

PENNICHUCK WATER WORKS, INC.  
MERRIMACK, NEW HAMPSHIRE

REPORT ON  
COST OF SERVICE ALLOCATIONS  
AND WATER RATE DESIGN

by

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PENNICHUCK WATER WORKS, INC.

INTRODUCTION

This report sets forth the procedures, findings, and results of a cost of service allocation study for Pennichuck Water Works, Inc. The cost of service allocation study developed herein is based on the financial and operating parameters developed by the Company for use in a rate filing scheduled to be made before the New Hampshire Public Utilities Commission in May 2010.

A discussion of the rationale employed for cost of service allocation studies, including a description of the allocations, together with illustrative tables and a general discussion of water rate design follows.

GENERAL

The total cost of service is a utility's revenue requirement. This amount is determined by establishing the revenues needed (that is, required) from all customers, in total, to permit the utility to recover its expenses and taxes, and to produce a fair return on its rate base. The determination of the Company's revenue requirement involves the issues pertaining to revenues, expenses, taxes, and rate base that are typically raised in a rate proceeding.

A water system furnishes service to a number of different customer classifications, each of which has different needs and conditions of service. A water utility incurs costs in relation to its operating requirements and its investment in system facilities necessary to meet the needs of its customers. As these needs vary among the different classes of customers, so also does the utility's cost of providing service to the respective customer classes. A cost of service allocation study allocates the total cost of service (that is, the revenue requirement) among classes of

customers in accordance with recognized principles and generally accepted procedures in order to obtain an indication of the relative cost responsibilities of each such class of customers. Additionally, a cost of service allocation study provides the cost information necessary to develop appropriate customer, volumetric, and fire protection charges. A cost of service allocation study is one of a number of factors that may be considered in developing a schedule of rates and charges which produce the required revenues.

Several bases or methods have evolved for use in the allocation of water utility costs. In most methods, the costs are allocated or assigned in two major steps: first to functional categories, and second to customer classifications. In this particular study, the cost allocation process is based upon the "Base-Extra Capacity Method" as recognized by the American Water Works Association as set forth in its Water Rates Manual. Costs are identified and allocated to functional cost categories of base and extra capacity cost, customer cost, and fire hydrant cost. Once the cost of service has been determined by functional cost category, the next step is the allocation of such costs to the customer classifications.

#### FUNCTIONAL COSTS

Base costs include those costs which would generally be incurred if the water system were operated at a uniform rate throughout the year and customers received water on the same basis. That is, base costs are generally associated with the provision of service under average or base load conditions without meeting peak demand requirements or water use variations. Base costs include the operating costs of supply, treatment, pumping, and transmission and distribution facilities, as well as the capital costs for water plant investment associated with serving customers at a constant, average, rate of use.

Extra capacity costs include those costs related to peak rates of water use in excess of

average requirements. The amount of system costs related to peak or maximum demands is affected by the customer mix within the area being studied. For example, in an area which is principally residential in nature, the peak demands on the system are relatively high. Alternatively, in an area comprising a mix of industrial, as well as residential and commercial customers, the delivery of water to industrial customers on a year-round basis generally results in an overall system peak load factor that is lower than would be the case for an essentially residential area. Extra capacity costs include capital and operating charges for additional plant and system capacity beyond that required for an average rate of use. This study considers extra capacity costs which are related to maximum day and maximum hour extra demand criteria.

Customer costs include those costs associated with connecting and serving customers irrespective of the volume of water used or demand requirements imposed. Customer costs generally comprise capital and operating costs related to services, meters, and customer installations and meter reading, billing, and collecting expense. In this study, customer costs have been sub-divided into costs related to commercial operations (that is, billing and collecting activities) and costs related to meters and services.

Fire hydrant costs comprise costs related to the capital investment in and the maintenance of fire hydrants.

The costs of the water utility are assigned to the various functional cost categories through the use of allocation factors which are developed for each item of capital investment, operating expense, taxes, and other items. Certain costs, such as chemical costs for water treatment, are assigned entirely to the base cost function. Other costs, such as meter reading and billing, are assigned directly to the customer cost function. Many cost elements, however, are not specifically related to a single cost function and are therefore allocated on the basis of other

relevant factors. For example, the capital investment in and associated costs of facilities required to meet maximum daily demands are allocated to the base cost and extra capacity maximum day functions in accordance with the relationship of the system maximum day consumption to the average annual rate of consumption. That is, if the maximum daily rate of water consumption is equal to 15 million gallons per day, and average use is 10 million gallons per day, facilities required to meet maximum daily demands would be allocated 66.7 percent ( $10 \div 15$ ) to the base cost function and 33.3 percent ( $5 \div 15$ ) to the extra capacity maximum day function. Costs associated with facilities required to meet maximum hourly demands are allocated in a similar manner.

#### CUSTOMER CLASSIFICATIONS

Customer classifications, or equivalently customer classes, are the groupings of those customers who are generally recognized as having reasonably similar service, consumption, and demand characteristics. Additionally, the practical necessities of utilities' billing systems have also been a factor in the way customer groups have been established. Pennichuck Water Works, Inc. maintains detailed customer group classifications as follows: general metered service, contract sales and service, and municipal and private fire protection service. These classes parallel the rate schedules presently used by Pennichuck Water Works, Inc. For purposes of the allocations made in this study, the general metered service class and the contract sales class have been consolidated into a water service class.

Each customer classification is allocated a portion of the base and extra capacity cost, the customer cost and the fire hydrant cost. This is accomplished by allocating the functional costs to each customer class in the proportion that the respective class responsibility for costs bears to the total cost responsibility of all customers served by the system. The sum of all functional

costs attributable to a customer class is the total cost of service to be recovered from that class.

Each individual functional cost category is allocated to the customer classifications in accordance with the following methodology.

Base costs are costs that would be incurred in supplying water at the annual average rate of usage exclusive of costs incurred in meeting peak demand requirements or water use variations. Base costs are therefore allocated to the customer classes in the same proportion that the total annual volume of water used by each customer class is to the total annual system water use.

Extra capacity costs are costs incurred in meeting peak rates of water usage in excess of average requirements. Extra capacity maximum day costs are allocated to the customer classes in accordance with the maximum day demand of each customer class which is in excess of the average rate of consumption. For fire protection costs, demand estimates are made on the basis of system capacity and fire demand requirements. Extra capacity maximum hour costs are allocated on a similar basis except that the maximum hour demand in excess of the maximum day demand is used as the controlling factor.

Customer costs are allocated to the customer classes on the basis of the billing costs and the numbers of meters and services.

Customer class billing requirements are generally used to allocate the so-called "commercial" customer costs (that is, the costs related to billing and collection and the maintenance of customer records) to the various customer classes. These costs are a function of the total number of bills rendered during the year and are therefore allocated to the customer classes on the basis of the annual number of bills rendered to each class.

Neither the municipal fire protection class nor the private fire protection class has any responsibility for the customer cost-meters or customer cost-services functional components.

Such facilities are not used in the provision of municipal fire protection service and any such facilities used by the private fire protection class were installed by customers in that class. Hence, the water service class has sole responsibility for these facilities.

Fire hydrant functional costs are directly assigned to the public fire protection service customer class.

Finally, the base, the extra capacity, the customer, and the fire hydrant costs, when summarized by customer class, define the total cost of service to be recovered from each customer class. This summation also provides an indication of the responsibility of each customer class for each of the functional costs which together constitute the total cost of service.

#### REVENUE REQUIREMENT

As previously discussed, the total cost of service is synonymous with a utility's revenue requirement. The total revenue requirement for a water utility should be sufficient to guarantee the provision of adequate water service and to assure the maintenance, development, and perpetuation of the water system. The principal components of the revenue requirement for an investor-owned water utility comprise operation and maintenance expenditures; depreciation and amortization expenses; income and other taxes; and, operating income or return on investment. Cost of service studies for investor-owned water utilities reporting to a regulatory authority are often prepared in conjunction with the processing of a rate relief application and the concurrent development of a pro forma revenue requirement. This particular study is based on a total revenue requirement of \$28,397,565 as developed by Pennichuck Water Works, Inc. for filing in a rate proceeding before the New Hampshire Board of Public Utilities Commission. This revenue requirement provides for the following expense categories:

<u>Item</u>	<u>Amount</u>
Operation and Maintenance	\$10,392,652
Depreciation and Amortization	4,086,040
Taxes Other Than Income Tax	3,194,227
Income Taxes	3,047,413
Utility Operating Income	<u>7,677,233</u>
 Total Revenue Requirement	 <u>\$28,397,565</u>

As subsequently discussed in this report, the \$28,397,565 revenue requirement is allocated to the previously-defined functional costs. This functional cost allocation then becomes an input into both the development of rates and charges and the cost allocations to customer classes.

Additionally, it is noted that a portion of the \$28,397,565 revenue requirement is attained by other revenue not received from water sales or the provision of fire protection service. The management of Pennichuck Water Works, Inc. has projected other revenue to be \$365,964 on a pro forma basis. This other revenue amount is deducted from the total revenue requirement during the development of the functional cost allocations. Thus, the revenue to be attained from water sales and the provision of fire protection service is \$28,031,601.

PLANT INVESTMENT/RATE BASE

Pennichuck Water Works, Inc. maintains its plant investment accounts in accordance with the fixed capital reporting requirements of the New Hampshire Public Utilities Commission. Under this system, the original cost and the related depreciation reserve for utility plant in service as of December 31, 2009 has been set forth in the 2009 Annual report to the New Hampshire Public Utilities Commission as follows:

<u>Functional Plant Account</u>	<u>Original Cost</u>	<u>Depreciation Reserve</u>
Source of Supply and Pumping Plant	\$45,841,547	\$11,156,569
Treatment Plant	18,099,878	1,815,537
Transmission and Distribution Plant	81,499,230	21,349,145
General Plant	8,439,082	4,774,851
Intangible Plant	239,912	117,323
Adjustments	<u>          --</u>	<u>(7,168,458)</u>
Totals	<u>\$154,119,649</u>	<u>\$32,044,967</u>

The combination of the original cost and the depreciation reserve results in the net utility plant in service. This is an important input in the development of the net investment rate base which also includes contributions in aid of construction, customer advances for construction, customer deposits, working capital, deferred income taxes, deferred investment tax credits, and other items. The year-end December 31, 2009 rate base used in this study was developed by Pennichuck Water Works, Inc. and may be summarized as follows:

<u>Description</u>	<u>Amount</u>
Original Cost Utility Plant in Service	\$154,119,649
Depreciation Reserve	(32,044,967)
Acquisition Adjustment	(534,870)
Contributions in Aid of Construction	(22,794,159)
Working Capital	1,272,195
Materials and Supplies	716,730
Prepayments	771,666
Other & Deferred Charges	6,383,915
Customer Advances for Construction	(84,000)
Customer Deposits	(118,483)
Deferred Income Tax	(14,769,177)
Deferred Tax Liability	(838,590)
Unamortized ITC	(767,922)
Deferred Rental Credits	<u>(3,244)</u>
Total Rate Base	<u>\$91,308,743</u>

The rate base is allocated to the several functional cost categories in accordance with the

methodology previously described. The results of the rate base allocation are then subsequently used to allocate investment related revenue requirement items such as income taxes and utility operating income.

#### WATER PRODUCTION/SYSTEM DELIVERY

A necessary step in a water cost of service allocation study is the development of the appropriate allocation factors for the functional cost elements. Hence, it is necessary to determine the system-wide water production and delivery on average day, maximum day, and maximum hour bases. The water production records maintained by Pennichuck Water Works, Inc. are recorded in sufficient detail to enable this determination to be made.

A review of the Pennichuck Water Works, Inc. system delivery statistics for the 2004 through 2009 period indicates the ratio of maximum day to average day delivery ranged from about 1.64 times to about 1.93 times and averaged about 1.74 times. Further, available data indicates that the ratio of maximum hour to peak day delivery is about 1.46 times. Based on this review, a maximum day ratio of 1.75 times and a maximum hour ratio of 2.55 times (i.e.,  $1.46 \times 1.75 = 2.55$ ) were used in this study as being representative of system capabilities.

A maximum day ratio of 1.75 times means that for facilities allocated on a maximum day basis, 57.14 percent of the cost is allocated to the base cost function while 42.86 percent of the cost is allocated to the extra capacity cost maximum day function. Similarly, a maximum hour ratio of 2.55 times means that for facilities allocated on maximum hour basis, 39.22 percent of the cost is allocated to the base cost function and 60.78 percent of the cost is allocated to the extra capacity cost-maximum hour function.

#### FUNCTIONAL COST OF SERVICE ALLOCATION

The allocation of Pennichuck Water Works' cost of service to the previously defined

functional cost components is set forth on a series of four schedules attached hereto. Descriptions of the individual schedules are given below.

Schedule 1 presents the details, in tabular form, of the allocation of the original cost of plant in service and rate base to the previously defined cost functions. The left-most column of Schedule 1 sets forth an account number while the second column from the left gives a description of the item being allocated. The third column from the left sets forth the total cost of the item being allocated. The allocations to the several cost functions are shown in Columns 4 through 10, while the right-most column indicates an allocation code for the specific allocation factor used to assign each cost element to the cost functions. The allocations set forth on Schedule 1 utilize the utility plant in service and depreciation reserve data that were previously summarized in an earlier section of this report. The allocations to the cost functions were made in accordance with the concepts which were previously described.

Schedule 2 is constructed in a format which is similar to that of Schedule 1. Schedule 2, however, sets forth the details of the allocation of the operation and maintenance expense, the annual depreciation and amortization expense, taxes other than income taxes, income taxes, and utility operating income as adjusted by Pennichuck Water Works, Inc. for the twelve months ended December 31, 2009. The data utilized on Schedule 2 were previously summarized in the Revenue Requirement discussion in this report.

Schedule 3 is similar in format to Schedules 1 and 2. Schedule 3 sets forth the development of the labor benefits allocator.

The allocation codes mentioned above are simply reference numbers which designate groups of percentages which are used to allocate the total amount of any given cost element to the several cost functions. Schedule 4 contains a written description of the allocation bases used

to allocate cost elements to the cost functions together with a list of the allocation codes and factors. Additionally, Page 3 of Schedule 4 illustrates the development of several of the factors used in the allocation of cost elements to the cost functions.

#### CUSTOMER CLASS COST OF SERVICE ALLOCATION

The allocation of Pennichuck Water Works' cost of service to the customer classifications is set forth on a series of three schedules attached hereto. Descriptions of the individual schedules are given below.

Schedule 5 presents the details, in tabular form, of the allocation of the revenue requirement functional costs, as developed on Schedule 2, to the previously identified customer groups. The far left column of Schedule 5 describes the cost elements which were developed on Schedule 2, while the next column shows the total cost of the items being allocated. The allocations to the customer groups are shown in columns 3 through 5, while the right-most column indicates an allocation code for the specific allocation factor used to assign each cost element to the customer classes.

The allocation codes mentioned above are simply reference numbers which designate groups of percentages which are used to allocate the total amount of any given functional cost element to the customer classifications. Schedule 6 contains a written description of the allocation bases used to allocate cost elements to the customer classifications together with a list of the allocation codes and factors.

Schedule 7 sets forth the development of the factors used in the allocations to the customer classes. Page 1 of this schedule illustrates the annual consumption as well as the non-coincident maximum day and maximum hour demands by customer group. The consumption data are based on metered sales or, in the case of fire protection, an estimated usage. Maximum daily and

maximum hourly totals for customer classes are based on the application of customer class demand factors to the average consumption. Page 1 of Schedule 7 also develops the customer class allocation factors related to the number of bills.

Page 2 of Schedule 7 sets forth the development of the private and public fire protection allocation factors based on the number of units in service.

#### REVENUES FROM PRESENT RATES

Before designing a schedule of rates and charges based on the allocations set forth herein, revenues under present rates were calculated. This calculation was based on the reported number of meters and fire protection units in service at December 31, 2009 together with the reported billable volumetric water usage during calendar year 2009.

Schedule 8 attached hereto sets forth the calculation of revenues under present rates.

#### COST OF SERVICE ALLOCATION RESULTS

The results of the previously described cost of service allocations are set forth on Schedule 9 attached hereto and are compared thereon with the revenues projected to be received under the present rate schedule. In general, Schedule 9 shows that, on a percentage basis, the present rate revenues from water service are slightly less than their cost of service indications. Revenues from both private fire protection and municipal fire protection service are greater than their cost of service indications on a percentage basis.

#### COST OF SERVICE RATE DESIGN

A rate design based upon the cost of service allocations is set forth on Schedule 10 attached hereto. Design of the individual rate elements will be discussed in the following paragraphs.

The costs of serving municipal fire protection customers are recovered through a two-part

rate, namely a hydrant charge and an inch-foot charge. The hydrant charge is usually developed to recover the functional fire-hydrant costs and municipal fire protection's share of the functional customer costs, while the inch-foot charge is usually developed to recover the capacity costs allocated to municipal fire protection service.

As set forth on Page 1 of Schedule 10, on a cost of service basis, the monthly hydrant charge is \$19.78 while the inch-foot charge is \$0.12831 per year.

The costs of serving private fire protection customers are recovered through periodic charges based on the size of the connection pipe entering the property. Costs to be recovered include the capacity costs allocated to private fire protection service and a share of the customer cost-commercial cost component. Since the present rate private fire protection revenues are greater than the allocated private fire protection costs, no changes are being proposed to the private fire rates. Pennichuck Water Works' existing tariff contains only three private fire service size classifications namely, 4 inch and smaller, 6 inch, and 8 inch or larger. These classifications will remain as set forth on Page 2 of Schedule 10.

Customer costs include meter and service and billing and collecting related costs. These costs are incurred regardless of the amount of water, if any, that is used. These costs are usually recovered through a fixed charge designated as either a service charge or a customer charge. The existing general service-metered tariff of Pennichuck Water Works, Inc. includes a customer charge which varies by meter size. This customer charge is a service charge which provides no water use allowance. This same general type of customer charge will be discussed herein.

As noted above, the existing Pennichuck customer charges vary by meter size. Schedule 11 attached hereto lists the existing monthly customer charges and ratios the charge for each meter size to the charge for a 5/8 inch meter. The resulting ratios are then compared with ratios

developed from the relationship of the AWWA recommended operating capacities by meter size. The AWWA capacity ratios have acceptance as a general guide for the relationship of customer charges for one meter size to another. Given the similarity of the existing customer charge ratios to the AWWA standard, as illustrated on Schedule 11, the existing ratios will be used in the customer charge development.

One issue that is always of concern is revenue instability problems. One method of alleviating such revenue instability problems would be to increase the level of the customer charges so that they recover more than the functional customer costs. The inclusion of other fixed costs in addition to the functional customer costs will tend to enhance revenue and financial stability and would help stabilize cash flow.

The inclusion of other costs in addition to the functional customer costs in customer (service) charges is recognized in the water ratemaking literature. AWWA Water Rates Manual M1 states that “The service charge is designed to recover customer-related costs and possibly some capacity-related costs associated with readiness to serve...” (Fourth Edition, page 34). Additionally, AWWA Water Rates Manual M1 also notes that “a portion of distribution-main costs as well as a portion of demand-related costs are sometimes included in the determination of service charges.” (Fourth Edition, page 39).

In addition to the above examples from the AWWA Water Rates Manual, further support for the inclusion of other items in the customer charge may be obtained from Publication NRRI 93-13 of the National Regulatory Research Institute. That publication, entitled “Meeting Water Utility Revenue Requirements: Financing and Ratemaking Alternatives”, states on page 69 that “common (overhead) costs include those costs (for example, administrative and general) that are generally independent of the number of customers, maximum demand, average demand, and

volume of usage. Common costs can be recovered via a periodic service charge.”

Page 3 of Schedule 10 sets forth the development of the proposed customer charges. As shown thereon, 75% of the non-customer, non-hydrant administrative and general costs were included in the customer charge development as recognition of other costs. It is noted that this concept has been used in the past to design customer charges for Pennichuck Water Works.

Additionally, in order to further stabilize revenues and cash flow, a portion of the expenses related to transmission and distribution mains has also been included in the customer charge development in accordance with the discussion in the AWWA Water Rates Manual. As shown on Page 3 of Schedule 10, 40% of the transmission and distribution expenses were included in the customer charge development. This 40% allocator was determined through an analysis of the inch-feet of mains in service at December 31, 2009.

Schedule 12 attached hereto sets forth the lengths of transmission and distribution mains in service as of December 31, 2009. As shown thereon, there were a total of 2,278,237 feet of transmission and distribution mains in service as of December 31, 2009. Schedule 12 illustrates both the reduction of all larger size mains to a 4” diameter and the calculation of inch-feet of mains. An inch-foot is simply the length of main in feet multiplied by the size of the diameter in inches. As shown on Schedule 12, there was an actual total of 20,253,859.8 inch-feet as of December 31, 2009. Under the reduction in size, there are only 8,801,443.8 inch-feet or about 43% of the actual number. This 43% is rounded down to 40% which is the customer cost portion of the mains. In essence, reducing the mains to 4” in diameter is similar to developing a minimum size system. This is also similar to the minimum size distribution system concept used in electric cost of service analyses.

Additionally, a portion of the fixed costs related to depreciation, amortization, and

property taxes has also been included in the customer charge development. As shown on Page 3 of Schedule 10, 75% of the base costs of depreciation, amortization, and property taxes (net of amounts applicable to the Anheuser-Busch carrying charge which is discussed below) were included in recognition of the fact that these costs are incurred irrespective of water production and use.

As shown on Page 3 of Schedule 10, the proposed customer charges are about 39.2 percent greater than the present customer charges. The increase to the 5/8" customer charge is slightly less, in order to tie to the overall revenue requirement.

A modification to the manner in which Pennichuck Water Works' largest customer, Anheuser-Busch, is billed is being proposed as part of the rate design set forth herein. Anheuser-Busch currently takes service under a contractual arrangement and is billed the monthly customer charge for each of its meters and a volumetric rate which is less than that applicable to general water service customers. Anheuser-Busch's water usage has been noticeably declining in recent years and concern exists that Anheuser-Busch will not be paying its fair share of the embedded fixed costs of water service, particularly with respect to the recent improvements and upgrades made to the treatment and supply facilities. In order to alleviate this concern, it is proposed to implement a carrying charge which would recover the fixed costs of the production facilities needed to serve Anheuser-Busch. The development of this carrying charge is set forth in detail in the Appendix which accompanies this report. Additionally, the customer charge would no longer be applicable to Anheuser-Busch and the volumetric charge would be based on production costs and Anheuser-Busch's share of administrative and general costs.

Schedule 13 attached hereto sets forth the development of the unit production cost and the Anheuser-Busch volumetric rate. As shown on Page 1 of Schedule 13, the unit production cost

is \$0.4647 per CCF. The unit production cost includes source of supply costs net of purchased water; pumping costs at the water treatment plant; and, water treatment costs. Pumping costs at the water treatment plant are set forth on Page 2 of Schedule 13. Anheuser-Busch's share of the administrative and general costs is developed on Page 3 of Schedule 13. The proposed Anheuser-Busch volumetric rate of \$1.1739 developed on Page 3 of Schedule 13 is considerably less than the \$1.4956 per CCF volumetric rate currently charged Anheuser-Busch. The implementation of a monthly carrying charge allows for this reduction.

As developed in the accompanying Appendix, the annual carrying charge is \$742,861. It is proposed to round this to \$742,860 or \$61,905 per month.

The proposed revenues to be obtained from service to Anheuser-Busch are calculated on Page 3 of Schedule 15 attached hereto.

Having developed the municipal fire protection charges, the private fire protection charges, the customer charges, and the charges for Anheuser-Busch, the volumetric rate remains as the "balance wheel" to provide the remainder of the revenue requirement. Page 4 of Schedule 10 illustrates the development of the volumetric rate, showing the deduction of revenue from other rates and charges from the revenue requirement and the comparison with the present volume charge revenue (exclusive of present volume revenue from Anheuser-Busch).

It is noted that in addition to the volumetric rate being proposed for Anheuser-Busch, there are actually three other volumetric rates, one for general service customers and one for each of the other two contract service customers (i.e., Hudson and Milford). The contracts with Hudson and Milford each relate the individual contract volumetric rate to the general service volumetric rate. Hence, as shown on Page 4 of Schedule 10, the proposed volumetric rates for general service, Hudson, and Milford are each approximately 4.0 percent greater than the corresponding

present rate.

The proposed rates and charges, as discussed above in the report section, are summarized on Schedule 14 attached hereto.

