

Lakes Region Water Company

SPS 1-1

Financing and Step Increase for ARRA Projects

Balance Sheet  
Assets and Other Debits

Line No. (a)	Account Title (Number) (b)	2008 Year End Balance (c)	Adjustments (d)	2008 Proformed Year End Balance (e)
<b>UTILITY PLANT</b>				
1	Utility Plant (101-106)	\$ 4,217,427	\$ 1,398,279	\$ 5,615,706
2	Less: Accumulated Depr. and Amort. (108-110)	\$ 1,090,576	\$ (82,553)	1,008,023
3	Net Plant	\$ 3,126,851	\$ 1,480,832	\$ 4,607,683
4	Utility Plant Acquisition Adj. (Net) (114-115)	(117,266)	1,738	(119,004)
5	Total Net Utility Plant	\$ 3,009,585	\$ 1,479,094	\$ 4,488,679
<b>OTHER PROPERTY AND INVESTMENTS</b>				
6	Nonutility Property (121)			
7	Less: Accumulated Depr. and Amort. (122)			
8	Net Nonutility Property			
9	Investment in Associated Companies (123)			
11	Utility Investments (124)			
12	Other Investments			
13	Special Funds(126-128)			
14	Total Other Property & Investments			
<b>CURRENT AND ACCRUED ASSETS</b>				
16	Cash (131)	657	(6,350)	(5,693)
17	Special Deposits (132)			
18	Other Special Deposits (133)			
19	Working Funds (134)			
20	Temporary Cash Investments (135)			
21	Accounts and Notes Receivable-Net (141-144)	83,810		83,810
22	Accounts Receivable from Assoc. Co. (145)	46,333		46,333
23	Notes Receivable from Assoc. Co. (146)			
24	Materials and Supplies (151-153)	66,354		66,354
25	Stores Expense (161)			
26	Prepayments-Other (162)	38,120		38,120
27	Prepaid Taxes (163)	5,463		5,463
28	Interest and Dividends Receivable (171)			
29	Rents Receivable (172)			
30	Accrued Utility Revenues (173)			
31	Misc. Current and Accrued Assets (174)			
32	Total Current and Accrued Assets	\$ 240,737	\$ (6,350)	\$ 234,387
<b>DEFERRED DEBITS</b>				
32	Unamortized Debt Discount & Expense (181)	28,765	2,375	31,140
33	Extraordinary Property Losses (182)			
34	Prelim. Survey & Investigation Charges (183)			
35	Clearing Accounts (184)			
36	Temporary Facilities (185)			
37	Miscellaneous Deferred Debits (186)	18,361		18,361
38	Research & Development Expenditures (187)			
39	Accumulated Deferred Income Taxes (190)			
40	Total Deferred Debits	\$ 47,126	\$ 2,375	\$ 49,501
<b>TOTAL ASSETS AND OTHER DEBITS</b>		\$ 3,297,448	\$ 1,475,119	\$ 4,772,567

