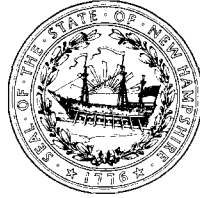


THE STATE OF NEW HAMPSHIRE

CHAIRMAN  
Thomas B. Getz

COMMISSIONERS  
Graham J. Morrison  
Clifton C. Below

EXECUTIVE DIRECTOR  
AND SECRETARY  
Debra A. Howland



**PUBLIC UTILITIES COMMISSION**

21 S. Fruit Street, Suite 10  
Concord, N.H. 03301-2429

Tel. (603) 271-2431

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TDD Access: Relay NH  
1-800-735-2964

Website:  
[www.puc.nh.gov](http://www.puc.nh.gov)

June 15, 2009

Debra A. Howland, Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301

Re: DW 08-073, Pennichuck Water Works, Inc.

Dear Ms. Howland:

On May 19, 2009, Pennichuck Water Works, Inc. (PWW) and the Commission Staff (Staff) presented a Settlement Agreement on Permanent Rates (Agreement) at a hearing before the Commission. Included within the terms was an agreement by the parties that PWW should be allowed a step adjustment in rates in order to recognize revenue associated with PWW's substantial improvements made to its treatment plant subsequent to the test year as well as other operating revenue and expense adjustments. The Agreement contemplated a tentative revenue increase resulting from the step adjustment of \$2,303,671, or 10.61%, effective upon the Commission's approval of the Settlement Agreement on a bills rendered basis. However, the Agreement also indicated that the underlying costs relative to the capital additions had not yet been audited by Staff but that once a final audit report had been issued, a recommendation by Staff would be submitted to the Commission relative to the ultimate level of the proposed step adjustment.

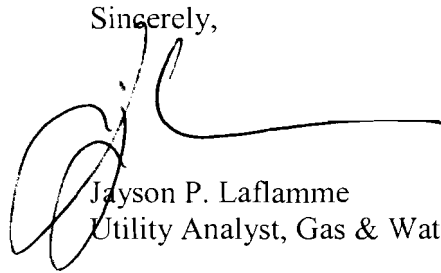
On June 3, 2009, a final audit report was issued by the Commission Audit Staff indicating that a total of \$12,121,317 in plant additions had been verified. A copy of this audit report has been attached to this correspondence. Based upon the results contained in the final audit report, PWW submitted revised schedules for the step adjustment for Staff's review. These schedules are also attached to this correspondence and show a revised proposed revenue increase relative to the step adjustment of \$2,257,425, or 10.40%. Staff reviewed these schedules and concurs with the revised amount proposed by PWW. Combined with the \$2,491,817, or 11.48%, permanent rate increase previously proposed in the Agreement, PWW and Staff are now proposing a total revenue increase of \$4,749,242, or 21.88%. However, the step adjustment portion of this revenue increase will not be reconcilable for the purposes of temporary rate recovery.

June 15, 2009  
Page 2

DW 08-073: Pennichuck Water Works, Inc.

It is Staff's hope that the above recommendation can be incorporated in the Commission's forthcoming order in this docket. Staff is available to answer any questions that the Commission may have concerning this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jayson P. Laflamme', with a long horizontal flourish extending to the right.

Jayson P. Laflamme  
Utility Analyst, Gas & Water Division

Attachments  
cc: Service List

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

**DATE:** June 3, 2009

**AT (OFFICE):** NHPU

**FROM:** James Schuler, Examiner

**SUBJECT:** Pennichuck Water Works Inc.  
DW 08-073  
Step Adjustment – Plant In Service  
**Final Audit Report**

**TO:** Mark Naylor, Director of Water and Gas Division  
Jayson Laflamme, Utility Analyst

### **PENNICHUCK WATER WORKS UTILITY PLANT STEP ADJUSTMENTS 1/2**

#### **Scope of Plant Audit**

The PUC Audit Staff (Audit) reviewed Pennichuck Water Works (PWW) Water Treatment Plant (WTP) invoices associated with contract #4 that were placed in service through the end of April 2009. These additions are considered Step 1 adjustments for the purpose of this report. Three work orders for WTP upgrades were audited in the Step 1 increase Per DW 08-073. The total Step1 filing amount is \$9,436,521.

Step 2 additions are projects considered used and useful through March 31, 2009. Specifically, Audit reviewed invoices for project #801316, Shakespeare Booster Rebuild totaling \$65,545, project #801321, Fifield Tank Replacement totaling \$2,315,916, project #800796, Morse Street Main Replacement, project #800799 and the Booth Street Main Replacement and project #800166. Total Step 2 additions reviewed were \$2,684,796. The combined Step 1 and 2 additions reviewed total \$12,121,317. **Total Step 1 & 2 additions per the filing amount to \$12,310,891.** Audit submitted a request for an explanation of the differences between what was audited and the filing. The Company provided a spreadsheet showing that the general ledger does not agree to the filing amount and provided specific account variances. (As an example, see work order #7002651-01 write-up on next page).

## **WATER TREATMENT PLANT CONTRACT #4, STEP ADJUSTMENT 1**

### **PWW Work Orders Provided to Audit**

|                       |                |
|-----------------------|----------------|
| Work Order #700265/01 | \$3,831,709    |
| Work Order #800163/01 | \$5,166,426    |
| Work Order #900119/01 | <u>438,386</u> |
|                       | \$9,436,521    |

Audit was provided an Asset Acquisition Report detailing the Water Treatment Plant (WTP) Contract #4 additions for the Step 1 adjustment for 2008 with a supplemental report for the period January 1, 2009. Audit's review included testing labor and overhead charges, as well as inventory, materials and supplies, and contractor invoices.

Audit noted that an overhead charge of 49% for in-house labor was applied and that contractor invoices may have had some overhead added but many did not. All Work Order folders contained detailed PWW labor reports with crew member names, rates, and hours worked. The Daily Inventory & Materials Reports were included in most project folders and found to be accurately recorded on the work orders. All contractor invoices were approved by the supervisor for payment.

### **Plant Accounts**

#### **Work Order #700265/01, \$3,831,709**

Audit traced the journal entries that were provided with each work order to the general ledger for 2007 and reviewed work order invoices for additions in 2007. The majority of the costs were booked to account 304 – Water Treatment Structures and account 320 – Water Treatment Equipment. The Company provided a monthly schedule of costs for 2007 showing total costs of \$3,803,449. The \$28,260 difference as explained by PWW is part of the allocated engineering and general conditions costs. **The Company states that this is a reconciling difference.**

#### **Work Order #800163/01, \$5,166,426**

Audit traced the journal entries that were provided with each work order to the general ledger for 2008 and reviewed work order invoices for all additions through March 2009. The cost of removal shown on Schedule 3, Attachment A, Exhibit 2, was traced to the Company's journal entries. However, due to activity other than Contract #4, the cost of removal was not always identifiable in the general ledger. The following are some of the specific accounts that were booked for plant-in-service for this work order.

#### Structures and Improvements, Account 2304-800-001

Audit reviewed the journal entries booked to account 2304-800 and the related invoices totaling \$499,127 as part of contract #4. Costs booked to this account were for office renovations and parts of the headworks project.

#### Supply Mains – Source of Supply, Account 2309-200-001

All additions to the account were related to the Headworks project. The installation of new 42" raw water line amounted to \$364,720. From the Asset Disposition Detail Report, Schedule 3, Attachment A, Exhibit 4. There were no retirements.

#### Electric Pumping Equipment, Account 2311-200-001

All additions to the account were related to the Headworks project and included piping and recycling pumps. Total additions per the general ledger for the work order were \$247,035. From the Asset Disposition Detail Report, Schedule 3, Attachment A, Exhibit 4, there were no retirements.

#### Purification System Equipment, Account 2320-200-001

Audit reviewed the 2008 general ledger entries for account 2320-200 and the related invoices totaling \$4,041,387. These costs included the parts of headworks project, piping and chemical feed equipment, pulsator #1 and filters 1, 2 & 3. One entry was for the proration of general conditions and engineering amounting to \$338,062.

Total 2008 retirements to the account were \$367,053. The cost of removal for filters 1, 2 and 3 totaled \$272,610.

The Company has stated that filter #4 was completed and used and useful in September, 2008. The costs associated with this filter were posted to work order #0800163. Audit reviewed the invoices and progress payment and found no exceptions.

Per the PWW Asset Disposition Details Report, Schedule 3, Attachment A, the Company retired filter system #4 equipment totaling \$47,489 in August, 2008 that was placed in service in 1980.

Total cost of removal for filter #4 per schedule 3, Attachment A, exhibit 2 was \$90, 870.

The Company has stated that this filter #5 was completed and used and useful by the end of January, 2009. Filter #5 costs were booked to work order #0800163 and 0900119. Audit reviewed the invoices and progress payments paid to RFI White and found no exceptions.

Per the PWW Asset Disposition Details Report, Schedule 3, Attachment A, the Company retired filter system #5 equipment totaling \$47,489 in November, 2008 that was placed in service in 1980.

Total cost of removal for filter #5 per schedule 3, Attachment A, exhibit 2 was \$90,870.

Purification System Media, Account 2320-310-001

Media purchased for filter #3 was \$145,000 and agreed with the general ledger.

Office equipment, Account 2340-000-001

Audit traced 5 journal entries totaling \$207,089.64 from the work order posting to the general ledger for 2008 with no exceptions. Cost of removal totaled \$26,000 per the filing.

Communications Equipment, Account 2346-000-001

Costs largely booked to this account were described as Headworks – Recycle Station and Headworks Instruments totaling \$137,533. The remainder of the costs were related to the SCADA System.

**Work Order #900119/01, \$438,386**

All costs were related to the headworks project which included recycling pumps and piping. Audit verified the amount of the work order to invoices totaling \$1,188,332. Audit notes that charges through 4/09 were included in the work order. Most of this work order consisted of R.H. White invoices.

Purification System Media, Account 2320-310-001

Audit traced the Media purchase pertaining to the above work order for filter #5 totaling \$145,000 to the general ledger without exception.

**Summary: Contract #4**

Audit notes that the costs in these work orders for Contract #4 exceed the amount requested by PWW for this Step Adjustment. Therefore, Audit could only review costs in total which were greater than the Company's filing.

## **STEP ADJUSTMENT 2**

### **Bidding, Step 2 Projects**

The Company stated that the awarding of the contracts to the lowest bidder was a requirement for certain SRF Funds and/or Grant monies.

Staff received for review PWW's Fiscal Year 2002 to 2009 - Record of Bids and Proposals. The spreadsheet showed the Project name, the date the bids were due, the company awarded the bid, bid amount, and the three lowest bidders by company name and their bid amount. Proposals and bids are sought for all requisitions greater than \$10,000.

Five bids were received on 6/28/08 for the French Hill Water Main Improvements which consisted of the Morse Avenue main replacement, project #800874 and the Booth Street main replacement, project #800799. R.H. White, the second highest bidder, was awarded the contract.

Two bids were received for the construction of the Fifield tank in Nashua. The lowest bidder, Preload, Inc was awarded the bid.

### **PWW Work Orders Provided to Audit**

|                          |          |                |
|--------------------------|----------|----------------|
| Shakespeare Booster      | #801316  | \$65,545       |
| Kinsley Street           | #610429  | 6,086          |
| Fifield Tank Replacement | Multiple | 2,315,916      |
| Main Replacements        | Multiple | <u>297,249</u> |
|                          |          | \$2,684,796    |

### **Shakespeare Booster Rebuild, \$65,545**

Audit reviewed the work order for the Shakespeare booster rebuild totaling \$65,544.94. PWW provided the time sheets representing in-house labor which totaled \$6,192.04. Labor overhead was charged at 50% totaling \$3,114.60. Audit reviewed all invoices and noted that they were dated from March 2008 through June 2008. The entries to book plant-in-service were dated May 31, June 30 and July 31, 2008.

A journal entry in June booked \$7,367.79 to account 2304-550, Booster Structures and the same amount to account 2346-000 – Communication equipment. Audit submitted a request to confirm the accounts and if the entries were an allocation. Further review found that PWW allocated an invoice from Electrical Installations Inc. to several Plant accounts.

### **Fifield Tank Replacement, \$2,315,916**

The Company has stated this project was completed and used and useful by the end of March, 2009. Audit was provided four work orders for the Fifield Tank Replacement totaling \$2,269,813. Audit reviewed work order #801321/01 for 2008 costs totaling \$2,146,249. Additional work orders and journal entries to book 2009 costs were provided bringing the cost of the total project as of March 31, 2009 to \$2,315,916. The filing Schedule 3, Attachment A, Exhibit 1 with the revised Step 2 totals \$2,323,800 for the tank replacement, **a difference of \$7,884.**

PWW provided the time sheets representing in-house labor which totaled \$6,192.04. Labor overhead was charged at 50% totaling \$3,114.60. Audit reviewed all invoices and noted that they were dated from March 2008 through the end of 2008. The entries to book plant-in-service were recorded in March 2009.

The Fifield tank originally placed in service in 1958 was fully depreciated and retired at full cost of \$157,407. The Company retired costs associated with the 1985 restoration of this tank totaling \$132,605 in March, 2008. Accumulated Depreciation was debited for \$73,876. The total Fifield tank retirement amount was \$290,012.

An entry on March 31, 2009 booked the cost of removal as \$46,000. Audit noted on the PWW's Asset Acquisition details that the credit received for the resale of materials is estimated to exceed the cost of removing the tank. The Company posted a gain on the cost of removal totaling \$46,000 to CWIP and crediting Accumulated Depreciation: Cost of Removal.

### **Main Replacement**

#### **Morse Avenue**

Audit reviewed work order #800796 for the Morse Avenue Main replacement project totaling \$154,836.32. PWW provided the time sheets representing in-house labor which totaled \$494.58. Labor overhead was charged at 50% totaling \$248.77. Audit reviewed all invoices and noted that all were dated in 2008. Entries totaling \$97,618.31 were booked to account 2331-200, Distribution Mains and \$17,088.23 to account 2333-200, Renewed Services. Paving was booked to account 2331-002 for \$5,129.78 on 12/31/08.

PWW booked \$17,088 to account 2333-200-0001, Renewed Services for the Morse Avenue main replacement project in October of 2008.

#### **Booth Street**

Audit reviewed the work order for the Booth Street Main Replacement project totaling \$141,374.82. PWW provided the time sheets representing in-house labor which



totaled \$729.45. Labor overhead was charged at 50% totaling \$366.92. Audit reviewed all invoices and noted that all were dated from March 2008 through December 2008. The entries to book plant-in-service were dated August 31, October 31 and December 31 2008. Paving was booked to account 2331-002 for \$8,150.69 on 12/31/08.

PWW booked \$19,412 to account 2333-200-0001, Renewed Services for the Booth Street main replacement project in October of 2008. Paving totaled \$8,151 and was booked on December 31, 2008.

Retirements related to the Main Replacements totaled \$1,597 per the Asset Disposition Detail and were booked in November 2008.

Cost of Removal related to the Morse Avenue, the Booth Street and Kinsley Avenue projects was calculated at 10% of total costs per schedule 3, Attachment A, Exhibit 2 and totaled \$24,489 per the filing.

### **AFUDC**

The Asset Acquisitions Schedule 3, Attachment A, Exhibit 1 lists separately the capitalized interest for each step adjustment. Step 1 totals \$91,712 and Step 2 totals \$164,883. Total AFUDC for the test-year was \$256,595.

The work orders showed a capitalized interest rate of 8% per order #24,261, dated 12/31/03 being used throughout the test-year. The amount is computed on capital projects that exceed \$50,000 and take more than three months to complete.

The AFUDC for Step 2 excluded the costs for Transmission & Distribution mains as construction occurs over a short time frame and was calculated only on the WTP and Fifield Tank.

Audit submitted a request for a schedule of the calculation of the debt and equity components of AFUDC. Audit tested several months of the debt and equity components for capitalized additions for the months of April, July and December of 2008 and found no exceptions.

### **CONTRIBUTIONS IN AID OF CONSTRUCTION**

There were no Contributions in Aid of Construction related to the Step 1 and 2 adjustment projects.

## **ACCUMULATED DEPRECIATION**

Audit recalculated account #2108-Accumulated Depreciation for 2008 from the filing schedule 3, Attachment A, Exhibit 1 with no exceptions. The Company utilized half-year convention for all assets placed in service in 2008.