The proposed rates and charges are applied to the billing parameters on Schedule 15 attached hereto. As shown on Page 5 of Schedule 15, the proposed rates and charges generate about \$988 more than the net water revenue requirement. This difference is only 0.004% and is considered negligible for rate design purposes.

Finally, Schedule 16 attached hereto compares the class cost of service indications with the proposed rate revenues. As shown thereon, there is excellent agreement between the cost of service indications and the revenues generated by the proposed rates.

#### CLOSURE

The studies discussed in this report have allocated Pennichuck Water Works' revenue requirement to functional cost classifications and then to customer classifications. A rate design based on these allocations has been developed.

The results of the studies discussed herein can provide reasonable guidelines to be utilized in establishing appropriate rate levels in the planned Pennichuck Water Works, Inc. rate proceeding. It must be noted that seldom, if ever, are rates exactly in line with the cost of service indications at any given time. Generally, minor differences will exist just as a matter of normal circumstances. Cost of service allocations are the products of analyses based in part on judgment and experience and their results provide a substantial aid in the design of rates. However, actual tariff design, in addition to relying on the results of cost of service analyses, should also include consideration of policy matters, impact of rate changes, future planning, special customer characteristics, and judicial, regulatory, and contract requirements.

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Pennichuck Water Works, Inc.  
Test Period Ending December 31, 2009  
Allocation of Rate Base

Description	Total Cost	Base Cost	Extra Cap Max Day	Extra Cap Max Hour	Customer Commercial	Customer Meters	Customer Services	Fire Hydrants	Allocation Code
Utility Plant In Service at December 31, 2009									
<u>Source of Supply and Pumping Plant</u>									
303 Land and Land Rights	622,003	355,413	266,590	0	0	0	0	0	21
304 Structures and Improvements	34,802,480	19,886,137	14,916,343	0	0	0	0	0	21
305 Collecting and Impounding Reservoirs	2,434,786	2,434,786	0	0	0	0	0	0	20
306 Lake, River and Other Intakes	8,634	4,933	3,701	0	0	0	0	0	21
307 Wells and Springs	858,785	490,710	368,075	0	0	0	0	0	21
308 Infiltration Galleries and Tunnels	1,543	882	661	0	0	0	0	0	21
309 Supply Main	491,742	280,981	210,761	0	0	0	0	0	21
310 Power Generation Equipment	686,125	289,099	201,789	215,237	0	0	0	0	41
311 Pumping Equipment	5,935,449	2,327,883	1,745,616	1,861,950	0	0	0	0	41
Total Supply and Pumping Plant	45,841,547	26,050,824	17,713,536	2,077,187	0	0	0	0	
(Percent Code 34)	100.00 %	56.83 %	38.64 %	4.53 %	0.00 %	0.00 %	0.00 %	0.00 %	
<u>Water Treatment Plant</u>									
320 Water Treatment Equipment	18,099,878	10,342,270	7,757,608	0	0	0	0	0	21
Total Water Treatment Plant	18,099,878	10,342,270	7,757,608	0	0	0	0	0	
<u>Transmission and Distribution</u>									
330 Distribution Reservoirs and Standpipes	7,789,627	778,963	1,168,444	5,842,220	0	0	0	0	45
331 Transmission and Distribution Mains	54,256,564	21,279,425	15,956,855	17,020,284	0	0	0	0	44
333 Services	9,859,946	0	0	0	0	0	9,859,946	0	25
334 Meters and Meter Installations	5,925,910	0	0	0	0	5,925,910	0	0	24
335 Hydrants	3,240,423	0	0	0	0	0	0	3,240,423	26
Subtotal Transmission and Distribution	81,072,470	22,058,388	17,125,299	22,862,504	0	5,925,910	9,859,946	3,240,423	
Subtotal % (Percent Code 35)	100.00 %	27.21 %	21.12 %	28.20 %	0.00 %	7.31 %	12.16 %	4.00 %	
339 Other Plant and Miscellaneous Eq.	426,760	116,121	80,132	120,346	0	31,186	51,894	17,071	35
Total Transmission and Distribution	81,499,230	22,174,509	17,215,431	22,982,850	0	5,957,106	9,911,840	3,257,494	
Subtotal Above Utility Plant	145,440,655	58,567,803	42,686,575	25,060,037	0	5,957,106	9,911,840	3,257,494	
Subtotal % (Percent Code 29)	100.00 %	40.27 %	29.35 %	17.23 %	0.00 %	4.10 %	6.81 %	2.24 %	
<u>Intangible Plant</u>									
301 Organization	26,852	10,813	7,881	4,627	0	1,101	1,829	601	29
302 Franchise	213,060	85,799	62,533	36,710	0	8,735	14,509	4,774	29
Total Intangible Plant	239,912	96,612	70,414	41,337	0	9,836	16,338	5,375	

Pennichuck Water Works, Inc.  
Test Period Ending December 31, 2009  
Allocation of Rate Base

Description	Total Cost	Base Cost	Extra Cap Max Day	Extra Cap Max Hour	Customer Commercial	Customer Meters	Customer Services	Fire Hydrants	Allocation Code
Utility Plant in Service at December 31, 2009 - Continued									
<u>General Plant</u>									
340 Office Furniture and Equipment	494,197	199,013	145,047	85,150	0	20,262	33,655	11,070	29
341 Transportation Equipment	2,573,024	1,036,157	755,183	443,332	0	105,494	175,223	57,635	29
343 Tools, Shop and Garage Equipment	205,346	82,693	60,269	35,381	0	8,419	13,984	4,600	29
344 Laboratory Equipment	104,150	104,150	0	0	0	0	0	0	20
345 Power Operated Equipment	351,417	141,516	103,141	60,549	0	14,408	23,931	7,872	29
346 Communication Equipment	1,026,912	413,537	301,399	176,937	0	42,103	69,933	23,003	29
347 Miscellaneous Equipment	3,193,225	1,285,812	837,212	550,193	0	130,922	217,459	71,527	29
348 Other Tangible Equipment	490,811	197,650	144,053	84,567	0	20,123	33,424	10,994	29
Total General Plant	8,439,082	3,460,628	2,446,304	1,436,109	0	341,731	567,609	186,701	
(Percent Code 39)	100.00 %	41.01 %	28.99 %	17.02 %	0.00 %	4.05 %	6.72 %	2.21 %	
Total Utility Plant in Service	154,119,649	62,124,843	45,203,293	26,537,483	0	6,308,673	10,485,787	3,449,570	
(Percent Code 30)	100.00 %	40.31 %	29.33 %	17.22 %	0.00 %	4.09 %	6.81 %	2.24 %	
Accumulated Depreciation Reserve at December 31, 2009									
Source of Supply and Pumping Plant	11,156,569	6,340,278	4,310,898	505,393	0	0	0	0	34
Water Treatment Plant	1,815,537	1,037,398	778,139	0	0	0	0	0	21
Transmission and Distribution	21,349,145	5,809,102	4,508,939	6,020,459	0	1,560,622	2,596,056	853,967	35
General Plant	4,774,851	1,958,166	1,384,229	812,680	0	193,381	320,870	105,525	39
Intangible Plant	117,323	47,246	34,434	20,215	0	4,810	7,990	2,628	29
Subtotal Accumulated Depreciation Reserve	39,213,425	15,192,190	11,016,639	7,358,747	0	1,758,813	2,924,916	962,120	
Subtotal % (Percent Code 28)	100.00 %	38.74 %	28.09 %	18.77 %	0.00 %	4.49 %	7.46 %	2.45 %	
Accumulated Depreciation - Loss	(4,314,363)	(1,671,384)	(1,211,905)	(809,806)	0	(193,715)	(321,851)	(105,702)	28
Accumulated Depreciation - Cost of Removal	(1,794,816)	(695,234)	(504,108)	(338,849)	0	(80,578)	(133,878)	(43,969)	28
Miscellaneous Adjustments	(1,059,479)	(410,442)	(297,608)	(198,864)	0	(47,571)	(79,037)	(25,957)	28
Total Accumulated Depreciation Reserve	32,044,867	12,415,130	9,003,018	6,013,228	0	1,436,949	2,390,150	786,492	
(Percent Code 28)	100.00 %	38.74 %	28.10 %	18.77 %	0.00 %	4.48 %	7.46 %	2.45 %	
Total Depreciated Utility Plant in Service	122,074,682	49,709,713	36,200,275	20,524,255	0	4,871,724	8,105,637	2,663,078	
(Percent Code 27)	100.00 %	40.72 %	29.66 %	16.81 %	0.00 %	3.99 %	6.64 %	2.18 %	

Pennichuck Water Works, Inc.  
Test Period Ending December 31, 2009  
Allocation of Rate Base

Description	Total Cost	Base Cost	Extra Cap Max Day	Extra Cap Max Hour	Customer Commercial	Customer Meters	Customer Services	Fire Hydrants	Allocation Code
<b>Acquisition Adjustment</b>									
Acquisition Adjustment at 12/31/09	844,805	340,581	247,811	145,493	0	34,557	57,538	18,925	30
Accum Amort Acq Adj	310,035	124,975	90,933	53,368	0	12,680	21,113	6,948	30
<b>Contributions in Aid of Construction</b>									
CIAC at 12/31/09	27,069,195	10,911,593	7,939,395	4,661,315	0	1,107,130	1,843,412	606,350	30
Amort of CIAC	4,275,036	1,723,267	1,253,868	736,161	0	174,849	291,130	95,761	30
Subtotal Rate Base Elements	98,745,653	40,305,781	29,357,870	16,508,996	0	3,917,566	6,516,930	2,140,510	
<b>Rate Base Additions</b>									
Working Capital	1,272,195	524,399	282,809	148,720	90,326	148,720	51,397	25,824	46
<b>Materials and Supplies</b>									
Transmission and Distribution Meters	441,179	173,030	129,751	138,398	0	0	0	0	44
Water Treatment	110,663	0	0	0	0	110,663	0	0	24
Chemicals	14,747	8,426	6,321	0	0	0	0	0	21
Transportation Equipment	107,221	107,221	0	0	0	0	0	0	20
Generator Fuel	3,916	1,577	1,149	675	0	161	267	87	29
Customer Billing Materials	9,812	3,770	2,827	3,015	0	0	0	0	41
General Supplies	28,442	0	0	0	28,442	0	0	0	23
	950	383	279	164	0	39	65	20	29
Total Materials and Supplies	716,730	294,407	140,327	142,252	28,442	110,863	332	107	
Prepayments - Property Taxes	350,305	141,208	102,744	60,323	0	14,327	23,856	7,847	30
Prepaid Insurance	421,361	169,851	123,585	72,558	0	17,234	28,695	9,438	30
Other and Deferred Charges	6,383,915	2,573,356	1,872,402	1,099,310	0	261,102	434,745	143,000	30
Total Rate Base Additions	9,144,506	3,703,221	2,521,867	1,523,163	118,768	552,246	539,025	186,216	
<b>Rate Base Deductions</b>									
Customer Advances for Construction	84,000	32,945	24,704	26,351	0	0	0	0	44
Customer Deposits	118,483	0	0	0	0	0	118,483	0	25
Deferred Income Tax	14,769,177	5,953,455	4,331,800	2,543,252	0	604,059	1,005,781	330,830	30
Deferred Tax Liability	838,590	338,038	245,958	144,405	0	34,298	57,108	18,785	30
Unamortized ITC	767,922	309,549	225,232	132,236	0	31,408	52,295	17,202	30
Deferred Rental Credits	3,244	1,308	951	559	0	133	221	72	30
Total Rate Base Deductions	16,581,416	6,635,293	4,828,645	2,846,803	0	669,898	1,233,888	366,889	
Total Rate Base	91,308,743	37,373,709	27,051,092	15,183,356	118,768	3,769,914	5,822,067	1,959,837	
(Percent Code 33)	100.00 %	40.93 %	29.62 %	16.63 %	0.13 %	4.16 %	6.38 %	2.15 %	

Pennichuck Water Works, Inc.  
 Test Period Ending December 31, 2009  
 Allocation of Pro Forma Revenue Requirement

Description	Total Cost	Base Cost	Extra Cap Max Day	Extra Cap Max Hour	Customer Commercial	Customer Meters	Customer Services	Fire Hydrants	Allocation Code
<b>Pro Forma Operation and Maintenance Expenses</b>									
<u>Source of Supply</u>									
601	Operation Labor and Expenses	43,471	24,839	18,632	0	0	0	0	21
602	Purchased Water	244,717	139,831	104,886	0	0	0	0	21
603	Miscellaneous Expenses	10,737	6,135	4,602	0	0	0	0	21
610	Maintenance Super & Eng'g	395,162	225,796	169,366	0	0	0	0	21
	<b>Total Source of Supply</b>	<b>694,087</b>	<b>396,601</b>	<b>297,486</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<u>Pumping Expenses</u>									
623	Fuel or Power Purchased	935,018	794,763	93,502	46,751	0	0	0	43
624	Pumping Labor and Expenses	229,700	90,088	67,555	72,057	0	0	0	41
628	Miscellaneous Expenses	82,521	32,365	24,269	25,887	0	0	0	41
631	Maint. of Structures and Imp.	82,794	32,472	24,350	25,972	0	0	0	41
633	Maint. of Pumping Equipment	210,533	82,571	61,918	66,044	0	0	0	41
	<b>Total Pumping Expenses</b>	<b>1,540,564</b>	<b>1,032,259</b>	<b>271,594</b>	<b>236,711</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<u>Water Treatment Expenses</u>									
641	Chemicals	538,587	538,587	0	0	0	0	0	20
642	Operation Labor and Expenses	426,719	243,827	182,892	0	0	0	0	21
643	Miscellaneous Expenses	(31,020)	(17,725)	(13,295)	0	0	0	0	21
652	Maint. of Treatment Equipment	82,660	47,232	35,428	0	0	0	0	21
	<b>Total Water Treatment Expenses</b>	<b>1,016,946</b>	<b>811,921</b>	<b>205,025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<u>Transmission and Distribution</u>									
<u>Trans &amp; Dist Operation</u>									
662	Trans & Dist Lines Expenses	40,394	15,842	11,880	12,672	0	0	0	44
663	Meter Expenses	120,443	0	0	0	120,443	0	0	24
664	Customer Installation Expenses	3,785	0	0	0	0	3,785	0	25
	<b>Subtotal Trans &amp; Dist Operation</b>	<b>164,622</b>	<b>15,842</b>	<b>11,880</b>	<b>12,672</b>	<b>0</b>	<b>120,443</b>	<b>3,785</b>	<b>0</b>
	<b>Subtotal % (Percent Code 37)</b>	<b>100.00 %</b>	<b>9.62 %</b>	<b>7.22 %</b>	<b>7.70 %</b>	<b>0.00 %</b>	<b>73.16 %</b>	<b>2.30 %</b>	<b>0.00 %</b>
660	Operation Super & Eng'g	695,084	86,108	64,625	68,921	0	654,843	20,587	37
665	Miscellaneous Expenses	(128,358)	(12,348)	(9,267)	(9,884)	0	(93,907)	(2,952)	37
	<b>Total Trans &amp; Dist Operation</b>	<b>931,348</b>	<b>89,602</b>	<b>67,238</b>	<b>71,709</b>	<b>0</b>	<b>681,379</b>	<b>21,420</b>	<b>0</b>
<u>Trans &amp; Dist Maintenance</u>									
673	Maint. of Trans & Dist Mains	334,654	131,251	98,422	104,981	0	0	0	44
675	Maintenance of Services	152,214	0	0	0	0	152,214	0	25
676	Maintenance of Meters	23,149	0	0	0	23,149	0	0	24
677	Maintenance of Hydrants	100,545	0	0	0	0	0	100,545	26
	<b>Subtotal Trans &amp; Dist Maintenance</b>	<b>610,562</b>	<b>131,251</b>	<b>98,422</b>	<b>104,981</b>	<b>0</b>	<b>23,149</b>	<b>152,214</b>	<b>100,545</b>
	<b>Subtotal % (Percent Code 38)</b>	<b>100.00 %</b>	<b>21.50 %</b>	<b>16.12 %</b>	<b>17.19 %</b>	<b>0.00 %</b>	<b>3.79 %</b>	<b>24.93 %</b>	<b>16.47 %</b>

Pennichuck Water Works, Inc.  
 Test Period Ending December 31, 2009  
 Allocation of Pro Forma Revenue Requirement

Description	Total Cost	Base Cost	Extra Cap Max Day	Extra Cap Max Hour	Customer Commercial	Customer Meters	Customer Services	Fire Hydrants	Allocation Code
<b>Pro Forma Operation and Maintenance Expenses - Continued</b>									
<u>Trans &amp; Dist Maintenance - Continued</u>									
678 Maintenance of Misc. Equip.	95,530	20,539	15,399	16,422	0	3,621	23,816	15,733	38
Total Trans & Dist Maintenance	706,092	151,790	113,821	121,403	0	26,770	176,030	116,278	
Total Transmission and Distribution	1,637,440	241,392	181,059	193,112	0	708,149	197,450	116,278	
<u>Customer Accounts Expenses</u>									
902 Meter Reading Expenses	92,650	0	0	0	0	92,650	0	0	24
903 Customer Records Expenses	287,649	0	0	0	287,649	0	0	0	23
904 Uncollectible Accounts	74,675	0	0	0	74,675	0	0	0	23
Total Customer Accounts	434,974	0	0	0	342,324	92,650	0	0	
Subtotal Above O&M Expenses									
Less Purchased Water, Power, & Chemicals	3,605,691	1,008,992	756,776	383,072	342,324	800,799	197,450	116,278	
Subtotal % (Percent Code 47)	100.00 %	27.98 %	20.99 %	10.82 %	9.49 %	22.21 %	5.48 %	3.23 %	
<u>Administrative and General Expenses</u>									
920 Admin. and Gen'l Salaries	2,830,355	791,933	594,092	300,584	268,601	628,622	155,103	91,420	47
921 Office Supplies and Other Exp.	403,855	112,999	84,769	42,889	38,328	89,696	22,131	13,045	47
922 Admin. Expenses Transferred	(1,025,956)	(287,052)	(215,348)	(108,957)	(97,363)	(227,665)	(56,222)	(33,139)	47
923 Outside Services Employed	142,869	39,975	29,988	15,173	13,558	31,731	7,829	4,615	47
924 Property Insurance	359,715	145,001	105,504	61,943	0	14,712	24,497	8,058	30
926 Employee Pensions and Benefits	3,228,408	1,242,291	938,498	565,617	255,690	70,379	117,191	38,742	48
928 Regulatory Commission Exp.	70,344	19,662	14,765	7,471	6,676	15,623	3,855	2,272	47
930 Misc. General Expense	(1,303,118)	(364,612)	(273,524)	(138,391)	(123,666)	(289,423)	(71,411)	(42,091)	47
950 Maintenance of General Plant	382,169	101,335	76,019	38,462	34,370	80,438	19,847	11,698	47
Total Admin. and Gen'l Expenses	5,068,641	1,801,542	1,354,763	784,791	396,192	413,913	222,820	94,620	
Total O&M Expense	10,392,652	4,283,715	2,309,927	1,214,614	738,516	1,214,712	420,270	210,898	
(Percent Code 46)	100.00 %	41.22 %	22.23 %	11.69 %	7.10 %	11.69 %	4.04 %	2.03 %	

Pennichuck Water Works, Inc.  
 Test Period Ending December 31, 2009  
 Allocation of Pro Forma Revenue Requirement

Description	Total Cost	Base Cost	Extra Cap Max Day	Extra Cap Max Hour	Customer Commercial	Customer Meters	Customer Services	Fire Hydrants	Allocation Code
<b>Pro Forma Depreciation Expense</b>									
301 Organization	1,343	541	394	231	0	55	91	31	29
302 Franchise	10,653	4,290	3,127	1,836	0	437	725	238	29
303 Land and Land Rights	0	0	0	0	0	0	0	0	21
304 Structures and Improvements	889,321	508,158	381,163	0	0	0	0	0	21
305 Collecting and Impounding Reservoirs	43,608	43,608	0	0	0	0	0	0	20
306 Lake, River and Other Intakes	285	163	122	0	0	0	0	0	21
307 Wells and Springs	28,175	16,099	12,076	0	0	0	0	0	21
308 Infiltration Galleries and Tunnels	38	22	16	0	0	0	0	0	21
309 Supply Mains	7,407	4,232	3,175	0	0	0	0	0	21
310 Power Generation Equipment	41,805	16,396	12,295	13,114	0	0	0	0	41
311 Pumping Equipment	232,679	91,257	68,431	72,991	0	0	0	0	41
320 Water Treatment Equipment	734,941	419,945	314,966	0	0	0	0	0	21
330 Distribution Reservoirs and Standpipes	168,009	16,801	25,201	126,007	0	0	0	0	45
331 Transmission and Distribution Mains	806,858	316,450	237,267	253,111	0	0	0	0	44
333 Services	209,658	0	0	0	0	0	209,658	0	25
334 Meters and Meter Installations	252,122	0	0	0	0	252,122	0	0	24
335 Hydrants	72,244	0	0	0	0	0	0	72,244	26
339 Other Plant and Miscellaneous Eq.	10,669	2,903	2,253	3,009	0	780	1,297	427	35
340 Office Furniture and Equipment	39,127	15,756	11,484	6,742	0	1,604	2,665	876	29
341 Transportation Equipment	217,989	87,776	63,974	37,556	0	8,937	14,844	4,882	29
343 Tools, Shop and Garage Equipment	12,085	4,867	3,547	2,082	0	495	823	271	29
344 Laboratory Equipment	4,900	4,900	0	0	0	0	0	0	20
345 Power Operated Equipment	17,009	6,850	4,992	2,931	0	697	1,158	381	29
346 Communication Equipment	51,525	20,749	15,123	8,878	0	2,113	3,509	1,153	29
347 Miscellaneous General Equipment	296,805	119,523	87,112	51,140	0	12,169	20,212	6,649	29
348 Other Tangible Equipment	18,032	7,261	5,292	3,107	0	739	1,228	405	29
114 Acquisition Adjustment	(27,026)	(10,894)	(7,927)	(4,654)	0	(1,105)	(1,840)	(608)	30
Cost of Removal Adjustment	(69,701)	(28,096)	(20,443)	(12,003)	0	(2,851)	(4,747)	(1,561)	30
<b>Total Depreciation Expense</b>	<b>4,070,540</b>	<b>1,669,557</b>	<b>1,223,700</b>	<b>566,078</b>	<b>0</b>	<b>276,192</b>	<b>249,623</b>	<b>85,390</b>	
<b>Amortization Expense</b>									
Amortization of CIAC	(480,385)	(193,643)	(140,897)	(82,722)	0	(19,648)	(32,714)	(10,761)	30
Other Amortization	495,885	199,891	145,443	85,391	0	20,282	33,770	11,108	30
<b>Total Amortization Expense</b>	<b>15,500</b>	<b>6,248</b>	<b>4,546</b>	<b>2,669</b>	<b>0</b>	<b>634</b>	<b>1,056</b>	<b>347</b>	
<b>Pro Forma Taxes Other Than Income Taxes</b>									
Payroll Taxes	520,118	200,141	151,198	91,125	41,193	11,339	18,880	6,242	48
Property Taxes	2,674,109	1,077,933	784,316	460,482	0	109,371	182,107	59,800	30
<b>Total Taxes Other Than Income Taxes</b>	<b>3,194,227</b>	<b>1,278,074</b>	<b>935,514</b>	<b>551,607</b>	<b>41,193</b>	<b>120,710</b>	<b>200,987</b>	<b>66,142</b>	

Pennichuck Water Works, Inc.  
 Test Period Ending December 31, 2009  
 Allocation of Pro Forma Revenue Requirement