## Financing and Step Increase for ARRA Projects

Balance Sheet  
Equity Capital and Liabilities

Line No. (a)	Account Title (Number) (b)	2008 Year End Balance (c)	Adjustments (d)	2008 Proformed Year End Balance (e)
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	\$ 10,000		\$ 10,000
2	Preferred Stock Issued (204)			
3	Capital Stock Subscribed (202,205)			
4	Stock Liability for Conversion (203, 206)			
5	Premium on Capital Stock (207)	942,080		942,080
6	Installments Received On Capital Stock (208)			
7	Other Paid-In Capital (209,211)			-
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)			
10	Retained Earnings (214-215)	183,466	11,714	195,180
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	\$ 1,135,546	\$ 11,714	\$ 1,147,260
<b>LONG TERM DEBT</b>				
13	Bonds (221)	834,663		834,663
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	228,288	724,310	952,598
17	Total Long-Term Debt	\$ 1,062,951	\$ 724,310	\$ 1,787,261
<b>CURRENT AND ACCRUED LIABILITIES</b>				
18	Accounts Payable (231)	272,911		272,911
19	Notes Payable (232)			-
20	Accounts Payable to Associated Co. (233)			
21	Notes Payable to Associated Co. (234)			
22	Customer Deposits (235)	362		362
23	Accrued Taxes (236)	(4,522)		(4,522)
24	Accrued Interest (237)	25,121		25,121
25	Accrued Dividends (238)			
26	Matured Long-Term Debt (239)			
27	Matured Interest (240)			
28	Misc. Current and Accrued Liabilities (241)			-
29	Total Current and Accrued Liabilities	\$ 293,872	\$ -	\$ 293,872
<b>DEFERRED CREDITS</b>				
30	Unamortized Premium on Debt (251)			
31	Advances for Construction (252)			
32	Other Deferred Credits (253)			
33	Accumulated Deferred Investment Tax Credits (255)			
34	<b>Accumulated Deferred Income Taxes:</b>			
35	Accelerated Amortization (281)			
36	Liberalized Depreciation (282)	105,511		105,511
37	Other (283)			
38	Total Deferred Credits	\$ 105,511	\$ -	\$ 105,511
<b>OPERATING RESERVES</b>				
39	Property Insurance Reserve (261)			
40	Injuries and Damages Reserve (262)			
41	Pensions and Benefits Reserves (263)			
42	Miscellaneous Operating Reserves (265)			
43	Total Operating Reserves			
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>				
44	Contributions In Aid of Construction (271)	844,099	750,000	1,594,099
45	Accumulated Amortization of C.I.A.C. (272)	(144,531)	(10,905)	(155,436)
46	Total Net C.I.A.C.	\$ 699,568	\$ 739,095	\$ 1,438,663
46	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	\$ 3,297,448	\$ 1,475,119	\$ 4,772,567

## Financing and Step Increase for ARRA Projects

## Statement of Income

Line No. (a)	Account Title (Number) (b)	2008 Year End Balance (c)	Adjustments (d)	2008 Proformed Year End Balance (e)
<b>UTILITY OPERATING INCOME</b>				
1	Operating Revenues(400)	\$ 814,126	\$ 70,430	\$ 884,556
2	Operating Expenses:			
3	Operating and Maintenance Expense (401)	733,573	2,500	736,073
4	Depreciation Expense (403)	118,824	19,168	137,992
5	Amortization of Contribution in Aid of Construction (405)	(10,500)	(10,905)	(21,405)
6	Amortization of Utility Plant Acquisition Adjustment (406)	(3,693)	1,738	(5,431)
7	Amortization Expense-Other (407)			
8	Taxes Other Than Income (408.1-408.13)	36,415	15,844	52,259
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	2,017	2,603	4,620
10	<b>Total Operating Expenses</b>	<b>\$ 876,636</b>	<b>\$ 30,949</b>	<b>\$ 907,585</b>
11	Net Operating Income (Loss)	(62,510)	39,481	(23,029)
12	Income From Utility Plant Leased to Others (413)			
13	Gains(Losses) From Disposition of Utility Property (414)	8,691		8,691
14	<b>Net Water Utility Operating Income</b>	<b>\$ (53,819)</b>	<b>\$ 39,481</b>	<b>\$ (14,338)</b>
<b>OTHER INCOME AND DEDUCTIONS</b>				
15	Revenues From Merchandising, Jobbing and Contract Work (415)			-
16	Costs and Expenses of Merchandising, Jobbing and Contract Work (416)			
17	Equity in Earnings of Subsidiary Companies (418)			
18	Interest and Dividend Income (419)	3,422		3,422
19	Allow. for funds Used During Construction (420)			
20	Nonutility Income (421)			-
21	Gains (Losses) Form Disposition Nonutility Property (422)			
22	Miscellaneous Nonutility Expenses (426)			-
23	<b>Total Other Income and Deductions</b>	<b>\$ 3,422</b>	<b>\$ -</b>	<b>\$ 3,422</b>
<b>TAXES APPLICABLE TO OTHER INCOME</b>				
24	Taxes Other Than Income (408.2)			
25	Income Taxes (409.2, 410.2, 411.2, 412.2, 412.3)			
26	<b>Total Taxes Applicable To Other Income</b>			
<b>INTEREST EXPENSE</b>				
27	Interest Expense (427)	78,396	27,642	106,038
28	Amortization of Debt Discount & Expense (428)	1,296	125	1,421
29	Amortization of Premium on Debt (429)			
30	<b>Total Interest Expense</b>	<b>\$ 79,692</b>	<b>\$ 27,767</b>	<b>\$ 107,459</b>
31	<b>Income Before Extraordinary Items</b>	<b>(130,089)</b>	<b>11,714</b>	<b>(118,375)</b>
<b>EXTRAORDINARY ITEMS</b>				
32	Extraordinary Income (433)			
33	Extraordinary Deductions (434)			
34	Income Taxes, Extraordinary Items (409.3)			
35	<b>Net Extraordinary Items</b>			
	<b>NET INCOME (LOSS)</b>	<b>\$ (130,089)</b>	<b>\$ 11,714</b>	<b>\$ (118,375)</b>