**Summary:** The total cost audited by the PUC was \$12,121,317.

|        |       |                    |
|--------|-------|--------------------|
| Step 1 |       | \$9,436,521        |
| Step 2 |       | <u>\$2,684,796</u> |
|        | Total | \$12,121,317       |

PENNICHUCK WATER WORKS, INC.  
COMPUTATION OF REVENUE DEFICIENCY  
For The Twelve Months Ended December 31, 2007

STEP INCREASE  
Schedule A  
Per Audit & Settlement

|                        | TEST YEAR     | PRO FORMA<br>ADJUSTMENTS | PRO FORMA<br>TEST YEAR | STEP INCR #1<br>PRO FORMA<br>ADJUSTMENTS | COMBINED PRO<br>FORMA & STEP<br>INCR #1 FORM<br>TEST YEAR |
|------------------------|---------------|--------------------------|------------------------|--|---|
| Consolidated Rate Base | \$ 72,945,003 | \$ 4,898,940             | \$ 77,843,943          | \$ 12,393,963                            | \$ 90,237,906   |
| RATE of Return         | 7.89%         |                          | 7.38%                  |  | 7.38%   |
| Income Required        | \$ 5,755,361  |                          | \$ 5,744,414           |  | \$ 6,659,014  |
| Adjusted NOI           | \$ 4,680,242  | \$ (440,636)             | \$ 4,239,606           | \$ (448,659)                             | \$ 3,790,947  |
| Deficiency             | \$ 1,075,119  |                          | \$ 1,504,808           |  | \$ 2,868,067  |
| Tax Factor             | 60.39%        |                          | 60.39%                 |  | 60.39%  |
| Revenue Deficiency     | \$ 1,780,293  |                          | \$ 2,491,817           | \$ 2,257,425                             | \$ 4,749,242  |
| Water Revenues         | \$ 21,312,996 | \$ 390,072               | \$ 21,703,068          | \$ -                                     | \$ 21,703,068   |
| Proposed Revenue Inc   | 8.35%         |                          | 11.48%                 | 10.40%                                   | 21.88%  |

**PENNICHUCK WATER WORKS, INC.**  
**OPERATING INCOME STATEMENT**  
For The Twelve Months Ended December 31, 2007

**STEP INCREASE**  
**Schedule 1**  
**Per Audit & Settlement**

|                                     | TWELVE<br>MONTHS<br>12/31/07 | PRO FORMA<br>ADJUSTMENTS | PRO FORMA<br>12 MONTHS<br>12/31/07 | STEP INCREASE<br>PRO FORMA<br>ADJUSTMENTS | COMBINED<br>TEST YEAR &<br>STEP PRO<br>FORMA TEST<br>YEAR |
|-------------------------------------|------------------------------|--------------------------|------------------------------------|---|---|
| Water Sales                         | \$ 21,312,996                | \$ 390,072               | \$ 21,703,068                      | \$ -                                      | \$ 21,703,068   |
| Water Sales for Resale              | 933                          | -                        | 933                                | -   | 933   |
| Other Operating Revenue             | 233,983                      | 237,601                  | 471,584                            | 77,435 (3)                                | 549,019   |
| Total Revenues                      | 21,547,912                   | 627,673                  | 22,175,584                         | 77,435                                    | 22,253,019  |
| Production Expenses                 | 3,449,914                    | 394,733                  | 3,844,647                          | -   | 3,844,647   |
| Transmission & Distribution Expense | 1,221,403                    | 41,736                   | 1,263,139                          | -   | 1,263,139   |
| Engineering Expense                 | 540,788                      | 11,023                   | 551,811                            | -   | 551,811   |
| Customer Acct & Collection Exp      | 339,031                      | -                        | 339,031                            | -   | 339,031   |
| Administrative & General Expense    | 5,609,087                    | 444,268                  | 6,053,355                          | 113,095 (4)                               | 6,166,450   |
| Inter Div Management Fee            | (1,402,374)                  | (305,640)                | (1,708,014)                        | -   | (1,708,014)   |
| Total Operating Expense             | 9,757,849                    | 586,120                  | 10,343,968                         | 113,095                                   | 10,457,064  |
| Depreciation Exp/Acq Adj (Credit)   | 3,329,392                    | 286,538                  | 3,615,930                          | 452,701 (1)                               | 4,068,631   |
| Amortization Expense: CIAC          | (446,433)                    | -                        | (446,433)                          | -   | (446,433)   |
| Amortization Expense                | 32,156                       | (12,250)                 | 20,206                             | 2,001 (5)                                 | 22,207  |
| Gain on Disp/Utility Property       | -                            | -                        | -                                  | -   | -   |
| Loss on Disposal of Computer Equip  | -                            | -                        | -                                  | -   | -   |
| Taxes Other Than Income Tax         | 1,995,154                    | 498,228                  | 2,493,382                          | 252,574 (6)                               | 2,745,956   |
| Income Tax                          | 2,199,252                    | (290,327)                | 1,908,925                          | (294,277) (2)                             | 1,614,648   |
| Total Operating Deductions          | 7,109,821                    | 482,189                  | 7,592,010                          | 412,999                                   | 8,005,009   |
| Net Operating Income                | 4,680,242                    | (440,636)                | 4,239,606                          | (448,659)                                 | 3,790,947   |

**Notes:**

- (1) increase/decrease depreciation for additions/deletions to plant assets per Schedule 1, Attachment B
- (2) reflect income tax effect on proforma adjustments calculated on effective tax rate of 39.61% per Schedule 1, Attachment D
- (3) increase in other operating revenues per Schedule 1, Attachment A
- (4) increase in 2008 pension costs per Schedule 1, Attachment C
- (5) increase/decrease amortization other for additions/deletions per Schedule 1, Attachment B
- (6) increase in 2008 property taxes per Schedule 1, Attachment C

PENNICHUCK WATER WORKS, INC.  
Pro Forma Adjustment Income or Expense  
**OPERATING REVENUES**  
For The Twelve Months Ended December 31, 2007

**STEP INCREASE**  
**Schedule 1**  
**Attachment A**  
**Per Audit & Settlement**

**I OTHER WATER REVENUE**

- A. To reflect change in revenue resulting from Co's proposed increase in customer fees  
(**Adjustment 11b**):

|                          | <u>Pro-forma</u> | <u>Actual</u> | <u>Increase</u>  |
|--------------------------|------------------|---------------|------------------|
| Meter On/Off Collections | \$ 90,763        | \$ 55,328     | \$ 35,435        |
| Service Connection Fees  | 89,600           | 47,600        | 42,000           |
|                          |                  |               | <u>\$ 77,435</u> |
| <b>Therefore:</b>        |                  |               | <b>\$ 77,435</b> |

**TOTAL OTHER WATER REVENUE PRO FORMA:** \$ 77,435

**PENNICHUCK WATER WORKS, INC.**  
**Pro Forma Adjustment Income or Expense**  
**DEPRECIATION & AMORTIZATION**  
**For The Twelve Months Ended December 31, 2007**

**STEP INCREASE**  
**Schedule 1**  
**Attachment B**  
**Per Audit & Settlement**

**I DEPRECIATION**

- A. In 2008, the Company expects to add depreciable assets and full year depreciation expense is reflected in the proforma step increase

(See Schedule 3, Attachment A, Exhibit 1)

**Therefore:** **\$ 457,810**

- B. In 2008, the Company expects to retire depreciable assets. The total depreciation expense reduction is reflected in the proforma step increase.

(Schedule 3, Attachment A, Exhibit 3)

|                 |                    |
|-----------------|--------------------|
| Step increase 1 | \$ (21,188)        |
| Step increase 2 | \$ (17,064)        |
| <b>Total</b>    | <b>\$ (38,252)</b> |

**Therefore:** **\$ (38,252)**

- C. In 2008, the Company is installing filter media with an estimated useful life significantly less than the group rate of 15 years. In 1999, \$361,096 of media was installed and then replaced in 2005. In 2007 and 2008, the media is being replaced again. The Company is proposing a separate depreciation rate for filter media of 7 years and a pro forma adjustment as follows:

**Step Increase 1:**

**Filter Media #1, 2 and 3**

|  |          |            |
|--|----------|------------|
| (\$145,000 per filter)                               |          | \$ 435,000 |
| Current Depreciation                                 | 15 years | \$ 29,000  |
| Proposed Depreciation                                | 7 years  | \$ 62,143  |
| Full Year  |          | \$ 33,143  |
| Pro Forma Adjustment                                 |          | \$ 22,095  |
| (Filter 1 for full year; Filters 2 & 3 for 1/2 year) |          |            |

**Step Increase 2:**

**Filter Media #4 and 5**

|                        |          |            |
|------------------------|----------|------------|
| (\$145,000 per filter) |          | \$ 290,000 |
| Current Depreciation   | 15 years | \$ 19,333  |
| Proposed Depreciation  | 7 years  | \$ 41,429  |
| Full Year              |          | \$ 22,095  |
| Pro Forma Adjustment   | 1/2 year | \$ 11,048  |

**Therefore:** **\$ 33,143**

**TOTAL DEPRECIATION EXPENSE PRO FORMA:** **\$ 452,701**

**II AMORTIZATION - OTHER**

To allocate a portion of amortization expense relative to certain unamortized deferred debits to the Co's affiliates (**Adjustment 44**)

|                                   |               |
|-----------------------------------|---------------|
| Union Negotiations -- 2006 - 2007 | \$ 22,095     |
| 2004 Compensation Study           | 2,639         |
| Synergen Training - 2007          | 556           |
| <b>Total</b>                      | <b>25,290</b> |
| Composite affiliate allocation %  | 28.10%        |

**Therefore:** **\$ (7,106)**

To record Co's portion of amortization expense relative to 2008 Compensation Study (**Adjustment 45**)

|                                     |           |
|-------------------------------------|-----------|
| Annual Amortization 2008 Comp Study | \$ 12,667 |
| Composit PWW Allocation Percentage  | 71.90%    |

**Therefore:** **9,107**

**TOTAL AMORTIZATION - OTHER PRO FORMA:** **\$ 2,001**

**PENNICHUCK WATER WORKS, INC.**  
**Pro Forma Adjustment Income or Expense**  
**ADMIN & GENERAL AND PROPERTY TAXES**  
**For The Twelve Months Ended December 31, 2007**

**STEP INCREASE**  
**Schedule 1**  
**Attachment C**  
**Per Audit & Settlement**

**I ADMINISTRATIVE AND GENERAL**

|  |                   |
|--|-------------------|
| <b>A. To adjust Company's Pension Expense to 2008 level.</b> |                   |
| (See Co response to Staff DR 3-8) <b>(Adjustment 40)</b>     |                   |
| 2008 Pension Expense   | \$ 782,273        |
| Less: 2007 Pension Expense                                   | (624,978)         |
| Increase in Pension Expense                                  | 157,295           |
| Composit PWV Allocation Percentage                           | 71.90%            |
| <b>Therefore:</b>  | <u>\$ 113,095</u> |

|   |                          |
|---|--------------------------|
| <b>TOTAL ADMIN AND GENERAL EXPENSE PRO FORMA:</b> | <u><u>\$ 113,095</u></u> |
|---|--------------------------|

**II PROPERTY TAXES**

**A. In 2008, the Company increased its taxable utility property per Schedule 3, Attachment A, Exhibit 1. The expected property tax for these items is listed below and detailed in Schedule 3, Attachment A, Exhibit 1.**

| City/Town        | Taxable Property | Tax Rate per \$1,000 | Total Prop Tax           |
|------------------|------------------|----------------------|--------------------------|
| Nashua           | 12,761,039       | \$ 15.30             | \$ 195,244               |
| State NH         | 12,761,039       | \$ 6.60              | \$ 84,223                |
| <b>Total</b>     |                  |                      | <u>\$ 279,467</u>        |
| <b>Therefore</b> |                  |                      | <u><u>\$ 279,467</u></u> |

**B. In 2008, the Company retired its taxable utility property per Schedule 3, Attachment A, Exhibit 3. The property taxes for those items are listed below:**

| City/Town        | Taxable Property | Tax Rate per \$1,000 | Total Prop Tax            |
|------------------|------------------|----------------------|---------------------------|
| Nashua           | 1,227,962        | \$ 15.30             | \$ (18,788)               |
| State NH         | 1,227,962        | \$ 6.60              | \$ (8,105)                |
| <b>Total</b>     |                  |                      | <u>\$ (26,893)</u>        |
| <b>Therefore</b> |                  |                      | <u><u>\$ (26,893)</u></u> |

|  |                          |
|--|--------------------------|
| <b>TOTAL PROPERTY AND OTHER TAXES PRO FORMA:</b> | <u><u>\$ 252,574</u></u> |
|--|--------------------------|

**PENNICHUCK WATER WORKS, INC.**  
**Pro Forma Adjustment Income or Expense**  
**INCOME TAXES**  
**For The Twelve Months Ended December 31, 2007**

**STEP INCREASE**  
**Schedule 1**  
**Attachment D**  
**Per Audit & Settlement**

**I INCOME TAXES**

A. To reflect the pro forma adjustment to record the income tax effect of the pro forma adjustments for the test year.

**Therefore:**

|                  |                             |                     |  |
|------------------|-----------------------------|---------------------|--|
| (Sch1, Attach A) | Operating Revenues          | \$ 77,435           |  |
| <b>Less:</b>     | <b>Expenses</b>             |                     |  |
| (Sch1, Attach C) | Administrative and General  | 113,095             |  |
| (Sch1, Attach C) | Total Prop & Other Taxes    | 252,574             |  |
| (Sch1, Attach B) | Depreciation                | 452,701             |  |
| (Sch1, Attach B) | Amortization                | 2,001               |  |
|                  | <b>Total Expenses</b>       | <u>\$ (820,371)</u> |  |
|                  | <b>Net Operating Income</b> | <b>\$ (742,936)</b> |  |

Pro Forma NHBP Tax @ 8.5%.

**Therefore:**

|              |           |                     |                    |
|--------------|-----------|---------------------|--------------------|
| \$ (742,936) | 8.5%      | <u>\$ (63,150)</u>  | <b>\$ (63,150)</b> |
|              | Sub Total | <u>\$ (679,786)</u> |                    |

Pro Forma FIT Tax 34%

**Therefore:**

|              |           |                     |                     |
|--------------|-----------|---------------------|---------------------|
| \$ (679,786) | 34%       | <u>\$ (231,127)</u> |                     |
|              | Sub Total | <u>\$ (231,127)</u> | <b>\$ (231,127)</b> |

**Total Step Increase 1 Taxes**

**\$ (294,277)**

**TOTAL PRO FORMA INCOME TAXES:**

|              |                            |
|--------------|----------------------------|
| NHBPT        | <b>\$ (63,150)</b>         |
| FIT          | <u><b>\$ (231,127)</b></u> |
| <b>TOTAL</b> | <u><b>\$ (294,277)</b></u> |



PENNICHK WATER WORKS, INC.  
COMPUTATION OF RATE BASE  
For The Thirteen Months Ended December 31, 2007

STEP INCREASE  
Schedule 3  
Per Audit & Settlement

| Description                     | First Year<br>Average<br>(Sch 3B) | Year End<br>Rate Base | Pro Forma<br>Adjustments<br>Permanent<br>Rates | STEP<br>INCREASE PRO<br>FORMA<br>ADJUSTMENTS |                   | COMBINED<br>PRO FORMA &<br>STEP<br>INCREASE<br>FORMA TEST<br>YEAR |
|---------------------------------|-----------------------------------|-----------------------|--|--|-------------------|---|
|                                 |                                   |                       |  | Pro Forma<br>Test Year                       |                   |   |
| Plant in Service                | 128,961,502                       | 135,008,500           | 5,094,117                                      | 134,055,619                                  | 11,368,129 (1)    | 145,623,748   |
| Accum Deprec                    | 33,354,506                        | 34,196,424            | (1,094,143)                                    | 32,266,163                                   | (175,528) (2)     | 32,084,635  |
| Accum Deprec Loss               | 2,155,329                         | 2,734,582             | -  | 2,155,329                                    | 561,480 (3)       | 2,716,809   |
| Accum Deprec C.O.R              | 104,260                           | 579,134               | -  | 104,260                                      | 773,897 (4)       | 878,157   |
| Theoretical Reserve             | 169,788                           | 353,160               | -  | 169,788                                      | -                 | 169,788   |
| Acquisition Adjustment          | 844,905                           | 844,905               | -  | 844,905                                      | -                 | 844,905   |
| Accum Amort Acq Adj             | 239,652                           | 255,984               | -  | 239,652                                      | -                 | 239,652   |
| C.I.V.C.                        | 25,197,100                        | 26,807,619            | -  | 25,197,100                                   | -                 | 25,197,100  |
| Amount of C.I.V.C.              | 3,081,574                         | 3,324,565             | -  | 3,081,574                                    | -                 | 3,081,574   |
|                                 | 75,315,794                        | 81,206,775            | 6,188,260                                      | 81,504,054                                   | 13,079,055        | 94,583,089  |
| ADDITION                        |                                   |                       |  |  |                   |   |
| Working Cap                     | 1,592,644                         | 1,836,829             | (416,700)                                      | 1,275,284                                    | 13,945 (6)        | 1,289,229   |
| Materials & Supplies            | 795,357                           | 1,135,139             | -  | 795,357                                      | -                 | 795,357   |
| Prepayments                     | 372,515                           | 412,019               | -  | 372,515                                      | -                 | 372,515   |
| Other & Deferred Charges        | 6,146,122                         | 5,949,837             | 113,657  | 6,032,465                                    | (913,688) (5)     | 5,118,777   |
|                                 | 9,011,038                         | 9,327,824             | (530,417)                                      | 8,486,621                                    | (899,743)         | 7,586,878   |
| DEDUCTION                       |                                   |                       |  |  |                   |   |
| Customer Advances               | 85,544                            | 85,060                | -  | 85,544                                       | -                 | 85,544  |
| Customer Deposits               | 173,160                           | 158,677               | -  | 173,160                                      | -                 | 173,160   |
| Deferred Income Tax             | 9,216,029                         | 10,407,200            | -  | 9,216,029                                    | -                 | 9,216,029   |
| Regulatory Liability            | 924,151                           | 904,996               | -  | 924,151                                      | -                 | 924,151   |
| Unamort FIC                     | 850,512                           | 853,994               | -  | 850,512                                      | -                 | 850,512   |
| Deferred Rental Credits         | 132,433                           | 98,066                | -  | 132,433                                      | -                 | 132,433   |
| Unamort L.A.S 106 and 158 Costs | -                                 | -                     | -  | -  | -                 | -   |
|                                 | 11,381,829                        | 12,460,935            | 758,902  | 12,140,731                                   | (214,671) (5)     | 11,926,060  |
|                                 | -                                 | -                     | 758,902  | 12,140,731                                   | (214,671)         | -   |
| <b>TOTAL Rate Base</b>          | <b>72,945,003</b>                 | <b>78,047,667</b>     | <b>4,898,940</b>                               | <b>77,843,943</b>                            | <b>12,393,963</b> | <b>90,237,906</b>   |

Notes:

1. adjust for step plant additions, retirements per Schedule 3, Attachment A
2. adjust for accumulated depreciation related to step plant additions, retirements per Schedule 3, Attachment B
3. adjust for accumulated depreciation loss, proforma for step plant retirements per Schedule 3, Attachment C
4. adjust for accumulated depreciation Cost of Removal proforma for step plant replacements/replacements per Schedule 3, Attachment C
5. adjust for amortization of unamortized deferred debits and unamortized L.A.S 106 and 158 costs per Schedule 3, Attachment D
6. adjust for working capital, depreciation and maintenance expenses per Schedule 3, Attachment E

PENNICHUCK WATER WORKS, INC.  
PRO FORMA ADJUSTMENTS TO RATE BASE  
Plant in Service  
For The Twelve Months Ended December 31, 2007

STEP INCREASE  
Schedule 3  
Attachment A  
Per Audit & Settlement

I PLANT IN SERVICE

A Schedule 3, Attachment A, Exhibit 1, details additions to plant in service for the completed step increases. The additions are capital improvements that are necessitated by SWDA requirements and by the need to replace aging infrastructure. All of these plant additions are considered non-revenue producing in nature. All assets were placed in service by March 2009.

