

**Pittsfield Aqueduct Company, Inc.**  
**Overall Rate of Return**  
**For the Twelve Months Ended December 31, 2007**  
**North Country Only**

**Schedule 1**  
**Modified Filing**

<u><b>Capital Component</b></u>	<u><b>Pro Forma Test</b></u> <u><b>Year</b></u>	<u><b>Component</b></u> <u><b>Ratio</b></u>	<u><b>Component</b></u> <u><b>Cost Rate</b></u>	<u><b>Weighted</b></u> <u><b>Average</b></u> <u><b>Cost Rate</b></u>
Long-term Debt	3,264,074	63.83%	4.68%	2.99%
Short-term Debt	(0)	0.00%	0.00%	0.00%
Preferred Stock	-	0.00%	0.00%	0.00%
Common Equity	<u>1,849,942</u>	<u>36.17%</u>	9.75%	<u>3.53%</u>
<b>Overall Rate of Return</b>	<u><b>\$ 5,114,016</b></u>	<u><b>100.00%</b></u>		<u><b>6.52%</b></u>

**Notes:**

(1) The return on equity is based on permanent rate settlements in Pennichuck Water Works, Inc. (DW 06-073) and Pennichuck East Utility, Inc. (DW 07-032).

**Pittsfield Aqueduct Company, Inc.**  
**Capital Structure for Ratemaking Purposes**  
**For the Twelve Months Ended December 31, 2007**  
**North Country Only**

**Schedule 2**  
**Modified Filing**

	<u>Test Year</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Test Year</u>	<u>Component Ratio</u>
Long-term Debt	\$0	790,898 (1) 763,112 (3) 1,710,064 (4)	\$3,264,074	63.83%
Common Equity:				
Common Stock	-	-	-	
Paid In Capital	-	2,000,000 (2)	2,000,000	
Retained Earnings	(150,058)		(150,058)	
Total Common Equity	(150,058)		1,849,942	36.17%
Short-term Debt	\$ 3,554,010	(790,898) (1) (2,000,000) (2) (763,112) (3)	\$ (0)	0.00%
Total Capital	<u>\$ 3,403,951</u>	1,710,064	<u>\$ 5,114,016</u>	100.00%

**Notes:**

- (1) Reflects the long term debt associated with the North Country acquisition recorded on Pittsfield books.
- (2) Reflects the \$2.0 Million equity infusion in 2007 to support the capital investments in North Country.
- (3) The proforma adjustment reflects the PUC order 24,827 issued on March 3, 2008. The order Nisi approved the issuance of Long Term Debt to repay short term debt in the form of an intercompany advance from the parent company. The proforma adjustment effectively reduces short term debt to zero.
- (4) Reflects the SRF Funding for the North Country step increase.

Pittsfield Aqueduct Company, Inc.  
Historical Capital Structure  
For the Twelve Months Ending December 31, 2007  
North Country Only

Schedule 3  
Modified Filing

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Intercompany Notes	-	-	0	0	0
Long-term Debt	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Common Equity:					
Common Stock	-	-	-	-	-
Paid In Capital	-	-	-	-	-
Retained Earnings	(150,058)	(34,067)	-	-	-
Total Common Equity	<u>(\$150,058)</u>	<u>(\$34,067)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Short-term Debt	3,554,010	1,346,909	-	-	-
Total Capital	<u>\$ 3,403,951</u>	<u>\$ 1,312,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Notes:**

(1) Prior to 2006, the intercompany notes were not in separate accounts but were part of the intercompany advance account.

**Pittsfield Aqueduct Company, Inc.**  
**Historical Capitalization Ratios**  
**For the Twelve Months Ending December 31, 2007**  
**North Country Only**

**Schedule 4**  
**Modified Filing**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Long-term Debt	0.00%	0.00%	0.00%	0.00%	0.00%
Total Common Equity	-4.41%	-2.59%	0.00%	0.00%	0.00%
Short-term Debt	<u>104.41%</u>	<u>102.59%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Capital	<u>100.00%</u>	<u>100.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

**Pittsfield Aqueduct Company, Inc.**  
**Weighted Average Cost of Long-Term Debt**  
**For the Twelve Months Ended December 31, 2007**  
**North Country Only**