Description	Total Cost	Base Cost	Extra Cap Max Day	Extra Cap Max Hour	Customer Commercial	Customer Meters	Customer Services	Fire Hydrants	Allocation Code
<b>Net Operating Income and Income Taxes</b>									
Net Operating Income	7,677,233	3,142,291	2,273,996	1,276,724	9,980	319,373	489,807	165,062	33
Income Taxes	3,047,413	1,247,308	902,644	506,785	3,962	126,772	194,425	65,519	33
<b>Total</b>	<b>10,724,646</b>	<b>4,389,597</b>	<b>3,176,640</b>	<b>1,783,509</b>	<b>13,942</b>	<b>446,145</b>	<b>684,232</b>	<b>230,581</b>	
<b>Total Revenue Requirement</b>	<b>28,397,565</b>	<b>11,627,191</b>	<b>7,650,327</b>	<b>4,118,477</b>	<b>793,651</b>	<b>2,058,393</b>	<b>1,556,168</b>	<b>593,358</b>	
<b>Percents</b>	<b>100.00 %</b>	<b>40.94 %</b>	<b>26.94 %</b>	<b>14.50 %</b>	<b>2.80 %</b>	<b>7.25 %</b>	<b>5.48 %</b>	<b>2.09 %</b>	
Less Other Revenue	(365,964)	(149,826)	(98,591)	(53,065)	(10,247)	(26,532)	(20,055)	(7,648)	
<b>Net Water Revenues</b>	<b>28,031,601</b>	<b>11,477,365</b>	<b>7,551,736</b>	<b>4,065,412</b>	<b>783,404</b>	<b>2,031,861</b>	<b>1,536,113</b>	<b>585,710</b>	
<b>Percents</b>	<b>100.00 %</b>	<b>40.94 %</b>	<b>26.94 %</b>	<b>14.50 %</b>	<b>2.80 %</b>	<b>7.25 %</b>	<b>5.48 %</b>	<b>2.09 %</b>	

Pennichuck Water Works, Inc.  
 Test Period Ending December 31, 2009  
 Allocation of Year 2009 Salaries and Wages - Development of Allocation Code 48

Description	Total Cost	Base Cost	Extra Cap Max Day	Extra Cap Max Hour	Customer Commercial	Customer Meters	Customer Services	Fire Hydrants	Allocation Code
<b>Salaries and Wages</b>									
Source of Supply	308,806	176,337	132,269	0	0	0	0	0	21
Pumping	721,507	282,975	212,195	226,337	0	0	0	0	41
Water Treatment	517,662	295,792	221,870	0	0	0	0	0	21
Transmission and Distribution	743,323	202,258	156,990	209,817	0	54,337	90,388	29,733	35
Customer Accounts	198,981	0	0	0	198,981	0	0	0	23
Subtotal Salaries and Wages	2,488,059	957,362	723,324	435,954	196,981	54,337	90,388	29,733	
Subtotal % (Percent Code 48)	100.00 %	38.48 %	29.07 %	17.52 %	7.92 %	2.18 %	3.63 %	1.20 %	
Administrative and General	887,334	341,448	257,948	155,461	70,277	19,344	32,210	10,648	48
Total Salaries and Wages	3,375,393	1,298,808	981,272	591,415	267,238	73,681	122,598	40,381	
(Percent Code 48)	100.00 %	38.48 %	29.07 %	17.52 %	7.92 %	2.18 %	3.63 %	1.20 %	

PENNICHUCK WATER WORKS, INC.  
Explanation of Factors Used in the Allocation to Cost Functions

<u>Allocation Code</u>	<u>Description</u>
20	This code allocates items 100 percent to Base Cost. Base Costs are costs which tend to vary with the quantity of water used and do not contain elements necessary to meet variations in demand.
21	This code allocates items to Base Cost and Extra Capacity Cost - Maximum Day in accordance with the ratio of the average annual system production per day to the maximum daily system production. Extra capacity costs are those costs associated with meeting rate of use requirements in excess of the average.
22	This code allocates items to Base Cost and Extra Capacity Cost - Maximum Hour in accordance with the ratio of the average annual system delivery per day to the maximum hourly system delivery.
23	This code allocates items 100 percent to Customer Cost - Commercial. Costs allocated by this code are commercial costs associated with serving customers irrespective of the amount of water used or the demand imposed on the system. They include billing, customer accounting, and collection expenses.
24	This code allocates items 100 percent to Customer Cost - Meters. Items allocated by this code are associated with the maintenance and capital charges for customer meters.
25	This code allocates items 100 percent to Customer Cost - Services. Items allocated by this code are associated with the maintenance and capital charges for customer water services.
26	This code allocates items 100 percent to Fire Hydrant Cost.
27	This code allocates items to the Cost Functions in accordance with the composite allocation of the depreciated cost of plant in service.
28	This code allocates items to the Cost Functions in accordance with the composite allocation of the accumulated depreciation reserve.
29	This code allocates items to the Cost Functions in accordance with the composite allocation of the original cost of non-general utility plant. It is used to allocate general plant items.
30	This code allocates items to the Cost Functions in accordance with the composite allocation of the total utility plant in service.
33	This code allocates items to the Cost Functions in accordance with the composite allocation of all rate base items.

PENNICHUCK WATER WORKS, INC.  
Explanation of Factors Used in the Allocation to Cost Functions

<u>Allocation Code</u>	<u>Description</u>
34	This code allocates items to the Cost Functions in accordance with the composite allocation of the original cost of supply and pumping plant.
35	This code allocates items to the Cost Functions in accordance with the composite allocation of the original cost of transmission and distribution plant.
37	This code allocates items to the Cost Functions in accordance with the composite allocation of transmission and distribution operation expenses.
38	This code allocates items to the Cost Functions in accordance with the composite allocation of transmission and distribution maintenance expenses.
39	This code allocates items to the Cost Functions in accordance with the composite allocation of the original cost of general plant.
41	This code allocates items to Base Cost, Extra Capacity Cost - Maximum Day, and Extra Capacity Cost - Maximum Hour to recognize the pumping requirements of the system.
43	This code is used to allocate purchased power expenses to Base Cost, Extra-Capacity Cost - Maximum Day, and Extra Capacity Cost - Maximum Hour. It gives recognition to the demand element in purchased power costs.
44	This code allocates transmission and distribution mains costs to Base Cost, Extra Capacity Cost - Maximum Day, and Extra Capacity Cost - Maximum Hour functions.
45	This code allocates distribution storage costs to Base Cost, Extra Capacity Cost - Maximum Day, and Extra Capacity Cost - Maximum Hour.
46	This code allocates items to the Cost Functions in accordance with the composite allocation of the total pro forma operation and maintenance expenses.
47	This code allocates certain administrative and general expenses based on the composite allocation of previously allocated functional expenses.
48	This code allocates items to the Cost Functions in accordance with the composite allocation of the total labor expenses.

Pennichuck Water Works, Inc.  
Summary of Functional Cost Allocation Factors

Allocation Code	Description	Base Cost	Extra Cap Max Day	Extra Cap Max Hour	Customer Commercial	Customer Meters	Customer Services	Fire Hydrants	Check Total
20	Base Cost	100.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00 %
21	Base/Ex Cap - Max Day	57.14	42.86	0.00	0.00	0.00	0.00	0.00	100.00 %
22	Base/Ex Cap - Max Hour	39.22	0.00	60.78	0.00	0.00	0.00	0.00	100.00 %
23	Commercial	0.00	0.00	0.00	100.00	0.00	0.00	0.00	100.00 %
24	Meters	0.00	0.00	0.00	0.00	100.00	0.00	0.00	100.00 %
25	Services	0.00	0.00	0.00	0.00	0.00	100.00	0.00	100.00 %
26	Fire Hydrants	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00 %
27	Depreciated Plant	40.72	29.68	16.81	0.00	3.99	6.64	2.18	100.00 %
28	Depreciation Reserve	38.74	28.09	18.77	0.00	4.49	7.46	2.45	100.00 %
29	Subtotal Plant In Service	40.27	29.35	17.23	0.00	4.10	6.81	2.24	100.00 %
30	Total Utility Plant In Service	40.31	29.33	17.22	0.00	4.09	6.81	2.24	100.00 %
33	Total Rate Base	40.93	29.62	16.83	0.13	4.16	6.38	2.15	100.00 %
34	Supply and Pumping Plant	56.83	38.64	4.53	0.00	0.00	0.00	0.00	100.00 %
35	T&D Plant	27.21	21.12	28.20	0.00	7.31	12.16	4.00	100.00 %
37	T&D Operation	9.82	7.22	7.70	0.00	73.16	2.30	0.00	100.00 %
38	T&D Maintenance	21.50	16.12	17.19	0.00	3.79	24.93	16.47	100.00 %
39	General Plant	41.01	28.99	17.02	0.00	4.05	6.72	2.21	100.00 %
41	Pumping	39.22	29.41	31.37	0.00	0.00	0.00	0.00	100.00 %
43	Purchased Power	85.00	10.00	5.00	0.00	0.00	0.00	0.00	100.00 %
44	T&D Mains	39.22	29.41	31.37	0.00	0.00	0.00	0.00	100.00 %
45	Distribution Storage	10.00	15.00	75.00	0.00	0.00	0.00	0.00	100.00 %
46	Total O&M Expense	41.22	22.23	11.89	7.10	11.89	4.04	2.03	100.00 %
47	Admin & Gen'l Expense	27.98	20.99	10.82	9.49	22.21	5.48	3.23	100.00 %
48	Labor Benefits	38.48	29.07	17.52	7.92	2.18	3.63	1.20	100.00 %
<u>System Factors:</u>			<u>Base</u>	<u>Max Day</u>	<u>Max Hour</u>				
	Max Day - Average Day	175 %	57.14 %	42.86 %					
	Max Hour - Average Day	255 %	39.22 %		60.78 %				
	Pumping and T&D Mains	255 %	39.22 %	29.41 %	31.37 %				

Pennichuck Water Works, *nc.*

Allocation of Functional Costs to Classes

<u>Functional Cost Component</u>	<u>Amount</u>	<u>Water Service</u>	<u>Municipal Fire</u>	<u>Private Fire</u>	<u>Allocation Code</u>
Base Cost	11,477,365	11,362,592	81,489	33,284	60
Extra Capacity - Max Day	7,551,736	5,793,692	1,251,323	506,721	61
Extra Capacity - Max Hour	4,065,412	2,612,027	1,034,241	419,144	62
Customer - Commercial	783,404	759,353	157	23,894	63
Customer - Meters	2,031,861	2,031,861	0	0	64
Customer - Services	1,536,113	1,536,113	0	0	65
Fire Hydrants	585,710	0	585,710	0	70
Net Revenue Requirement	28,031,601	24,095,638	2,952,920	983,043	

PENNICHUCK WATER WORKS, INC.  
Explanation of Factors Used in the Allocation to Customer Groups

<u>Allocation Code</u>	<u>Description</u>
60	This code allocates Base Cost to the customer groups in accordance with the percentage of water used by each individual customer group.
61	This code allocates Extra Capacity Cost - Maximum Day to the customer groups in accordance with the ratio of the excess maximum day demand of each individual customer group to the total non-coincident excess daily demand for all customer groups.
62	This code allocates Extra Capacity Cost - Maximum Hour to the customer groups in accordance with the ratio of the excess maximum hour demand of each individual customer group to the total non-coincident excess hourly demand for all customer groups.
63	This code allocates Customer Cost - Commercial to the customer groups in accordance with the percentage of bills issued to each individual customer group.
64	This code allocates Customer Cost - Meters to the customer groups in accordance with the ratio of the number of equivalent meters in each individual customer group to the total number of equivalent meters for all customer groups.
65	This code allocates Customer Cost - Services to the customer groups on a basis similar to that for the allocation of Customer Cost - Meters.
70	This code allocates items entirely to the public fire service class.

Pennichuck Water Works, Inc.  
Summary of Class Allocation Factors

<u>Allocation Code</u>	<u>Functional Cost Component</u>	<u>Water Service</u>	<u>Municipal Fire</u>	<u>Private Fire</u>	<u>Check Total</u>
60	Base Cost	99.00	0.71	0.29	100.00 %
61	Extra Capacity - Max Day	76.72	16.57	6.71	100.00 %
62	Extra Capacity - Max Hour	64.25	25.44	10.31	100.00 %
63	Customer - Commercial	96.93	0.02	3.05	100.00 %
64	Customer - Meters	100.00	0.00	0.00	100.00 %
65	Customer - Services	100.00	0.00	0.00	100.00 %
70	Fire Hydrants	0.00	100.00	0.00	100.00 %

Pennichuck Water Works, Inc.  
Customer Class Allocation Factors

Customer Class	<u>Annual Consumption</u>			<u>Maximum Day</u>			<u>Maximum Hour</u>			<u>Customer Costs</u>			
	(1) CCFT	(2) MGD	(3) %	(4) % of AvDay	(5) Amount MGD	(6) Excess (5)-(2)	(7) %	(8) % of AvDay	(9) Amount MGD	(10) Excess (9)-(5)	(11) %	(12) Bills	(13) %
General Water	4,258,586	8.727	84.34	190	16.581	7.854	48.93	325	28.363	11.782	54.84	307,680	96.92
Anheuser-Busch	551,400	1.130	10.92	CA	3.000	1.870	11.65	CA	4.000	1.000	4.65	24	0.01
Hudson	143,376	0.294	2.84	CA	1.578	1.284	8.00	CA	2.000	0.422	1.96	12	0.00
Milford	45,237	0.093	0.90	CA	1.399	1.306	8.14	CA	2.000	0.601	2.80	12	0.00
<b>Total Water Service</b>	<b>4,998,599</b>	<b>10.244</b>	<b>99.00</b>		<b>22.558</b>	<b>12.314</b>	<b>76.72</b>		<b>36.363</b>	<b>13.805</b>	<b>64.25</b>	<b>307,728</b>	<b>96.93</b>
Municipal Fire	35,934	0.074	0.71		2.733	2.659	16.57		8.199	5.466	25.44	60	0.02
Private Fire	14,557	0.030	0.29		1.107	1.077	6.71		3.321	2.214	10.31	9,684	3.05
<b>Total Fire Service</b>	<b>50,491</b>	<b>0.104</b>	<b>1.00</b>		<b>3.840</b>	<b>3.736</b>	<b>23.28</b>		<b>11.520</b>	<b>7.680</b>	<b>35.75</b>	<b>9,744</b>	<b>3.07</b>
<b>Grand Total</b>	<b>5,049,090</b>	<b>10.348</b>	<b>100.00</b>		<b>26.398</b>	<b>16.050</b>	<b>100.00</b>		<b>47.883</b>	<b>21.485</b>	<b>100.00</b>	<b>317,472</b>	<b>100.00</b>
Allocation Code			60				61				62		63

Fire Requirements: 1.0% of total water consumption  
 Fire Demand 8,000 gpm for 8 hours  
 Fire Req'm'nts split 71.17% Municipal and 28.83% Private

CA: Max Day and Max Hour Contract Amounts for Anheuser-Busch, Hudson, and Milford

Pennichuck Water Works, Inc.

Fire Service Capacity Units

	<u>Number</u>	<u>Capacity Ratio</u>	<u>Capacity Units</u>	<u>%</u>
Municipal Hydrants	2,468	1.00	2,468.00	71.17
Private Fire Services				
2"	29	0.11	3.19	
4"	105	0.44	46.20	
6"	369	1.00	369.00	
8"	284	1.78	505.52	
10"	6	2.78	16.68	
12"	13	4.00	52.00	
16"	1	7.11	7.11	
Total Private	807		999.70	28.83
Grand Total	3,275		3,467.70	100.00

Note:

Capacity ratios are based on the cross-sectional area of municipal hydrant branches and private fire service connections. The cross-sectional area of a 6" branch is taken as unity. All hydrant branches are considered as 6".

Capacity costs include the following functional costs:  
Base Costs, Extra Capacity Costs - Maximum Day, and  
Extra Capacity Costs - Maximum Hour.

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Present Rates

General Service - Metered

Residential

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Present Rate</u>	<u>Present Revenue</u>
5/8"	23,188	278,256	\$ 18.18	\$ 5,058,694.08
3/4"	325	3,900	26.16	102,024.00
1"	205	2,460	42.13	103,639.80
1 1/2"	131	1,572	82.10	129,061.20
2"	45	540	134.41	72,581.40
3"	19	228	246.48	56,197.44
4"	3	36	406.51	14,634.36
6"	0	0	806.63	0.00
8"	0	0	1,286.90	0.00
10"	0	0	1,847.05	0.00
Subtotal	23,916	286,992		\$ 5,536,832.28
	<u>CCFT</u>			
Volume	3,190,170		\$ 2.90	\$ 9,251,493.00
Total Residential Revenue				\$ 14,788,325.28

Commercial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Present Rate</u>	<u>Present Revenue</u>
5/8"	605	7,260	\$ 18.18	\$ 131,986.80
3/4"	175	2,100	26.16	54,936.00
1"	255	3,060	42.13	128,917.80
1 1/2"	233	2,796	82.10	229,551.60
2"	150	1,800	134.41	241,938.00
3"	17	204	246.48	50,281.92
4"	2	24	406.51	9,756.24
6"	1	12	806.63	9,679.56
8"	0	0	1,286.90	0.00
10"	0	0	1,847.05	0.00
Subtotal	1,438	17,256		\$ 857,047.92
	<u>CCFT</u>			
Volume	766,150		\$ 2.90	\$ 2,221,835.00
Total Commercial Revenue				\$ 3,078,882.92

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Present Rates

General Service - Metered

Industrial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Present Rate</u>	<u>Present Revenue</u>
5/8"	30	360	\$ 18.18	\$ 6,544.80
3/4"	17	204	26.16	5,336.64
1"	39	468	42.13	19,716.84
1 1/2"	29	348	82.10	28,570.80
2"	35	420	134.41	56,452.20
3"	13	156	246.48	38,450.88
4"	2	24	406.51	9,756.24
6"	2	24	806.63	19,359.12
8"	0	0	1,286.90	0.00
10"	0	0	1,847.05	0.00
Subtotal	167	2,004		\$ 184,187.52
Volume	<u>CCFT</u> 222,313		\$ 2.90	\$ 644,707.70
Total Industrial Revenue				\$ 828,895.22

Municipal

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Present Rate</u>	<u>Present Revenue</u>
5/8"	17	204	\$ 18.18	\$ 3,708.72
3/4"	10	120	26.16	3,139.20
1"	16	192	42.13	8,088.96
1 1/2"	27	324	82.10	26,600.40
2"	37	444	134.41	59,678.04
3"	8	96	246.48	23,662.08
4"	2	24	406.51	9,756.24
6"	2	24	806.63	19,359.12
8"	0	0	1,286.90	0.00
10"	0	0	1,847.05	0.00
Subtotal	119	1,428		\$ 153,992.76
Volume	<u>CCFT</u> 79,953		\$ 2.90	\$ 231,863.70
Total Municipal Revenue				\$ 385,856.46
Grand Total GWS Revenue				\$ 19,081,959.88

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Present Rates

Service to Contract Customers

Town of Milford

		<u>Present Rate</u>		<u>Present Revenue</u>
Annual Fixed Fee		\$ 81,000.00	\$	81,000.00
Volume	<u>CCFT</u> 45,237	\$ 1.8249	\$	82,553.00
Total Milford Revenue			\$	163,553.00

Town of Hudson

		<u>Present Rate</u>		<u>Present Revenue</u>
Annual Demand Charge		\$ 32,800.00	\$	32,800.00
Volume	<u>CCFT</u> 143,376	\$ 1.8419	\$	264,084.25
Total Hudson Revenue			\$	296,884.25

Anheuser-Busch

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Present Rate</u>		<u>Present Revenue</u>
6"	2	24	\$ 806.63	\$	19,359.12
Volume	<u>CCFT</u> 551,400		\$ 1.4956	\$	824,673.84
Total Anheuser-Busch Revenue				\$	844,032.96
Grand Total Contract Revenue				\$	1,304,470.22

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Present Rates

Fire Protection Service

Private Fire Protection

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Present Rate</u>	<u>Present Revenue</u>
2"	29	348	\$ 55.70	\$ 19,383.60
4"	105	1,260	55.70	70,182.00
6"	369	4,428	93.46	413,840.88
8"	284	3,408	137.60	468,940.80
10"	6	72	137.60	9,907.20
12"	13	156	137.60	21,465.60
16"	1	12	137.60	1,651.20
Total	807	9,684		\$ 1,005,371.28

Municipal Fire Protection

<u>Size</u>	<u>Number</u>	<u>of Bills</u>	<u>Rate</u>	<u>Revenue</u>
Hydrant	2,468	60	\$ 17.16	\$ 508,210.56
Inch-Feet	18,448,150		0.11828	2,182,047.18
Total Municipal Fire Revenue				\$ 2,690,257.74

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Present Rates

Total Present Rate Revenue

Grand Total GWS Revenue	\$ 19,081,959.88
Grand Total Contract Revenue	\$ 1,304,470.22
Grand Total Private Fire Revenue	\$ 1,005,371.28
Grand Total Municipal Fire Revenue	\$ 2,690,257.74
Grand Total Revenue	\$ 24,082,059.12
Total Customer Charge Revenue	\$ 6,751,419.60
Total Volume Charge Revenue	\$ 13,521,210.50
Total Contract Fixed Fee Revenue	\$ 113,800.00
Total Private Fire Revenue	\$ 1,005,371.28
Total Municipal Fire Revenue	\$ 2,690,257.74
Grand Total Revenue	\$ 24,082,059.12

Note: All bills are monthly bills.

Pennichuck Water Works, Inc.

Comparison of Present Rate Revenues and Cost of Service Indications

	<u>Present Rates</u>		<u>Cost of Service</u>	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Water Service Revenue	20,386,430.10	84.65	24,095,638	85.96
Private Fire Revenue	1,005,371.28	4.18	983,043	3.51
Municipal Fire Revenue	2,690,257.74	11.17	2,952,920	10.53
Total Revenues	24,082,059.12	100.00	28,031,601	100.00

Pennichuck Water Works, Inc.

Rate Design

Municipal Fire Protection

Functional Allocations:

Fire Hydrants 585,710

Customer - Commercial 157

Total 585,867

Number of Hydrants 2,468

Annual Cost per Hydrant 237.39

Monthly Charge per Hydrant 19.78

Functional Allocations:

Base Cost 81,489

Extra Capacity - Max Day 1,251,323

Extra Capacity - Max Hour 1,034,241

Total 2,367,053

Number of Inch-Feet 18,448,150

Annual Charge per Inch-Foot 0.12831

Pennichuck Water Works, Inc.

Rate Design

Private Fire Protection

Total Private Fire Protection Rev Reqmt 983,043

Present Private Fire Protection Revenue 1,005,371

Since Allocated Costs are less than present rate revenues,  
no changes will be proposed for Private Fire rates.

<u>Size</u>	<u>Present Monthly Charge</u>	<u>Proposed Monthly Charge</u>	<u>Increase</u>
2"	55.70	55.70	0.00 %
4"	55.70	55.70	0.00 %
6"	93.46	93.46	0.00 %
8"	137.60	137.60	0.00 %
10"	137.60	137.60	0.00 %
12"	137.60	137.60	0.00 %
16"	137.60	137.60	0.00 %

Pennichuck Water Works, Inc.

Rate Design

Customer Charges

Functional Allocations (Water Service):

Customer - Commercial	759,353
Customer - Meters	2,031,861
Customer - Services	<u>1,536,113</u>
Subtotal	4,327,327

Add: 75% of A&G Expenses

75% A&G Base Cost	1,351,157
75% A&G Max Day Cost	1,016,072
75% A&G Max Hour Cost	<u>588,593</u>
Subtotal	2,955,822

Add: 40% of T&D Expenses

40% T&D Base Cost	96,557
40% T&D Max Day Cost	72,424
40% T&D Max Hour Cost	<u>77,245</u>
Subtotal	246,226

Add: 75% of Base Fixed Costs

75% Depreciation Expense (Less A-B)	1,131,772
75% Amortization Expense	4,686
75% Property Taxes (Less A-B)	<u>730,718</u>
Subtotal	1,867,176

Total for Customer Charge 9,396,551

Present Customer Charge Revenue 6,751,420

Increase Required 39.18 %

Meter Size	Present Monthly Charge	Proposed Monthly Charge	Increase
5/8"	18.18	25.29	39.11 %
3/4"	26.16	36.41	39.18 %
1"	42.13	58.64	39.19 %
1 1/2"	82.10	114.27	39.18 %
2"	134.41	187.07	39.18 %
3"	246.48	343.05	39.18 %
4"	406.51	565.78	39.18 %
6"	806.63	1,122.67	39.18 %
8"	1,286.90	1,791.11	39.18 %
10"	1,847.05	2,570.72	39.18 %

Pennichuck Water Works, Inc.

Rate Design

Volumetric Charges

Net Water Revenue Requirement	28,031,601
Less Proposed Revenues:	
From Municipal Fire Protection	(2,952,887)
From Private Fire Protection	(1,005,371)
From Customer Charges	(9,366,019)
From Contract Fixed Fees	(113,800)
From A-B Carrying Charge	(742,860)
From A-B Volume Charge	(647,288)
Net Required From Volume Charges	13,203,376
Present Volume Charge Revenue	12,696,537
Increase Required	3.99 %

	<u>Present Charge</u>	<u>Proposed Charge</u>	<u>Increase</u>
General Water	2.90	3.016	4.00 %
Anheuser-Busch	1.4956	1.1739	(21.51) %
Hudson	1.8419	1.9154	3.99 %
Milford	1.8249	1.8977	3.99 %

Pennichuck Water Works, Inc.