Therefore:

\$ 12,796,091

B Schedule 3, Attachment A, Exhibit 3, details retirements of plant in service that occurred as a result of the step additions.

|                 |                       |
|-----------------|-----------------------|
| Step increase 1 | \$ (613,773)          |
| Step increase 2 | \$ (614,189)          |
| Total           | <u>\$ (1,227,962)</u> |

Therefore:

\$ (1,227,962)

TOTAL PRO FORMA PLANT IN SERVICE

\$ 11,568,129

**PENNICHUCK WATER WORKS, INC.**  
**PRO FORMA ADJUSTMENTS TO RATE BASE**  
**Accumulated Depreciation**  
**For The Twelve Months Ended December 31, 2007**

**STEP INCREASE**  
**Schedule 3**  
**Attachment B**  
**Per Audit & Settlement**

**I ACCUMULATED DEPRECIATION**

**A** To reflect the accumulated depreciation associated with step plant additions.

(See Schedule 3, Attachment A, Exhibit 1)

**Therefore:**

**\$ 457,810**

**B** To reflect the accumulated depreciation reduction related to the retirements of plant in service.

(See Schedule 3, Attachment A, Exhibit 3)

|                 |                     |
|-----------------|---------------------|
| Step increase 1 | \$ (261,376)        |
| Step increase 2 | \$ (405,106)        |
| Total           | <u>\$ (666,481)</u> |

**Therefore:**

**\$ (666,481)**

**C.** In 2008, the Company is installing filter media with an estimated useful life significantly less than the group rate of 15 years. In 1999, \$361,096 of media was installed and then replaced in 2005. In 2007 and 2008, the media is being replaced again. The Company is proposing a separate depreciation rate for filter media of 7 years and a pro forma adjustment as follows:

Step Increase 1:

Filter Media #1, 2 and 3

(\$145,000 per filter) \$ 435,000

Current Depreciation 15 years \$ 29,000

Proposed Depreciation 7 years \$ 62,143

Full Year \$ 33,143

Pro Forma Adjustment \$ 22,095

(Filter 1 for full year; Filters 2 & 3 for 1/2 year)

Step Increase 2:

Filter Media #4 and 5

(\$145,000 per filter) \$ 290,000

Current Depreciation 15 years \$ 19,333

Proposed Depreciation 7 years \$ 41,429

Full Year \$ 22,095

Pro Forma Adjustment 1/2 year \$ 11,048

**Therefore:**

**\$ 33,143**

**TOTAL ACCUMULATED DEPRECIATION PRO FORMA:**

**\$ (175,528)**

**PENNICHUCK WATER WORKS, INC.**  
**PRO FORMA ADJUSTMENTS TO RATE BASE**  
**Accumulated Depreciation: Loss & COR**  
**For The Twelve Months Ended December 31, 2007**

**STEP INCREASE**  
**Schedule 3**  
**Attachment C**  
**Per Audit & Settlement**

**I ACCUMULATED DEPRECIATION: LOSS**

A To reflect the loss on the retirements of  
plant in service.

(See Schedule 3, Attachment A, Exhibit 3)

|                 |                   |
|-----------------|-------------------|
| Step increase 1 | \$ 352,397        |
| Step increase 2 | \$ 209,083        |
| Total           | <u>\$ 561,480</u> |

Therefore: \$ 561,480

**II ACCUMULATED DEPRECIATION: COST OF REMOVAL**

A To reflect the cost of removal on replaced assets  
related to the step increases as follows:

(See Schedule 3, Attachment A, Exhibit 1 and 5)

|                       |                   |
|-----------------------|-------------------|
| Water Treatment Plant | \$ 559,224        |
| Fifield Tank          | \$ (46,000)       |
| Merrimack Village Dam | \$ 225,621        |
| Shakespeare Booster   | \$ 4,956          |
| Main Replacements     | \$ 30,095         |
| Total                 | <u>\$ 773,897</u> |

Therefore: \$ 773,897

**TOTAL ACCUMULATED DEPRECIATION: LOSS PRO FORMA:** \$ 1,335,377

PENNICHUCK WATER WORKS, INC.  
PRO FORMA ADJUSTMENTS TO RATE BASE  
UNAMORTIZED DEFERRED DEBITS & CREDITS  
For The Twelve Months Ended December 31, 2007

STEP INCREASE  
Schedule 3  
Attachment D  
Per Audit & Settlement

I UNAMORTIZED DEFERRED DEBITS

- A. To adjust allocation of certain Unamortized Deferred Debits to PWW's affiliates  
per Settlement: (Adjustment 37 & 37a)

|  |              |           |
|--|--------------|-----------|
| Deferred Pension Costs (FAS 158)                                 | \$ 2,405,929 |           |
| Deferred Post Employment Health Costs (FAS 158)                  | (69,570)     |           |
| Deferred Post Retirement Health Costs (FAS 158)                  | 352,622      |           |
| Deferred Asset - SERP  | 470,919      |           |
| VEBA Trust - Union   | 405,593      |           |
| VEBA Trust - Non-union   | 182,725      |           |
| Employee Recruiter Fees  | 96,085       |           |
| Union Negotiations -- 2006 - 2007                                | 53,072       |           |
| 2004 Compensation Study  | 31,667       |           |
| Synergen Training - 2007   | 19,477       |           |
| Total Allocated Unamortized Deferred Debits per Settlement       | 3,948,519    |           |
| Adjusted Composit Affiliate Allocation Percentage per Settlement | 23.63%       |           |
| Total adjusted allocation of Unamortized Deferred Debits         | (933,035)    |           |
| Therefore:   |              | (933,035) |

- B. To adjust Co's portion of 2008 Compensation Study per Settlement:  
(Adjustment 38 & 38a)

|  |           |        |
|--|-----------|--------|
| 2008 Compensation Study Cost                               | \$ 38,000 |        |
| Less: Annual Amortization (3 years)                        | (12,667)  |        |
| Net 2008 Compensation Study                                | 25,333    |        |
| Adjusted Composit PWW Allocation Percentage per Settlement | 76.37%    |        |
| Adjusted pro-forma allocation per Settlement               | 19,347    |        |
| Therefore:   |           | 19,347 |

TOTAL UNAMORTIZED DEFERRED CHARGES PRO FORMA:

\$ (913,688)

II UNFUNDED FAS 106 AND 158 COSTS

- C. To allocation of Unfunded FAS 106 and 158 Costs to PWW's affiliates  
per Settlement: (Adjustment 39 & 39a)

|  |              |         |
|--|--------------|---------|
| Unfunded FAS 106 and 158 Costs                                   | \$ (908,469) |         |
| Adjusted Composit Affiliate Allocation Percentage per Settlement | 23.63%       |         |
| Adjusted pro-forma allocation per Settlement                     | 214,671      |         |
| Therefore:   |              | 214,671 |

TOTAL UNFUNDED FAS 106 AND 158 COSTS PRO FORMA:

\$ 214,671

**PENNICHUCK WATER WORKS, INC.**  
**PRO FORMA ADJUSTMENTS TO RATE BASE**  
**Working Capital**  
**For The Twelve Months Ended December 31, 2007**

**STEP INCREASE**  
**Schedule 3**  
**Attachment E**  
**Per Audit & Settlement**

**I WORKING CAPITAL**

- A. A pro forma adjustment for working capital is calculated at 45 days divided by 365 days or 12.33%. (As found in the Company's last case DW-03-107.) Total pro forma operation and maintenance expenses (Schedule 1) are for the twelve months of the test year. (Adjustment 36) Therefore:

| Total O & M Expenses |         | Working<br>Capital Rate |           |
|----------------------|---------|-------------------------|-----------|
| \$                   | 113,095 | 12.33%                  | \$ 13,945 |

**TOTAL PRO FORMA WORKING CAPITAL:**

\$ 13,945

PENNICHUCK WATER WORKS, INC.  
ASSET ACQUISITIONS  
For The Twelve Months Ended December 31, 2007

STEP INCREASE  
Schedule 3  
Attachment A  
Exhibit 1  
Per Audit & Settlement

| Additions |  |                      |                     |                      |                          |                   |                        |                   |                      | 153 | 53 |
|-----------|--|----------------------|---------------------|----------------------|--------------------------|-------------------|------------------------|-------------------|----------------------|-----|----|
| Acct No.  | Account Description                      | Total Cost           | Cost of Removal (2) | Adjusted Cost        | Accumulated Depreciation | Depreciation Rate | Full Year Depreciation | Property Taxes    | State Property Taxes |     |    |
| 304.30    | Structures & Improvements - Purification | \$ 708,123           |                     | \$ 708,123           | \$ 17,420                | 2.46%             | \$ 17,420              | \$ 10,834         | \$ 4,674             |     |    |
| 309.00    | Supply Mains                             | \$ 364,720           |                     | \$ 364,720           | \$ 5,471                 | 1.50%             | \$ 5,471               | \$ 5,580          | \$ 2,407             |     |    |
| 310.00    | Power Generation Equipment               | \$ 2,120             |                     | \$ 2,120             | \$ 130                   | 6.11%             | \$ 130                 | \$ 32             | \$ 14                |     |    |
| 311.20    | Electric Pumping Equipment               | \$ 273,235           |                     | \$ 273,235           | \$ 12,022                | 4.40%             | \$ 12,022              | \$ 4,180          | \$ 1,803             |     |    |
| 320.00    | Purification System Equipment            | \$ 75,853            |                     | \$ 75,853            | \$ 5,059                 | 6.67%             | \$ 5,059               | \$ 1,161          | \$ 501               |     |    |
| 320.20    | Water Treatment Equipment                | \$ 7,240,451         |                     | \$ 7,240,451         | \$ 239,659               | 3.31%             | \$ 239,659             | \$ 110,779        | \$ 47,787            |     |    |
| 320.30    | Water Treatment Filters                  | \$ 580,000           |                     | \$ 580,000           | \$ 82,882                | 14.29%            | \$ 82,882              | \$ 8,874          | \$ 3,828             |     |    |
| 331.00    | Transmission & Distribution Mains        | \$ 325               |                     | \$ 325               | \$ 5                     | 1.57%             | \$ 5                   | \$ 5              | \$ 2                 |     |    |
| 339.00    | Other Plant & Misc Equipment             | \$ 10,820            |                     | \$ 10,820            | \$ 271                   | 2.50%             | \$ 271                 | \$ 166            | \$ 71                |     |    |
| 340.00    | Office Furniture & Equipment             | \$ 12,153            |                     | \$ 12,153            | \$ 982                   | 8.08%             | \$ 982                 | \$ 186            | \$ 80                |     |    |
| 346.00    | Communications Equipment                 | \$ 163,424           |                     | \$ 163,424           | \$ 8,596                 | 5.26%             | \$ 8,596               | \$ 2,500          | \$ 1,079             |     |    |
| 347.00    | Computer Equipment                       | \$ 5,705             |                     | \$ 5,705             | \$ 815                   | 14.29%            | \$ 815                 | \$ 87             | \$ 38                |     |    |
| 348.00    | Other Plant & Misc Equipment             | \$ 2,234             |                     | \$ 2,234             | \$ 89                    | 4.00%             | \$ 89                  | \$ 34             | \$ 15                |     |    |
|           |  | \$ 9,439,164         |                     | \$ 9,439,164         | \$ 373,401               | 3.96%             | \$ 373,401             | \$ 144,419        | \$ 62,298            |     |    |
|           | AFUDC (1)                                | \$ 674,513           |                     | \$ 674,513           | \$ 26,683                | 3.96%             | \$ 26,683              | \$ 10,320         | \$ 4,452             |     |    |
|           | <b>Water Treatment Plant Contract 4</b>  | <b>\$ 10,113,677</b> |                     | <b>\$ 10,113,677</b> | <b>\$ 400,084</b>        | <b>3.96%</b>      | <b>\$ 400,084</b>      | <b>\$ 154,739</b> | <b>\$ 66,750</b>     |     |    |
| 330.00    | Distribution Reservoirs & Standpipes     | \$ 2,315,916         | \$ -                | \$ 2,315,916         | \$ 50,487                | 2.18%             | \$ 50,487              | \$ 35,434         | \$ 15,285            |     |    |
|           | <b>Fifield Tank Replacement</b>          | <b>\$ 2,315,916</b>  | <b>\$ -</b>         | <b>\$ 2,315,916</b>  | <b>\$ 50,487</b>         | <b>2.18%</b>      | <b>\$ 50,487</b>       | <b>\$ 35,434</b>  | <b>\$ 15,285</b>     |     |    |
| 304.20    | Structures & Improvements - Pumping      | \$ 7,368             |                     | \$ 7,368             | \$ 181                   | 2.46%             | \$ 181                 | \$ 113            | \$ 49                |     |    |
| 311.20    | Electric Pumping Equipment               | \$ 49,564            | \$ (4,956)          | \$ 44,607            | \$ 1,963                 | 4.40%             | \$ 1,963               | \$ 682            | \$ 294               |     |    |
| 334.00    | Meters                                   | \$ 458               |                     | \$ 458               | \$ 22                    | 4.78%             | \$ 22                  | \$ 7              | \$ 3                 |     |    |
| 346.00    | Communications Equipment                 | \$ 7,368             |                     | \$ 7,368             | \$ 388                   | 5.26%             | \$ 388                 | \$ 113            | \$ 49                |     |    |
| 347.00    | Computer Equipment                       | \$ 787               |                     | \$ 787               | \$ 113                   | 14.29%            | \$ 113                 | \$ 12             | \$ 5                 |     |    |
|           | <b>Shakespeare Booster</b>               | <b>\$ 65,545</b>     | <b>\$ (4,956)</b>   | <b>\$ 60,589</b>     | <b>\$ 2,666</b>          | <b>4.40%</b>      | <b>\$ 2,666</b>        | <b>\$ 927</b>     | <b>\$ 400</b>        |     |    |
| 331.00    | Transmission & Distribution Mains        | \$ 13,280            | \$ (1,328)          | \$ 11,952            | \$ 188                   | 1.57%             | \$ 188                 | \$ 183            | \$ 79                |     |    |
| 331.20    | Transmission & Distribution Mains        | \$ 251,172           | \$ (25,117)         | \$ 226,055           | \$ 3,617                 | 1.60%             | \$ 3,617               | \$ 3,459          | \$ 1,492             |     |    |
| 333.20    | Services                                 | \$ 36,500            | \$ (3,650)          | \$ 32,850            | \$ 769                   | 2.34%             | \$ 769                 | \$ 503            | \$ 217               |     |    |
|           | <b>Main Replacements</b>                 | <b>\$ 300,953</b>    | <b>\$ (30,095)</b>  | <b>\$ 270,858</b>    | <b>\$ 4,573</b>          | <b>1.69%</b>      | <b>\$ 4,573</b>        | <b>\$ 4,144</b>   | <b>\$ 1,788</b>      |     |    |
|           | <b>Total Additions with AFUDC</b>        | <b>\$ 12,796,091</b> | <b>\$ (35,052)</b>  | <b>\$ 12,761,039</b> | <b>\$ 457,810</b>        | <b>3.59%</b>      | <b>\$ 457,810</b>      | <b>\$ 195,244</b> | <b>\$ 84,223</b>     |     |    |

**Notes:**

- (1) Reflects the Water Treatment Plant Contract 4 AFUDC through 2008 and detailed in schedule provided in response to audit request 14. The amount will be transferred from CWIP to plant accounts in 2009. The AFUDC rate utilized was 8% per order #24,261. The depreciation rate on AFUDC is based on a weighted average rate of the individual account depreciation rates.
- (2) Cost of removal reflected in the schedule is only the cost of removal included in the total cost. For large projects such as the Water Treatment Plant and the Fifield Tank, the cost of removal is specifically identified, not included in the total cost and charged directly to cost of removal.