Schedule 5  
Modified Filing

Holder	Term	Maturity	Rate	Outstanding Balance	Annual Interest	Annual Amortization	All In Annual Cost	Effective Rate
<b>Pro Forma Adjustments:</b>								
Intercompany Loan (2)	10	5/4/18	7.00%	763,112	53,418	-	53,418	7.00%
Intercompany Loan North Country Acquisition (1)	5	5/1/11	6.50%	790,898	51,408	-	51,408	6.50%
SRF Loan North Country (3)	20	9/1/30	3.35%	1,710,064	57,287	(9,208)	48,079	2.81%
				3,264,074	162,113	(9,208)	152,905	4.68%
<b>Total Wgtd Avg Cost of L TD (including pro forma adjustments)</b>								

**Notes:**

- (1) The proforma adjustment reflects the long term debt associated with the North Country acquisition recorded on Pittsfield books.
- (2) The proforma adjustment reflects the PUC order 24,827 issued on March 3, 2008. The order Nisi approved the issuance of Long Term Debt to repay short term debt in the form of an intercompany advance from the parent company. The proforma adjustment effectively reduces short term debt to zero.
- (3) The SRF Loan represents the funding of the North Country step increase and is calculated as follows:  
 (Schedule 3, Attachment A, Exhibit 1 of the Step Increase Modified Filing)

Total Plant Accounts	\$ 1,783,220
Less: Land Sale	\$ (150,000)
Plus: NCWP Buy In Fee	\$ 120,060
Less: Meter Pits	\$ (43,215)
Total SRF Funding	<u>\$ 1,710,064</u>

The negative annual amortization on the SRF loan represents the expected 25% forgiveness on the interest payments for the funding related to the Birch Hill interconnection with the North Conway Water Precinct (NCWP) and calculated as reflected on Schedule 3, Attachment E of the Step Increase Modified Filing.

**Pittsfield Aqueduct Company, Inc.**  
**Cost of Short-Term Debt**  
**For the Twelve Months Ended December 31, 2007**  
**North Country Only**

**Schedule 6**  
**Modified Filing**

	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	13 Month Average
Intercompany cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Pennichuck Interco Receivab</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pennichuck Corporation:</b>														
Intercompany advances	1,346,909	1,353,767	1,379,234	1,409,466	1,544,953	1,574,535	1,593,059	1,693,367	2,166,962	3,461,909	3,476,385	3,495,521	3,554,010	2,213,454
<b>Pennichuck Interco Net Liabli</b>	<b>(1,346,909)</b>	<b>(1,353,767)</b>	<b>(1,379,234)</b>	<b>(1,409,466)</b>	<b>(1,544,953)</b>	<b>(1,574,535)</b>	<b>(1,593,059)</b>	<b>(1,693,367)</b>	<b>(2,166,962)</b>	<b>(3,461,909)</b>	<b>(3,476,385)</b>	<b>(3,495,521)</b>	<b>(3,554,010)</b>	<b>(2,213,454)</b>



**Pittsfield Aqueduct Company, Inc.**  
**Weighted Average Cost of Preferred Stock**  
**For the Twelve Months Ended December 31, 2007**  
**North Country Only**

**Schedule 7**  
**Modified Filing**

Security	Term	Maturity	Rate	Outstanding Balance	Annual Dividends	Annual Amortization	All In Annual Cost	Effective Rate
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**NOT APPLICABLE**

**Pittsfield Aqueduct Company, Inc.**  
**Return on Common Equity for Small Water Utility Companies**  
**For the Twelve Months Ended December 31, 2007**  
**North Country Only**

**Schedule 8**  
**Modified Filing**

**Source:** NAWC Financial 2005 Data Base (dated March 27, 2007)

Company	Authorized ROE %	Effective Date of Last Rate Case	Residential Customers
Aqua Maine	10.0	12/31/2003	13,653
Aquarion-MA	11.5	5/1/2001	16,845
Chaparral City	11.0	10/1/2005	12,328
Golden Heart	13.9	8/1/2003	4,639
Gordon's Corner	9.8	5/27/2004	14,514
Mount Holly	9.8	7/1/2004	16,125
Shorelands	9.8	10/9/2004	10,202
Torrington	10.9	5/1/2002	8,391
Valley Water	11.5	3/3/2004	5,873
Median	10.9	-	12,328
Mean	10.9	-	11,397