Ratios of Present Rates

Customer Charges

<u>Meter Size</u>	<u>Monthly Present Rate</u>	<u>Present Ratio to 5/8"</u>	<u>AWWA Capacity Ratios</u>	<u>Present Ratio as % of AWWA</u>	
5/8"	18.18	1.00	1.00	100.00	%
3/4"	26.16	1.44	1.50	95.93	%
1"	42.13	2.32	2.50	92.70	%
1 1/2"	82.10	4.52	5.00	90.32	%
2"	134.41	7.39	8.00	92.42	%
3"	246.48	13.56	15.00	90.39	%
4"	406.51	22.36	25.00	89.44	%
6"	806.63	44.37	50.00	88.74	%
8"	1,286.90	70.79	80.00	88.48	%
10"	1,847.05	101.60	115.00	88.35	%

Pennichuck Water Works  
Transmission and Distribution Inch-Feet  
Inch-Feet of Mains in Service at December 31, 2009  
Reduce Larger Mains to 4" Size

<u>Actual Mains in Service</u>			<u>Reduce Larger Mains to 4" Size</u>		
<u>Size</u>	<u>Length</u>	<u>In-Ft</u>	<u>Size</u>	<u>Length</u>	<u>In-Ft</u>
1"	3,423	3,423.0	1"	3,423	3,423.0
1 1/4"	6,361	7,951.3	1 1/4"	6,361	7,951.3
1 1/2"	4,937	7,405.5	1 1/2"	4,937	7,405.5
2"	118,073	236,146.0	2"	118,073	236,146.0
3"	35,254	105,762.0	3"	35,254	105,762.0
4"	185,566	742,264.0	4"	185,566	742,264.0
6"	243,653	1,461,918.0	4"	243,653	974,612.0
8"	1,042,710	8,341,680.0	4"	1,042,710	4,170,840.0
10"	35,834	358,340.0	4"	35,834	143,336.0
12"	373,504	4,482,048.0	4"	373,504	1,494,016.0
14"	535	7,490.0	4"	535	2,140.0
16"	137,423	2,198,768.0	4"	137,423	549,692.0
20"	2,343	46,860.0	4"	2,343	9,372.0
24"	77,886	1,869,264.0	4"	77,886	311,544.0
30"	8,840	265,200.0	4"	8,840	35,360.0
42"	570	23,940.0	4"	570	2,280.0
72"	1,325	95,400.0	4"	1,325	5,300.0
<b>Total</b>	<b>2,278,237</b>	<b>20,253,859.8</b>	<b>Total</b>	<b>2,278,237</b>	<b>8,801,443.8</b>

Inch-Feet Based on Actual Size of Mains	20,253,859.8
Inch-Feet Based on Reduced Size of Mains	8,801,443.8
Difference	11,452,416.0
	43.46%

Pennichuck Water Works, Inc.  
Rate Design

Development of Unit Production Cost

Source of Supply

Base Cost	\$ 396,601
Extra Capacity Max Day Cost	297,486
Extra Capacity Max Hour Cost	0
Less Purchased Water Base	(139,831)
Less Purchased Water Max Day	(104,886)
Less Purchased Water Max Hr	0

Pumping

Base Cost	588,283
Extra Capacity Max Day Cost	155,614
Extra Capacity Max Hour Cost	135,879

Water Treatment

Base Cost	811,921
Extra Capacity Max Day Cost	205,025
Extra Capacity Max Hour Cost	0

Total Production Cost \$ 2,346,092

Water Use in CCF 5,049,090

Unit Production Cost per CCF \$ 0.4647

Note: Pumping Cost are at the Water Treatment Plant.  
See next page for details.

Pennichuck Water Works, Inc.  
Rate Design

Allocation of Pumping Costs at Water Treatment Plant  
For Use in Development of Unit Production Cost

<u>Pumping Expenses:</u>	<u>Total</u>	<u>At WTP</u>	<u>Base Cost</u>	<u>Extra Cap Max Day</u>	<u>Extra Cap Max Hour</u>	<u>Allocation Code</u>
Fuel or Power Purchased	935,016	531,315	451,617	53,132	26,566	43
Pumping Labor and Expenses	229,700	229,700	90,088	67,555	72,057	41
Miscellaneous Expenses	82,521	82,521	32,365	24,269	25,887	41
Maint. of Structures and Imp.	82,794	19,473	7,637	5,727	6,109	41
Maint. of Pumping Equipment	210,533	16,767	6,576	4,931	5,260	41
<b>Total Pumping Expenses</b>	<b>1,540,564</b>	<b>879,776</b>	<b>588,283</b>	<b>155,614</b>	<b>135,879</b>	
WTP Pumping is	57.11%	of Total Pumping				

Pennichuck Water Works, Inc.  
Rate Design

Allocation of Administrative and General Costs to Anheuser-Busch

	<u>Total</u>	<u>Allocation to A-B</u>		<u>A-B Charge</u> <u>\$ per CCF</u>
		<u>%</u>	<u>\$</u>	
<u>Administrative and General Costs:</u>				
Base Cost	1,801,542	10.92	196,728	
Extra Capacity Max Day Cost	1,354,763	11.65	157,830	
Extra Capacity Max Hour Cost	784,791	4.65	36,493	
Total A-B Share of Admin and General			391,051	\$ 0.7092

Anheuser-Busch Annual Volume = 551,400 CCF

Development of Anheuser-Busch Volumetric Rate

Unit Production Cost per CCF	\$ 0.4647
Total A-B Share of Admin and General	<u>0.7092</u>
Anheuser-Busch Volumetric Rate	\$ 1.1739

Pennichuck Water Works, Inc.  
Summary of Proposed Rates

General Service - Metered  
Schedule G-M

<u>Meter Size</u>	<u>Monthly Proposed Charge</u>
5/8"	\$ 25.29
3/4"	36.41
1"	58.64
1 1/2"	114.27
2"	187.07
3"	343.05
4"	565.78
6"	1,122.67
8"	1,791.11
10"	2,570.72
Volumetric Charge per 100 cu. ft.	\$ 3.016

Municipal Fire Protection Service  
Schedule FP-M

	<u>Monthly Proposed Charge</u>
Each Hydrant	\$ 19.78
Inch-Foot per year	\$ 0.12831

Private Fire Protection Service  
Schedule FP-NM

<u>Connection Size</u>	<u>Monthly Proposed Charge</u>
4" or smaller	\$ 55.70
6"	93.46
8" or larger	137.60

Special Contract Service

Anheuser-Busch

Annual Carrying Chg	\$ 742,860
Volumetric Charge per 100 cu. ft.	\$ 1.1739

Hudson

Annual Charge	\$ 32,800
Volumetric Charge per 100 cu. ft.	\$ 1.9154

Milford

Annual Fixed Fee	\$ 81,000
Volumetric Charge per 100 cu. ft.	\$ 1.8977

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Proposed Rates

General Service - Metered

Residential

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
5/8"	23,188	278,256	\$ 25.29	\$ 7,037,094.24
3/4"	325	3,900	36.41	141,999.00
1"	205	2,460	58.64	144,254.40
1 1/2"	131	1,572	114.27	179,632.44
2"	45	540	187.07	101,017.80
3"	19	228	343.05	78,215.40
4"	3	36	565.78	20,368.08
6"	0	0	1,122.67	0.00
8"	0	0	1,791.11	0.00
10"	0	0	2,570.72	0.00
<b>Subtotal</b>	<b>23,916</b>	<b>286,992</b>		<b>\$ 7,702,581.36</b>
	<u>CCFT</u>			
Volume	3,190,170		\$ 3.016	\$ 9,621,552.72
<b>Total Residential Revenue</b>				<b>\$ 17,324,134.08</b>

Commercial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
5/8"	605	7,260	\$ 25.29	\$ 183,605.40
3/4"	175	2,100	36.41	76,461.00
1"	255	3,060	58.64	179,438.40
1 1/2"	233	2,796	114.27	319,498.92
2"	150	1,800	187.07	336,726.00
3"	17	204	343.05	69,982.20
4"	2	24	565.78	13,578.72
6"	1	12	1,122.67	13,472.04
8"	0	0	1,791.11	0.00
10"	0	0	2,570.72	0.00
<b>Subtotal</b>	<b>1,438</b>	<b>17,256</b>		<b>\$ 1,192,762.68</b>
	<u>CCFT</u>			
Volume	766,150		\$ 3.016	\$ 2,310,708.40
<b>Total Commercial Revenue</b>				<b>\$ 3,503,471.08</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Proposed Rates

General Service - Metered

Industrial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
5/8"	30	360	\$ 25.29	\$ 9,104.40
3/4"	17	204	36.41	7,427.64
1"	39	468	58.64	27,443.52
1 1/2"	29	348	114.27	39,765.96
2"	35	420	187.07	78,569.40
3"	13	156	343.05	53,515.80
4"	2	24	565.78	13,578.72
6"	2	24	1,122.67	26,944.08
8"	0	0	1,791.11	0.00
10"	0	0	2,570.72	0.00
Subtotal	167	2,004		\$ 256,349.52
Volume	<u>CCFT</u> 222,313		\$ 3.016	\$ 670,496.01
Total Industrial Revenue				\$ 926,845.53

Municipal

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
5/8"	17	204	\$ 25.29	\$ 5,159.16
3/4"	10	120	36.41	4,369.20
1"	16	192	58.64	11,258.88
1 1/2"	27	324	114.27	37,023.48
2"	37	444	187.07	83,059.08
3"	8	96	343.05	32,932.80
4"	2	24	565.78	13,578.72
6"	2	24	1,122.67	26,944.08
8"	0	0	1,791.11	0.00
10"	0	0	2,570.72	0.00
Subtotal	119	1,428		\$ 214,325.40
Volume	<u>CCFT</u> 79,953		\$ 3.016	\$ 241,138.25
Total Municipal Revenue				\$ 455,463.65
Grand Total GWS Revenue				\$ 22,209,914.34

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Proposed Rates

Service to Contract Customers

Town of Milford

		<u>Proposed Rate</u>	<u>Proposed Revenue</u>
Annual Fixed Fee		\$ 81,000.00	\$ 81,000.00
Volume	<u>CCFT</u> 45,237	\$ 1.8977	\$ 85,846.25
Total Milford Revenue			\$ 166,846.25

Town of Hudson

		<u>Proposed Rate</u>	<u>Proposed Revenue</u>
Annual Demand Charge		\$ 32,800.00	\$ 32,800.00
Volume	<u>CCFT</u> 143,376	\$ 1.9154	\$ 274,622.39
Total Hudson Revenue			\$ 307,422.39

Anheuser-Busch

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
6"	2	24	\$ -	\$ -
Volume	<u>CCFT</u> 551,400		1.1739	\$ 647,288.46
Annual Carrying Charge			\$ 742,860.00	\$ 742,860.00
Total Anheuser-Busch Revenue				\$ 1,390,148.46
Grand Total Contract Revenue				\$ 1,864,417.11

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Proposed Rates

Fire Protection Service

Private Fire Protection

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
2"	29	348	\$ 55.70	\$ 19,383.60
4"	105	1,260	55.70	70,182.00
6"	369	4,428	93.46	413,840.88
8"	284	3,408	137.60	468,940.80
10"	6	72	137.60	9,907.20
12"	13	156	137.60	21,465.60
16"	1	12	137.60	1,651.20
Total	807	9,684		\$ 1,005,371.28

Municipal Fire Protection

<u>Size</u>	<u>Number</u>	<u>of Bills</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
Hydrant	2,468	60	\$ 19.78	\$ 585,804.48
Inch-Feet	18,448,150		0.12831	2,367,082.13
Total Municipal Fire Revenue				\$ 2,952,886.61

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Proposed Rates

Total Proposed Rate Revenue

Grand Total GWS Revenue	\$ 22,209,914.34
Grand Total Contract Revenue	\$ 1,864,417.11
Grand Total Private Fire Revenue	\$ 1,005,371.28
Grand Total Municipal Fire Revenue	\$ 2,952,886.61
Grand Total Proposed Revenue	\$ 28,032,589.33
Total Customer Charge Revenue	\$ 9,366,018.96
Total Volume Charge Revenue	\$ 13,851,652.48
Total Contract Fixed Fee Revenue	\$ 856,660.00
Total Private Fire Revenue	\$ 1,005,371.28
Total Municipal Fire Revenue	\$ 2,952,886.61
Grand Total Proposed Revenue	\$ 28,032,589.33
Net Water Revenue Requirement	\$ 28,031,601.00
Difference	\$ 988.33 0.004%

Pennichuck Water Works, Inc.

Comparison of Cost of Service Indications and Proposed Rate Revenues

	<u>Cost of Service</u>		<u>Proposed Rates</u>	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Water Service Revenue	24,095,638	85.96	24,074,331.44	85.88
Private Fire Revenue	983,043	3.51	1,005,371.28	3.59
Municipal Fire Revenue	2,952,920	10.53	2,952,886.61	10.53
Total Revenues	28,031,601	100.00	28,032,589.33	100.00

PENNICHUCK WATER WORKS, INC.  
MERRIMACK, NEW HAMPSHIRE

APPENDIX  
TO  
REPORT ON  
COST OF SERVICE ALLOCATIONS  
AND WATER RATE DESIGN

by

John R. Palko, Principal  
AUS Consultants  
155 Gaither Drive, Suite A  
Mt. Laurel, NJ 08054

April 2010

Appendix  
Pennichuck Water Works  
Development of Carrying Costs and Carrying Charges  
for Water Supply and Treatment Facilities

As developed in this analysis, a carrying cost may be defined as the embedded annual cost or expense related to owning a given element of utility property. In other words, it is the expense incurred by ownership. It includes a return on the monies invested in the property, taxes on this return, depreciation of the property, and taxes on the property. For purposes of this analysis, it does not include operation and maintenance costs such as salaries and wages, electric power, chemicals, or repairs. Thus, it is more of a fixed cost than a variable cost. A carrying charge relates the carrying cost to units of capacity or use to allow for fair, just, and reasonable recovery of the expense of ownership.

The data required to develop a carrying cost are available from the books and records of Pennichuck Water Works. For purposes of this analysis, emphasis is placed on the core system water supply and treatment facilities. These facilities include the Supply Pond, Holt Dam, the Water Treatment Plant, and the Fifield Tank (which is used to control the hydraulic gradient in the core system). The accompanying Schedule A-1 summarizes the asset values and related expenses used in the development of the carrying cost parameters. As shown thereon, the investment in water supply and treatment assets for the facilities considered herein totals \$55,161,618 at December 31, 2009. Similarly, the accumulated depreciation reserve totals \$8,491,006 while the annual depreciation expense was \$1,539,523 during calendar year 2009.

The amount of deferred income taxes related to the water supply and treatment facility assets is a needed component in the determination of the return on the investment

in these assets. While deferred income taxes are calculated at the Company level (as opposed to being calculated on each individual utility plant element), it is possible to estimate the deferred taxes related to the water supply and treatment facilities by comparing the investment in these facilities to the total utility plant investment. Using such an approach, it is estimated that \$13,373,304 of deferred income taxes are related to the water supply and treatment facility investment at December 31, 2009.

Property taxes on the water supply and treatment facilities are paid both on a local municipal level and on a state level. Local property taxes totaled \$1,450,055 during calendar year 2009. State property taxes, much like the deferred income taxes, are calculated at the Company level. It is possible to estimate the state property taxes related to the water supply and treatment facilities by comparing the state valuations by town and the town valuations by plant asset category. Under such an approach, it is estimated that the state property taxes related to the water supply and treatment facilities were \$384,924 for calendar year 2009.

The above data may be used to develop the carrying cost of the water supply and treatment facility assets. This development is set forth on the accompanying Schedule A-2. As shown thereon, a rate base of \$35,608,498 is calculated by deducting the accumulated depreciation and the deferred income tax from the original cost of the water supply and treatment facility assets. The overall 7.38% rate of return allowed in Pennichuck's most recent rate proceeding when applied to the rate base results in a \$2,627,907 return on the investment in the water supply and treatment facilities. Taxes on this return are \$1,723,653 using a 60.39% tax factor. As shown on Schedule 2, depreciation expense is \$1,539,523 while total property taxes are \$1,834,979. The sum

of the return on the water supply and treatment facility investment, the taxes on this return, the depreciation expenses, and the property taxes is \$7,726,062 which is the annual carrying cost of these facilities during 2009. It is noted that all numeric values referred to above are for the total of the Supply Pond, Holt Dam, the Water Treatment Plant, and the Fifield Tank. Schedule 2 sets forth comparable values for each individual facility.

This \$7,726,062 carrying cost can be used to develop a carrying charge related to the capacity requirements of Anheuser-Busch. In accordance with the Anheuser-Busch contract, Pennichuck must maintain facilities capable of delivering 2.0 million gallons per day on a continuous basis. In addition these facilities must also be capable of delivering 3.0 million on a maximum day basis and the 24-hour equivalent of 4.0 million gallons during the peak hour. It has recently been reported that the water supply and treatment facility is capable of delivering water at a rate of 31.2 million gallons per day. This 31.2 million gallons per day is the maximum day delivery volume from the treatment facility.

Since the treatment facilities are designed to meet maximum day demands, it is appropriate to relate the Anheuser-Busch maximum day contract requirements to the treatment plant capacity. The 3.0 million gallon Anheuser-Busch maximum day requirement is equivalent to 9.615% of the treatment plant capacity. (That is,  $3.0 \div 31.2 = 9.615\%$ .) Applying this 9.615% to the total annual carrying cost of \$7,726,062 results in a carrying charge of \$742,861 applicable to service to Anheuser-Busch. (That is,  $9.615\% \times \$7,726,062 = \$742,861$ .)

The carrying charge developed herein can be incorporated with the rate schedules applicable to service to Anheuser-Busch. The use of a carrying charge will aid in assuring that Anheuser-Busch provides its fair share of the fixed costs of the water supply and treatment facilities in which certain capacity requirements are reserved for Anheuser-Busch's use and will give recognition to the fact that Pennichuck must maintain certain capacity requirements for Anheuser-Busch irrespective of the amount of water actually taken.

Pennichuck Water Works  
 Asset Values and Related Expenses for Development of Carrying Cost Parameters  
 For Water Supply and Treatment Facilities

	<u>Supply Pond</u>	<u>Holt Dam</u>	<u>Water Treatment Plant</u>	<u>Fifield Tank</u>	<u>Total</u>
<u>Plant Investment</u>					
Original Cost	\$ 969,382	\$ 638,469	\$ 48,908,994	\$ 4,644,773	\$ 55,161,618
Accumulated Depreciation	143,242	116,542	7,544,701	686,521	8,491,006
Net Book Value	826,140	521,927	41,364,293	3,958,252	46,670,612
Depreciation Expense	21,774	11,339	1,431,515	74,895	1,539,523
Estimated Deferred Income Tax	303,908	8,167,355	2,007,282	2,894,759	13,373,304
<u>Property Taxes</u>					
Local Taxes	0	0	1,389,748	60,307	1,450,055
Estimated State Taxes	0	0	368,903	16,021	384,924
Total Property Taxes	0	0	1,758,651	76,328	1,834,979

Pennichuck Water Works  
Development of Carrying Cost  
For Water Supply and Treatment Facilities

	<u>Supply Pond</u>	<u>Holt Dam</u>	<u>Water Treatment Plant</u>	<u>Fifield Tank</u>	<u>Total</u>
<u>Plant Investment</u>					
Original Cost	\$ 969,382	\$ 638,469	\$ 48,908,994	\$ 4,644,773	\$ 55,161,618
Accumulated Depreciation	143,242	116,542	7,544,701	686,521	8,491,006
Net Book Value	826,140	521,927	41,364,293	3,958,252	46,670,612
Estimated Deferred Income Tax	583,569	303,908	8,167,355	2,007,282	11,062,114
Rate Base	242,571	218,019	33,196,938	1,950,970	35,608,498
Allowed Rate of Return	7.38 %	7.38 %	7.38 %	7.38 %	7.38 %
Return on Investment	17,902	16,090	2,449,934	143,982	2,627,907
Tax Factor on Return	60.39 %	60.39 %	60.39 %	60.39 %	60.39 %
Taxes on Return	11,742	10,553	1,606,920	94,438	1,723,653
Depreciation Expense	21,774	11,339	1,431,515	74,895	1,539,523
<u>Property Taxes</u>					
Local Taxes	0	0	1,389,748	60,307	1,450,055
Estimated State Taxes	0	0	368,903	16,021	384,924
Total Property Taxes	0	0	1,758,651	76,328	1,834,979
Total Annual Carrying Cost	\$ 51,418	\$ 37,982	\$ 7,247,020	\$ 389,643	\$ 7,726,062

PENNICHUCK WATER WORKS, INC.  
MERRIMACK, NEW HAMPSHIRE

ADDENDUM TO

REPORT ON

COST OF SERVICE ALLOCATIONS

AND RATE DESIGN

by

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April 2010

Addendum To  
Report on  
Cost of Service Allocations  
and Water Rate Design  
Pennichuck Water Works, Inc.

The cost of service allocations and related rate design developed in the main body of this report were premised upon a net water revenue requirement of \$28,031,601. This amount has been characterized as the “Permanent Rate Increase” by the management of Pennichuck Water Works, Inc.

In addition to the Permanent Rate Increase, two other revenue requirement levels will be considered in the rate filing before the New Hampshire Public Utilities Commission. These levels and the corresponding revenue requirements are identified as the “Temporary Rate Increase” of \$26,720,950 and the “Step Rate Increase” of \$28,918,240.

This addendum sets forth the design of rates and charges which will generate the revenue requirements under the Temporary Rate Increase and the Step Rate Increase. Attached hereto are a series of schedules similar in format to Schedules 10, 14, and 15 (i.e., the rate design schedules) of the main report. The schedules attached hereto are identified with “.Temp” and “.Step” extensions according to the individual revenue requirement under consideration.

Additionally, Schedule A.Temp and Schedule A.Step attached hereto set forth respectively the allocation of the revenue requirement to the customer classes for the Temporary Rate Increase and the Step Rate Increase. Each revenue requirement is ratioed to the revenues from the Permanent Rate Increase on these schedules.

Page 5 of Schedule 15 of each of the rate designs set forth herein shows that the temporary rate design is within 0.007% of its revenue requirement and that the step rate design is within 0.006% of its revenue requirement. These differences are each considered negligible and are acceptable for rate design purposes.

Finally, a series of schedules illustrating the effect of the step increase is attached hereto. Schedule SE.1 sets forth the difference between the combined rate elements (that is, those designed to generate the step revenue requirement) and the permanent rate elements. This difference is then applied to the billing parameters on Schedule SE.2. As shown on Page 5 of Schedule SE.2, the movement from the permanent rate increase to the step rate increase generates an additional \$887,494 of revenue.

PENNICHUCK WATER WORKS, INC.  
MERRIMACK, NEW HAMPSHIRE

SCHEDULES TO ACCOMPANY  
ADDENDUM TO  
REPORT ON  
COST OF SERVICE ALLOCATIONS  
AND WATER RATE DESIGN

by

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April 2010

PENNICHUCK WATER WORKS, INC.

RATE DESIGN FOR

TEMPORARY RATE INCREASE

Pennichuck Water Works, Inc.  
Temporary Rate Increase

Allocation of Temporary Rate Revenue

	<u>Proposed Permanent Rates</u>		<u>Temporary Revenue Requirement</u>
	<u>Amount</u>	<u>%</u>	
Total Customer Charge Revenue	\$ 9,366,018.96	33.41%	8,913,971
Total Volume Charge Revenue	13,851,652.48	49.41%	13,183,106
Total Contract Fixed Fee Revenue	856,660.00	3.06%	856,660
Total Private Fire Revenue	1,005,371.28	3.59%	956,847
Total Municipal Fire Revenue	2,952,886.61	10.53%	2,810,366
 Grand Total Proposed Revenue	 \$ 28,032,589.33	 100.00%	 \$ 26,720,950
Net Water Revenue Requirement	\$ 28,031,601.00		
Difference	\$ 988.33	0.004%	

Pennichuck Water Works, Inc.  
Temporary Rate Increase  
Rate Design

Municipal Fire Protection

Total Municipal Fire Protection Rev Reqmt	2,810,366
Present Municipal Fire Protection Revenue	2,690,258

Present revenue is less than the cost of service indications.  
An increase of about 4.5% will be developed for municipal fire protection.