PENNICHUCK WATER WORKS, INC.  
ASSET ACQUISITIONS Details  
For the Twelve Months Ended December 31, 2008

Step Increase  
Schedule 3  
Attachment A  
Exhibit 2  
Page 1  
Per Audit Settlement

| Asset ID                          | Acquisition Date   | Acquisition Cost | Placed in Service | Book Cost |
|-----------------------------------|--|------------------|-------------------|-----------|
| <b>WTP Contract 4</b>             |  |                  |                   |           |
| <i>Year Ending December, 2008</i> |  |                  |                   |           |
| Asset GL Acct # 2304-800-001      |  |                  |                   |           |
| 2000-07833 11                     | Office Renovations - Aluminum Windows - Contract #4<br>02/01/2008                          | 10,400.00        | 02/01/2008        | 10,400.00 |
| 2000-07833 12                     | Office Renovations - Acoustical Ceiling - Contract #4<br>02/01/2008                        | 5,600.00         | 02/01/2008        | 5,600.00  |
| 2000-07833 13                     | Office Renovations - Painting Orlando - Contract #4<br>02/01/2008                          | 4,000.00         | 02/01/2008        | 4,000.00  |
| 2000-07833 14                     | Office Renovations - Window Treatment - Contract #4<br>02/01/2008                          | 2,765.00         | 02/01/2008        | 2,765.00  |
| 2000-07833 15                     | Office Renovations - Sprinklers - Contract #4<br>02/01/2008                                | 3,100.00         | 02/01/2008        | 3,100.00  |
| 2000-07891 11                     | Office Renovations - Locker Room Masonry - Contract #4<br>04/01/2008                       | 24,000.00        | 04/01/2008        | 24,000.00 |
| 2000-07891 12                     | Office Renovations - Expansion Joint - Contract #4<br>04/01/2008                           | 1,000.00         | 04/01/2008        | 1,000.00  |
| 2000-07891 13                     | Office Renovations - Rough Carpentry - Contract #4<br>04/01/2008                           | 2,600.00         | 04/01/2008        | 2,600.00  |
| 2000-07891 14                     | Office Renovations - Caulking - Contract #4<br>04/01/2008                                  | 15,000.00        | 04/01/2008        | 15,000.00 |
| 2000-07891 15                     | Office Renovations - Doors & Frames - Contract #4<br>04/01/2008                            | 8,000.00         | 04/01/2008        | 8,000.00  |
| 2000-07891 16                     | Office Renovations - Acoustical Ceiling - Contract #4<br>04/01/2008                        | 5,600.00         | 04/01/2008        | 5,600.00  |
| 2000-07891 17                     | Office Renovations - Flooring - Contract #4<br>04/01/2008                                  | 14,000.00        | 04/01/2008        | 14,000.00 |
| 2000-07891 18                     | Office Renovations - Sprinklers - Contract #4<br>04/01/2008                                | 5,400.00         | 04/01/2008        | 5,400.00  |
| 2000-07891 191                    | Office Renovations - Rough Plumbing Lemire - Contract #4<br>04/01/2008                     | 33,800.00        | 04/01/2008        | 33,800.00 |
| 2000-07891 192                    | Office Renovations - HVAC Equipment Lemire - Contract #4<br>04/01/2008                     | 6,800.00         | 04/01/2008        | 6,800.00  |
| 2000-07891 193                    | Office Renovations - Hydronic Piping Lemire - Contract #4<br>04/01/2008                    | 6,000.00         | 04/01/2008        | 6,000.00  |
| 2000-07891 194                    | Office Renovations - Sheet Metal Lemire - Contract #4<br>04/01/2008                        | 4,000.00         | 04/01/2008        | 4,000.00  |
| 2000-07891 195                    | Office Renovations - HVAC Insulation Lemire - Contract #4<br>04/01/2008                    | 3,000.00         | 04/01/2008        | 3,000.00  |
| 2000-07891 196                    | Office Renovations - Temperature Controls Lemire - Contract #4<br>04/01/2008               | 1,850.00         | 04/01/2008        | 1,850.00  |
| 2000-00777 1                      | Fence - Install 6 & 1 AV Chain Link & Gates - Contract #4<br>01/01/2008                    | 9,733.00         | 01/01/2008        | 9,733.00  |
| 2000-00777 2                      | Locks - B&S Locksmiths Inc. - Contract #4<br>01/01/2008                                    | 423.95           | 01/01/2008        | 423.95    |
| 2000-00777 3                      | Office Renovations - Doors & Frames - Contract #4<br>01/01/2008                            | 4,000.00         | 01/01/2008        | 4,000.00  |
| 2000-00777 4                      | Office Renovations - Aluminum Windows - Contract #4<br>01/01/2008                          | 5,501.00         | 01/01/2008        | 5,501.00  |
| 2000-00777 5                      | Office Renovations - Acoustical Ceiling - Contract #4<br>01/01/2008                        | 5,600.00         | 01/01/2008        | 5,600.00  |
| 2000-00777 6                      | Office Renovations - Flooring - Contract #4<br>01/01/2008                                  | 4,571.00         | 01/01/2008        | 4,571.00  |
| 2000-00777 7                      | Office Renovations - Painting Orlando - Contract #4<br>01/01/2008                          | 14,500.00        | 01/01/2008        | 14,500.00 |
| 2000-00777 8                      | Office Renovations - Sprinklers - Contract #4<br>01/01/2008                                | 4,050.00         | 01/01/2008        | 4,050.00  |
| 2000-007830                       | Crack Repair - Contract #4<br>02/01/2008   | 8,775.00         | 02/01/2008        | 8,775.00  |
| 2000-007843                       | Office Renovations - 30" Base & Wall Cabinet for WTP Lunchroom - Contract #4<br>03/01/2008 | 447.00           | 03/01/2008        | 447.00    |



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| 20000-007890 1 | Office Renovations - Counter Tops (Home Depot) - Contract #4<br>04/01/2008           | 383.40           | 04/01/2008        | 383.40     |
| 20000-007890 2 | Office Renovations - 7" Sink & Faucet (Home Depot) - Contract #4<br>04/01/2008       | 123.00           | 04/01/2008        | 123.00     |
| 20000-007890 3 | Office Renovations - Wallplates (Home Depot) - Contract #4<br>04/01/2008             | 8.50             | 04/01/2008        | 8.50       |
| 20000-007930 1 | Headworks - Dust Protection - Contract #4<br>05/01/2008                              | 8,500.00         | 05/01/2008        | 8,500.00   |
| 20000-007930 2 | Headworks - Painting Orlando - Contract #4<br>05/01/2008                             | 25,000.00        | 05/01/2008        | 25,000.00  |
| 20000-007930 3 | Headworks - Concrete - Contract #4<br>05/01/2008                                     | 14,816.00        | 05/01/2008        | 14,816.00  |
| 20000-007930 4 | Headworks - Stop Log Material - Contract #4<br>05/01/2008                            | 40,000.00        | 05/01/2008        | 40,000.00  |
| 20000-007930 5 | Headworks - Slide Gate - Contract #4<br>05/01/2008                                   | 109,500.00       | 05/01/2008        | 109,500.00 |
| 20000-007930 6 | Headworks - Install Slide Gate - Contract #4<br>05/01/2008                           | 11,000.00        | 05/01/2008        | 11,000.00  |
| 20000-007930 7 | Headworks - Install Stop Plate - Contract #4<br>05/01/2008                           | 12,000.00        | 05/01/2008        | 12,000.00  |
| 20000-007930 8 | Headworks - Electrical Wiring - Contract #4<br>05/01/2008                            | 3,002.60         | 05/01/2008        | 3,002.60   |
| 20000-007930 9 | Headworks - Fay Spofford & General Conditions (RH White) - Contract #4<br>05/01/2008 | 88,097.46        | 05/01/2008        | 88,097.46  |
| 20000-007980   | Fence & Wiring - Contract #4<br>06/01/2008   | 15,294.68        | 06/01/2008        | 15,294.68  |
| 20000-008011 1 | Stewwork - Piping Valve Vault #1 - Contract #4<br>07/01/2008                         | 1,200.00         | 07/01/2008        | 1,200.00   |
| 20000-008011 2 | Office Renovations - Doors & Frames - Contract #4<br>07/01/2008                      | 8,000.00         | 07/01/2008        | 8,000.00   |
| 20000-008011 3 | Office Renovations - Aluminum Windows - Contract #4<br>07/01/2008                    | 15,000.00        | 07/01/2008        | 15,000.00  |
| 20000-008011 4 | Office Renovations - Drywall - Contract #4<br>07/01/2008                             | 5,600.00         | 07/01/2008        | 5,600.00   |
| 20000-008011 5 | Office Renovations - Acoustical Ceiling - Contract #4<br>07/01/2008                  | 5,600.00         | 07/01/2008        | 5,600.00   |
| 20000-008011 6 | Office Renovations - Flooring - Contract #4<br>07/01/2008                            | 1,000.00         | 07/01/2008        | 1,000.00   |
| 20000-008011 7 | Office Renovations - Painting - Orlando - Contract #4<br>07/01/2008                  | 5,225.00         | 07/01/2008        | 5,225.00   |
| 20000-008011 8 | Office Renovations - Lockers - Contract #4<br>07/01/2008                             | 7,000.00         | 07/01/2008        | 7,000.00   |
| 20000-008057 1 | Office Renovations - Aluminum Windows - Contract #4<br>08/01/2008                    | 1,500.00         | 08/01/2008        | 1,500.00   |
| 20000-008057 2 | Office Renovations - Bathroom Accessories - Contract #4<br>08/01/2008                | 2,000.00         | 08/01/2008        | 2,000.00   |
| 20000-008057 3 | Office Renovations - Hydronic Piping - Lemira - Contract #4<br>08/01/2008            | 800.00           | 08/01/2008        | 800.00     |
| 20000-008058   | WTP CONTRACT #4 - FRONT GATE<br>08/01/2008   | 8,790.99         | 08/01/2008        | 8,790.99   |
| 20000-008071   | WTP CONTRACT #4 - FRONT GATE<br>09/01/2008   | 1,158.08         | 09/01/2008        | 1,158.08   |
| 20000-008081   | Headworks - Dust Protection, Painting & Electrical - Contract #4<br>10/01/2008       | 2,905.79         | 10/01/2008        | 2,905.79   |
| 20000-008252 1 | Office Renovations - Roofing - Contract #4<br>12/01/2008                             | 4,350.00         | 12/01/2008        | 4,350.00   |
| 20000-008252 2 | Headworks - Slide Gate - Contract #4<br>12/01/2008                                   | 500.00           | 12/01/2008        | 500.00     |
| 20000-008011 1 | Office Renovations - Bathroom Accessories - Contract #4<br>07/01/2008                | 24,000.00        | 07/01/2008        | 24,000.00  |
| 20000-008011 2 | Office Renovations - Sprinklers - Contract #4<br>07/01/2008                          | 3,039.00         | 07/01/2008        | 3,039.00   |
| 20000-008011 3 | Office Renovations - Finish Plumbing - Lemira - Contract #4<br>07/01/2008            | 14,000.00        | 07/01/2008        | 14,000.00  |

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| 20000-08011-4                       | Office Renovations - Hydronic Piping - Lemire - Contract #4<br>07/01/2008             | 2,400.00          | 07/01/2008        | 2,400.00          |
| 20000-08011-5                       | Office Renovations - HVAC Insulation - Lemire - Contract #4<br>07/01/2008             | 1,320.00          | 07/01/2008        | 1,320.00          |
| 20000-08011-6                       | Office Renovations - Temperature Controls - Lemire - Contract #4<br>07/01/2008        | 4,250.00          | 07/01/2008        | 4,250.00          |
| 20000-08011-7                       | Headworks - Dust Protection - Contract #4<br>07/01/2008                               | 1,000.00          | 07/01/2008        | 1,000.00          |
| 20000-08011-8                       | Headworks - Process Area Painting Orlando - Contract #4<br>07/01/2008                 | 17,000.00         | 07/01/2008        | 17,000.00         |
| 20000-08011-91                      | Headworks - Concrete Headworks - Contract #4<br>07/01/2008                            | 15,684.00         | 07/01/2008        | 15,684.00         |
| 20000-08011-92                      | Contract #4<br>07/01/2008   | 339.20            | 07/01/2008        | 339.20            |
| 20000-08252-31                      | New Front Door & Glazing - Portland Glass - Contract #4<br>12/01/2008                 | 1,581.32          | 12/01/2008        | 1,581.32          |
| 20000-08252-32                      | Fuel - Larder Oil - Contract #4<br>12/01/2008   | 200.00            | 12/01/2008        | 200.00            |
| 20000-008419-1                      | Office Renovations - Sheet Metal - Lemire - Contract #4<br>04/01/2009                 | 1,138.00          | 04/01/2009        | 1,138.00          |
| 20000-008419-2                      | Office Renovations - HVAC Insulation - Lemire - Contract #4<br>04/01/2009             | 1,000.00          | 04/01/2009        | 1,000.00          |
| 20000-008419-3                      | Office Renovations - Temperature Controls - Lemire - Contract #4<br>04/01/2009        | 5,000.00          | 04/01/2009        | 5,000.00          |
| 20000-008419-4                      | Office Renovations - HVAC Test & Balance - Lemire - Contract #4<br>04/01/2009         | 3,400.00          | 04/01/2009        | 3,400.00          |
| 20000-008419-5                      | Office Renovations - Electrical Office - Ewing - Contract #4<br>04/01/2009            | 1,000.00          | 04/01/2009        | 1,000.00          |
| <b>Subtotal: 2304-800-001 (70)</b>  |   | <b>708,122.97</b> |                   | <b>708,122.97</b> |
| <b>Asset GL Acct # 2309-200-001</b> |   |                   |                   |                   |
| 20000-007931-1                      | Headworks - Install New 42" Raw Water Line - Contract #4<br>05/01/2008                | 82,800.00         | 05/01/2008        | 82,800.00         |
| 20000-007931-2                      | Headworks - Piping From Meter Vault to Filter Gallery - Contract #4<br>05/01/2008     | 29,000.00         | 05/01/2008        | 29,000.00         |
| 20000-007931-3                      | Headworks - Replace 42" Raw Water Line - Contract #4<br>05/01/2008                    | 72,463.50         | 05/01/2008        | 72,463.50         |
| 20000-007931-4                      | Headworks - Plant Water - Contract #4<br>05/01/2008                                   | 51,300.00         | 05/01/2008        | 51,300.00         |
| 20000-007931-5                      | Headworks - Ray Spofford & General Conditions (RHI White) - Contract #4<br>05/01/2008 | 92,720.38         | 05/01/2008        | 92,720.38         |
| 20000-008012-1                      | Headworks - Install New 42" Raw Water Line - Contract #4<br>07/01/2008                | 9,200.00          | 07/01/2008        | 9,200.00          |
| 20000-008012-2                      | Headworks - Replace 42" Raw Water Line - Contract #4<br>07/01/2008                    | 24,536.50         | 07/01/2008        | 24,536.50         |
| 20000-008012-3                      | Headworks - Plant Water - Contract #4<br>07/01/2008                                   | 2,700.00          | 07/01/2008        | 2,700.00          |
| <b>Subtotal: 2309-200-001 (8)</b>   |   | <b>364,720.38</b> |                   | <b>364,720.38</b> |
| <b>Asset GL Acct # 2310-200-001</b> |   |                   |                   |                   |
| 20000-007931-1                      | Snow Station - Generator - Contract #4<br>02/01/2008                                  | 2,120.00          | 02/01/2008        | 2,120.00          |
| <b>Subtotal: 2310-200-001 (1)</b>   |   | <b>2,120.00</b>   |                   | <b>2,120.00</b>   |
| <b>Asset GL Acct # 2311-200-001</b> |   |                   |                   |                   |
| 20000-007928-1                      | Headworks - Jet Pumps - Contract #4<br>05/01/2008                                     | 59,400.00         | 05/01/2008        | 59,400.00         |
| 20000-007928-2                      | Headworks - Install Jet Pumps - Contract #4<br>05/01/2008                             | 2,000.00          | 05/01/2008        | 2,000.00          |
| 20000-007928-3                      | Headworks - Recycle Pumps - Contract #4<br>05/01/2008                                 | 59,400.00         | 05/01/2008        | 59,400.00         |

