827	402	17,229	5.46%
Merrimack River Crossing SRF	20	09/01/39	1.960%	2,062,334	-	40,422	953	41,375	2.01%
Locke Lake Georgetown Main Replacement	30	10/01/51	2.704%	1,243,859	-	33,634	34	33,668	2.71%
Locke Lake Airstrip Well	30	10/01/51	1.296%	637,889	-	8,267	18	8,285	1.30%
Locke Lake Surface Water Treatment	30	10/01/51	1.296%	2,205,669	-	28,585	61	28,647	1.30%
CoBank 1.153M Loan T9	25	06/01/44	4.380%	1,062,610	-	46,542	652	47,194	4.44%
2020 CoBank 800K Loan	25	11/23/45	3.980%	761,462	-	30,306	473	30,779	4.04%
2021 CoBank 1.13M Loan	25	10/24/46	4.180%	1,104,842	-	46,182	-	46,182	4.18%
2021 CoBank Loan to refill RSF	25	11/24/46	4.250%	2,488,616	-	105,766	-	105,766	4.25%
DWGTF Interconnection Project (1)	25	TBD	1.570%	493,500	-	7,748	-	7,748	1.57%
New CoBank Loan (2)	10	TBD	7.200%	-	1,025,000	73,800	-	73,800	7.20%
TOTAL				26,363,668	1,025,000	937,137	19,482	956,619	3.63%

Notes:
(1) To account for the new DWGTF Interconnection Debt
(2) To account for the new CoBank Loan