<u>Rate Element</u>	<u>Present Monthly Rate</u>	<u>Temporary Monthly Rate</u>	<u>% Increase</u>
Hydrant	\$ 17.16	\$ 17.93	4.49 %
Inch-Foot	0.11828	0.12356	4.46 %

Pennichuck Water Works, Inc.  
Temporary Rate Increase  
Rate Design

Private Fire Protection

Total Private Fire Protection Rev Reqmt	956,847
Present Private Fire Protection Revenue	1,005,371

Since Allocated Costs are less than present rate revenues,  
no changes will be proposed for Private Fire rates.

<u>Size</u>	<u>Present Monthly Charge</u>	<u>Temporary Monthly Charge</u>	<u>Increase</u>
2"	55.70	55.70	0.00 %
4"	55.70	55.70	0.00 %
6"	93.46	93.46	0.00 %
8"	137.60	137.60	0.00 %
10"	137.60	137.60	0.00 %
12"	137.60	137.60	0.00 %
16"	137.60	137.60	0.00 %

Pennichuck Water Works, Inc.  
Temporary Rate Increase  
Rate Design

Customer Charges

Total for Customer Charge	8,913,971
Rate Design Adjustment	179,974
Net for Customer Charges	8,733,997

Present Customer Charge Revenue 6,751,420

Increase Required 29.37 %

<u>Meter Size</u>	<u>Present Monthly Charge</u>	<u>Temporary Monthly Charge</u>	<u>Increase</u>
5/8"	18.18	23.51	29.32 %
3/4"	26.16	33.84	29.36 %
1"	42.13	54.50	29.36 %
1 1/2"	82.10	106.21	29.37 %
2"	134.41	173.89	29.37 %
3"	246.48	318.87	29.37 %
4"	406.51	525.90	29.37 %
6"	806.63	1,043.54	29.37 %
8"	1,286.90	1,664.86	29.37 %
10"	1,847.05	2,389.53	29.37 %

Pennichuck Water Works, Inc.  
Temporary Rate Increase  
Rate Design

Volumetric Charges

Net Water Revenue Requirement	26,720,950
Less Proposed Revenues:	
From Municipal Fire Protection	(2,810,468)
From Private Fire Protection	(1,005,371)
From Customer Charges	(8,706,514)
From Contract Fixed Fees	(113,800)
From A-B Carrying Charge	(742,860)
From A-B Volume Charge	(647,288)
Net Required From Volume Charges	12,694,649
Present Volume Charge Revenue	12,696,537

Increase Required (0.01) %

	<u>Present Charge</u>	<u>Proposed Charge</u>	<u>Increase</u>
General Water	2.90	2.900	0.00 %
Anheuser-Busch	1.4956	1.1739	(21.51) %
Hudson	1.8419	1.8419	0.00 %
Milford	1.8249	1.8249	0.00 %

Pennichuck Water Works, Inc.  
Summary of Temporary Rates

General Service - Metered  
Schedule G-M

<u>Meter Size</u>	<u>Temporary Monthly Charge</u>
5/8"	\$ 23.51
3/4"	33.84
1"	54.50
1 1/2"	106.21
2"	173.89
3"	318.87
4"	525.90
6"	1,043.54
8"	1,664.86
10"	2,389.53
 Volumetric Charge per 100 cu. ft.	 \$ 2.900

Municipal Fire Protection Service  
Schedule FP-M

	<u>Temporary Monthly Charge</u>
Each Hydrant	\$ 17.93
Inch-Foot per year	\$ 0.12356

Private Fire Protection Service  
Schedule FP-NM

<u>Connection Size</u>	<u>Temporary Monthly Charge</u>
4" or smaller	\$ 55.70
6"	93.46
8" or larger	137.60

Special Contract Service

<u>Anheuser-Busch</u>	
Annual Carrying Chg	\$ 742,860
Volumetric Charge per 100 cu. ft.	\$ 1.1739
 <u>Hudson</u>	
Annual Charge	\$ 32,800
Volumetric Charge per 100 cu. ft.	\$ 1.8419
 <u>Milford</u>	
Annual Fixed Fee	\$ 81,000
Volumetric Charge per 100 cu. ft.	\$ 1.8249

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Temporary Rates

General Service - Metered

Residential

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
5/8"	23,188	278,256	\$ 23.51	\$ 6,541,798.56
3/4"	325	3,900	33.84	131,976.00
1"	205	2,460	54.50	134,070.00
1 1/2"	131	1,572	106.21	166,962.12
2"	45	540	173.89	93,900.60
3"	19	228	318.87	72,702.36
4"	3	36	525.90	18,932.40
6"	0	0	1,043.54	0.00
8"	0	0	1,664.86	0.00
10"	0	0	2,389.53	0.00
<b>Subtotal</b>	<b>23,916</b>	<b>286,992</b>		<b>\$ 7,160,342.04</b>
	<u>CCFT</u>			
Volume	3,190,170		\$ 2.900	\$ 9,251,493.00
<b>Total Residential Revenue</b>				<b>\$ 16,411,835.04</b>

Commercial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
5/8"	605	7,260	\$ 23.51	\$ 170,682.60
3/4"	175	2,100	33.84	71,064.00
1"	255	3,060	54.50	166,770.00
1 1/2"	233	2,796	106.21	296,963.16
2"	150	1,800	173.89	313,002.00
3"	17	204	318.87	65,049.48
4"	2	24	525.90	12,621.60
6"	1	12	1,043.54	12,522.48
8"	0	0	1,664.86	0.00
10"	0	0	2,389.53	0.00
<b>Subtotal</b>	<b>1,438</b>	<b>17,256</b>		<b>\$ 1,108,675.32</b>
	<u>CCFT</u>			
Volume	766,150		\$ 2.900	\$ 2,221,835.00
<b>Total Commercial Revenue</b>				<b>\$ 3,330,510.32</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Temporary Rates

General Service - Metered

Industrial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
5/8"	30	360	\$ 23.51	\$ 8,463.60
3/4"	17	204	33.84	6,903.36
1"	39	468	54.50	25,506.00
1 1/2"	29	348	106.21	36,961.08
2"	35	420	173.89	73,033.80
3"	13	156	318.87	49,743.72
4"	2	24	525.90	12,621.60
6"	2	24	1,043.54	25,044.96
8"	0	0	1,664.86	0.00
10"	0	0	2,389.53	0.00
<b>Subtotal</b>	<b>167</b>	<b>2,004</b>		<b>\$ 238,278.12</b>
	<u>CCFT</u>			
Volume	222,313		\$ 2.900	\$ 644,707.70
<b>Total Industrial Revenue</b>				<b>\$ 882,985.82</b>

Municipal

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
5/8"	17	204	\$ 23.51	\$ 4,796.04
3/4"	10	120	33.84	4,060.80
1"	16	192	54.50	10,464.00
1 1/2"	27	324	106.21	34,412.04
2"	37	444	173.89	77,207.16
3"	8	96	318.87	30,611.52
4"	2	24	525.90	12,621.60
6"	2	24	1,043.54	25,044.96
8"	0	0	1,664.86	0.00
10"	0	0	2,389.53	0.00
<b>Subtotal</b>	<b>119</b>	<b>1,428</b>		<b>\$ 199,218.12</b>
	<u>CCFT</u>			
Volume	79,953		\$ 2.900	\$ 231,863.70
<b>Total Municipal Revenue</b>				<b>\$ 431,081.82</b>
<b>Grand Total GWS Revenue</b>				<b>\$ 21,056,413.00</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Temporary Rates

Service to Contract Customers

Town of Milford

		<u>Temporary Rate</u>	<u>Revenue</u>
Annual Fixed Fee		\$ 81,000.00	\$ 81,000.00
Volume	<u>CCFT</u> 45,237	\$ 1.8249	\$ 82,553.00
Total Milford Revenue			\$ 163,553.00

Town of Hudson

		<u>Temporary Rate</u>	<u>Revenue</u>
Annual Demand Charge		\$ 32,800.00	\$ 32,800.00
Volume	<u>CCFT</u> 143,376	\$ 1.8419	\$ 264,084.25
Total Hudson Revenue			\$ 296,884.25

Anheuser-Busch

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
6"	2	24	\$ -	\$ -
Volume	<u>CCFT</u> 551,400		1.1739	\$ 647,288.46
Annual Carrying Charge			\$ 742,860.00	\$ 742,860.00
Total Anheuser-Busch Revenue				\$ 1,390,148.46
Grand Total Contract Revenue				\$ 1,850,585.72

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Temporary Rates

Fire Protection Service

Private Fire Protection

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
2"	29	348	\$ 55.70	\$ 19,383.60
4"	105	1,260	55.70	70,182.00
6"	369	4,428	93.46	413,840.88
8"	284	3,408	137.60	468,940.80
10"	6	72	137.60	9,907.20
12"	13	156	137.60	21,465.60
16"	1	12	137.60	1,651.20
Total	807	9,684		\$ 1,005,371.28

Municipal Fire Protection

<u>Size</u>	<u>Number</u>	<u>of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
Hydrant	2,468	60	\$ 17.93	\$ 531,014.88
Inch-Feet	18,448,150		0.12356	2,279,453.41
Total Municipal Fire Revenue				\$ 2,810,468.29

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Temporary Rates

Total Proposed Temporary Rate Revenue

Grand Total GWS Revenue	\$ 21,056,413.00
Grand Total Contract Revenue	\$ 1,850,585.72
Grand Total Private Fire Revenue	\$ 1,005,371.28
Grand Total Municipal Fire Revenue	\$ 2,810,468.29
Grand Total Proposed Revenue	\$ 26,722,838.29
Total Customer Charge Revenue	\$ 8,706,513.60
Total Volume Charge Revenue	\$ 13,343,825.12
Total Contract Fixed Fee Revenue	\$ 856,660.00
Total Private Fire Revenue	\$ 1,005,371.28
Total Municipal Fire Revenue	\$ 2,810,468.29
Grand Total Proposed Revenue	\$ 26,722,838.29
Net Water Revenue Requirement	\$ 26,720,950.00
Difference	\$ 1,888.29 0.007%

PENNICHUCK WATER WORKS, INC.

RATE DESIGN FOR

STEP RATE INCREASE

Pennichuck Water Works, Inc.  
Combined Rate Increase  
Combined Permanent and Step Increase  
Allocation of Combined Rate Revenue

	<u>Proposed Permanent Rates</u>		<u>Combined Revenue Requirement</u>
	<u>Amount</u>	<u>%</u>	
Total Customer Charge Revenue	\$ 9,366,018.96	33.41%	9,671,253
Total Volume Charge Revenue	13,851,652.48	49.41%	14,303,071
Total Contract Fixed Fee Revenue	856,660.00	3.06%	856,660
Total Private Fire Revenue	1,005,371.28	3.59%	1,038,136
Total Municipal Fire Revenue	2,952,886.61	10.53%	3,049,120
 Grand Total Proposed Revenue	 \$ 28,032,589.33	 100.00%	 \$ 28,918,240
Net Water Revenue Requirement	\$ 28,031,601.00		
Difference	\$ 988.33	0.004%	

Pennichuck Water Works, Inc.  
Combined Rate Increase  
Combined Permanent and Step Increase  
Rate Design

Municipal Fire Protection

Total Municipal Fire Protection Rev Reqmt	3,049,120
Permanent Municipal Fire Protection Revenue	2,952,887

Permanent revenue is less than the allocated amount.  
An increase of about 3.2% will be developed for municipal fire protection.

<u>Rate Element</u>	<u>Permanent Monthly Rate</u>	<u>Combined Monthly Rate</u>	<u>% Increase</u>
Hydrant	\$ 19.78	\$ 20.42	3.24 %
Inch-Foot	0.12831	0.13249	3.26 %

Pennichuck Water Works, Inc.  
 Combined Rate Increase  
 Combined Permanent and Step Increase  
 Rate Design

Private Fire Protection

Total Private Fire Protection Rev Reqmt	1,038,136
Permanent Private Fire Protection Revenue	1,005,371

Permanent revenue is less than the allocated amount.  
 An increase of about 3.2% will be developed for municipal fire protection.

<u>Size</u>	<u>Permanent Monthly Charge</u>	<u>Combined Monthly Charge</u>	<u>Increase</u>
2"	\$ 55.70	\$ 57.52	3.27 %
4"	55.70	57.52	3.27 %
6"	93.46	96.51	3.26 %
8"	137.60	142.08	3.26 %
10"	137.60	142.08	3.26 %
12"	137.60	142.08	3.26 %
16"	137.60	142.08	3.26 %

Pennichuck Water Works, Inc.  
Combined Rate Increase  
Combined Permanent and Step Increase  
Rate Design

Customer Charges

Total for Customer Charge	9,671,253
Rate Design Adjustment	0
Net for Customer Charges	9,671,253

Permanent Customer Charge Revenue 9,366,019

Increase Required 3.26 %

<u>Meter Size</u>	<u>Permanent Monthly Charge</u>	<u>Combined Monthly Charge</u>	<u>Increase</u>
5/8"	\$ 25.29	\$ 26.11	3.24 %
3/4"	36.41	37.60	3.27 %
1"	58.64	60.55	3.26 %
1 1/2"	114.27	118.00	3.26 %
2"	187.07	193.17	3.26 %
3"	343.05	354.23	3.26 %
4"	565.78	584.22	3.26 %
6"	1,122.67	1,159.27	3.26 %
8"	1,791.11	1,849.50	3.26 %
10"	2,570.72	2,654.53	3.26 %

Pennichuck Water Works, Inc.  
Combined Rate Increase  
Combined Permanent and Step Increase  
Rate Design

Volumetric Charges

Net Water Revenue Requirement	28,918,240
Less Proposed Revenues:	
From Municipal Fire Protection	(3,048,954)
From Private Fire Protection	(1,038,146)
From Customer Charges	(9,670,112)
From Contract Fixed Fees	(113,800)
From A-B Carrying Charge	(742,860)
From A-B Volume Charge	
Net Required From Volume Charges	14,304,368
Permanent Volume Charge Revenue	13,851,652
Increase Required	3.27 %

	<u>Permanent Charge</u>	<u>Combined Charge</u>	<u>Increase</u>
General Water	\$ 3.016	\$ 3.115	3.28 %
Anheuser-Busch	1.1739	1.2123	3.27 %
Hudson	1.9154	1.9780	3.27 %
Milford	1.8977	1.9598	3.27 %

Pennichuck Water Works, Inc.  
Summary of Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered  
Schedule G-M

<u>Meter Size</u>	<u>Combined Monthly Charge</u>
5/8"	\$ 26.11
3/4"	37.60
1"	60.55
1 1/2"	118.00
2"	193.17
3"	354.23
4"	584.22
6"	1,159.27
8"	1,849.50
10"	2,654.53
Volumetric Charge per 100 cu. ft.	\$ 3.115

Municipal Fire Protection Service  
Schedule FP-M

	<u>Combined Monthly Charge</u>
Each Hydrant	\$ 20.42
Inch-Foot per year	\$ 0.13249

Private Fire Protection Service  
Schedule FP-NM

<u>Connection Size</u>	<u>Combined Monthly Charge</u>
4" or smaller	\$ 57.52
6"	96.51
8" or larger	142.08

Special Contract Service

Anheuser-Busch

Annual Carrying Chg	\$ 742,860
Volumetric Charge per 100 cu. ft.	\$ 1.2123

Hudson

Annual Charge	\$ 32,800
Volumetric Charge per 100 cu. ft.	\$ 1.9780

Milford

Annual Fixed Fee	\$ 81,000
Volumetric Charge per 100 cu. ft.	\$ 1.9598

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered

Residential

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	23,188	278,256	\$ 26.11	\$ 7,265,264.16
3/4"	325	3,900	37.60	146,640.00
1"	205	2,460	60.55	148,953.00
1 1/2"	131	1,572	118.00	185,496.00
2"	45	540	193.17	104,311.80
3"	19	228	354.23	80,764.44
4"	3	36	584.22	21,031.92
6"	0	0	1,159.27	0.00
8"	0	0	1,849.50	0.00
10"	0	0	2,654.53	0.00
<b>Subtotal</b>	<b>23,916</b>	<b>286,992</b>		<b>\$ 7,952,461.32</b>
	<u>CCFT</u>			
Volume	3,190,170		\$ 3.115	\$ 9,937,379.55
<b>Total Residential Revenue</b>				<b>\$ 17,889,840.87</b>

Commercial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	605	7,260	\$ 26.11	\$ 189,558.60
3/4"	175	2,100	37.60	78,960.00
1"	255	3,060	60.55	185,283.00
1 1/2"	233	2,796	118.00	329,928.00
2"	150	1,800	193.17	347,706.00
3"	17	204	354.23	72,262.92
4"	2	24	584.22	14,021.28
6"	1	12	1,159.27	13,911.24
8"	0	0	1,849.50	0.00
10"	0	0	2,654.53	0.00
<b>Subtotal</b>	<b>1,438</b>	<b>17,256</b>		<b>\$ 1,231,631.04</b>
	<u>CCFT</u>			
Volume	766,150		\$ 3.115	\$ 2,386,557.25
<b>Total Commercial Revenue</b>				<b>\$ 3,618,188.29</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered

Industrial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	30	360	\$ 26.11	\$ 9,399.60
3/4"	17	204	37.60	7,670.40
1"	39	468	60.55	28,337.40
1 1/2"	29	348	118.00	41,064.00
2"	35	420	193.17	81,131.40
3"	13	156	354.23	55,259.88
4"	2	24	584.22	14,021.28
6"	2	24	1,159.27	27,822.48
8"	0	0	1,849.50	0.00
10"	0	0	2,654.53	0.00
Subtotal	167	2,004		\$ 264,706.44
	<u>CCFT</u>			
Volume	222,313		\$ 3.115	\$ 692,505.00
Total Industrial Revenue				\$ 957,211.44

Municipal

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	17	204	\$ 26.11	\$ 5,326.44
3/4"	10	120	37.60	4,512.00
1"	16	192	60.55	11,625.60
1 1/2"	27	324	118.00	38,232.00
2"	37	444	193.17	85,767.48
3"	8	96	354.23	34,006.08
4"	2	24	584.22	14,021.28
6"	2	24	1,159.27	27,822.48
8"	0	0	1,849.50	0.00
10"	0	0	2,654.53	0.00
Subtotal	119	1,428		\$ 221,313.36
	<u>CCFT</u>			
Volume	79,953		\$ 3.115	\$ 249,053.60
Total Municipal Revenue				\$ 470,366.96
Grand Total GWS Revenue				\$ 22,935,607.55

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Service to Contract Customers

Town of Milford

		<u>Combined Rate</u>	<u>Revenue</u>
Annual Fixed Fee		\$ 81,000.00	\$ 81,000.00
Volume	<u>CCFT</u> 45,237	\$ 1.9598	\$ 88,655.47
Total Milford Revenue			\$ 169,655.47

Town of Hudson

		<u>Combined Rate</u>	<u>Revenue</u>
Annual Demand Charge		\$ 32,800.00	\$ 32,800.00
Volume	<u>CCFT</u> 143,376	\$ 1.9780	\$ 283,597.73
Total Hudson Revenue			\$ 316,397.73

Anheuser-Busch

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
6"	2	24	\$ -	\$ -
Volume	<u>CCFT</u> 551,400		1.2123	\$ 668,462.22
Annual Carrying Charge			\$ 742,860.00	\$ 742,860.00
Total Anheuser-Busch Revenue				\$ 1,411,322.22
Grand Total Contract Revenue				\$ 1,897,375.42

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Fire Protection Service

Private Fire Protection

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
2"	29	348	\$ 57.52	\$ 20,016.96
4"	105	1,260	57.52	72,475.20
6"	369	4,428	96.51	427,346.28
8"	284	3,408	142.08	484,208.64
10"	6	72	142.08	10,229.76
12"	13	156	142.08	22,164.48
16"	1	12	142.08	1,704.96
<b>Total</b>	<b>807</b>	<b>9,684</b>		<b>\$ 1,038,146.28</b>

Municipal Fire Protection

<u>Size</u>	<u>Number</u>	<u>of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
Hydrant	2,468	60	\$ 20.42	\$ 604,758.72
Inch-Feet	18,448,150		0.13249	2,444,195.39
<b>Total Municipal Fire Revenue</b>				<b>\$ 3,048,954.11</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Total Proposed Combined Rate Revenue

Grand Total GWS Revenue	\$ 22,935,607.55
Grand Total Contract Revenue	\$ 1,897,375.42
Grand Total Private Fire Revenue	\$ 1,038,146.28
Grand Total Municipal Fire Revenue	\$ 3,048,954.11
Grand Total Proposed Revenue	\$ 28,920,083.36
Total Customer Charge Revenue	\$ 9,670,112.16
Total Volume Charge Revenue	\$ 14,306,210.81
Total Contract Fixed Fee Revenue	\$ 856,660.00
Total Private Fire Revenue	\$ 1,038,146.28
Total Municipal Fire Revenue	\$ 3,048,954.11
Grand Total Proposed Revenue	\$ 28,920,083.36
Net Water Revenue Requirement	\$ 28,918,240.00
Difference	\$ 1,843.36 0.006%

PENNICHUCK WATER WORKS, INC.