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| 20000-007928 4                       | Headworks - Install Recycle Pumps - Contract #4<br>05/01/2008   | 1,000.00          | 05/01/2008        | 1,000.00          |
| 20000-007928 5                       | Headworks - Piping in Recycling Station - Contract #4<br>05/01/2008                                   | 11,000.00         | 05/01/2008        | 11,000.00         |
| 20000-007928 6                       | Headworks - Piping in Stilling Well - Contract #4<br>05/01/2008                                       | 13,500.00         | 05/01/2008        | 13,500.00         |
| 20000-007928 7                       | Headworks - Piping for Jet Pumps - Contract #4<br>05/01/2008  | 8,000.00          | 05/01/2008        | 8,000.00          |
| 20000-007928 8                       | Headworks - Fay Spofford & General Conditions (RH White) - Contract #4<br>05/01/2008                  | 60,734.17         | 05/01/2008        | 60,734.17         |
| 20000-007981                         | 1/3 HP Centrifugal Pump - Morris Blower Building - Contract #4<br>05/01/2008                          | 351.20            | 06/01/2008        | 351.20            |
| 20000-008184                         | Headworks - Jet Pumps (Piping & Installation) & Piping in Recycle Station - Contract #4<br>10/01/2008 | 21,300.00         | 10/01/2008        | 21,300.00         |
| 20000-008253                         | Headworks - Piping in Stilling Well - Contract #4<br>12/01/2008                                       | 500.00            | 12/01/2008        | 500.00            |
| <b>Subtotal: 2311-200-001 (11)</b>   |   | <b>237,185.37</b> |                   | <b>237,185.37</b> |
| <b>Asset GL Acct #: 2311-210-001</b> |   |                   |                   |                   |
| 20000-008013 1                       | Headworks - Recycle Pumps - Contract #4<br>07/01/2008   | 5,000.00          | 07/01/2008        | 5,000.00          |
| 20000-008013 2                       | Headworks - Install Recycle Pumps - Contract #4<br>07/01/2008   | 2,149.42          | 07/01/2008        | 2,149.42          |
| 20000-008013 3                       | Headworks - Piping in Recycle Station - Contract #4<br>07/01/2008                                     | 12,000.00         | 07/01/2008        | 12,000.00         |
| 20000-008013 4                       | Headworks - Piping in Stilling Well - Contract #4<br>07/01/2008                                       | 12,000.00         | 07/01/2008        | 12,000.00         |
| 20000-008420 1                       | Headworks - Jet Pumps - Contract #4<br>04/01/2009   | 3,300.00          | 04/01/2009        | 3,300.00          |
| 20000-008420 2                       | Headworks - Recycle Pumps - Contract #4<br>04/01/2009   | 1,600.00          | 04/01/2009        | 1,600.00          |
| <b>Subtotal: 2311-210-001 (4)</b>    |   | <b>36,049.42</b>  |                   | <b>36,049.42</b>  |
| <b>Asset GL Acct #: 2320-000-001</b> |   |                   |                   |                   |
| 20000-007926                         | Chemical Feed - Ferric Feed System - Contract #4<br>05/01/2008  | 447.70            | 05/01/2008        | 447.70            |
| 20000-008014 1                       | Headworks - Carbon Dioxide Equipment - Contract #4<br>07/01/2008                                      | 17,500.00         | 07/01/2008        | 17,500.00         |
| 20000-008014 2                       | Headworks - Install Carbon Dioxide Equipment - Contract #4<br>07/01/2008                              | 1,600.00          | 07/01/2008        | 1,600.00          |
| 20000-008014 3                       | Headworks - Carbon Dioxide Instruments - Contract #4<br>07/01/2008                                    | 1,500.00          | 07/01/2008        | 1,500.00          |
| 20000-008014 4                       | Headworks - Sample Pumps - Contract #4<br>07/01/2008  | 900.00            | 07/01/2008        | 900.00            |
| 20000-008014 5                       | Headworks - Install Sample Pumps - Contract #4<br>07/01/2008  | 750.00            | 07/01/2008        | 750.00            |
| 20000-008014 6                       | Filter #1 - Painting Orlando - Contract #4<br>07/01/2008  | 8,000.00          | 07/01/2008        | 8,000.00          |
| 20000-008014 7                       | Filter #3 - Instruments - Contract #4<br>07/01/2008   | 1,000.00          | 07/01/2008        | 1,000.00          |
| 20000-008014 8                       | Filter #3 - Piping in Filter Gallery - Contract #4<br>07/01/2008                                      | 9,750.00          | 07/01/2008        | 9,750.00          |
| 20000-008014 1                       | Chemical Feed - Install Equipment Pad Rebar - Contract #4<br>07/01/2008                               | 500.00            | 07/01/2008        | 500.00            |
| 20000-008014 2                       | Chemical Feed - Chemical Area Equipment Pads - Contract #4<br>07/01/2008                              | 1,350.00          | 07/01/2008        | 1,350.00          |
| 20000-008014 3                       | Chemical Feed - Equipment - Contract #4<br>07/01/2008   | 2,500.00          | 07/01/2008        | 2,500.00          |
| 20000-008014 4                       | Chemical Feed - Install Equipment - Contract #4<br>07/01/2008   | 2,500.00          | 07/01/2008        | 2,500.00          |
| 20000-008014 5                       | Chemical Feed - Chemical Storage Tanks - Contract #4<br>07/01/2008                                    | 300.00            | 07/01/2008        | 300.00            |

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| 20000 08014 6                       | Chemical Feed - Install Chemical Storage Tanks - Contract #4<br>07/01/2008              | 4,400.00         | 07/01/2008        | 4,400.00         |
| 20000 08014 7                       | Chemical Feed - Polymer Equipment - Contract #4<br>07/01/2008                           | 9,400.00         | 07/01/2008        | 9,400.00         |
| 20000 08014 8                       | Chemical Feed - Polymer Instruments - Contract #4<br>07/01/2008                         | 950.00           | 07/01/2008        | 950.00           |
| 20000 08014 91                      | Chemical Feed - Chem Room PLC - Contract #4<br>07/01/2008                               | 2,000.00         | 07/01/2008        | 2,000.00         |
| 20000 08014 92                      | Chemical Feed - F&I Ferric Chloride (FC) System - Contract #4<br>07/01/2008             | 6,000.00         | 07/01/2008        | 6,000.00         |
| 20000 08014 93                      | Chemical Feed - Electrical Chem Feed - Ewing - Contract #4<br>07/01/2008                | 3,700.00         | 07/01/2008        | 3,700.00         |
| 20000 08014 94                      | Contract #4<br>07/01/2008   | 1,505.20         | 07/01/2008        | 1,505.20         |
| <b>Subtotal: 2320-000-001 (21)</b>  |   | <b>75,852.90</b> |                   | <b>75,852.90</b> |
| <b>Asset GL Acct # 2320-200-001</b> |   |                  |                   |                  |
| 20000 00776 1                       | Chemical Feed - Install Equip Pad Rebar - Contract #4<br>01/01/2008                     | 2,000.00         | 01/01/2008        | 2,000.00         |
| 20000 00776 2                       | Chemical Feed - Chemical Area Equip Pads - Contract #4<br>01/01/2008                    | 27,811.84        | 01/01/2008        | 27,811.84        |
| 20000 00776 3                       | Chemical Feed - Chemical Storage Tanks - Contract #4<br>01/01/2008                      | 44,500.00        | 01/01/2008        | 44,500.00        |
| 20000 00776 4                       | Chemical Feed - Install Chemical Storage Tanks - Contract #4<br>01/01/2008              | 1,200.00         | 01/01/2008        | 1,200.00         |
| 20000 00776 5                       | Chemical Feed - F & I FC System - Contract #4<br>01/01/2008                             | 5,000.00         | 01/01/2008        | 5,000.00         |
| 20000 007845 1                      | Pulsator #1 - Dust Protection - Contract #4<br>03/01/2008                               | 18,000.00        | 03/01/2008        | 18,000.00        |
| 20000 007845 2                      | Pulsator #1 - Equipment - Contract #4<br>03/01/2008                                     | 712,500.00       | 03/01/2008        | 712,500.00       |
| 20000 007845 3                      | Pulsator #1 - Install Equipment - Contract #4<br>03/01/2008                             | 204,250.00       | 03/01/2008        | 204,250.00       |
| 20000 007845 4                      | Pulsator #1 - Instruments - Contract #4<br>03/01/2008                                   | 5,075.00         | 03/01/2008        | 5,075.00         |
| 20000 007845 5                      | Pulsator #1 - Piping to Pulsator #1 in Waste Pipe Gallery - Contract #4<br>03/01/2008   | 22,000.00        | 03/01/2008        | 22,000.00        |
| 20000 007845 6                      | Pulsator #1 - Electrical Work - Ewing Electrical - Contract #4<br>03/01/2008            | 5,700.00         | 03/01/2008        | 5,700.00         |
| 20000 007845 7                      | Pulsator #1 - Fay Spofford & General Conditions (R11 White) - Contract #4<br>03/01/2008 | 338,062.44       | 03/01/2008        | 338,062.44       |
| 20000 007892 1                      | Pulsator #1 - Dust Protection - Contract #4<br>04/01/2008                               | 1,000.00         | 04/01/2008        | 1,000.00         |
| 20000 007892 2                      | Pulsator #1 - Equipment - Contract #4<br>04/01/2008                                     | 37,500.00        | 04/01/2008        | 37,500.00        |
| 20000 007892 3                      | Pulsator #1 - Install Equipment - Contract #4<br>04/01/2008                             | 10,750.00        | 04/01/2008        | 10,750.00        |
| 20000 007892 4                      | Pulsator #1 - Instruments - Contract #4<br>04/01/2008                                   | 925.00           | 04/01/2008        | 925.00           |
| 20000 007892 5                      | Pulsator #1 - Electrical Work - Ewing Electrical - Contract #4<br>04/01/2008            | 300.00           | 04/01/2008        | 300.00           |
| 20000 007893 1                      | Chemical Feed - Equipment - Contract #4<br>04/01/2008                                   | 2,500.00         | 04/01/2008        | 2,500.00         |
| 20000 007893 2                      | Chemical Feed - Install Equipment - Contract #4<br>04/01/2008                           | 2,500.00         | 04/01/2008        | 2,500.00         |
| 20000 007893 3                      | Chemical Feed - Chemical Storage Tanks - Contract #4<br>04/01/2008                      | 2,800.00         | 04/01/2008        | 2,800.00         |
| 20000 007893 4                      | Chemical Feed - Chem Room PLC - Contract #4<br>04/01/2008                               | 2,000.00         | 04/01/2008        | 2,000.00         |
| 20000 007893 5                      | Chemical Feed - F&I Ferric Chloride (FC) System - Contract #4<br>04/01/2008             | 35,000.00        | 04/01/2008        | 35,000.00        |
| 20000 007893 6                      | Chemical Feed - Ferric Instruments - Contract #4<br>04/01/2008                          | 1,000.00         | 04/01/2008        | 1,000.00         |

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| 20000-008059   | Chemical Feed - Painting Orlando - Contract #4<br>08/01/2008                          | 5,000.00         | 08/01/2008        | 5,000.00   |
| 20000-008094.1 | Filter #4 - Fay Spofford & General Conditions (RHI White) - Contract #4<br>09/01/2008 | 318,677.04       | 09/01/2008        | 318,677.04 |
| 20000-008094.5 | Filter #4 - Electrical Ewing - Contract #4<br>09/01/2008                              | 70,000.00        | 09/01/2008        | 70,000.00  |
| 20000-008185.1 | Chemical Feed - Painting - Contract #4<br>10/01/2008                                  | 3,500.00         | 10/01/2008        | 3,500.00   |
| 20000-008185.2 | Headworks - Carbon Dioxide Equipment - Contract #4<br>10/01/2008                      | 5,000.00         | 10/01/2008        | 5,000.00   |
| 20000-008254   | Headworks - Blowers (Installation & Piping) - Contract #4<br>12/01/2008               | 69,290.00        | 12/01/2008        | 69,290.00  |
| 20000-07832.1  | Filter #2 - Filter Area Dust Protection - Contract #4<br>02/01/2008                   | 8,000.00         | 02/01/2008        | 8,000.00   |
| 20000-07832.2  | Filter #2 - Furnish Rebar - Contract #4<br>02/01/2008                                 | 14,833.34        | 02/01/2008        | 14,833.34  |
| 20000-07832.3  | Filter #2 - Install Rebar - Contract #4<br>02/01/2008                                 | 10,833.33        | 02/01/2008        | 10,833.33  |
| 20000-07832.4  | Filter #2 - Concrete Filter #2 - Contract #4<br>02/01/2008                            | 157,000.00       | 02/01/2008        | 157,000.00 |
| 20000-07832.5  | Filter #2 - Cut Rebar & Patch Concrete - Contract #4<br>02/01/2008                    | 5,000.00         | 02/01/2008        | 5,000.00   |
| 20000-07832.6  | Filter #2 - Temp Support Floor - Contract #4<br>02/01/2008                            | 3,000.00         | 02/01/2008        | 3,000.00   |
| 20000-07832.7  | Filter #2 - Concrete Sealer - Contract #4<br>02/01/2008                               | 3,000.00         | 02/01/2008        | 3,000.00   |
| 20000-07832.8  | Filter #2 - Precast Concrete Plank for Filter #2 - Contract #4<br>02/01/2008          | 18,000.00        | 02/01/2008        | 18,000.00  |
| 20000-07832.91 | Filter #2 - Equipment - Contract #4<br>02/01/2008                                     | 187,000.00       | 02/01/2008        | 187,000.00 |
| 20000-07832.92 | Filter #2 - Install Equipment - Contract #4<br>02/01/2008                             | 70,000.00        | 02/01/2008        | 70,000.00  |
| 20000-07832.93 | Filter #2 - Instrumentation Piping Filter Gallery - Contract #4<br>02/01/2008         | 6,000.00         | 02/01/2008        | 6,000.00   |
| 20000-07832.94 | Filter #2 - Instruments - Contract #4<br>02/01/2008                                   | 23,000.00        | 02/01/2008        | 23,000.00  |
| 20000-07832.95 | Filter #2 - Piping in Filter Gallery - Contract #4<br>02/01/2008                      | 239,000.00       | 02/01/2008        | 239,000.00 |
| 20000-07832.96 | Filter #2 - Electrical Ewing Electrical - Contract #4<br>02/01/2008                   | 70,000.00        | 02/01/2008        | 70,000.00  |
| 20000-07832.97 | Filter #2 - Fay Spofford & General Conditions (RHI White) - Contract #4<br>02/01/2008 | 318,677.04       | 02/01/2008        | 318,677.04 |
| 20000-07832.98 | Contract #4<br>02/01/2008   | 9,832.28         | 02/01/2008        | 9,832.28   |
| 20000-07927.1  | Headworks - Carbon Dioxide Equipment - Contract #4<br>05/01/2008                      | 260,500.00       | 05/01/2008        | 260,500.00 |
| 20000-07927.2  | Headworks - Install Carbon Dioxide Equipment - Contract #4<br>05/01/2008              | 46,400.00        | 05/01/2008        | 46,400.00  |
| 20000-07927.3  | Headworks - Carbon Dioxide Instruments - Contract #4<br>05/01/2008                    | 17,500.00        | 05/01/2008        | 17,500.00  |
| 20000-07927.4  | Headworks - Stop Log Installation - Contract #4<br>05/01/2008                         | 11,000.00        | 05/01/2008        | 11,000.00  |
| 20000-07927.5  | Headworks - Traveling Screen - Contract #4<br>05/01/2008                              | 278,000.00       | 05/01/2008        | 278,000.00 |
| 20000-07927.6  | Headworks - Install Traveling Screen - Contract #4<br>05/01/2008                      | 6,000.00         | 05/01/2008        | 6,000.00   |
| 20000-07927.7  | Headworks - Sample Pumps - Contract #4<br>05/01/2008                                  | 3,200.00         | 05/01/2008        | 3,200.00   |
| 20000-07927.8  | Headworks - Install Sample Pumps - Contract #4<br>05/01/2008                          | 750.00           | 05/01/2008        | 750.00     |
| 20000-07927.91 | Headworks - Blowers - Contract #4<br>05/01/2008                                       | 95,710.00        | 05/01/2008        | 95,710.00  |
| 20000-07927.92 | Headworks - Fay Spofford & General Conditions (RHI White) - Contract #4<br>05/01/2008 | 283,029.90       | 05/01/2008        | 283,029.90 |