## Financing and Step Increase for ARRA Projects

## Capital Structure

Line No.	Account Title (Number)	12/31/2004	Proformed 12/31/2004 in DW 05-137	12/31/2005	12/31/2006	12/31/2007	12/31/2008	Proformed 12/31/2008
<b>EQUITY CAPITAL</b>								
1	Common Stock Issued (201)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
2	Preferred Stock Issued (204)							
3	Capital Stock Subscribed (202,205)							
4	Stock Liability for Conversion (203, 206)							
5	Premium on Capital Stock (207)	217,650	217,650	217,650	217,650	217,650	942,080	942,080
6	Installments Received On Capital Stock (208)							
7	Other Paid-In Capital (209,211)							
8	Discount on Capital Stock (212)							
9	Capital Stock Expense(213)							
10	Retained Earnings (214-215)	339,871	339,871	281,512	303,456	313,555	183,466	195,180
11	Reacquired Capital Stock (216)							
12	Total Equity Capital	\$ 567,521	\$ 567,521	\$ 509,162	\$ 531,106	\$ 541,205	\$ 1,135,546	\$ 1,147,260
<b>LONG TERM DEBT</b>								
13	Bonds (221)	792,397	739,001	975,681	932,245	885,099	834,663	834,663
14	Reacquired Bonds (222)							
15	Advances from Associated Companies (223)							
16	Other Long-Term Debt (224)	95,712	121,631	127,613	194,013	442,100	228,288	952,598
17	Total Long-Term Debt	\$ 888,109	\$ 860,632	\$ 1,103,294	\$ 1,126,258	\$ 1,327,199	\$ 1,062,951	\$ 1,787,261
<b>Total Capitalization</b>		\$ 1,455,630	\$ 1,428,153	\$ 1,612,456	\$ 1,657,364	\$ 1,868,404	\$ 2,198,497	\$ 2,934,521