Pittsfield Aqueduct Company, Inc.  
Report of Proposed Rate Changes  
For the Twelve Months Ended December 31, 2007  
North Country Only

Pro Forma  
Schedule 9  
Permanent  
Modified Filing

DOCKET NO:  
TARIFF NO.:

DW 08-052  
5

or PAGE NOS. 39-40

DATE FILED:  
EFF. DATE:

5/2/2008

<u>Rate or Class of Service</u>	<u>Effect of Proposed Change</u>	<u>Average Number of Customers</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Proposed Change Amount</u>	<u>%</u>
G-M	Increase	1,109	\$ 316,109	\$ 1,098,321	\$782,212	247.45%
Present Rate Adj			\$ -	\$ -	\$0	0.00%
Private FP	Increase	-	\$ -	\$ -	\$0	0.00%
FP - Hydrants	Increase	-	\$ -	\$ -	\$0	0.00%
<b>TOTALS</b>		<b>1,109</b>	<b>\$ 316,109</b>	<b>\$ 1,098,321</b>	<b>\$782,212</b>	<b>247.45%</b>

Signed by:

Bonalyn J. Hartley

**Pittsfield Aqueduct Company, Inc.**  
**Report of Proposed Rate Changes**  
**For the Twelve Months Ended December 31, 2007**  
North Country Only

**Pro Forma**  
**Schedule 9**  
**Step**  
**Modified Filing**

DOCKET NO: DW 08-052      DATE FILED: 5/2/2008  
 TARIFF NO.: 5 or PAGE NOS. 39-40      EFF. DATE: \_\_\_\_\_

<u>Rate or Class of Service</u>	<u>Effect of Proposed Change</u>		<u>Average Number of Customers</u>		<u>Present Rates</u>		<u>Proposed Rates</u>		<u>Proposed Change</u>	
	<u>Change</u>								<u>Amount</u>	<u>%</u>
G-M	Increase		1,109		\$	316,109	\$	542,761	\$226,652	71.70%
Present Rate Adj	Increase				\$	-	\$	-	\$0	0.00%
Private FP	Increase		-		\$	-	\$	-	\$0	0.00%
FP - Hydrants	Increase		-		\$	-	\$	-		
<b>TOTALS</b>			<b>1,109</b>		<b>\$</b>	<b>316,109</b>	<b>\$</b>	<b>542,761</b>	<b>\$226,652</b>	<b>71.70%</b>

Signed by: Bonaly J. Hartley  
 Title: Vice President - Administration

**Pittsfield Aqueduct Company, Inc.**  
**Report of Proposed Rate Changes**  
**For the Twelve Months Ended December 31, 2007**  
North Country Only

**Pro Forma**  
**Schedule 9**  
**Permanent & Step**  
**Modified Filing**

DOCKET NO:  
TARIFF NO.:

DW 08-052  
5 or PAGE NOS. 39-40

DATE FILED: 5/2/2008  
EFF. DATE:

<u>Rate or Class of Service</u>	<u>Effect of Proposed Change</u>		<u>Average Number of Customers</u>		<u>Present Rates</u>		<u>Proposed Rates</u>		<u>Proposed Change</u>	
G-M	Increase		1,109	\$	316,109	\$	1,324,973	\$	\$1,008,864	319.15%
Present Rate Adj	Increase		-	\$	-	\$	-	\$	\$0	0.00%
Private FP	Increase		-	\$	-	\$	-	\$	\$0	0.00%
FP - Hydrants	Increase		-	\$	-	\$	-	\$	\$0	0.00%
<b>TOTALS</b>			<b>1,109</b>	<b>\$</b>	<b>316,109</b>	<b>\$</b>	<b>1,324,973</b>	<b>\$</b>	<b>\$1,008,864</b>	<b>319.15%</b>

Signed by: Bonalyn J. Hartley  
 Title: Vice President - Administration



Pittsfield Aqueduct Company, Inc.  
 ROI Historical Trends  
 For the Twelve Months Ended December 31, 2007

Schedule 10  
 Modified Filing

PAC ROI