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| 20000-07927-93 | Filter #3 - Filter Area Dust Protection - Contract #4<br>05/01/2008                  | 8,000.00         | 05/01/2008        | 8,000.00   |
| 20000-07927-94 | Filter #3 - Furnish & Install Rebar - Contract #4<br>05/01/2008                      | 25,668.67        | 05/01/2008        | 25,668.67  |
| 20000-07927-95 | Filter #3 - Concrete Filter - Contract #4<br>05/01/2008                              | 155,344.00       | 05/01/2008        | 155,344.00 |
| 20000-07927-96 | Filter #3 - Cut Rebar & Patch Concrete - Contract #4<br>05/01/2008                   | 5,000.00         | 05/01/2008        | 5,000.00   |
| 20000-07927-97 | Filter #3 - Temp Support Floor - Contract #4<br>05/01/2008                           | 3,000.00         | 05/01/2008        | 3,000.00   |
| 20000-07927-98 | Filter #3 - Concrete Sealer - Contract #4<br>05/01/2008                              | 3,000.00         | 05/01/2008        | 3,000.00   |
| 20000-08094-1  | Filter #4 - Instrumentation Piping Filter Gallery - Contract #4<br>09/01/2008        | 6,000.00         | 09/01/2008        | 6,000.00   |
| 20000-08094-2  | Filter #4 - Instruments - Contract #4<br>09/01/2008                                  | 23,000.00        | 09/01/2008        | 23,000.00  |
| 20000-08094-3  | Filter #4 - Piping in Filter Gallery - Contract #4<br>09/01/2008                     | 239,000.00       | 09/01/2008        | 239,000.00 |
| 20000-7927-1   | Filter #3 - Precast Concrete Plank - Contract #4<br>05/01/2008                       | 18,000.00        | 05/01/2008        | 18,000.00  |
| 20000-7927-2   | Filter #3 - Equipment - Contract #4<br>05/01/2008                                    | 187,000.00       | 05/01/2008        | 187,000.00 |
| 20000-7927-3   | Filter #3 - Install Filter Equipment - Contract #4<br>05/01/2008                     | 70,000.00        | 05/01/2008        | 70,000.00  |
| 20000-7927-4   | Filter #3 - Instrumentation Piping Filter Gallery - Contract #4<br>05/01/2008        | 6,000.00         | 05/01/2008        | 6,000.00   |
| 20000-7927-5   | Filter #3 - Instruments - Contract #4<br>05/01/2008                                  | 22,000.00        | 05/01/2008        | 22,000.00  |
| 20000-7927-6   | Filter #3 - Piping in Filter Gallery - Contract #4<br>05/01/2008                     | 229,250.00       | 05/01/2008        | 229,250.00 |
| 20000-7927-7   | Filter #3 - Electrical Wiring - Contract #4<br>05/01/2008                            | 70,000.00        | 05/01/2008        | 70,000.00  |
| 20000-7927-8   | Filter #3 - Fay Spofford & General Conditions (RH White) - Contract #4<br>05/01/2008 | 318,667.04       | 05/01/2008        | 318,667.04 |
| 20000-8094-21  | Filter #4 - Filter Area Dust Protection - Contract #4<br>09/01/2008                  | 8,000.00         | 09/01/2008        | 8,000.00   |
| 20000-8094-22  | Filter #4 - Furnish Rebar - Contract #4<br>09/01/2008                                | 14,833.33        | 09/01/2008        | 14,833.33  |
| 20000-8094-23  | Filter #4 - Install Rebar - Contract #4<br>09/01/2008                                | 10,833.33        | 09/01/2008        | 10,833.33  |
| 20000-8094-24  | Filter #4 - Concrete Filter - Contract #4<br>09/01/2008                              | 157,000.00       | 09/01/2008        | 157,000.00 |
| 20000-8094-25  | Filter #4 - Cut Rebar & Patch Concrete - Contract #4<br>09/01/2008                   | 5,000.00         | 09/01/2008        | 5,000.00   |
| 20000-8094-26  | Filter #4 - Temp Support Floor - Contract #4<br>09/01/2008                           | 3,000.00         | 09/01/2008        | 3,000.00   |
| 20000-8094-27  | Filter #4 - Concrete Sealer - Contract #4<br>09/01/2008                              | 3,000.00         | 09/01/2008        | 3,000.00   |
| 20000-8094-28  | Filter #4 - Precast Concrete Plank - Contract #4<br>09/01/2008                       | 18,000.00        | 09/01/2008        | 18,000.00  |
| 20000-8094-31  | Filter #4 - Equipment - Contract #4<br>09/01/2008                                    | 187,000.00       | 09/01/2008        | 187,000.00 |
| 20000-8094-32  | Filter #4 - Install Equipment - Contract #4<br>09/01/2008                            | 70,000.00        | 09/01/2008        | 70,000.00  |
| 20000-08295-1  | Filter #5 - Piping in Filter Gallery - Contract #4<br>01/01/2009                     | 239,000.00       | 01/01/2009        | 239,000.00 |
| 20000-08295-2  | Filter #5 - Dust Protection - Contract #4<br>01/01/2009                              | 8,000.00         | 01/01/2009        | 8,000.00   |
| 20000-08295-3  | Filter #5 - Furnish Rebar - Contract #4<br>01/01/2009                                | 14,833.33        | 01/01/2009        | 14,833.33  |
| 20000-08295-4  | Filter #5 - Install Rebar - Contract #4<br>01/01/2009                                | 10,833.33        | 01/01/2009        | 10,833.33  |
| 20000-08295-5  | Filter #5 - Concrete Filter - Contract #4<br>01/01/2009                              | 157,000.00       | 01/01/2009        | 157,000.00 |

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| 20000-008295 5                      | Filter #5 - Cut Rebar & Patch Concrete - Contract #4<br>01/01/2009                   | 5,000.00            | 01/01/2009        | 5,000.00            |
| 20000-008295 8                      | Filter #5 - Concrete Sealer - Contract #4<br>01/01/2009                              | 3,000.00            | 01/01/2009        | 3,000.00            |
| 20000-008295 7                      | Filter #5 - Precast Concrete Plank Filter - Contract #4<br>01/01/2009                | 18,000.00           | 01/01/2009        | 18,000.00           |
| 20000-008295                        | Filter #5 - Engineering Services & Design - Contract #4<br>01/01/2009                | 318,677.04          | 01/01/2009        | 318,677.04          |
| 20000-008297                        | Filter #5 - Temp Support Floor - Contract #4<br>01/01/2009                           | 3,000.00            | 01/01/2009        | 3,000.00            |
| 20000-008298 1                      | Filter #5 - Equipment - Contract #4<br>01/01/2009                                    | 187,000.00          | 01/01/2009        | 187,000.00          |
| 20000-008298 2                      | Filter #5 - Install Equipment - Contract #4<br>01/01/2009                            | 70,000.00           | 01/01/2009        | 70,000.00           |
| 20000-008299                        | Filter #5 - Electrical - Ewing - Contract #4<br>01/01/2009                           | 68,500.00           | 01/01/2009        | 68,500.00           |
| 20000-008300 1                      | Filter #5 - Instrumentation Piping Filter Gallery - Contract #4<br>01/01/2009        | 5,400.00            | 01/01/2009        | 5,400.00            |
| 20000-008300 2                      | Filter #5 - Instrumentation - Contract #4<br>01/01/2009                              | 23,000.00           | 01/01/2009        | 23,000.00           |
| 20000-008301                        | Pulsator #1 - Thoroseal Removal - Contract #4<br>01/01/2009                          | 10,000.00           | 01/01/2009        | 10,000.00           |
| 20000-008423                        | Filter #1 - Painting (Filter Gallery) - Orlando Painting - Contract #4<br>04/01/2009 | 4,000.00            | 04/01/2009        | 4,000.00            |
| 20000-008424                        | Filter #3 - Concrete Filter #3 - Contract #4<br>04/01/2009                           | 1,656.00            | 04/01/2009        | 1,656.00            |
| 20000-008432                        | Chemical Feed - Painting - Orlando - Contract #4<br>04/01/2009                       | 15,100.00           | 04/01/2009        | 15,100.00           |
| 20000-008433 1                      | Chemical Feed - Fiberglass Grating & Stairs - Contract #4<br>04/01/2009              | 105,000.00          | 04/01/2009        | 105,000.00          |
| 20000-008433 2                      | Chemical Feed - Install Fiberglass Grating & Stairs - Contract #4<br>04/01/2009      | 8,750.00            | 04/01/2009        | 8,750.00            |
| <b>Subtotal: 2320-200-001 (82)</b>  |  | <b>7,240,451.27</b> |                   | <b>7,240,451.27</b> |
| <b>Asset GL Acct # 2320-310-001</b> |  |                     |                   |                     |
| 20000-007832 1                      | Filter #2 - Media - Contract #4<br>02/01/2008  | 145,000.00          | 02/01/2008        | 145,000.00          |
| 20000-007927 1                      | Filter #3 - Media - Contract #4<br>05/01/2008  | 145,000.00          | 05/01/2008        | 145,000.00          |
| 20000-008093                        | Filter #4 - Media - Contract #4<br>09/01/2008  | 145,000.00          | 09/01/2008        | 145,000.00          |
| 20000-008292                        | Filter #5 - Media - Contract #4<br>01/01/2009  | 145,000.00          | 01/01/2009        | 145,000.00          |
| <b>Subtotal: 2320-310-001 (3)</b>   |  | <b>580,000.00</b>   |                   | <b>580,000.00</b>   |
| <b>Asset GL Acct # 2331-000-001</b> |  |                     |                   |                     |
| 20000-008060                        | WTP CONTRACT #4 - PAVING<br>08/01/2008   | 325.02              | 08/01/2008        | 325.02              |
| <b>Subtotal: 2331-000-001 (1)</b>   |  | <b>325.02</b>       |                   | <b>325.02</b>       |
| <b>Asset GL Acct # 2339-300-001</b> |  |                     |                   |                     |
| 20000-008072                        | WTP CONTRACT #4 - SCADA<br>09/01/2008  | 3,528.95            | 09/01/2008        | 3,528.95            |
| 20000-008185                        | Pamco's 200 Compact - Associates Measurement Co - Contract #4<br>10/01/2008          | 5,380.00            | 10/01/2008        | 5,380.00            |
| 20000-008255                        | SCADA - WTP CONTRACT #4<br>12/01/2008  | 1,911.36            | 12/01/2008        | 1,911.36            |
| <b>Subtotal: 2339-300-001 (3)</b>   |  | <b>10,820.31</b>    |                   | <b>10,820.31</b>    |
| <b>Asset GL Acct # 2340-100-001</b> |  |                     |                   |                     |

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|-------------------------------------|---|-------------------|-------------------|-------------------|
| 23400-007174                        | Office Renovations - Carpeting for Office - Contract #4<br>01/01/2008                           | 680.00            | 01/01/2008        | 680.00            |
| 23400-007833.2                      | Office Renovations - Furniture (Profile Office) - Contract #4<br>02/01/2008                     | 6,061.84          | 02/01/2008        | 6,061.84          |
| 20000-007891.2                      | Office Renovations - (1) Control Room Desks & (2) Lunch Room Tables - Contract #4<br>04/01/2008 | 2,588.75          | 04/01/2008        | 2,588.75          |
| 20000-007925.1                      | Office Renovations - Hotpoint 18 2 CU Top Freezer/Refrigerator - Contract #4<br>05/01/2008      | 508.01            | 05/01/2008        | 508.01            |
| 20000-007982.1                      | Office Renovations - Rebate on Fridge - Contract #4<br>06/01/2008                               | 59.00             | 06/01/2008        | 59.00             |
| 20000-007982.2                      | Office Renovations - (3) Burgundy Olson Stack Chairs - Contract #4<br>06/01/2008                | 721.05            | 06/01/2008        | 721.05            |
| 20000-01925.21                      | Office Renovations - (1) 57" Bookcase - Henna Cherry - Contract #4<br>05/01/2008                | 349.60            | 05/01/2008        | 349.60            |
| 20000-01925.22                      | Office Renovations - (3) 4 Drawer Vertical Files - Charcoal - Contract #4<br>05/01/2008         | 1,030.65          | 05/01/2008        | 1,030.65          |
| 20000-01925.23                      | Office Renovations - (1) 2 Drawer Vertical File - Charcoal - Contract #4<br>05/01/2008          | 272.05            | 05/01/2008        | 272.05            |
| <b>Subtotal: 2340-100-001 (9)</b>   |   | <b>12,152.95</b>  |                   | <b>12,152.95</b>  |
| <b>Asset GL Acct # 2346-000-001</b> |   |                   |                   |                   |
| 20000-007834.1                      | Set up Analog Lines & DSL Alliance Core - Contract #4<br>02/01/2008                             | 212.50            | 02/01/2008        | 212.50            |
| 20000-007834.2                      | Punchdown Tool - Granger - Contract #4<br>02/01/2008  | 59.40             | 02/01/2008        | 59.40             |
| 20000-007834.3                      | Filter #2 - Electrical Installations - Contract #4<br>02/01/2008                                | 3,735.00          | 02/01/2008        | 3,735.00          |
| 20000-007844                        | Scada Upgrade - Electrical Installations - Contract #4<br>03/01/2008                            | 2,077.00          | 03/01/2008        | 2,077.00          |
| 20000-007932.1                      | Headworks - Recycle Station PLC - Contract #4<br>05/01/2008                                     | 30,000.00         | 05/01/2008        | 30,000.00         |
| 20000-007932.2                      | Headworks - Instruments - Contract #4<br>05/01/2008   | 33,500.00         | 05/01/2008        | 33,500.00         |
| 20000-007932.3                      | Headworks - Pump Room PLC - Contract #4<br>05/01/2008   | 20,000.00         | 05/01/2008        | 20,000.00         |
| 20000-007932.4                      | Headworks - Fay Spofford & General Conditions (RH White) - Contract #4<br>05/01/2008            | 32,866.52         | 05/01/2008        | 32,866.52         |
| 20000-007983.1                      | SCADA - Cable Services to Building - Contract #4<br>06/01/2008                                  | 2,593.42          | 06/01/2008        | 2,593.42          |
| 20000-007983.2                      | SCADA - Electrical Installations - Contract #4<br>06/01/2008                                    | 10,326.20         | 06/01/2008        | 10,326.20         |
| 20000-008030.1                      | Headworks - Recycle Station PLC - Contract #4<br>07/01/2008                                     | 8,000.00          | 07/01/2008        | 8,000.00          |
| 20000-008030.2                      | Headworks - Instruments - Contract #4<br>07/01/2008   | 1,650.00          | 07/01/2008        | 1,650.00          |
| 20000-008030.3                      | Headworks - Pump Room PLC - Contract #4<br>07/01/2008   | 10,000.00         | 07/01/2008        | 10,000.00         |
| 20000-008061                        | WTP CONTRACT #4 - HEADWORKS INSTRUMENTS<br>08/01/2008   | 3,167.00          | 08/01/2008        | 3,167.00          |
| 20000-008256                        | SCADA - WTP CONTRACT #4<br>12/01/2008   | 3,237.30          | 12/01/2008        | 3,237.30          |
| 20000-008421                        | Headworks - Pump Room PLC - Contract #4<br>04/01/2009   | 2,000.00          | 04/01/2009        | 2,000.00          |
| <b>Subtotal: 2346-000-001 (15)</b>  |   | <b>163,424.34</b> |                   | <b>163,424.34</b> |
| <b>Asset GL Acct # 2347-110-001</b> |   |                   |                   |                   |
| 20000-001855                        | CISCO Catalyst - Alliance Core - Contract #4<br>02/01/2008                                      | 5,705.00          | 02/01/2008        | 5,705.00          |
| <b>Subtotal: 2347-110-001 (1)</b>   |   | <b>5,705.00</b>   |                   | <b>5,705.00</b>   |