## Capitalization Ratios

Line No.	Account Title (Number) (a)	12/31/2004	Proformed 12/31/2004 in DW 05-137	12/31/2005	12/31/2006	12/31/2007	12/31/2008	Proformed 12/31/2008
<b>EQUITY CAPITAL</b>								
1	Common Stock Issued (201)	0.69%	0.70%	0.62%	0.60%	0.54%	0.45%	0.34%
2	Preferred Stock Issued (204)							
3	Capital Stock Subscribed (202,205)							
4	Stock Liability for Conversion (203, 206)							
5	Premium on Capital Stock (207)	14.95%	15.24%	13.50%	13.13%	11.65%	42.85%	32.10%
6	Installments Received On Capital Stock (208)							
7	Other Paid-In Capital (209,211)							
8	Discount on Capital Stock (212)							
9	Capital Stock Expense(213)							
10	Retained Earnings (214-215)	23.35%	23.80%	17.46%	18.31%	16.78%	8.35%	6.65%
11	Reacquired Capital Stock (216)							
12	Total Equity Capital	38.99%	39.74%	31.58%	32.05%	28.97%	51.65%	39.10%
<b>LONG TERM DEBT</b>								
13	Bonds (221)	54.44%	51.75%	60.51%	56.25%	47.37%	37.97%	28.44%
14	Reacquired Bonds (222)							
15	Advances from Associated Companies (223)							
16	Other Long-Term Debt (224)	6.58%	8.52%	7.91%	11.71%	23.66%	10.38%	32.46%
17	Total Long-Term Debt	61.01%	60.26%	68.42%	67.95%	71.03%	48.35%	60.90%
<b>Total Capitalization</b>		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Financing and Step Increase for ARRA Projects

Journal Entries				Impact on NI
JE#1	Dr.	Miscellaneous Deferred Debits	5,000	
	Cr.	Cash		5,000
To record costs associated with financing and step increase (See SPS 11)				
JE#2	Dr.	Cash	1,500,000	
	Cr.	Other Long Term Debt		750,000
	Cr.	Contribution in Aid of Construction		750,000
To record receipt of cash and additional long term debt (See SPS 10)				
JE#3	Dr.	Accumulated Depreciation	2,642	
	Cr.	Depreciation Expense		2,642
	Dr.	Accumulated Depreciation	101,721	
	Cr.	Plant		101,721
To reverse 2008 depreciation on retired plant and record retirement of such plant				
JE#4	Dr.	Amortization of Utility Plant Acquisition Adjustments	1,738	(1,738)
	Cr.	Accumulated Amortization of Util Plant Acq Adj		1,738
	Dr.	Utility Plant Acquisition Adjustment	69,127	
	Cr.	Accumulated Amortization of Util Plant Acq Adj		69,127
To reverse 2008 amortization on retired util plant acq adj and record related retirement				
JE#5	Dr.	Plant	1,500,000	
	Cr.	Cash		1,500,000
To record additional investment in plant (See SPS 6)				
JE#6	Dr.	Depreciation Expense	21,810	(21,810)
	Cr.	Accumulated Depreciation		21,810
To record annual depreciation expense (See SPS 6)				
JE#7	Dr.	Accumulated Amortization of CIAC	10,905	
	Cr.	Amortization Expense		10,905
To record annual amortization expense (See SPS 7)				
JE#8	Dr.	Operating Expenses		0
	Cr.	Cash		
To record increase in operating expenses				
JE#9	Dr.	Regulatory Commission expenses	2,500	(2,500)
	Cr.	Miscellaneous Deferred Debits		2,500
To record regulatory expenses associated with step increase				
JE#10	Dr.	Taxes other than Income - State	4,878	(4,878)
	Dr.	Taxes other than Income - Local	10,966	(10,966)
	Dr.	State Business Enterprise Taxes	996	(996)
	Dr.	Federal Income Taxes	1,608	(1,608)
	Cr.	Cash		18,448
To record increase in property taxes and business enterprise taxes (See SPS 8 & 9)				
JE#11	Dr.	Other Long Debt	25,690	
	Dr.	Interest Expense	27,642	(27,642)
	Cr.	Cash		53,332
To record repayment of principal and interest				
JE#12	Dr.	Amortization of Debt Expense	125	(125)
	Cr.	Miscellaneous Deferred Debt		125
To record amortization of debt expense				
JE#13	Dr.	Cash	70,430	
	Cr.	Revenue		67,930
	Cr.	Revenue - Surcharge		2,500
To record receipt of revenue (See SPS 5)				
Total Impact on Net Income				11,714