SCHEDULES ILLUSTRATING

EFFECT OF STEP INCREASE

Pennichuck Water Works, Inc.  
Summary of Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered  
Schedule G-M

<u>Meter Size</u>	<u>Combined Monthly Charge</u>	<u>Permanent Monthly Charge</u>	<u>Effect of Step Increase</u>
5/8"	\$ 26.11	\$ 25.29	\$ 0.82
3/4"	37.60	36.41	1.19
1"	60.55	58.64	1.91
1 1/2"	118.00	114.27	3.73
2"	193.17	187.07	6.10
3"	354.23	343.05	11.18
4"	584.22	565.78	18.44
6"	1,159.27	1,122.67	36.60
8"	1,849.50	1,791.11	58.39
10"	2,654.53	2,570.72	83.81

Volumetric Charge  
per 100 cu. ft.      \$ 3.115    \$ 3.016    \$ 0.099

Municipal Fire Protection Service  
Schedule FP-M

	<u>Combined Monthly Charge</u>	<u>Permanent Monthly Charge</u>	<u>Effect of Step Increase</u>
Each Hydrant	\$ 20.42	\$ 19.78	\$ 0.64
Inch-Foot per year	\$0.13249	\$ 0.12831	\$0.00418

Private Fire Protection Service  
Schedule FP-NM

<u>Connection Size</u>	<u>Combined Monthly Charge</u>	<u>Permanent Monthly Charge</u>	<u>Effect of Step Increase</u>
4" or smaller	\$ 57.52	\$ 55.70	\$ 1.82
6"	96.51	93.46	3.05
8" or larger	142.08	137.60	4.48

Special Contract Service

<u>Anheuser-Busch</u>			
Annual Carrying Chg	\$742,860	\$ 742,860	\$ -
Volumetric Charge per 100 cu. ft.	\$ 1.2123	\$ 1.1739	\$ 0.0384
<u>Hudson</u>			
Annual Charge	\$ 32,800	\$ 32,800	\$ -
Volumetric Charge per 100 cu. ft.	\$ 1.9780	\$ 1.9154	\$ 0.0626
<u>Milford</u>			
Annual Fixed Fee	\$ 81,000	\$ 81,000	\$ -
Volumetric Charge per 100 cu. ft.	\$ 1.9598	\$ 1.8977	\$ 0.0621

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered

Residential

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	23,188	278,256	\$ 0.82	\$ 228,169.92
3/4"	325	3,900	1.19	4,641.00
1"	205	2,460	1.91	4,698.60
1 1/2"	131	1,572	3.73	5,863.56
2"	45	540	6.10	3,294.00
3"	19	228	11.18	2,549.04
4"	3	36	18.44	663.84
6"	0	0	36.60	0.00
8"	0	0	58.39	0.00
10"	0	0	83.81	0.00
<b>Subtotal</b>	<b>23,916</b>	<b>286,992</b>		<b>\$ 249,879.96</b>
	<u>CCFT</u>			
Volume	3,190,170		\$ 0.099	\$ 315,826.83
<b>Total Residential Revenue</b>				<b>\$ 565,706.79</b>

Commercial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	605	7,260	\$ 0.82	\$ 5,953.20
3/4"	175	2,100	1.19	2,499.00
1"	255	3,060	1.91	5,844.60
1 1/2"	233	2,796	3.73	10,429.08
2"	150	1,800	6.10	10,980.00
3"	17	204	11.18	2,280.72
4"	2	24	18.44	442.56
6"	1	12	36.60	439.20
8"	0	0	58.39	0.00
10"	0	0	83.81	0.00
<b>Subtotal</b>	<b>1,438</b>	<b>17,256</b>		<b>\$ 38,868.36</b>
	<u>CCFT</u>			
Volume	766,150		\$ 0.099	\$ 75,848.85
<b>Total Commercial Revenue</b>				<b>\$ 114,717.21</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered

Industrial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	30	360	\$ 0.82	\$ 295.20
3/4"	17	204	1.19	242.76
1"	39	468	1.91	893.88
1 1/2"	29	348	3.73	1,298.04
2"	35	420	6.10	2,562.00
3"	13	156	11.18	1,744.08
4"	2	24	18.44	442.56
6"	2	24	36.60	878.40
8"	0	0	58.39	0.00
10"	0	0	83.81	0.00
<b>Subtotal</b>	<b>167</b>	<b>2,004</b>		<b>\$ 8,356.92</b>
	<u>CCFT</u>			
Volume	222,313		\$ 0.099	\$ 22,008.99
<b>Total Industrial Revenue</b>				<b>\$ 30,365.91</b>

Municipal

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	17	204	\$ 0.82	\$ 167.28
3/4"	10	120	1.19	142.80
1"	16	192	1.91	366.72
1 1/2"	27	324	3.73	1,208.52
2"	37	444	6.10	2,708.40
3"	8	96	11.18	1,073.28
4"	2	24	18.44	442.56
6"	2	24	36.60	878.40
8"	0	0	58.39	0.00
10"	0	0	83.81	0.00
<b>Subtotal</b>	<b>119</b>	<b>1,428</b>		<b>\$ 6,987.96</b>
	<u>CCFT</u>			
Volume	79,953		\$ 0.099	\$ 7,915.35
<b>Total Municipal Revenue</b>				<b>\$ 14,903.31</b>
<b>Grand Total GWS Revenue</b>				<b>\$ 725,693.21</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Service to Contract Customers

Town of Milford

		<u>Combined Rate</u>	<u>Revenue</u>
Annual Fixed Fee		\$ -	\$ -
Volume	<u>CCFT</u> 45,237	\$ 0.0621	\$ 2,809.22
Total Milford Revenue			\$ 2,809.22

Town of Hudson

		<u>Combined Rate</u>	<u>Revenue</u>
Annual Demand Charge		\$ -	\$ -
Volume	<u>CCFT</u> 143,376	\$ 0.0626	\$ 8,975.34
Total Hudson Revenue			\$ 8,975.34

Anheuser-Busch

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
6"	2	24	\$ -	\$ -
Volume	<u>CCFT</u> 551,400		0.0384	\$ 21,173.76
Annual Carrying Charge			\$ -	\$ -
Total Anheuser-Busch Revenue				\$ 21,173.76
Grand Total Contract Revenue				\$ 32,958.32

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Fire Protection Service

Private Fire Protection

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
2"	29	348	\$ 1.82	\$ 633.36
4"	105	1,260	1.82	2,293.20
6"	369	4,428	3.05	13,505.40
8"	284	3,408	4.48	15,267.84
10"	6	72	4.48	322.56
12"	13	156	4.48	698.88
16"	1	12	4.48	53.76
<b>Total</b>	<b>807</b>	<b>9,684</b>		<b>\$ 32,775.00</b>

Municipal Fire Protection

<u>Size</u>	<u>Number</u>	<u>of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
Hydrant	2,468	60	\$ 0.64	\$ 18,954.24
Inch-Feet	18,448,150		0.00418	77,113.27
<b>Total Municipal Fire Revenue</b>				<b>\$ 96,067.51</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Total Proposed Combined Rate Revenue

Grand Total GWS Revenue	\$	725,693.21
Grand Total Contract Revenue	\$	32,958.32
Grand Total Private Fire Revenue	\$	32,775.00
Grand Total Municipal Fire Revenue	\$	96,067.51
Grand Total Proposed Revenue	\$	887,494.04
Total Customer Charge Revenue	\$	304,093.20
Total Volume Charge Revenue	\$	454,558.33
Total Contract Fixed Fee Revenue	\$	-
Total Private Fire Revenue	\$	32,775.00
Total Municipal Fire Revenue	\$	96,067.51
Grand Total Proposed Revenue	\$	887,494.04

PENNICHUCK WATER WORKS, INC.  
MERRIMACK, NEW HAMPSHIRE

ADDENDUM TO

REPORT ON

COST OF SERVICE ALLOCATIONS

AND RATE DESIGN

by

John R. Palko, Principal  
AUS Consultants  
155 Gaither Drive, Suite A  
Mount Laurel, NJ 08054

April 2010

Addendum To  
Report on  
Cost of Service Allocations  
and Water Rate Design  
Pennichuck Water Works, Inc.

The cost of service allocations and related rate design developed in the main body of this report were premised upon a net water revenue requirement of \$28,031,601. This amount has been characterized as the “Permanent Rate Increase” by the management of Pennichuck Water Works, Inc.

In addition to the Permanent Rate Increase, two other revenue requirement levels will be considered in the rate filing before the New Hampshire Public Utilities Commission. These levels and the corresponding revenue requirements are identified as the “Temporary Rate Increase” of \$26,720,950 and the “Step Rate Increase” of \$28,918,240.

This addendum sets forth the design of rates and charges which will generate the revenue requirements under the Temporary Rate Increase and the Step Rate Increase. Attached hereto are a series of schedules similar in format to Schedules 10, 14, and 15 (i.e., the rate design schedules) of the main report. The schedules attached hereto are identified with “.Temp” and “.Step” extensions according to the individual revenue requirement under consideration.

Additionally, Schedule A.Temp and Schedule A.Step attached hereto set forth respectively the allocation of the revenue requirement to the customer classes for the Temporary Rate Increase and the Step Rate Increase. Each revenue requirement is ratioed to the revenues from the Permanent Rate Increase on these schedules.

Page 5 of Schedule 15 of each of the rate designs set forth herein shows that the temporary rate design is within 0.007% of its revenue requirement and that the step rate design is within 0.006% of its revenue requirement. These differences are each considered negligible and are acceptable for rate design purposes.

Finally, a series of schedules illustrating the effect of the step increase is attached hereto. Schedule SE.1 sets forth the difference between the combined rate elements (that is, those designed to generate the step revenue requirement) and the permanent rate elements. This difference is then applied to the billing parameters on Schedule SE.2. As shown on Page 5 of Schedule SE.2, the movement from the permanent rate increase to the step rate increase generates an additional \$887,494 of revenue.

PENNICHUCK WATER WORKS, INC.  
MERRIMACK, NEW HAMPSHIRE

SCHEDULES TO ACCOMPANY

ADDENDUM TO

REPORT ON

COST OF SERVICE ALLOCATIONS

AND WATER RATE DESIGN

by

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Mt. Laurel, NJ 08054

April 2010

PENNICHUCK WATER WORKS, INC.

RATE DESIGN FOR

TEMPORARY RATE INCREASE

Pennichuck Water Works, Inc.  
Temporary Rate Increase

Allocation of Temporary Rate Revenue

	<u>Proposed Permanent Rates</u>		<u>Temporary Revenue Requirement</u>
	<u>Amount</u>	<u>%</u>	
Total Customer Charge Revenue	\$ 9,366,018.96	33.41%	8,913,971
Total Volume Charge Revenue	13,851,652.48	49.41%	13,183,106
Total Contract Fixed Fee Revenue	856,660.00	3.06%	856,660
Total Private Fire Revenue	1,005,371.28	3.59%	956,847
Total Municipal Fire Revenue	2,952,886.61	10.53%	2,810,366
 Grand Total Proposed Revenue	 \$ 28,032,589.33	 100.00%	 \$ 26,720,950
Net Water Revenue Requirement	\$ 28,031,601.00		
Difference	\$ 988.33	0.004%	

Pennichuck Water Works, Inc.  
Temporary Rate Increase  
Rate Design

Municipal Fire Protection

Total Municipal Fire Protection Rev Reqmt	2,810,366
Present Municipal Fire Protection Revenue	2,690,258

Present revenue is less than the cost of service indications.  
An increase of about 4.5% will be developed for municipal fire protection.

<u>Rate Element</u>	<u>Present Monthly Rate</u>	<u>Temporary Monthly Rate</u>	<u>% Increase</u>
Hydrant	\$ 17.16	\$ 17.93	4.49 %
Inch-Foot	0.11828	0.12356	4.46 %

Pennichuck Water Works, Inc.  
Temporary Rate Increase  
Rate Design

Private Fire Protection

Total Private Fire Protection Rev Reqmt	956,847
Present Private Fire Protection Revenue	1,005,371

Since Allocated Costs are less than present rate revenues,  
no changes will be proposed for Private Fire rates.

<u>Size</u>	<u>Present Monthly Charge</u>	<u>Temporary Monthly Charge</u>	<u>Increase</u>
2"	55.70	55.70	0.00 %
4"	55.70	55.70	0.00 %
6"	93.46	93.46	0.00 %
8"	137.60	137.60	0.00 %
10"	137.60	137.60	0.00 %
12"	137.60	137.60	0.00 %
16"	137.60	137.60	0.00 %

Pennichuck Water Works, Inc.  
Temporary Rate Increase  
Rate Design

Customer Charges

Total for Customer Charge	8,913,971
Rate Design Adjustment	179,974

Net for Customer Charges	8,733,997
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Present Customer Charge Revenue	6,751,420
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Increase Required	29.37 %
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<u>Meter Size</u>	<u>Present Monthly Charge</u>	<u>Temporary Monthly Charge</u>	<u>Increase</u>
5/8"	18.18	23.51	29.32 %
3/4"	26.16	33.84	29.36 %
1"	42.13	54.50	29.36 %
1 1/2"	82.10	106.21	29.37 %
2"	134.41	173.89	29.37 %
3"	246.48	318.87	29.37 %
4"	406.51	525.90	29.37 %
6"	806.63	1,043.54	29.37 %
8"	1,286.90	1,664.86	29.37 %
10"	1,847.05	2,389.53	29.37 %

Pennichuck Water Works, Inc.  
Temporary Rate Increase  
Rate Design

Volumetric Charges

Net Water Revenue Requirement 26,720,950

Less Proposed Revenues:

From Municipal Fire Protection (2,810,468)

From Private Fire Protection (1,005,371)

From Customer Charges (8,706,514)

From Contract Fixed Fees (113,800)

From A-B Carrying Charge (742,860)

From A-B Volume Charge (647,288)

Net Required From Volume Charges 12,694,649

Present Volume Charge Revenue 12,696,537

Increase Required (0.01) %

	<u>Present Charge</u>	<u>Proposed Charge</u>	<u>Increase</u>
General Water	2.90	2.900	0.00 %
Anheuser-Busch	1.4956	1.1739	(21.51) %
Hudson	1.8419	1.8419	0.00 %
Milford	1.8249	1.8249	0.00 %

Pennichuck Water Works, Inc.  
Summary of Temporary Rates

General Service - Metered  
Schedule G-M

<u>Meter Size</u>	<u>Temporary Monthly Charge</u>
5/8"	\$ 23.51
3/4"	33.84
1"	54.50
1 1/2"	106.21
2"	173.89
3"	318.87
4"	525.90
6"	1,043.54
8"	1,664.86
10"	2,389.53
 Volumetric Charge per 100 cu. ft.	 \$ 2.900

Municipal Fire Protection Service  
Schedule FP-M

	<u>Temporary Monthly Charge</u>
Each Hydrant	\$ 17.93
Inch-Foot per year	\$ 0.12356

Private Fire Protection Service  
Schedule FP-NM

<u>Connection Size</u>	<u>Temporary Monthly Charge</u>
4" or smaller	\$ 55.70
6"	93.46
8" or larger	137.60

Special Contract Service

<u>Anheuser-Busch</u>	
Annual Carrying Chg	\$ 742,860
Volumetric Charge per 100 cu. ft.	\$ 1.1739
 <u>Hudson</u>	
Annual Charge	\$ 32,800
Volumetric Charge per 100 cu. ft.	\$ 1.8419
 <u>Milford</u>	
Annual Fixed Fee	\$ 81,000
Volumetric Charge per 100 cu. ft.	\$ 1.8249

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Temporary Rates

General Service - Metered

Residential

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
5/8"	23,188	278,256	\$ 23.51	\$ 6,541,798.56
3/4"	325	3,900	33.84	131,976.00
1"	205	2,460	54.50	134,070.00
1 1/2"	131	1,572	106.21	166,962.12
2"	45	540	173.89	93,900.60
3"	19	228	318.87	72,702.36
4"	3	36	525.90	18,932.40
6"	0	0	1,043.54	0.00
8"	0	0	1,664.86	0.00
10"	0	0	2,389.53	0.00
<b>Subtotal</b>	<b>23,916</b>	<b>286,992</b>		<b>\$ 7,160,342.04</b>
	<u>CCFT</u>			
Volume	3,190,170		\$ 2.900	\$ 9,251,493.00
<b>Total Residential Revenue</b>				<b>\$ 16,411,835.04</b>

Commercial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
5/8"	605	7,260	\$ 23.51	\$ 170,682.60
3/4"	175	2,100	33.84	71,064.00
1"	255	3,060	54.50	166,770.00
1 1/2"	233	2,796	106.21	296,963.16
2"	150	1,800	173.89	313,002.00
3"	17	204	318.87	65,049.48
4"	2	24	525.90	12,621.60
6"	1	12	1,043.54	12,522.48
8"	0	0	1,664.86	0.00
10"	0	0	2,389.53	0.00
<b>Subtotal</b>	<b>1,438</b>	<b>17,256</b>		<b>\$ 1,108,675.32</b>
	<u>CCFT</u>			
Volume	766,150		\$ 2.900	\$ 2,221,835.00
<b>Total Commercial Revenue</b>				<b>\$ 3,330,510.32</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Temporary Rates

General Service - Metered

Industrial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
5/8"	30	360	\$ 23.51	\$ 8,463.60
3/4"	17	204	33.84	6,903.36
1"	39	468	54.50	25,506.00
1 1/2"	29	348	106.21	36,961.08
2"	35	420	173.89	73,033.80
3"	13	156	318.87	49,743.72
4"	2	24	525.90	12,621.60
6"	2	24	1,043.54	25,044.96
8"	0	0	1,664.86	0.00
10"	0	0	2,389.53	0.00
Subtotal	167	2,004		\$ 238,278.12
	<u>CCFT</u>			
Volume	222,313		\$ 2.900	\$ 644,707.70
Total Industrial Revenue				\$ 882,985.82

Municipal

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
5/8"	17	204	\$ 23.51	\$ 4,796.04
3/4"	10	120	33.84	4,060.80
1"	16	192	54.50	10,464.00
1 1/2"	27	324	106.21	34,412.04
2"	37	444	173.89	77,207.16
3"	8	96	318.87	30,611.52
4"	2	24	525.90	12,621.60
6"	2	24	1,043.54	25,044.96
8"	0	0	1,664.86	0.00
10"	0	0	2,389.53	0.00
Subtotal	119	1,428		\$ 199,218.12
	<u>CCFT</u>			
Volume	79,953		\$ 2.900	\$ 231,863.70
Total Municipal Revenue				\$ 431,081.82
Grand Total GWS Revenue				\$ 21,056,413.00

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Temporary Rates

Service to Contract Customers

Town of Milford

		<u>Temporary Rate</u>	<u>Revenue</u>
Annual Fixed Fee		\$ 81,000.00	\$ 81,000.00
Volume	<u>CCFT</u> 45,237	\$ 1.8249	\$ 82,553.00
Total Milford Revenue			\$ 163,553.00

Town of Hudson

		<u>Temporary Rate</u>	<u>Revenue</u>
Annual Demand Charge		\$ 32,800.00	\$ 32,800.00
Volume	<u>CCFT</u> 143,376	\$ 1.8419	\$ 264,084.25
Total Hudson Revenue			\$ 296,884.25

Anheuser-Busch

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
6"	2	24	\$ -	\$ -
Volume	<u>CCFT</u> 551,400		1.1739	\$ 647,288.46
Annual Carrying Charge			\$ 742,860.00	\$ 742,860.00
Total Anheuser-Busch Revenue				\$ 1,390,148.46
Grand Total Contract Revenue				\$ 1,850,585.72

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Temporary Rates

Fire Protection Service

Private Fire Protection

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
2"	29	348	\$ 55.70	\$ 19,383.60
4"	105	1,260	55.70	70,182.00
6"	369	4,428	93.46	413,840.88
8"	284	3,408	137.60	468,940.80
10"	6	72	137.60	9,907.20
12"	13	156	137.60	21,465.60
16"	1	12	137.60	1,651.20
Total	807	9,684		\$ 1,005,371.28

Municipal Fire Protection

<u>Size</u>	<u>Number</u>	<u>of Bills</u>	<u>Temporary Rate</u>	<u>Revenue</u>
Hydrant	2,468	60	\$ 17.93	\$ 531,014.88
Inch-Feet	18,448,150		0.12356	2,279,453.41
Total Municipal Fire Revenue				\$ 2,810,468.29

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Temporary Rates

Total Proposed Temporary Rate Revenue

Grand Total GWS Revenue	\$ 21,056,413.00
Grand Total Contract Revenue	\$ 1,850,585.72
Grand Total Private Fire Revenue	\$ 1,005,371.28
Grand Total Municipal Fire Revenue	\$ 2,810,468.29
Grand Total Proposed Revenue	\$ 26,722,838.29
Total Customer Charge Revenue	\$ 8,706,513.60
Total Volume Charge Revenue	\$ 13,343,825.12
Total Contract Fixed Fee Revenue	\$ 856,660.00
Total Private Fire Revenue	\$ 1,005,371.28
Total Municipal Fire Revenue	\$ 2,810,468.29
Grand Total Proposed Revenue	\$ 26,722,838.29
Net Water Revenue Requirement	\$ 26,720,950.00
Difference	\$ 1,888.29 0.007%

PENNICHUCK WATER WORKS, INC.

RATE DESIGN FOR

STEP RATE INCREASE

Pennichuck Water Works, Inc.  
Combined Rate Increase  
Combined Permanent and Step Increase  
Allocation of Combined Rate Revenue

	<u>Proposed Permanent Rates</u>		<u>Combined Revenue Requirement</u>
	<u>Amount</u>	<u>%</u>	
Total Customer Charge Revenue	\$ 9,366,018.96	33.41%	9,671,253
Total Volume Charge Revenue	13,851,652.48	49.41%	14,303,071
Total Contract Fixed Fee Revenue	856,660.00	3.06%	856,660
Total Private Fire Revenue	1,005,371.28	3.59%	1,038,136
Total Municipal Fire Revenue	2,952,886.61	10.53%	3,049,120
 Grand Total Proposed Revenue	 \$ 28,032,589.33	 100.00%	 \$ 28,918,240
Net Water Revenue Requirement	\$ 28,031,601.00		
Difference	\$ 988.33	0.004%	

Pennichuck Water Works, Inc.  
 Combined Rate Increase  
 Combined Permanent and Step Increase  
 Rate Design

Municipal Fire Protection

Total Municipal Fire Protection Rev Reqmt	3,049,120
Permanent Municipal Fire Protection Revenue	2,952,887

Permanent revenue is less than the allocated amount.  
 An increase of about 3.2% will be developed for municipal fire protection.

<u>Rate Element</u>	<u>Permanent Monthly Rate</u>	<u>Combined Monthly Rate</u>	<u>% Increase</u>
Hydrant	\$ 19.78	\$ 20.42	3.24 %
Inch-Foot	0.12831	0.13249	3.26 %

Pennichuck Water Works, Inc.  
Combined Rate Increase  
Combined Permanent and Step Increase  
Rate Design

Private Fire Protection

Total Private Fire Protection Rev Reqmt	1,038,136
Permanent Private Fire Protection Revenue	1,005,371

Permanent revenue is less than the allocated amount.  
An increase of about 3.2% will be developed for municipal fire protection.

<u>Size</u>	<u>Permanent Monthly Charge</u>	<u>Combined Monthly Charge</u>	<u>Increase</u>
2"	\$ 55.70	\$ 57.52	3.27 %
4"	55.70	57.52	3.27 %
6"	93.46	96.51	3.26 %
8"	137.60	142.08	3.26 %
10"	137.60	142.08	3.26 %
12"	137.60	142.08	3.26 %
16"	137.60	142.08	3.26 %

Pennichuck Water Works, Inc.  
Combined Rate Increase  
Combined Permanent and Step Increase  
Rate Design

Customer Charges

Total for Customer Charge	9,671,253
Rate Design Adjustment	0
Net for Customer Charges	9,671,253

Permanent Customer Charge Revenue 9,366,019

Increase Required 3.26 %

<u>Meter Size</u>	<u>Permanent Monthly Charge</u>	<u>Combined Monthly Charge</u>	<u>Increase</u>
5/8"	\$ 25.29	\$ 26.11	3.24 %
3/4"	36.41	37.60	3.27 %
1"	58.64	60.55	3.26 %
1 1/2"	114.27	118.00	3.26 %
2"	187.07	193.17	3.26 %
3"	343.05	354.23	3.26 %
4"	565.78	584.22	3.26 %
6"	1,122.67	1,159.27	3.26 %
8"	1,791.11	1,849.50	3.26 %
10"	2,570.72	2,654.53	3.26 %

Pennichuck Water Works, Inc.  
Combined Rate Increase  
Combined Permanent and Step Increase  
Rate Design

Volumetric Charges

Net Water Revenue Requirement	28,918,240
Less Proposed Revenues:	
From Municipal Fire Protection	(3,048,954)
From Private Fire Protection	(1,038,146)
From Customer Charges	(9,670,112)
From Contract Fixed Fees	(113,800)
From A-B Carrying Charge	(742,860)
From A-B Volume Charge	
Net Required From Volume Charges	14,304,368
Permanent Volume Charge Revenue	13,851,652
Increase Required	3.27 %

	<u>Permanent Charge</u>	<u>Combined Charge</u>	<u>Increase</u>
General Water	\$ 3.016	\$ 3.115	3.28 %
Anheuser-Busch	1.1739	1.2123	3.27 %
Hudson	1.9154	1.9780	3.27 %
Milford	1.8977	1.9598	3.27 %

Pennichuck Water Works, Inc.  
Summary of Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered  
Schedule G-M

<u>Meter Size</u>	<u>Combined Monthly Charge</u>
5/8"	\$ 26.11
3/4"	37.60
1"	60.55
1 1/2"	118.00
2"	193.17
3"	354.23
4"	584.22
6"	1,159.27
8"	1,849.50
10"	2,654.53
Volumetric Charge per 100 cu. ft.	\$ 3.115

Municipal Fire Protection Service  
Schedule FP-M

	<u>Combined Monthly Charge</u>
Each Hydrant	\$ 20.42
Inch-Foot per year	\$ 0.13249

Private Fire Protection Service  
Schedule FP-NM

<u>Connection Size</u>	<u>Combined Monthly Charge</u>
4" or smaller	\$ 57.52
6"	96.51
8" or larger	142.08

Special Contract Service

Anheuser-Busch

Annual Carrying Chg	\$ 742,860
Volumetric Charge per 100 cu. ft.	\$ 1.2123

Hudson

Annual Charge	\$ 32,800
Volumetric Charge per 100 cu. ft.	\$ 1.9780

Milford

Annual Fixed Fee	\$ 81,000
Volumetric Charge per 100 cu. ft.	\$ 1.9598

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered

Residential

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	23,188	278,256	\$ 26.11	\$ 7,265,264.16
3/4"	325	3,900	37.60	146,640.00
1"	205	2,460	60.55	148,953.00
1 1/2"	131	1,572	118.00	185,496.00
2"	45	540	193.17	104,311.80
3"	19	228	354.23	80,764.44
4"	3	36	584.22	21,031.92
6"	0	0	1,159.27	0.00
8"	0	0	1,849.50	0.00
10"	0	0	2,654.53	0.00
<b>Subtotal</b>	<b>23,916</b>	<b>286,992</b>		<b>\$ 7,952,461.32</b>
	<u>CCFT</u>			
Volume	3,190,170		\$ 3.115	\$ 9,937,379.55
<b>Total Residential Revenue</b>				<b>\$ 17,889,840.87</b>