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| <b>Asset GL Acct # 2349-000-001</b> |  |                     |                   |                     |
| 20000-007773                        | 16" Steel Toe Black PVC Boots - USA Bluebook - Contract #4<br>01/01/2008 | 30.25               | 01/01/2008        | 30.25               |
| 20000-007936.1                      | Switch Motion Sensor - Granger - Contract #4<br>02/01/2008               | 59.72               | 02/01/2008        | 59.72               |
| 20000-007836.2                      | Replacement Blade - Granger - Contract #4<br>02/01/2008                  | 19.00               | 02/01/2008        | 19.00               |
| 20000-008082                        | WTP CONTRACT #4 MISC PARTS<br>09/01/2008                                 | 2,125.31            | 09/01/2008        | 2,125.31            |
| <b>Subtotal: 2349-000-001 (4)</b>   |  | <b>2,234.28</b>     | -                 | <b>2,234.28</b>     |
| <b>Total WTP Contract 4</b>         |  | <b>9,439,164.21</b> |                   | <b>9,439,164.21</b> |
| <b>Fifield Tank</b>                 |  |                     |                   |                     |
| <b>Asset GL Acct # 2330-500-001</b> |  |                     |                   |                     |
| 20000-008355                        | FIFIELD TANK CONSTRUCTION<br>03/01/2009                                  | 69,825.34           | 03/01/2009        | 69,825.34           |
| 20000-008356                        | FIFIELD TANK CONSTRUCTION<br>03/01/2009                                  | 2,192,249.37        | 03/01/2009        | 2,192,249.37        |
| 20000-008357                        | FIFIELD TANK DESIGN - TANK REPLACEMENT<br>03/01/2009                     | 47,653.04           | 03/01/2009        | 47,653.04           |
| 20000-008358                        | FIFIELD TANK DESIGN - TANK REPLACEMENT<br>03/01/2009                     | 6,188.31            | 03/01/2009        | 6,188.31            |
| <b>Subtotal: 2330-500-001 (5)</b>   |  | <b>2,315,916.06</b> |                   | <b>2,315,916.06</b> |
| <b>Total Fifield Tank</b>           |  | <b>2,315,916.06</b> |                   | <b>2,315,916.06</b> |
| <b>Shakespeare Booster</b>          |  |                     |                   |                     |
| <b>Asset GL Acct # 2304-550-001</b> |  |                     |                   |                     |
| 20000-007977                        | SHAKESPEARE BOOSTER REBUILD - 3.7.5 HP<br>06/01/2008                     | 7,367.79            | 06/01/2008        | 7,367.79            |
| <b>Subtotal: 2304-550-001 (1)</b>   |  | <b>7,367.79</b>     |                   | <b>7,367.79</b>     |
| <b>Asset GL Acct # 2311-200-001</b> |  |                     |                   |                     |
| 20000-007901                        | SHAKESPEARE BOOSTER REBUILD<br>05/01/2008                                | 25,194.98           | 05/01/2008        | 25,194.98           |
| 20000-007976                        | SHAKESPEARE BOOSTER REBUILD - 3.7.5 HP PUMPS<br>06/01/2008               | 13,585.05           | 06/01/2008        | 13,585.05           |
| 20000-008005                        | SHAKESPEARE BOOSTER REBUILD<br>07/01/2008                                | 6,392.26            | 07/01/2008        | 6,392.26            |
| <b>Subtotal: 2311-200-001 (3)</b>   |  | <b>45,172.29</b>    |                   | <b>45,172.29</b>    |
| <b>Asset GL Acct # 2311-210-001</b> |  |                     |                   |                     |
| 20000-008004                        | SHAKESPEARE BOOSTER REBUILD<br>07/01/2008                                | 2,882.00            | 07/01/2008        | 2,882.00            |
| <b>Subtotal: 2311-210-001 (1)</b>   |  | <b>2,882.00</b>     |                   | <b>2,882.00</b>     |
| <b>Asset GL Acct # 2334-000-001</b> |  |                     |                   |                     |
| 20000-007932                        | SHAKESPEARE BOOSTER REBUILD<br>05/01/2008                                | 458.33              | 05/01/2008        | 458.33              |
| <b>Subtotal: 2334-000-001 (1)</b>   |  | <b>458.33</b>       |                   | <b>458.33</b>       |
| <b>Asset GL Acct # 2345-000-001</b> |  |                     |                   |                     |
| 20000-007978                        | SHAKESPEARE BOOSTER REBUILD - 3.7.5 HP<br>06/01/2008                     | 7,367.79            | 06/01/2008        | 7,367.79            |
| <b>Subtotal: 2345-000-001 (1)</b>   |  | <b>7,367.79</b>     |                   | <b>7,367.79</b>     |

PENNICHUCK WATER WORKS, INC.  
ASSET ACQUISITIONS Details  
For the Twelve Months Ended December 31, 2008

Step Increase  
Schedule 3  
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Exhibit 2  
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Per Audit Settlement

| Asset ID                            | Acquisition Date   | Acquisition Cost     | Placed In Service | Book Cost         |
|-------------------------------------|--|----------------------|-------------------|-------------------|
| <b>Asset GL Acct # 2347-110-001</b> |  |                      |                   |                   |
| 20000 008086                        | SHAKESPEARE BOOSTER REBUILD<br>09/01/2008                | 787.29               | 09/01/2008        | 787.29            |
| <b>Subtotal: 2347-110-001 (1)</b>   |  | <b>787.29</b>        |                   | <b>787.29</b>     |
| <b>Yearly Subtotal</b>              |  | <b>65,544.94</b>     |                   | <b>60,588.56</b>  |
| <b>Total Shakespeare Booster</b>    |  | <b>65,544.94</b>     |                   | <b>60,588.56</b>  |
| <b>Main Replacements</b>            |  |                      |                   |                   |
| <b>Asset GL Acct # 2331-002-001</b> |  |                      |                   |                   |
| 20000 008264                        | BOOTH ST MAIN REPLACEMENT PAVING<br>12/01/2008           | 8,150.69             | 12/01/2008        | 7,335.42          |
| 20000 008265                        | MORSE AVE/MORSE ST MAIN REPLACEMENT PAVING<br>12/01/2008 | 5,129.78             | 12/01/2008        | 4,916.80          |
| <b>Subtotal: 2331-002-001 (2)</b>   |  | <b>13,280.47</b>     |                   | <b>11,952.42</b>  |
| <b>Asset GL Acct # 2331-200-001</b> |  |                      |                   |                   |
| 20000 007790                        | KINSLEY ST MAIN REPLACEMENT<br>01/01/2008                | 115.53               | 01/01/2008        | 103.98            |
| 20000 008010                        | KINSLEY ST MAIN REPLACEMENT<br>07/01/2008                | 807.30               | 07/01/2008        | 726.57            |
| 20000 008040                        | KINSLEY ST WATER MAIN REPLACEMENT<br>08/01/2008          | 115.53               | 08/01/2008        | 103.98            |
| 20000 008041                        | BOOTH ST WATER MAIN REPLACEMENT<br>08/01/2008            | 6,518.78             | 08/01/2008        | 5,866.88          |
| 20000 008042                        | MORSE AVE WATER MAIN REPLACEMENT<br>08/01/2008           | 3,874.83             | 08/01/2008        | 3,487.35          |
| 20000 008043                        | MORSE AVE WATER MAIN REPLACEMENT<br>08/01/2008           | 3,703.43             | 08/01/2008        | 3,333.09          |
| 20000 008140                        | MORSE AVE/MORSE ST MAIN REPLACEMENT<br>10/01/2008        | 95,743.48            | 10/01/2008        | 86,169.13         |
| 20000 008142                        | BOOTH ST MAIN REPLACEMENT<br>10/01/2008                  | 107,293.58           | 10/01/2008        | 96,564.22         |
| 20000 008219                        | MORSE AVE/MORSE ST MAIN REPLACEMENT<br>11/01/2008        | 33,000.00            | 11/01/2008        | 29,760.00         |
| <b>Subtotal: 2331-200-001 (9)</b>   |  | <b>251,172.44</b>    |                   | <b>226,055.20</b> |
| <b>Asset GL Acct # 2333-200-001</b> |  |                      |                   |                   |
| 20000 008141                        | MORSE AVE/MORSE ST MAIN REPLACEMENT<br>10/01/2008        | 17,088.23            | 10/01/2008        | 15,379.41         |
| 20000 008143                        | BOOTH ST MAIN REPLACEMENT<br>10/01/2008                  | 19,411.79            | 10/01/2008        | 17,470.61         |
| <b>Subtotal: 2333-200-001 (2)</b>   |  | <b>36,500.02</b>     |                   | <b>32,850.02</b>  |
| <b>Yearly Subtotal</b>              |  | <b>300,952.93</b>    |                   | <b>279,457.64</b> |
| <b>Total Main Replacements</b>      |  | <b>300,952.93</b>    |                   | <b>279,457.64</b> |
| <b>Grand Total Step Additions</b>   |  | <b>12,121,578.14</b> |                   |                   |

PENNICHUCK WATER WORKS, INC.  
ASSET DISPOSITIONS  
For The Twelve Months Ended December 31, 2007

STEP INCREASE  
Schedule 3  
Attachment A  
Exhibit 3  
Per Audit & Settlement

| Retirements             |                              |                     |                          |                               |                   |                     |                  | 15 30                | 6 6              |  |  |
|-------------------------|------------------------------|---------------------|--------------------------|-------------------------------|-------------------|---------------------|------------------|----------------------|------------------|--|--|
| Acct No.                | Account Description          | Original Cost       | Accumulated Depreciation | Accumulated Depreciation Loss | Depreciation Rate | 1 year Depreciation | Property Taxes   | State Property Taxes | Total Taxes      |  |  |
| 304.2                   | Structures                   | \$ 614              | \$ 309                   | \$ 304                        | 2.46%             | \$ 15               | \$ 9             | \$ 4                 |                  |  |  |
| 304.3                   | Structures                   | \$ 168,668          | \$ 80,480                | \$ 88,188                     | 2.46%             | \$ 4,149            | \$ 2,581         | \$ 1,113             |                  |  |  |
| 320.0                   | Water Treatment Equipment    | \$ 63,699           | \$ 50,290                | \$ 13,408                     | 6.67%             | \$ 4,249            | \$ 975           | \$ 420               |                  |  |  |
| 320.1                   | Water Treatment Equipment    | \$ 13,739           | \$ 3,055                 | \$ 10,684                     | 4.55%             | \$ 625              | \$ 210           | \$ 91                |                  |  |  |
| 320.2                   | Water Treatment Equipment    | \$ 367,053          | \$ 127,241               | \$ 239,812                    | 3.31%             | \$ 12,149           | \$ 5,616         | \$ 2,423             |                  |  |  |
| <b>Step Increase #1</b> |                              | <b>\$ 613,773</b>   | <b>\$ 261,376</b>        | <b>\$ 352,397</b>             |                   | <b>\$ 21,188</b>    | <b>\$ 9,391</b>  | <b>\$ 4,051</b>      |                  |  |  |
| 304.1                   | Structures                   | \$ 43,570           | \$ 19,459                | \$ 24,111                     | 2.46%             | \$ 1,072            | \$ 667           | \$ 288               |                  |  |  |
| 304.2                   | Structures                   | \$ -                | \$ -                     | \$ -                          | 2.46%             | \$ -                | \$ -             | \$ -                 |                  |  |  |
| 307.1                   | Wells & Springs              | \$ -                | \$ -                     | \$ -                          | 3.30%             | \$ -                | \$ -             | \$ -                 |                  |  |  |
| 311.2                   | Pumping Equipment (electric) | \$ -                | \$ -                     | \$ -                          | 4.40%             | \$ -                | \$ -             | \$ -                 |                  |  |  |
| 320.0                   | Water Treatment Equipment    | \$ 12,200           | \$ 6,277                 | \$ 5,923                      | 6.67%             | \$ 814              | \$ 187           | \$ 81                |                  |  |  |
| 320.1                   | Water Treatment Equipment    | \$ -                | \$ -                     | \$ -                          | 4.55%             | \$ -                | \$ -             | \$ -                 |                  |  |  |
| 320.2                   | Water Treatment Equipment    | \$ 266,810          | \$ 146,489               | \$ 120,320                    | 3.31%             | \$ 8,831            | \$ 4,082         | \$ 1,761             |                  |  |  |
| 330.0                   | Distribution Reservoirs      | \$ 290,012          | \$ 231,283               | \$ 58,729                     | 2.18%             | \$ 6,322            | \$ 4,437         | \$ 1,914             |                  |  |  |
| 331.0                   | Trans & Dist Mains           | \$ 1,597            | \$ 1,597                 | \$ -                          | 1.57%             | \$ 25               | \$ 24            | \$ 11                |                  |  |  |
| <b>Step Increase #2</b> |                              | <b>\$ 614,189</b>   | <b>\$ 405,106</b>        | <b>\$ 209,083</b>             |                   | <b>\$ 17,064</b>    | <b>\$ 9,397</b>  | <b>\$ 4,054</b>      |                  |  |  |
| <b>Total</b>            |                              | <b>\$ 1,227,962</b> | <b>\$ 666,481</b>        | <b>\$ 561,480</b>             |                   | <b>\$ 38,252</b>    | <b>\$ 18,788</b> | <b>\$ 8,105</b>      | <b>\$ 26,892</b> |  |  |

**Notes:**

- (1) The calculation of property taxes above is for illustrative purposes only. A pro forma adjustment for property taxes is not reflected in the step increase

PENNICHUCK WATER WORKS, INC.  
ASSET DISPOSITION DETAILS  
For the Twelve Months Ended December 31, 2008

STEP INCREASE  
Schedule 3  
Attachment A  
Exhibit 4  
Page 1  
Per Audit Settlement

| Asset ID                            | Placed In Service                               | Disposal Date | Cost       | Accum Depr | Accum Depr (Loss) |
|-------------------------------------|---|---------------|------------|------------|-------------------|
| <i>Asset GL Acct # 2304-200-001</i> |   |               |            |            |                   |
| 20000 002271                        | SNOW STATION PUMP EXPANSION                     |               |            |            |                   |
|                                     | 2/4/1988  | 5/1/2008      | 613.86     | 309.42     | 304.44            |
| <i>Subtotal 2304-200-001</i>        |   |               | 613.86     | 309.42     | 304.44            |
| <i>Asset GL Acct # 2304-800-001</i> |   |               |            |            |                   |
| 20000 002271                        | ELECTRIC WORK TREATMENT PLANT                   |               |            |            |                   |
|                                     | 03/01/1992                                      | 03/01/2008    | 59,832.46  | 24,692.53  | 35,139.93         |
| 20000 002382                        | WTP TURBIDIMETER PROJECT                        |               |            |            |                   |
|                                     | 12/31/1992                                      | 03/01/2008    | 2,973.76   | 1,227.21   | -1,746.55         |
| 20000 01024 21                      | TUBE SETTLERS/TREATMENT PLANT                   |               |            |            |                   |
|                                     | 10/01/1988                                      | 03/01/2008    | 105,281.58 | 54,363.91  | 50,917.67         |
| 20000 002685                        | SECURITY FENCE - FIFIELD TANK                   |               |            |            |                   |
|                                     | 8/15/1994                                       | 5/1/2008      | 580.00     | 156.08     | 383.92            |
| <i>Subtotal 2304-800-001</i>        |   |               | 168,567.80 | 80,479.73  | 88,188.07         |
| <i>Asset GL Acct # 2320-000-001</i> |   |               |            |            |                   |
| 20000 002419                        | CHLORINE HANDLING & SAFETY-WTP                  |               |            |            |                   |
|                                     | 03/31/1993                                      | 03/01/2008    | 6,867.18   | 6,867.18   | 0.00              |
| 20000 002451                        | 2 FLYGT BACKWASH RETURN-PUMPS                   |               |            |            |                   |
|                                     | 08/31/1993                                      | 03/01/2008    | 13,688.01  | 13,688.01  | 0.00              |
| 20000 002619                        | ALUMINUM SULFATE TRANSFER-PUMPS - (2) FRT PLANT |               |            |            |                   |
|                                     | 05/01/1994                                      | 03/01/2008    | 3,582.58   | 3,343.75   | 238.82            |
| 20000 003000                        | LMI METERING PUMP WTP                           |               |            |            |                   |
|                                     | 01/22/1996                                      | 03/01/2008    | 368.00     | 294.37     | 73.63             |
| 20000 003050                        | VARIABLE FREQUENCY DRIVE UNITS - WTP            |               |            |            |                   |
|                                     | 05/31/1996                                      | 03/01/2008    | 17,107.19  | 13,685.76  | 3,421.43          |
| 20000 004085                        | WILDEN DIAPHRAGM PUMP WTP                       |               |            |            |                   |
|                                     | 11/01/1998                                      | 03/01/2008    | 636.00     | 427.30     | 258.70            |
| 20000 004283                        | WTP CHEMICAL TANK VENTING                       |               |            |            |                   |
|                                     | 05/01/1999                                      | 03/01/2008    | 3,392.11   | 2,046.90   | -1,345.31         |
| 20000 004505                        | CHEMICAL PUMP PACING - WTP                      |               |            |            |                   |
|                                     | 07/01/1999                                      | 03/01/2008    | 2,511.53   | 1,750.10   | 761.43            |
| 20000 004505                        | PARA SLUDGE PUMP                                |               |            |            |                   |
|                                     | 07/01/2000                                      | 03/01/2008    | 1,025.28   | 1,036.91   | 38.47             |
| 20000 004882                        | REDUNDANT POLYMER FEED LINE                     |               |            |            |                   |
|                                     | 03/01/2004                                      | 03/01/2008    | 5,873.75   | 1,565.52   | 4,308.23          |
| 20000 005052                        | FILTER FEASTENUR IMPROVEMENT - FRT PLANT        |               |            |            |                   |
|                                     | 4/01/1996                                       | 5/1/2008      | 7,750.53   | 5,533.71   | 2,216.83          |

PENNICHUCK WATER WORKS, INC.  
ASSET DISPOSITION DETAILS  
For the Twelve Months Ended December 31, 2008