## Financing and Step Increase for ARRA Projects

## Preliminary Calculation of Revenue Requirement

	Tamworth Projected Costs	Gunstock BrakeHill Projected Costs	Woodland Grove Projected Costs	Echo Lake Woods Projected Costs	175 Estate Projected Costs	Total Projected Costs
Plant Additions/Retirements:						
Plant Additions						
Structures and Improvements			20,000			20,000
Pumping Equipment			95,000			95,000
Water Treatment Equipment	46,000					46,000
Tank			30,000			30,000
Mains		750,000		161,000	345,000	1,256,000
Meters	32,000				21,000	53,000
Total	\$78,000	\$750,000	\$145,000	\$161,000	\$366,000	\$1,500,000
Plant Retirements	0	39,677	28,927	42,117	0	110,721
Net Additions/Retirements	\$78,000	\$710,323	\$116,073	\$118,883	\$366,000	\$1,389,279
Add: Accum Depr on Retired Plant	0	39,677	28,927	42,117	0	110,721
Less: Accum Depr on New Plant	3,100	7,500	5,625	1,610	3,975	21,810
Net Plant	\$74,900	\$742,500	\$139,375	\$159,390	\$362,025	\$1,478,190
Contribution in Aid of Construction						
Structures and Improvements			\$10,000			\$10,000
Pumping Equipment			47,500			47,500
Water Treatment Equipment	23,000					23,000
Tank			15,000			15,000
Mains		375,000		80,500	172,500	628,000
Meters	16,000				10,500	26,500
Total	\$39,000	\$375,000	\$72,500	\$80,500	\$183,000	\$750,000
Less: Accumulated Amortization of CIAC	1,550	3,750	2,813	805	1,988	10,905
Net Contribution in Aid of Construction	37,450	371,250	69,688	79,695	181,013	739,095
Plus: Working Capital	0	0	0	0	0	0
Total Additional Rate Base	\$37,450	\$371,250	\$69,688	\$79,695	\$181,013	\$739,095
Rate of Return	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%
Additional Net Operating Income Required	\$1,402	\$13,900	\$2,609	\$2,984	\$6,777	\$27,672
Increase in Operating and Maintenance Expenses						
Increase in Depreciation Expense						43,620
Increase in Amortization of CIAC						(21,810)
Increase in Taxes other than Income - State						4,878
Increase in Taxes other than Income - Town						10,966
Increase in Business Taxes - State						996
Increase in Income Taxes - Federal						1,608
Total Increase in Operating Expenses						40,258
Total Additional Revenue Required						\$67,930
2008 Adjusted Operating Revenues						772,713
Total Revenue Required						\$840,643
Percentage Increase Required						8.79%

## Financing and Step Increase for ARRA Projects

## Plant

## Preliminary Accumulated Depreciation and Depreciation Expense

PUC Acct. No.	Description	Cost	Depr. Rate	Annual Cost	Accum Depr.
	<u>Tamworth</u>				
320	Water Treatment Equipment	\$46,000	10.00%	\$4,600	\$2,300
334	Meters	<u>32,000</u>	5.00%	<u>1,600</u>	<u>800</u>
	TOTAL	<u>\$78,000</u>		<u>\$6,200</u>	<u>\$3,100</u>
	<u>Gunstock Glen / Brake Hill</u>				
331	Mains	\$750,000	2.00%	\$15,000	\$7,500
	TOTAL	<u>\$750,000</u>		<u>\$15,000</u>	<u>\$7,500</u>
	<u>Woodland Grove</u>				
304	Structures and Improvements	\$20,000	2.50%	\$500	\$250
311	Pumping Equipment - Pumps	90,000	10.00%	9,000	4,500
311	Pumping Equipment - SCADA System	5,000	20.00%	1,000	500
330	Tank	<u>30,000</u>	2.50%	<u>750</u>	<u>375</u>
	TOTAL	<u>\$145,000</u>		<u>\$11,250</u>	<u>\$5,625</u>
	<u>Echo Lake Woods</u>				
331	Mains	\$161,000	2.00%	\$3,220	\$1,610
	TOTAL	<u>\$161,000</u>		<u>\$3,220</u>	<u>\$1,610</u>
	<u>175 Estate</u>				
331	Mains	\$345,000	2.00%	\$6,900	\$3,450
334	Meters	<u>21,000</u>	5.00%	<u>1,050</u>	<u>525</u>
	TOTAL	<u>\$366,000</u>		<u>\$7,950</u>	<u>\$3,975</u>
	GRAND TOTAL	<u>\$1,500,000</u>		<u>\$43,620</u>	<u>\$21,810</u>