Commercial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	605	7,260	\$ 26.11	\$ 189,558.60
3/4"	175	2,100	37.60	78,960.00
1"	255	3,060	60.55	185,283.00
1 1/2"	233	2,796	118.00	329,928.00
2"	150	1,800	193.17	347,706.00
3"	17	204	354.23	72,262.92
4"	2	24	584.22	14,021.28
6"	1	12	1,159.27	13,911.24
8"	0	0	1,849.50	0.00
10"	0	0	2,654.53	0.00
<b>Subtotal</b>	<b>1,438</b>	<b>17,256</b>		<b>\$ 1,231,631.04</b>
	<u>CCFT</u>			
Volume	766,150		\$ 3.115	\$ 2,386,557.25
<b>Total Commercial Revenue</b>				<b>\$ 3,618,188.29</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered

Industrial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	30	360	\$ 26.11	\$ 9,399.60
3/4"	17	204	37.60	7,670.40
1"	39	468	60.55	28,337.40
1 1/2"	29	348	118.00	41,064.00
2"	35	420	193.17	81,131.40
3"	13	156	354.23	55,259.88
4"	2	24	584.22	14,021.28
6"	2	24	1,159.27	27,822.48
8"	0	0	1,849.50	0.00
10"	0	0	2,654.53	0.00
Subtotal	167	2,004		\$ 264,706.44
	<u>CCFT</u>			
Volume	222,313		\$ 3.115	\$ 692,505.00
Total Industrial Revenue				\$ 957,211.44

Municipal

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	17	204	\$ 26.11	\$ 5,326.44
3/4"	10	120	37.60	4,512.00
1"	16	192	60.55	11,625.60
1 1/2"	27	324	118.00	38,232.00
2"	37	444	193.17	85,767.48
3"	8	96	354.23	34,006.08
4"	2	24	584.22	14,021.28
6"	2	24	1,159.27	27,822.48
8"	0	0	1,849.50	0.00
10"	0	0	2,654.53	0.00
Subtotal	119	1,428		\$ 221,313.36
	<u>CCFT</u>			
Volume	79,953		\$ 3.115	\$ 249,053.60
Total Municipal Revenue				\$ 470,366.96
Grand Total GWS Revenue				\$ 22,935,607.55

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Service to Contract Customers

Town of Milford

		<u>Combined Rate</u>	<u>Revenue</u>
Annual Fixed Fee		\$ 81,000.00	\$ 81,000.00
Volume	<u>CCFT</u> 45,237	\$ 1.9598	\$ 88,655.47
Total Milford Revenue			\$ 169,655.47

Town of Hudson

		<u>Combined Rate</u>	<u>Revenue</u>
Annual Demand Charge		\$ 32,800.00	\$ 32,800.00
Volume	<u>CCFT</u> 143,376	\$ 1.9780	\$ 283,597.73
Total Hudson Revenue			\$ 316,397.73

Anheuser-Busch

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
6"	2	24	\$ -	\$ -
Volume	<u>CCFT</u> 551,400		1.2123	\$ 668,462.22
Annual Carrying Charge			\$ 742,860.00	\$ 742,860.00
Total Anheuser-Busch Revenue				\$ 1,411,322.22
Grand Total Contract Revenue				\$ 1,897,375.42

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Fire Protection Service

Private Fire Protection

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
2"	29	348	\$ 57.52	\$ 20,016.96
4"	105	1,260	57.52	72,475.20
6"	369	4,428	96.51	427,346.28
8"	284	3,408	142.08	484,208.64
10"	6	72	142.08	10,229.76
12"	13	156	142.08	22,164.48
16"	1	12	142.08	1,704.96
Total	807	9,684		\$ 1,038,146.28

Municipal Fire Protection

<u>Size</u>	<u>Number</u>	<u>of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
Hydrant	2,468	60	\$ 20.42	\$ 604,758.72
Inch-Feet	18,448,150		0.13249	2,444,195.39
Total Municipal Fire Revenue				\$ 3,048,954.11

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Total Proposed Combined Rate Revenue

Grand Total GWS Revenue	\$ 22,935,607.55
Grand Total Contract Revenue	\$ 1,897,375.42
Grand Total Private Fire Revenue	\$ 1,038,146.28
Grand Total Municipal Fire Revenue	\$ 3,048,954.11
Grand Total Proposed Revenue	\$ 28,920,083.36
Total Customer Charge Revenue	\$ 9,670,112.16
Total Volume Charge Revenue	\$ 14,306,210.81
Total Contract Fixed Fee Revenue	\$ 856,660.00
Total Private Fire Revenue	\$ 1,038,146.28
Total Municipal Fire Revenue	\$ 3,048,954.11
Grand Total Proposed Revenue	\$ 28,920,083.36
Net Water Revenue Requirement	\$ 28,918,240.00
Difference	\$ 1,843.36 0.006%

PENNICHUCK WATER WORKS, INC.

SCHEDULES ILLUSTRATING

EFFECT OF STEP INCREASE

Pennichuck Water Works, Inc.  
Summary of Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered  
Schedule G-M

<u>Meter Size</u>	<u>Combined Monthly Charge</u>	<u>Permanent Monthly Charge</u>	<u>Effect of Step Increase</u>
5/8"	\$ 26.11	\$ 25.29	\$ 0.82
3/4"	37.60	36.41	1.19
1"	60.55	58.64	1.91
1 1/2"	118.00	114.27	3.73
2"	193.17	187.07	6.10
3"	354.23	343.05	11.18
4"	584.22	565.78	18.44
6"	1,159.27	1,122.67	36.60
8"	1,849.50	1,791.11	58.39
10"	2,654.53	2,570.72	83.81
Volumetric Charge per 100 cu. ft.	\$ 3.115	\$ 3.016	\$ 0.099

Municipal Fire Protection Service  
Schedule FP-M

	<u>Combined Monthly Charge</u>	<u>Permanent Monthly Charge</u>	<u>Effect of Step Increase</u>
Each Hydrant	\$ 20.42	\$ 19.78	\$ 0.64
Inch-Foot per year	\$0.13249	\$ 0.12831	\$0.00418

Private Fire Protection Service  
Schedule FP-NM

<u>Connection Size</u>	<u>Combined Monthly Charge</u>	<u>Permanent Monthly Charge</u>	<u>Effect of Step Increase</u>
4" or smaller	\$ 57.52	\$ 55.70	\$ 1.82
6"	96.51	93.46	3.05
8" or larger	142.08	137.60	4.48

Special Contract Service

<u>Anheuser-Busch</u>			
Annual Carrying Chg	\$742,860	\$ 742,860	\$ -
Volumetric Charge per 100 cu. ft.	\$ 1.2123	\$ 1.1739	\$ 0.0384
<u>Hudson</u>			
Annual Charge	\$ 32,800	\$ 32,800	\$ -
Volumetric Charge per 100 cu. ft.	\$ 1.9780	\$ 1.9154	\$ 0.0626
<u>Milford</u>			
Annual Fixed Fee	\$ 81,000	\$ 81,000	\$ -
Volumetric Charge per 100 cu. ft.	\$ 1.9598	\$ 1.8977	\$ 0.0621

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered

Residential

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	23,188	278,256	\$ 0.82	\$ 228,169.92
3/4"	325	3,900	1.19	4,641.00
1"	205	2,460	1.91	4,698.60
1 1/2"	131	1,572	3.73	5,863.56
2"	45	540	6.10	3,294.00
3"	19	228	11.18	2,549.04
4"	3	36	18.44	663.84
6"	0	0	36.60	0.00
8"	0	0	58.39	0.00
10"	0	0	83.81	0.00
<b>Subtotal</b>	<b>23,916</b>	<b>286,992</b>		<b>\$ 249,879.96</b>
	<u>CCFT</u>			
Volume	3,190,170		\$ 0.099	\$ 315,826.83
<b>Total Residential Revenue</b>				<b>\$ 565,706.79</b>

Commercial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	605	7,260	\$ 0.82	\$ 5,953.20
3/4"	175	2,100	1.19	2,499.00
1"	255	3,060	1.91	5,844.60
1 1/2"	233	2,796	3.73	10,429.08
2"	150	1,800	6.10	10,980.00
3"	17	204	11.18	2,280.72
4"	2	24	18.44	442.56
6"	1	12	36.60	439.20
8"	0	0	58.39	0.00
10"	0	0	83.81	0.00
<b>Subtotal</b>	<b>1,438</b>	<b>17,256</b>		<b>\$ 38,868.36</b>
	<u>CCFT</u>			
Volume	766,150		\$ 0.099	\$ 75,848.85
<b>Total Commercial Revenue</b>				<b>\$ 114,717.21</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
General Service - Metered

Industrial

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	30	360	\$ 0.82	\$ 295.20
3/4"	17	204	1.19	242.76
1"	39	468	1.91	893.88
1 1/2"	29	348	3.73	1,298.04
2"	35	420	6.10	2,562.00
3"	13	156	11.18	1,744.08
4"	2	24	18.44	442.56
6"	2	24	36.60	878.40
8"	0	0	58.39	0.00
10"	0	0	83.81	0.00
Subtotal	167	2,004		\$ 8,356.92
Volume	<u>CCFT</u> 222,313		\$ 0.099	\$ 22,008.99
Total Industrial Revenue				\$ 30,365.91

Municipal

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
5/8"	17	204	\$ 0.82	\$ 167.28
3/4"	10	120	1.19	142.80
1"	16	192	1.91	366.72
1 1/2"	27	324	3.73	1,208.52
2"	37	444	6.10	2,708.40
3"	8	96	11.18	1,073.28
4"	2	24	18.44	442.56
6"	2	24	36.60	878.40
8"	0	0	58.39	0.00
10"	0	0	83.81	0.00
Subtotal	119	1,428		\$ 6,987.96
Volume	<u>CCFT</u> 79,953		\$ 0.099	\$ 7,915.35
Total Municipal Revenue				\$ 14,903.31
Grand Total GWS Revenue				\$ 725,693.21

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Service to Contract Customers

Town of Milford

		<u>Combined Rate</u>	<u>Revenue</u>
Annual Fixed Fee		\$ -	\$ -
Volume	<u>CCFT</u> 45,237	\$ 0.0621	\$ 2,809.22
Total Milford Revenue			\$ 2,809.22

Town of Hudson

		<u>Combined Rate</u>	<u>Revenue</u>
Annual Demand Charge		\$ -	\$ -
Volume	<u>CCFT</u> 143,376	\$ 0.0626	\$ 8,975.34
Total Hudson Revenue			\$ 8,975.34

Anheuser-Busch

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
6"	2	24	\$ -	\$ -
Volume	<u>CCFT</u> 551,400		0.0384	\$ 21,173.76
Annual Carrying Charge			\$ -	\$ -
Total Anheuser-Busch Revenue				\$ 21,173.76
Grand Total Contract Revenue				\$ 32,958.32

Pennichuck Water Works, Inc.  
 Calculation of Revenues Under Combined Rates  
 Combined Permanent and Step Increase  
 Fire Protection Service

Private Fire Protection

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
2"	29	348	\$ 1.82	\$ 633.36
4"	105	1,260	1.82	2,293.20
6"	369	4,428	3.05	13,505.40
8"	284	3,408	4.48	15,267.84
10"	6	72	4.48	322.56
12"	13	156	4.48	698.88
16"	1	12	4.48	53.76
<b>Total</b>	<b>807</b>	<b>9,684</b>		<b>\$ 32,775.00</b>

Municipal Fire Protection

<u>Size</u>	<u>Number</u>	<u>of Bills</u>	<u>Combined Rate</u>	<u>Revenue</u>
Hydrant	2,468	60	\$ 0.64	\$ 18,954.24
Inch-Feet	18,448,150		0.00418	77,113.27
<b>Total Municipal Fire Revenue</b>				<b>\$ 96,067.51</b>

Pennichuck Water Works, Inc.  
Calculation of Revenues Under Combined Rates  
Combined Permanent and Step Increase  
Total Proposed Combined Rate Revenue

Grand Total GWS Revenue	\$	725,693.21
Grand Total Contract Revenue	\$	32,958.32
Grand Total Private Fire Revenue	\$	32,775.00
Grand Total Municipal Fire Revenue	\$	96,067.51
Grand Total Proposed Revenue	\$	887,494.04
Total Customer Charge Revenue	\$	304,093.20
Total Volume Charge Revenue	\$	454,558.33
Total Contract Fixed Fee Revenue	\$	-
Total Private Fire Revenue	\$	32,775.00
Total Municipal Fire Revenue	\$	96,067.51
Grand Total Proposed Revenue	\$	887,494.04

**Pennichuck Water Works  
2010 Capital Budget  
Board Approved**

Project Description	Total Budgeted Amount (including O/H)	Amount of Total Budgeted in 2010 incl O/H	Used and Useful Date
<b><u>2009 Operations Carryover Projects</u></b>			
	-	-	
Subtotal 2009 Carryover Projects	-	-	
<b><u>New 2010 Operations Projects</u></b>			
12 New Services	30.00	30.00	Nov-10
25 Renewed Services	50.00	50.00	Dec-10
4 Hydrants	16.00	16.00	Dec-10
4 Valves/10 Bleeders	25.00	25.00	Dec-10
150 New Meters (growth)	32.25	32.25	Dec-10
Paving	110.00	110.00	Dec-10
1000 Meter Rebuilds	75.00	75.00	Dec-10
1207 Meters for meter exchanges	90.50	90.50	Dec-10
Pipe Saws (3)	6.00	6.00	Feb-10
Metal Detectors (5)	6.00	6.00	Feb-10
Emergency Pump replacement	35.00	35.00	May-10
Backhoe Replacement	125.00	125.00	Mar-10
Utility Truck/Crane Truck	65.00	65.00	Jun-10
Service truck replacement (2)	90.00	90.00	Jul-10
Service Van Replacement(2)	60.00	60.00	Jul-10
Tools for service vehicles	8.00	8.00	Jul-10
Fleet Diagnostic equipment	15.00	15.00	Jul-10
Replacement Grund-O-Mat	12.00	12.00	Jul-10
2 Replacement D-5 Tapping machines	6.00	6.00	Jul-10
6 Replacement Backflow Test Units	4.00	4.00	Jul-10
6 Cordless Sawzall units	1.20	1.20	Jul-10
Replacement Confined spacemonitors (3)	7.50	7.50	Mar-10
Electric Blower for confined space evacuation	2.00	2.00	Mar-10
Replacement tri-pod and harness for confined space entry	6.00	6.00	Jun-10
Replacement Pressure recorders (2)	3.00	3.00	Jun-10
Neptune flow recorder	4.00	4.00	Jul-10
Power broom	1.00	1.00	Jul-10
Valve Turner extension	16.00	16.00	Apr-10
2 Traffic Advisory signs for Foreman Trucks	4.00	4.00	Mar-10
Construction Sign package	3.00	3.00	Jul-10
Arrow Board for Vac Trailer	3.00	3.00	Jul-10
2 Replacement Generators	6.00	6.00	Jul-10

**Pennichuck Water Works  
2010 Capital Budget  
Board Approved**

Project Description	Total Budgeted	Amount of Total	Used and Useful Date	
	Amount (including O/H)	Budgeted in 2010 incl O/H		
1 Dewatering Pump	3.00	3.00	Jul-10	
Purchase small 2 1/2" Grund-O-Mat	9.00	9.00	Jul-10	
Plate Compactor	8.50	8.50	Jul-10	
Small Trench Box	5.00	5.00	Feb-10	
Replacement turner for B-101 tapping machine	3.50	3.50	Feb-10	
Replacement Tracks for excavator 87.5	3.00	3.00	Jul-10	
Hydrant painting for NFPA coding, Nashua	6.00	6.00	Sep-10	
<b>Subtotal New 2010 Projects</b>		<b>955.45</b>	<b>955.45</b>	
<b>Total 2010 Operations Capital Projects Budget</b>		<b>955.45</b>	<b>955.45</b>	
<b><u>2009 Engineering Carryover Projects</u></b>				
Cross Street	Rehab 1875 of 6" CI pipe & Replace 93 of 2" CL pipe	195.00	195.00	Jun-10
Summer Street	Rehab 606 of 6" CI pipe & Replace 260' of 6" CI	118.00	118.00	Jul-10
Jefferson Street	Rehab 172 of 6" CI pipe & Replace 844 of 4" CI pipe	194.00	194.00	Aug-10
Shattuck Street	Rehab 540' of 6" CI pipe	41.00	41.00	Sep-10
Norton St	Rehab 330' of 6" DI Pipe & replace 435' of 4" with 6"	178.00	178.00	Sep-10
Lessard Street	Replace 470' of 4" CI pipe	114.00	114.00	Aug-10
Holman & Grove Street	Replace 354' of 2" CL pipe	146.00	146.00	Oct-10
Lock Street	Rehab 2450' of 6" CI Pipe	272.00	272.00	Oct-10
Armory South Main Street	New Pump Station	275.00	275.00	May-10
Haines Street	Main Replacement	56.00	56.00	May-10
Fletcher Street	Paving on Main Street	8.50	8.50	May-10
Glen Ridge	Additional Tank and Tank Repair	98.00	98.00	Jul-10
Ashley Commons	Paving	450.00	75.00	May-10
E.Derry Water Supply	East Derry Study	10.00	10.00	Jul-10
<b>Subtotal 2009 Carryover Projects</b>		<b>2,155.50</b>	<b>1,780.50</b>	
<b><u>New Engineering 2010 Projects</u></b>				
Nashua	Survey Work for new main replacements in 2011	30.00	30.00	throughout the year
New Vehicle	Replacement vehicle for unit 31	31.00	31.00	Feb-10
Didgital Cameras for inspectors	Three digital Cameras @ \$200 Each	0.60	0.60	Feb-10
Amherst Street	Replace 801 LF of 6" CI pipe with 12" DIPCL	228.00	228.00	Jun-10
Beech Street	Replace 848 LF of 6" CI pipe with 8" DIPCL	123.00	123.00	Jun-10
Wilder Street	Replace 658 LF of 4" CI & 69 LF of 6" CI pipe with 8" DIPCL	113.00	113.00	Jul-10
Arlington Street	Replace 1430 LF of 6" CI pipe with 12" DIPCL	259.00	259.00	Jul-10
Batchelder Avenue	Replace 120 LF of 1.5" steel pipe with 2" HDPE	14.00	14.00	Jul-10
Palm Street	Replace 354 LF of 4" CI & 1293 LF of 6" CI pipe with 8" DIPCL	255.00	255.00	Aug-10

**Pennichuck Water Works  
2010 Capital Budget  
Board Approved**

	Project Description	Total Budgeted	Amount of Total	Used and Useful Date
		Amount (including O/H)	Budgeted in 2010 incl O/H	
Lake Street	Replace 1130 LF of 6" CI pipe with 12" DIPCL	204.00	204.00	Aug-10
E.Derry Water Main (Part 1)	E.Derry Fire Station to Drew Woods	1,088.10	1,088.10	Jul-10
E.Derry Water Main (Part 1)	Booster Station	110.00	110.00	Jul-10
E.Derry Water Main (Part 1)	Chloramination - Dechloramination Eval	20.00	20.00	Jul-10
HI & LO Well Renovation	HI & LO Well Renovation	45.00	45.00	May-10
Taylor Falls Pump Station	Building Expansion & Pump Addition	155.00	155.00	Jun-10
Souhegan Woods Water Supply	Groundwater Rule Compliance	50.00	50.00	Sep-10
Tinker Road BMP	NHDES Stormwater treatment project	350.00	350.00	Aug-10
Tinker Road BMP Grant Funds	EPA 319 Source water protection grant	(187.00)	(187.00)	Oct-10
E.Derry Station Demolition	Demolish Two Unused Stations	40.00	40.00	Jun-10
Salmon Brook Dam	Rebuild Dam to NHDES specifications	368.00	368.00	Oct-10
	<b>Subtotal New 2010 Projects</b>	<b>3,296.70</b>	<b>3,296.70</b>	
	<b>Total 2010 Engineering Capital Projects Budget</b>	<b>5,452.20</b>	<b>5,077.20</b>	
<b><u>2009 Water Supply Carryover Projects</u></b>				
WTP Capital Improvements	WTP Capital Improvements	50.00	50.00	2/28/09
	<b>Subtotal 2009 Carryover Projects</b>	<b>50.00</b>	<b>50.00</b>	
<b><u>New Water Supply 2010 Projects</u></b>				
Replace Vehicle #36	Replace Vehicle #36	32.00	32.00	3/1/10
Replace Vehicle #39	Replace Vehicle #39	32.00	32.00	3/1/10
Replace Vehicle #45	Replace Vehicle #45	32.00	32.00	3/1/10
Replace Vehicle #61	Replace Vehicle #61	40.00	40.00	3/1/10
Replace Vehicle #62	Replace Vehicle #62	40.00	40.00	3/1/10
Replace Vehicle #66	Replace Vehicle #66	40.00	40.00	3/1/10
Booster/Well Pump Replacements	Booster/Well Pump Replacements	40.00	40.00	Throughout the year
Treatment Media Replacement	Treatment Media Replacement	20.00	20.00	Throughout the year
Repair Roof of Dean and Main Station	Repair Roof of Dean and Main Station	40.00	40.00	6/1/10
Confined Space Entry Equipment	Confined Space Entry Equipment	6.00	6.00	4/1/10
Treatment System Installations	Treatment System Installations	12.00	12.00	Throughout the year
New laboratory Equipment	New laboratory Equipment	5.00	5.00	Throughout the year
Replace Roof, Timberline Drive pump station	Replace Roof, Timberline Drive pump station	5.00	5.00	4/30/10
install Generator Redfield	install Generator Redfield	59.00	59.00	Throughout the year
Install Generator Great Bay	Install Generator Great Bay	59.00	59.00	Throughout the year
Install Iron/Manganese treatment Great Bay	Install Iron/Manganese treatment Great Bay	75.00	75.00	Throughout the year
Install Generator Woodlands	Install Generator Woodlands	59.00	59.00	Throughout the year
Install Generator Valleyfields	Install Generator Valleyfields	59.00	59.00	Throughout the year

**Pennichuck Water Works  
2010 Capital Budget  
Board Approved**

Project Description	Total Budgeted	Amount of Total	Used and Useful Date
	Amount (including O/H)	Budgeted in 2010 incl O/H	
Miscellaneous security improvements at remote sites	10.00	10.00	Throughout the year
Paint walls and ceiling in Snow Station	25.00	25.00	Throughout the year
Twin Ridge Water Supply connect rolling hills well to twin ridge system	47.50	47.50	4/30/10
Harris Dam Repairs Engineering	25.00	25.00	Throughout the year
		-	
<b>Subtotal New 2010 Projects</b>	<b>762.50</b>	<b>762.50</b>	
<b>Total 2010 Water Supply Capital Projects Budget</b>	<b>812.50</b>	<b>812.50</b>	

2009 CWS Operations Carryover Projects

	-	-
<b>Subtotal 2009 Carryover Projects</b>	-	-

New 2010 Projects

New Services (2)	New Services (2)	5.00	5.00	Throughout the year
Renewed Services (2)	Renewed Services (2)	4.00	4.00	Throughout the year
Sampling Stations (10)	Sampling Stations (10)	20.00	20.00	Throughout the year
Valves (1)/Bleeders (2)	Valves (1)/Bleeders (2)	7.50	7.50	Throughout the year
New meters (50)	New meters (50)	9.50	9.50	Throughout the year
182 Meter Rebuilds	182 Meter Rebuilds	13.60	13.60	Throughout the year
61 Meters for meter exchanges	61 Meters for meter exchanges	4.60	4.60	Throughout the year
Paving	Paving	15.00	15.00	Throughout the year
			-	
<b>Subtotal New 2010 Projects</b>		<b>79.20</b>	<b>79.20</b>	
<b>Total 2010 CWS Operations Capital Projects Budget</b>		<b>79.20</b>	<b>79.20</b>	

2009 Accounting Carryover Projects

	-	-
<b>Subtotal 2009 Carryover Projects</b>	-	-

New Accounting 2010 Projects

	-	-
<b>Subtotal New 2010 Projects</b>	-	-
<b>Total 2010 Capital Projects Budget</b>	-	-

2009 HR Carryover Projects

	-	-
<b>Subtotal 2009 Carryover Projects</b>	-	-

**Pennichuck Water Works  
2010 Capital Budget  
Board Approved**

		Total Budgeted	Amount of Total	
Project Description		Amount	Budgeted in	Used and
		(including O/H)	2010 incl O/H	Useful Date
<b>New HR 2010 Projects</b>				
WTP	5-drawer flat file and base	1.50	1.50	Through out the Year
Administration	Typewriter	0.40	0.40	Through out the Year
Administration	Task Chairs	0.70	0.70	Through out the Year
Administration	Lateral File Cabinet	0.50	0.50	Through out the Year
Administration	Compass Upgraded	2.00	2.00	Through out the Year
Administration	Lights and Ballasts	2.00	2.00	Through out the Year
Engineering	Bookcase - J. Boisvert	0.25	0.25	Through out the Year
<b>Subtotal New 2010 Projects</b>		<b>7.35</b>	<b>7.35</b>	
<b>Total 2010 HR Capital Projects Budget</b>		<b>7.35</b>	<b>7.35</b>	
<b>2009 IS Carryover Projects</b>				
Munis Upgrade	Upgrade of Customer Revenue collection system to latest version. \$\$ Mostly Training	21.00	21.00	
Clicksoft to Munis GUI Upgrade	Upgrade appointment schedule GUI software to Work with Munis Upgrade	27.00	27.00	
<b>Subtotal 2009 Carryover Projects</b>		<b>48.00</b>	<b>48.00</b>	
<b>New IS 2010 Projects</b>				
De-duplication	Backup Strageity change for better performance and increase Disater Recovery. Will also reduce Tape storage costs.	77.00	77.00	4/30/10
Anti-Spam Enterprise Software	enterprise level spam protection for workstations	2.40	2.00	2/28/10
BESR - Saturn	Disaster Recovery software	1.00	1.00	2/28/10
Arcserver Backup Licenses	Upgrade server to same version of Backup Software	6.00	6.00	2/28/10
State Chemical Monitoring interface to LIMS	Implement process to alleviate the tedious task of guaranteeing sample testing requirements (dependent on State participation)	15.00	15.00	6/30/10
Customer Retrieval of Balances over the phone	Implement the ability for customers to automatically retrieve their account balances over the phone without human intervention	12.00	12.00	4/30/10
Network Switch Replacement	Replace switches for greater performance, increased capacity, redundancy in case of failure.	62.00	62.00	3/31/10
Cisco Wan Appliances - OPS and WTP	3X-6X Increased Bandwidth to OPS and WTP	84.00	84.00	4/30/10
Synergen Data collection in the field	Ability to collect Time, Truck and ODC Charges in the field	150.00	150.00	7/31/10
VPN Data Access		6.00	6.00	3/31/10
Click Replacement Evaluation	Evaluate a replacement product to provide scheduling for the field	5.00	5.00	12/31/10

Pennichuck Water Works  
2010 Capital Budget  
Board Approved

Project Description		Total Budgeted Amount (including O/H)	Amount of Total Budgeted in 2010 incl O/H	Used and Useful Date
Virtualization	Hardware and software necessary to start virtualizing our IT environment in order to help reduce electrical and cooling costs. Speed development testing	147.00	147.00	5/31/10
LIMS on Handheld	Electronic collection of LIMS data in the field - handheld hardware	13.00	13.00	9/30/10
Various Consulting and Programming	On the fly Consulting and programming	60.00	60.00	Through out the Year
Miscellaneous Hardware	Miscellaneous hardware purchase requests	15.00	15.00	Through out the Year
Miscellaneous Software	Miscellaneous software purchase requests	8.00	8.00	Through out the Year
Subtotal New 2010 Projects		663.40	663.00	
Total 2010 IS Capital Projects Budget		711.40	711.00	
<b>2009 Carryover Projects - Total PWW</b>		<b>2,253.50</b>	<b>1,878.50</b>	
<b>New 2010 Projects - Total PWW</b>		<b>5,764.60</b>	<b>5,764.20</b>	
<b>Total Capital Budget - PWW</b>		<b>8,018.10</b>	<b>7,642.70</b>	

WAIVER OF CERTAIN PROVISIONS OF  
PUC 1600 FILING RULES

- (9) Chart of Accounts – No Difference.