STEP INCREASE  
Schedule 3  
Attachment A  
Exhibit 4  
Page 2  
Per Audit Settlement

| Asset ID                     | Placed In Service                       | Disposal Date | Cost       | Accum Depr | Accum Depr (Loss) |             |
|------------------------------|---|---------------|------------|------------|-------------------|-------------|
| 20000 002723                 | FILTER IMPROVEMENTS - TRT PLANT         | 11/16/1994    | 5/1/2008   | 479.70     | 415.74            | 63.96       |
| Subtotal 2320-000-001        |   |               | 63,698.86  | 50,790.46  | 13,408.41         |             |
| Asset GL Acct # 2320-100-001 |   |               |            |            |                   |             |
| 20000 003219                 | SUBMERSIBLE CLEARWELL SAMPLE PUMP - WTP | 02/28/1997    | 03/01/2008 | 266.16     | 186.68            | 79.48       |
| 20000 005622.1               | NEW EXTRACTION PIPING PULSATOR 1        | 05/01/2004    | 03/01/2008 | 10,170.73  | 2,388.42          | 7,782.31    |
| 20000 0006104                | CHEMICAL FILL CHECK VALVE REPLACEMENT   | 12/1/2005     | 5/1/2008   | 3,302.43   | 480.35            | -2,822.08   |
| Subtotal 2320-100-001        |   |               | 13,739.32  | 3,055.45   | 10,683.87         |             |
| Asset GL Acct # 2320-200-001 |   |               |            |            |                   |             |
| 20000 000656                 | PULSATOR SYSTEM EQUIPMENT-#1            | 07/01/1986    | 03/01/2008 | 15,671.00  | 10,111.34         | -5,559.66   |
| 20000 005690                 | WTP FILTER UPGRADES                     | 11/1/2002     | 5/1/2008   | 6,574.17   | 1,076.92          | 5,497.25    |
| 20000 005690.1               | WTP FILTER UPGRADES                     | 7/1/2002      | 5/1/2008   | 177,508.21 | 29,377.34         | -148,430.87 |
| 20000 005690.2               | WTP FILTER UPGRADES                     | 8/1/2002      | 5/1/2008   | 69,426.95  | 11,372.73         | -58,054.22  |
| 20000 005690.3               | WTP FILTER UPGRADES                     | 9/1/2002      | 5/1/2008   | 590.69     | 96.74             | 493.95      |
| 20000 005690.4               | WTP FILTER UPGRADES                     | 10/1/2002     | 5/1/2008   | 3,646.88   | 597.38            | 3,049.50    |
| 20000 000647.2               | CHEMICAL FEED EQUIPMENT                 | 7/1/1980      | 5/1/2008   | 50,487.13  | 40,389.70         | -10,097.43  |
| 20000 000649.2               | CHEMICAL FEED EQUIPMENT                 | 7/1/1980      | 5/1/2008   | 43,148.18  | 34,618.54         | -8,629.64   |
| Subtotal 2320-200-001        |   |               | 367,053.11 | 127,249.70 | 239,803.41        |             |
| Step Increase 1              |   |               | 613,772.95 | 261,375.75 | -352,397.20       |             |
| Asset GL Acct # 2304-100-001 |   |               |            |            |                   |             |
| 20000 007147                 | VERMILION VILLAGE DAM                   | 11/30/1990    | 11/1/2008  | 43,569.75  | 13,450.08         | -24,119.67  |
| Subtotal 2304-100-001        |   |               | 43,569.75  | 13,450.08  | -24,119.67        |             |
| Asset GL Acct # 2304-200-001 |   |               |            |            |                   |             |
| Subtotal 2304-200-001        |   |               |            |            |                   |             |

PENNICHUCK WATER WORKS, INC  
ASSET DISPOSITION DETAILS  
For the Twelve Months Ended December 31, 2008

STEP INCREASE  
Schedule 3  
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Exhibit 4  
Page 3  
Per Audit Settlement

| Asset ID                            | Placed In Service  | Disposal Date             | Cost         | Accum Depr | Accum Depr (Loss) |
|-------------------------------------|--|---------------------------|--------------|------------|-------------------|
| <i>Asset GL Acct # 2307-100-001</i> |  |                           |              |            |                   |
| <i>Subtotal 2307-100-001</i>        |  |                           |              |            |                   |
| <i>Asset GL Acct # 2311-200-001</i> |  |                           |              |            |                   |
| <i>Subtotal 2311-200-001</i>        |  |                           |              |            |                   |
| <i>Asset GL Acct # 2320-000-001</i> |  |                           |              |            |                   |
| 20000-00053                         | FILTER FASTENER IMPROVEMENT - TRT PLANT<br>4/30/1996             | 5/1/2008                  | 7,790.53     | 5,683.71   | 2,066.83          |
| 20000-00058/9                       | BACKWASH RETURN PUMP RE-BUILD<br>6/1/2005                        | 6/1/2008                  | 4,449.93     | 593.31     | 3,856.62          |
| <i>Subtotal 2320-000-001</i>        |  |                           | 12,200.46    | 6,277.02   | 5,923.45          |
| <i>Asset GL Acct # 2320-100-001</i> |  |                           |              |            |                   |
| <i>Subtotal 2320-100-001</i>        |  |                           |              |            |                   |
| <i>Asset GL Acct # 2320-200-001</i> |  |                           |              |            |                   |
| 20000-000550.14                     | FILTER SYSTEM EQUIPMENT - FILTER #4<br>7/1/1980                  | 8/1/2008                  | 47,489.17    | 39,326.53  | 8,162.64          |
| 20000-000550.15                     | FILTER SYSTEM EQUIPMENT - FILTER #5<br>7/1/1980                  | 11/1/2008                 | 47,489.17    | 39,326.53  | 8,162.64          |
| 20000-000590.1                      | WTP FILTER UPGRADES<br>7/1/2002                                  | 11/1/2008                 | 171,831.20   | 57,836.01  | 103,995.19        |
| <i>Subtotal 2320-200-001</i>        |  |                           | 266,809.54   | 146,489.07 | 120,320.47        |
| <i>Asset GL Acct # 2330-500-001</i> |  |                           |              |            |                   |
| 20000-000511                        | ORCHARD AVE TANK (FIELD) RESTORATION<br>07/01/1985               | 03/01/2008                | 132,605.15   | 73,876.61  | 58,728.54         |
| 20000-000512                        | FIELD TANK ORCHARD HEIGHTS 5 MG 160' DIAM 35' HIGH<br>07/01/1985 | 03/01/2008                | 157,406.88   | 157,406.88 | 0.00              |
| <i>Subtotal 2330-500-001</i>        |  |                           | 290,012.03   | 231,283.49 | 58,728.54         |
| <i>Asset GL Acct # 2331-000-001</i> |  |                           |              |            |                   |
| Various                             | TRANSMISSION MAINS<br>Various                                    | 11/1/2008 <b>Adjusted</b> | 1,556.34     | 1,556.34   |                   |
| <i>Subtotal 2331-000-001</i>        |  |                           | 1,556.34     | 1,556.34   |                   |
| <i>Step Increase 2</i>              |  |                           | 614,188.72   | 405,105.59 | -209,083.13       |
| <i>Total 2008 Retirements</i>       |  |                           | 1,227,961.67 | 666,481.34 | -561,480.32       |

PENNICHUCK WATER WORKS, INC.  
DIRECT COST OF REMOVAL  
For the Period Ending December 31, 2008

STEP INCREASE  
Schedule 3  
Attachment A  
Exhibit 5  
Page 1  
Per Audit Settlement

| Asset ID                            | Acquisition Cost  | Cost of Removal   | Placed In Service |
|-------------------------------------|---|-------------------|-------------------|
| <i>Asset GL Acct # 2108-001-001</i> |   |                   |                   |
| 909 2                               | Chemical Feed - Demolition - Patriot - Contract #4                    | 7,000 00          | 01/01/2008        |
| 910 2                               | Chemical Feed - Demolition - Patriot - Contract #4                    | 5,000 00          | 02/01/2008        |
|                                     |   | 12,000 00         |                   |
| 913                                 | Filter #2 - Demo - Patriot - Contract #4                              | 35,000 00         | 04/01/2008        |
| 910 4                               | Filter #2 - General Conditions & Engineering Services - Contract #4   | 22,695 00         | 02/01/2008        |
| 915 3                               | Filter #2 - Pipe Demo - Contract #4                                   | 21,175 00         | 05/01/2008        |
| 915 2                               | Filter #2 - Remove & Dispose Media - Contract #4                      | 12,000 00         | 05/01/2008        |
|                                     |   | 90,870 00         |                   |
| 914 1                               | Filter #3 - Demo - Patriot - Contract #4                              | 35,000 00         | 05/01/2008        |
| 914 4                               | Filter #3 - General Conditions & Engineering Services - Contract #4   | 22,695 10         | 05/01/2008        |
| 914 3                               | Filter #3 - Pipe Demo - Contract #4                                   | 21,175 00         | 05/01/2008        |
| 914 2                               | Filter #3 - Remove & Dispose Media - Contract #4                      | 12,000 00         | 05/01/2008        |
|                                     |   | 90,870 10         |                   |
| 904                                 | Filter #4 - Demolition - Patriot Environmental - Contract #4          | 35,000 00         | 09/01/2008        |
| 903                                 | Filter #4 - General Conditions & Engineering Services - Contract #4   | 22,695 10         | 09/01/2008        |
| 906                                 | Filter #4 - Pipe Demo - Contract #4                                   | 21,175 00         | 09/01/2008        |
| 905                                 | Filter #4 - Remove & Dispose Media - Contract #4                      | 12,000 00         | 09/01/2008        |
|                                     |   | 90,870 10         |                   |
| 917 1                               | Filter #5 - Demolition - Patriot Environmental - Contract #4          | 35,000 00         | 01/01/2009        |
| 917 4                               | Filter #5 - General Conditions & Engineering - Contract #4            | 22,695 10         | 01/01/2009        |
| 917 3                               | Filter #5 - Pipe Demo - Contract #4                                   | 21,175 00         | 01/01/2009        |
| 917 2                               | Filter #5 - Remove & Dispose Media - Contract #4                      | 12,000 00         | 01/01/2009        |
|                                     |   | 90,870 10         |                   |
| 910 1                               | Office Renovations - Demo - Patriot - Contract #4                     | 10,000 00         | 02/01/2008        |
| 912 2                               | Office Renovations - Demo - Patriot - Contract #4                     | 12,800 00         | 04/01/2008        |
| 909 1                               | Office Renovations - Demo HVAC - Lemire - Contract #4                 | 1,120 00          | 01/01/2008        |
| 912 1                               | Office Renovations - Demo HVAC - Lemire - Contract #4                 | 1,880 00          | 04/01/2008        |
| 908 1                               | Office Renovations - Demo Roof Openings - Contract #4                 | 1,000 00          | 12/01/2008        |
|                                     |   | 26,800 00         |                   |
| 915 1                               | Pulsator #1 - Clean Pulsator - Contract #4                            | 15,450 00         | 05/01/2008        |
| 911 1                               | Pulsator #1 - Demolish Equipment - Patriot - Contract #4              | 30,000 00         | 03/01/2008        |
| 911 3                               | Pulsator #1 - Dispose Pulsator - Contract #4                          | 12,250 00         | 03/01/2008        |
| 911 4                               | Pulsator #1 - General Conditions & Engineering Services - Contract #4 | 39,243 62         | 03/01/2008        |
| 911 2                               | Pulsator #1 - Thoroseal Removal - Contract #4                         | 10,000 00         | 03/01/2008        |
|                                     |   | 156,943 62        |                   |
|                                     | <b>Water Treatment Plant Contract 4</b>                               | <b>559,223 92</b> |                   |
| 921                                 | FIFIELD TANK STEEL SALVAGE PROCEEDS (1)                               | -46,000 00        | 03/01/2009        |
|                                     | Fifield Tank  | -46,000 00        |                   |
| 72 16                               | MERRIMACK VILLAGE DAM - PHASE II                                      | 16,856 34         | 01/01/2008        |
| 72 17                               | MERRIMACK VILLAGE DAM - PHASE II                                      | 17,725 49         | 03/01/2008        |
| 72 19                               | MERRIMACK VILLAGE DAM - PHASE II                                      | 13,941 59         | 05/01/2008        |

PENNICHUCK WATER WORKS, INC.  
DIRECT COST OF REMOVAL  
For the Period Ending December 31, 2008

STEP INCREASE  
Schedule 3  
Attachment A  
Exhibit 5  
Page 2  
Per Audit Settlement

| Asset ID                       | Acquisition Cost                 | Cost of Removal | Placed In Service |
|--------------------------------|----------------------------------|-----------------|-------------------|
| Asset (Gl. Acct # 2108-001-001 |                                  |                 |                   |
| 78 13                          | MERRIMACK VILLAGE DAM DEMO       | 168 92          | 10/01/2008        |
| 719                            | MERRIMACK VILLAGE DAM DEMO       | 385 17          | 03/01/2009        |
| 78 18                          | MERRIMACK VILLAGE DAM DEMO       | 1,006 16        | 01/01/2009        |
| 78 5                           | MERRIMACK VILLAGE DAM DEMOLITION | (13,084 89)     | 04/01/2008        |
| 78 6                           | MERRIMACK VILLAGE DAM DEMOLITION | 21 91           | 05/01/2008        |
| 78 7                           | MERRIMACK VILLAGE DAM DEMOLITION | 125 15          | 06/01/2008        |
| 916                            | MERRIMACK VILLAGE DAM DEMOLITION | 9,909 86        | 01/01/2009        |
| 72 20                          | MERRIMACK VILLAGE DAM PHASE II   | (23,331 22)     | 05/01/2008        |
| 72 21                          | MERRIMACK VILLAGE DAM PHASE II   | (4,700 00)      | 07/01/2008        |
| 78 10                          | MERRIMACK VILLAGE DAM REMOVAL    | 205,230 25      | 08/01/2008        |
| 78 11                          | MERRIMACK VILLAGE DAM REMOVAL    | (211,240 37)    | 09/01/2008        |
| 78 12                          | MERRIMACK VILLAGE DAM REMOVAL    | 66,673 77       | 10/01/2008        |
| 78 14                          | MERRIMACK VILLAGE DAM REMOVAL    | (19,203 50)     | 11/01/2008        |
| 78 15                          | MERRIMACK VILLAGE DAM REMOVAL    | 15,700 00       | 11/01/2008        |
| 78 16                          | MERRIMACK VILLAGE DAM REMOVAL    | 3,359 33        | 12/01/2008        |
| 78 17                          | MERRIMACK VILLAGE DAM REMOVAL    | (125,582 05)    | 12/01/2008        |
| 78 8                           | MERRIMACK VILLAGE DAM REMOVAL    | 8,172 85        | 07/01/2008        |
| 78 9                           | MERRIMACK VILLAGE DAM REMOVAL    | 67,802 85       | 07/01/2008        |
| 72 18                          | MERRIMACK VILLAGE DAM PHASE II   | 17,874 00       | 04/01/2008        |
| 78 4                           | MERRIMACK VILLAGE DAM DEMOLITION | (16,856 94)     | 01/01/2008        |
| 64                             | MERRIMACK VILLAGE DAM            | (2) 35,228 49   | 12/01/2005        |
| 72 4                           | MERRIMACK VILLAGE DAM - PHASE II | (2) -6,227 05   | 07/01/2006        |
| 72                             | MERRIMACK VILLAGE DAM - PHASE II | (2) 7,264 18    | 02/01/2006        |
| 72 1                           | MERRIMACK VILLAGE DAM - PHASE II | (2) 11,110 20   | 04/01/2006        |
| 72 2                           | MERRIMACK VILLAGE DAM - PHASE II | (2) 3,367 93    | 05/01/2006        |
| 72 3                           | MERRIMACK VILLAGE DAM - PHASE II | (2) 4,697 27    | 06/01/2006        |
| 72 5                           | MERRIMACK VILLAGE DAM - PHASE II | (2) 12,036 60   | 08/01/2006        |
| 72 6                           | MERRIMACK VILLAGE DAM - PHASE II | (2) 11,505 34   | 09/01/2006        |
| 72 7                           | MERRIMACK VILLAGE DAM - PHASE II | (2) 3,578 68    | 10/01/2006        |
| 72 8                           | MERRIMACK VILLAGE DAM - PHASE II | (2) 2,168 57    | 11/01/2006        |
| 72 9                           | MERRIMACK VILLAGE DAM - PHASE II | (2) 3,345 23    | 12/01/2006        |
| 72 11                          | MERRIMACK VILLAGE DAM - PHASE II | (2) -19,681 85  | 03/01/2007        |
| 72 12                          | MERRIMACK VILLAGE DAM - PHASE II | (2) 2,873 00    | 05/01/2007        |
| 72 13                          | MERRIMACK VILLAGE DAM - PHASE II | (2) 13,723 55   | 06/01/2007        |
| 78                             | MERRIMACK VILLAGE DAM DEMOLITION | (2) 167,000 00  | 12/01/2006        |
| 78 2                           | MERRIMACK VILLAGE DAM DEMOLITION | (2) -75,000 00  | 03/01/2007        |
| 78 3                           | MERRIMACK VILLAGE DAM DEMOLITION | (2) -61,287 77  | 12/01/2007        |
| 78 1                           | MERRIMACK VILLAGE DAM DEMOLITION | (2) 60,438 90   | 01/01/2007        |
| 72 10                          | MERRIMACK VILLAGE DAM PHASE II   | (2) 7,397 11    | 01/01/2007        |
| 72 14                          | MERRIMACK VILLAGE DAM PHASE II   | (2) 11,127 12   | 11/01/2007        |
|                                | Merrimack Village Dam            | 225,621.17      |                   |

Total Direct Cost of Removal

238,845.09

**Notes:**

- (1) The cost of removal associated with the Fifield Tank is a credit as the resale of materials removed exceeded the cost of removing the tank.
- (2) The date on certain asset ID for the Merrimack Village Dam are prior to 2008. The date reflected is the date recorded in the deferred debit account. The items were subsequently recorded as cost of removal in 2008.



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Docket #: 08-073      Printed: June 15, 2009

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