SPSt. Cyr  
5/21/2009

## Financing and Step Increase for ARRA Projects

## Contribution in Aid of Construction

## Preliminary Accumulated Amortization and Amortization Expense

PUC Acct. No.	Description	Cost	Depr. Rate	Annual Cost	Accum Amort
	<u>Tamworth</u>				
320	Water Treatment Equipment	\$23,000	10.00%	\$2,300	\$1,150
334	Meters	<u>16,000</u>	5.00%	<u>800</u>	<u>400</u>
	TOTAL	<u>\$39,000</u>		<u>\$3,100</u>	<u>\$1,550</u>
	<u>Gunstock Glen / Brake Hill</u>				
331	Mains	\$375,000	2.00%	\$7,500	\$3,750
	TOTAL	<u>\$375,000</u>		<u>\$7,500</u>	<u>\$3,750</u>
	<u>Woodland Grove</u>				
304	Structures and Improvements	\$10,000	2.50%	\$250	\$125
311	Pumping Equipment - Pumps	45,000	10.00%	4,500	2,250
311	Pumping Equipment - SCADA System	2,500	20.00%	500	250
330	Tank	<u>15,000</u>	2.50%	<u>375</u>	<u>188</u>
	TOTAL	<u>\$72,500</u>		<u>\$5,625</u>	<u>\$2,813</u>
	<u>Echo Lake Woods</u>				
331	Mains	<u>\$80,500</u>	2.00%	<u>\$1,610</u>	<u>\$805</u>
	TOTAL	<u>\$80,500</u>		<u>\$1,610</u>	<u>\$805</u>
	<u>175 Estate</u>				
331	Mains	\$172,500	2.00%	\$3,450	\$1,725
334	Meters	<u>10,500</u>	5.00%	<u>525</u>	<u>263</u>
	TOTAL	<u>\$183,000</u>		<u>\$3,975</u>	<u>\$1,988</u>
	GRAND TOTAL	<u>\$750,000</u>		<u>\$21,810</u>	<u>\$10,905</u>

SPSt. Cyr  
5/21/2009

**Financing and Step Increase for ARRA Projects**

<b>Taxes</b>	Gunstock	Woodland	Echo Lake	175	Total	
	Tamworth	Brake Hill	Grove	Woods		
	Projected	Projected	Projected	Projected	Projected	Projected
<u>State Property Taxes</u>	<u>Costs</u>	<u>Costs</u>	<u>Costs</u>	<u>Costs</u>	<u>Costs</u>	<u>Costs</u>
Total Project Costs	\$78,000	\$750,000	\$145,000	\$161,000	\$366,000	\$1,500,000
Accumulated Depreciation	<u>3,100</u>	<u>7,500</u>	<u>5,625</u>	<u>1,610</u>	<u>3,975</u>	<u>21,810</u>
Net Plant	<u>\$74,900</u>	<u>\$742,500</u>	<u>\$139,375</u>	<u>\$159,390</u>	<u>\$362,025</u>	<u>\$1,478,190</u>
Thousand Dollars of Assessed Value	<u>\$75</u>	<u>\$743</u>	<u>\$139</u>	<u>\$159</u>	<u>\$362</u>	<u>\$1,478</u>
Adjusted \$000 of Assessed Value	\$37	\$371	\$70	\$80	\$181	\$739
Property Tax Rate	<u>6.60</u>	<u>6.60</u>	<u>6.60</u>	<u>6.60</u>	<u>6.60</u>	<u>6.60</u>
State Property Taxes	<u>\$247</u>	<u>\$2,450</u>	<u>\$460</u>	<u>\$526</u>	<u>\$1,195</u>	<u>\$4,878</u>

Local Property Taxes

Total Project Costs	\$78,000	\$750,000	\$145,000	\$161,000	\$366,000	\$1,500,000
Accumulated Depreciation	<u>3,100</u>	<u>7,500</u>	<u>5,625</u>	<u>1,610</u>	<u>3,975</u>	<u>21,810</u>
Net Plant	<u>\$74,900</u>	<u>\$742,500</u>	<u>\$139,375</u>	<u>\$159,390</u>	<u>\$362,025</u>	<u>\$1,478,190</u>
Thousand Dollars of Assessed Value	<u>\$75</u>	<u>\$743</u>	<u>\$139</u>	<u>\$159</u>	<u>\$362</u>	<u>\$1,478</u>
Adjusted \$000 of Assessed Value	\$37	\$371	\$70	\$80	\$181	\$739
Property Tax Rate	<u>18.51</u>	<u>13.50</u>	<u>13.53</u>	<u>13.53</u>	<u>17.90</u>	
Local Property Taxes	<u>\$693</u>	<u>\$5,012</u>	<u>\$943</u>	<u>\$1,078</u>	<u>\$3,240</u>	<u>\$10,966</u>

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**Financing and Step Increase for ARRA Projects**

**Income Taxes**

State Business Taxes

Pretax Income	\$ 11,714
State Business Taxes Rate	<u>8.50%</u>
State Business Taxes	<u>\$996</u>

Federal Income Taxes

Pretax Income	\$11,714
State Business Taxes	<u>(996)</u>
Pretax Federal Income	\$10,718
Federal Income Rate	<u>15.00%</u>
Federal Income Taxes	<u>\$1,608</u>

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## Financing and Step Increase for ARRA Projects

Total Costs of Projects \$1,500,000

### Source of Funds:

State of New Hampshire - Loan \$750,000

State of New Hampshire - Grant \$750,000

Total Source of Funds \$1,500,000

### Use of Funds:

Tamworth - Unarium Filter / Meters \$78,000

Gunstock / Brake Hill - Mains 750,000

Woodland Grove - Pump Station, Pumps, SCADA & Tank 145,000

Echo Lake Woods - Mains 161,000

175 Estates - Mains / Meters 366,000

Total Use of Funds \$1,500,000

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**Financing and Step Increase for ARRA Projects**

**Estimated Financing and Step Increase Costs**

Stephen P. St. Cyr & Associates	<u>5,000</u>
Total Financing Costs	<u>\$5,000</u>

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# Lakes Region Water Company

SPS 12

## Financing and Step Increase for ARRA Projects

DW 09-

Calculation of Percent Increase and Average, Annual Rate per Customer

2008 Total Water Operating Revenues	\$ 814,126
Less: Total 2008 Other Operating Revenues	<u>83,652</u>
2008 Sales of Water	\$730,474
Less: 2008 Swissvale Special Contract #2	<u>70,500</u>
2008 Revenues subject to DW 09- Step increases	\$659,974
DW 08-070 Step 1 & 2 Revenue Requirement	<u>112,739</u>
2008 Revenue adjusted for DW 08-070 Step 1 & 2 Revenue Requirement	\$772,713
DW 09- Step increase	<u>67,930</u>
DW 09- Revenue Requirement	<u>\$840,643</u>
DW 09- Step increase percent	<u>8.79%</u>
2008 Revenue adjusted for DW 08-070 Step 1 & 2 Revenue Requirement	\$772,713
Number of Customers at 12/31/08 (exculding POASI)	<u>1,611</u>
Average 2008 Revenue per Customer	\$479.65
Average Step Increase per Customer	<u>42.17</u>
Average, Annual Rate per Customer	<u>\$521.81</u>

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