WAIVER OF CERTAIN PROVISIONS OF  
PUC 1600 FILING RULES

- (10) Forms 10-K and 10-Q – 2009 and 2008 Form 10-K and Form 10-Q contained in this binder. 2007, 2006 and 2005 Forms 10-K and 10-Q previously filed with Commission in DW 08-073.

Pennichuck Water Works, Inc.  
Memberships  
2930-101-001  
For the Year Ended December 31, 2009

Date	Vendor	Description	Employee	Amount
01/07/09	WaterSAC	Subscriber fees	C. Countie	1,000.00
01/14/09	American Water Works Assoc.	Annual Membership Fee	S. Densberger	231.00
01/14/09	American Water Works Assoc.	Annual Membership Fee	C. Countie	231.00
01/21/09	Greater Nashua Chamber of Commerce	Annual Dues	S. Densberger	1,156.50
01/31/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33
01/31/09	NH Water Works Assoc.	Company (PWW) membership	PWW	25.00
02/11/09	American Backflow Prevention	Annual Membership Fee	P. Tedder	72.00
02/25/09	Greater Nashua Chamber of Commerce	2009 State of The City Addr - Member Registration	D. Ware	20.00
02/28/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33 ✓
02/28/09	NH Water Works Assoc.	Company (PWW) membership	PWW	25.00
03/31/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33 ✓
03/31/09	NAWC - NE Chapter	Member Registrations - Spring Membership Mtg	BH/PG/CH/RO/TL/DW	825.00
03/31/09	NH Water Works Assoc.	Company (PWW) membership	PWW	25.00
03/31/09	NE Water Works Assoc.	Annual Membership Fee	J. Boisvert	85.00
04/08/09	Savoie, Mark	NH Society of CPAs - Dues	M. Savoie	278.00
04/15/09	NAWC - NE Chapter	Meeting Registration	S. Densberger	75.00
04/22/09	NAWC - NE Chapter	NE Chapter Dues	B. Hartley	840.00
04/22/09	American Payroll Assoc.	Annual Membership Fee	L. Cassidy	195.00
04/22/09	Water Research Foundation	Annual Membership Fee	D. Ware	3,231.00
04/28/09	Nat'l Assoc. of Corp. Directors	Annual Membership Fee	D. Montopoli	575.00
04/30/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33
04/30/09	American Water Works Assoc.	Annual Membership Fee	M. Day	234.00
04/30/09	NH Water Works Assoc.	Company (PWW) membership	PWW	25.00
05/13/09	American Water Works Assoc.	Annual Dues	D. Ware	234.00
05/26/09	Savoie, Mark	Amer. Inst of Certified Public Accountants - Dues	M. Savoie	200.00
05/26/09	American Water Works Assoc.	Annual Membership Fee	M. Day	234.00
05/31/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33
05/31/09	NH Water Works Assoc./Water Reasearch Found.	Company (PWW) membership	PWW	832.92
05/31/09	American Water Works Assoc.	Annual Membership Fee	D. Ware	229.95
06/03/09	Manchester Area HR Association	Membership Fee	K. Giotas	60.00
06/16/09	American Water Works Assoc.	Annual Membership Fee	G. Tetley	234.00
06/16/09	American Water Works Assoc.	Annual Membership Fee	B. Rousseau	234.00
06/24/09	Hoepper, Charlie	AICPA Institute - Membership Fee	C. Hoepper	200.00
06/25/09	Report It	Anonymous Hotline Service - Annual Renewal	PWW	500.00
06/30/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33
06/30/09	Rotary Club of Nashua West	Rotary International - Annual Dues	PWW (S. Densberger)	150.00
06/30/09	NH Water Works Assoc./Water Reasearch Found.	Company (PWW) membership	PWW	832.92
07/01/09	Savoie, Mark	FASB Subscrip & AICPA Membership	M. Savoie	970.00
07/29/09	Leonard, Thomas	Mass. Society of CPA - Dues	T. Leonard	235.00
07/31/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33 ✓
07/31/09	NH Water Works Assoc./Water Reasearch Found.	Company (PWW) membership	PWW	832.92
07/31/09	Greater Nashua HR Association	Membership Fee	P. Gorman	65.00
07/31/09	NE Water Works Assoc.	Conference Registration	D.Ware/C.Countie	225.00
08/05/09	American Water Works Assoc.	Partnership for Safe Water - Membership	C. Countie	500.00
08/31/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33
08/31/09	NH Water Works Assoc./Water Reasearch Found.	Company (PWW) membership	PWW	832.92
08/31/09	American Water Works Assoc.	Annual Membership Fee	J. Delude	231.00
09/30/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33
09/30/09	NH Water Works Assoc./Water Reasearch Found.	Company (PWW) membership	PWW	832.92
10/31/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33
10/31/09	NH Water Works Assoc./Water Reasearch Found.	Company (PWW) membership	PWW	832.92
11/23/09	NE Water Works Assoc.	Annual Membership Fee	PWW	310.00
11/23/09	NE Water Works Assoc.	Annual Membership Fee	B. Hartley	85.00
11/30/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.33
10/31/09	Water Research Found.	Company (PWW) membership	PWW	807.92
12/16/09	NH Water Works Association	Utility Membership Dues	S. Densberger	50.00
12/31/09	Nat'l Assoc. of Water Companies	Company (PWW) membership	PWW	968.37
12/31/09	Water Reasearch Foundation	Company (PWW) membership	PWW	808.56
				32,329.45

Pennichuck Water Works, Inc.  
Meetings & Conventions  
2930-100-001  
For the Year Ended December 31, 2009

Date	Vendor	Description	Employee	Amount
01/22/09	American Express	Registration for January NEWWA Meeting	S. Densberger	50.00
01/31/09	Greater Nashua Chamber of Commerce	Outlook Luncheon	DW/SD/BH/BR/TL	150.00
01/31/09	Szopa, Todd	Manchester Area Human Resources Monthly Meeting	K. Giotas	20.00
01/31/09	American Express	NEWWA Meeting and Training - January	B. Rousseau	50.00
01/31/09	American Express	AWWA Utility Mgmt Conference - Registration	S. Densberger	525.00
02/28/09	American Express	MWUA/NEWWA Conference - Lodging	J. Boisvert	217.33
02/28/09	Boisvert, John	MWUA/NEWWA Conference - Registration	J. Boisvert	150.00
03/04/09	Szopa, Todd	Monthly MAHRA Mtg	P.Gorman/K. Giotas	45.00
03/10/09	New England Water Works Assoc.	Registration for Spring Joint Regional Conference & Exhibition	32 Attendees	980.00
03/18/09	American Express	Jannet Water Industry Summit Conference	D. Montopoli	149.20
03/18/09	Montopoli, Duane	Nashua Chamber of Commerce - Mayoral Breakfast Forum	D. Montopoli	20.00
03/31/09	Szopa, Todd	GNHRA - March Meeting	P.Gorman/K. Giotas	25.00
04/08/09	Granite State Human Resources	Granite State Human Resources Conference	P.Gorman/K. Giotas	390.00
04/08/09	American Express	Pre Registration for American Ground Water Trust Meeting	D. Ware	25.00
04/14/09	American Express	NAWC NE Chapter Mtg - Ogunquit, ME (Lodging)	B. Hartley	405.00
04/14/09	Countie, Chris	NEWWA Spring Conference - Lodging	C. Countie	131.57
04/22/09	American Express	NE Water Works Association Mtg (NAWC)	R. Olivier	135.00
04/30/09	Szopa, Todd	Monthly MAHRA Mtg	P.Gorman/K. Giotas	80.00
04/30/09	American Express	NAWC Mtg - Ogunquit, ME (Lodging)	T. Leonard	145.45
05/14/09	American Express	NENAWC Lodging	BH/CH/PG	31.35
05/14/09	American Express	Amer. Ground Water Trust Workshop (Lodging & Fee)	J. Boisvert	156.57
05/27/09	United Way of Greater Nashua	United Way of Greater Nashua - Annual Meeting	B. Rousseau	35.00
05/31/09	Hoepper, Charlie	NAWC NE Mtg. - Mileage/Lodging	C. Hoepper	73.71
05/31/09	Savoie, Mark	SEC Reporting Conference - Washington, DC	M. Savoie	906.86
05/31/09	American Express	Mt. Washington Valley Chamber of Commerce - Business Expo	S. Densberger	238.58
06/26/09	New England Water Works Assoc.	35th Annual Joint CT Section/NEWWA Mtg	S. Densberger	70.00
06/30/09	New England Water Works Assoc.	2009 Joint Regional Spring Conference & Exhibition	PWW	150.00
06/30/09	Szopa, Todd	Monthly MAHRA Mtg	P.Gorman/K. Giotas	45.00
07/08/09	New England Water Works Assoc.	128th Annual Conference	DW/SD/BR/BJ/CC	1,600.00
07/15/09	American Express	NEWWA Annual Conference	D. Ware/C. Countie	542.00
07/15/09	American Express	NEWWA Annual Conference - Lodging	J. Boisvert	328.00
07/15/09	American Express	NACDNE Event - Registration	D. Montopoli	60.00
07/16/09	American Express	NEWWA Conf (Registration/Lodging/Airfare)	S. Densberger	3,033.41
07/16/09	Densberger, Stephen	AWWA Conference	S. Densberger	40.00
07/29/09	American Express	NEWWA Annual Mtg - Lodging	S. Densberger	214.00
07/31/09	American Express	NEWWA Conference - Registration	J. Boisvert	95.00
07/31/09	American Express	NEWWA Conference - Registration	S. Densberger	120.00
08/12/09	American Express	NAWC Symposium Registration Fees	B. Hartley	860.00
08/12/09	Hartley, Bonalyn	NAWC Symposium - Airfare	B. Hartley	284.20
09/15/09	New England Water Works Assoc.	2009 Water Resources Symposium	B. Rousseau/C. Countie	270.00
09/30/09	American Express	National Assoc. of Water Companies Symposium - Registration/Lodging	D. Montopoli	1,128.88
10/07/09	NH Water Works Association	NH Drinking Water Expo/Trade Show	23 Attendees	720.00
10/07/09	NAWC - New England Chapter	2009 Fall Conference Registration	BH/PG/CH	900.00
10/13/09	American Express	NEWWA Annual Expo & Training	B. Rousseau	1,030.48
10/13/09	American Express	NEWWA Annual Conference - Lodging	S. Densberger	1,078.86
10/13/09	American Express	NEWWA Fall Meeting - Lodging	D. Ware/C. Countie	1,250.80
10/13/09	American Express	NEWWA Annual Conference - Lodging	J. Boisvert	978.69
10/28/09	Hartley, Bonalyn	NAWC Symposium - Airfare/Car	B. Hartley	526.05
10/28/09	American Express	NAWC Symposium - Lodging	B. Hartley	1,186.28
10/28/09	Business & Industry Association	BIA Annual Meeting	D. Montopoli/R. Olivier	220.00
10/28/09	NH Water Works Association	Annual/Technical Meeting	SD/BR/CC/MP	180.00
10/28/09	Greater Nashua Chamber of Commerce	81st Annual Dinner & Citizen of the Year Presentation	D. Montopoli/S. Densberger	170.00
10/31/09	American Express	NEWWA Water Works Symposium - Registration	D. Ware	110.00
10/31/09	Szopa, Todd	Monthly MAHRA Mtg	P.Gorman/K. Giotas	45.00
11/04/09	Business & Industry Association	BIA Energy Seminar	D. Ware	60.00
11/12/09	NH Water Works Association	NHWWA Drinking Water Issues	10 Attendees	600.00
11/12/09	NH Water Works Association	NHWWA Operator Training Session	S. Densberger	60.00
11/12/09	Business & Industry Association	"Meet the Commissioners" Forum	R. Olivier	500.00
11/17/09	American Express	NEWWA Symposium Registration	S. Densberger	110.00
11/17/09	American Express	NAWC Mtg - Florida (Lodging/Car)	D. Montopoli	1,150.39
11/17/09	Montopoli, Duane	2009 NAWC Nat'l Drinking Water Symposium	D. Montopoli	660.00
11/18/09	Hoepper, Charlie	NENAWC 2009 Fall Chapter Meeting	C. Hoepper	311.37
11/30/09	Szopa, Todd	MAHRA Monthly Meeting	P.Gorman/K. Giotas	20.00
11/30/09	American Express	NENAWC Chapter Meeting - Newport, RI	B. Hartley/P. Gorman	361.74
12/15/09	American Express	NY Society of SEC Analysts Conf - Reg Fees and Lodging	D. Montopoli	4,544.23
12/15/09	American Express	NAWC-NE Mtg - Lodging	S. Densberger	189.36
12/22/09	Leonard, Thomas	Annual Water Utilities Conference - Local Transportation	T. Leonard	146.00
12/22/09	American Express	13th Annual Water Utilities Conference - Airfare	T. Leonard	192.20
12/31/09	Szopa, Todd	GNHRA - Monthly Mtg	P.Gorman/K. Giotas	60.00
12/31/09	American Express	13th Annual Water Utilities Conference - Lodging	T. Leonard	428.28
12/31/09	American Express	NYC Society of Security Analysts - Lodging	D. Montopoli	531.35
				32,297.19

WAIVER OF CERTAIN PROVISIONS OF  
PUC 1600 FILING RULES

- (12) Recent Management and Depreciation Studies – No recent Management Study has been undertaken by the Company. Latest depreciation study submitted in DW 06-073.

WAIVER OF CERTAIN PROVISIONS OF  
PUC 1600 FILING RULES

(13) Audits or Studies which Utility has not submitted to Commission – None

**Pennichuck Corporation  
Officers & Directors Compensation**

For the Twelve Months Ending December 31, 2008		For the Twelve Months Ending December 31, 2009		Shares Beneficially Owned as of December 31, 2009
Officers	Compensation	Officers	Compensation	
Stephen J. Densberger	263,755	Stephen J. Densberger	200,072	51,137
Bonalyn J. Hartley	201,312	Bonalyn J. Hartley	202,171	21,041
Thomas C. Leonard	153,010	Thomas C. Leonard	200,768	6,000
Duane Montopoli	343,838	Duane Montopoli	396,649	41,000
William Patterson	95,574	William Patterson	-	-
Donald L. Ware	233,501	Donald L. Ware	215,121	20,286
Roland E. Olivier	117,377	Roland E. Olivier	182,527	5,400
* Compensation includes salary, bonuses, option awards, deferred and other compensation.				
Directors	Compensation	Directors	Compensation	
Joseph Bellavance	16,234	Joseph Bellavance	18,700	10,300
Stephen Bolander	18,333	Stephen Bolander	20,200	133
Janet M. Hansen	10,867	Janet M. Hansen	19,000	-
Robert Keller	22,633	Robert Keller	23,300	3,213
John Kreick	21,200	John Kreick	24,000	1,060
Hannah McCarthy	14,134	Hannah McCarthy	15,400	1,288
James Murphy	17,434	James Murphy	20,500	500
Martha O'Neil	14,734	Martha O'Neil	17,800	16,266
		Clarence A. Davis	11,467	2,500
		Michael I. German	11,467	1,100

Source: Annual Proxy Statement

Pennichuck Water Works, Inc.  
Contractual Services over \$50,000  
For the Twelve Months Ended December 31, 2009

Name	Address	Amount	Purpose
BORDEN REMINGTON CORP	PO BOX 2573	FALL RIVER MA 481,961	Chemical Supplier
CARUS PHOSPHATES, INC.	15111 COLLECTIONS CENTER DR	CHICAGO IL 117,279	Chemical Supplier
CURTIS 1000 - (POSTAGE ONLY)	36 HOLLY DRIVE	NEWINGTON CT 88,000	Postage related to Billing Services
CURTIS 1000 INC	PO BOX 512598	PHILADELPHIA PA 185,926	Billing Services and Supplies
DIRECT INVEST LLC	ONE FEDERAL ST	BOSTON MA 323,606	Lessor for Office at 25 Manchester Street
ELECTRICAL INSTALLATIONS INC	397 WHITTIER HWY	MOULTONBORO NH 90,872	Electrical Services
EVERETT J PRESCOTT INC	PO BOX 350002	BOSTON MA 96,213	Inventory Provider - Pipes & Fittings
FAY, SPOFFORD & THORNDIKE, LLC	5 BURLINGTON WOODS	BURLINGTON MA 140,863	Construction Services - WTP
GOMEZ AND SULLIVAN ENGINEERS, P.C.	288 GENESEE STREET	UTICA NY 51,417	Engineering Services
GRANITE STATE ANALYTICAL INC	22 MANCHESTER RD RT 28	DERRY NH 110,127	Laboratory Services - Water Analysis
HARCROS CHEMICALS INC	PO BOX 74583	CHICAGO IL 221,658	Chemical Supplier
HARVARD PILGRIM HEALTH CARE OF NE	PO BOX 970050	BOSTON MA 1,430,815	Health Care Benefits Provider
HOOKSETT PAVING COMPANY INC.	6 WEST STEARNS AVE.	HOOKSETT NH 62,964	Construction Services
HUDSON PAVING INC	19 BARRETT'S HILL ROAD	HUDSON NH 110,597	Construction Services
HYDROSOURCE ASSOCIATES, INC.	50 WINTER STREET, PO BOX 609	ASHLAND NH 50,979	Water Testing Services
JAMES S. PISCOPO GENERAL CONTRACTOR, INC	PO BOX 130	WINNISQUAM NH 362,464	Construction Services
JCI JONES CHEMICALS, INC.	DEPARTMENT AT 952958	ATLANTA GA 63,727	Chemical Supplier
MANCHESTER WATER WORKS	281 LINCOLN STREET	MANCHESTER NH 90,005	Bulk Water Provider
MASSMUTUAL FINANCIAL GROUP - PENSION	ATTN: DON EDWARDS	SPRINGFIELD MA 491,142	Retirement Benefits Provider
MERRIMACK VILLAGE DISTRICT	2 GREENS POND RD.	MERRIMACK NH 86,290	Bulk Water Provider
NORTHEAST DELTA DENTAL	PO BOX 9566	MANCHESTER NH 137,973	Dental Care Benefits Provider
PARK CONSTRUCTION CORP	PO BOX 600	FITZWILLIAM NH 549,883	Construction Services
PRELOAD INC	60 COMMERCE DRIVE	HAUPPAUGE NY 232,691	Construction Services
PUBLIC SERVICE CO OF NH	P.O. BOX 360	MANCHESTER NH 937,178	Electricity Provider
R E PRESCOTT COMPANY INC	10 RAILROAD AVE PO BOX 339	EXETER NH 106,949	Inventory Provider - Equipment
RH WHITE CONSTRUCTION CO	41 CENTRAL ST	AUBURN MA 3,019,550	Construction Services
ROBERT PIKE CONSTRUCTION INC	PO BOX 5507	SALISBURY MA 133,401	Construction Services
TI SALES INC	36 HUDSON RD	SUDBURY MA 677,045	Inventory Provider - Meters
TROUPE WATER SERVICES, LLC	P.O. BOX 4402	WINDHAM NH 179,415	Meter Services
TYLER TECHNOLOGIES, INC	MUNIS DIVISION	DALLAS TX 73,394	Billing Systems Provider
UNUM LIFE INSURANCE CO OF AMERICA	PO BOX 406990	ATLANTA GA 52,201	Life, AD&D, STD Insurance Provider
VELLANO BROS. INC	7 HEMLOCK STREET	LATHAM NY 56,220	Inventory Provider - Hydrants
WATER WORKS SUPPLY CORP	PO BOX 51357	BOSTON MA 111,134	Inventory Provider - Equipment
WRIGHT EXPRESS	FLEET FUELING	CAROL STREAM IL 186,637	Fuel Provider

WAIVER OF CERTAIN PROVISIONS OF  
PUC 1600 FILING RULES

- (17) Assets and Cost Allocations – we anticipate that no non-utility assets or operations will be included in the Company's financial statements for the test year.

WAIVER OF CERTAIN PROVISIONS OF  
PUC 1600 FILING RULES

- (18) Balance Sheet and Income Statements – The statements have either been filed previously with the Commission or will be filed as a part of the Company's rate case filing.

Pennichuck Water Works Corporation  
Statements of Operations

	3 Months Ended									
	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>3/31/2008</u>	<u>6/30/2008</u>	<u>9/30/2008</u>	<u>12/31/2008</u>	<u>3/31/2009</u>	<u>6/30/2009</u>	<u>9/30/2009</u>	<u>12/31/2009</u>
Water Revenues	\$ 4,636,754	\$ 5,080,194	\$ 4,702,968	\$ 5,586,518	\$ 6,086,168	\$ 5,351,083	\$ 4,785,783	\$ 5,718,490	\$ 7,169,882	\$ 5,413,805
Other	189,736	113,775	74,854	114,699	91,009	90,024	56,324	273,888	(111,219)	96,296
Total Revenues	<u>4,826,489</u>	<u>5,193,969</u>	<u>4,777,822</u>	<u>5,701,217</u>	<u>6,177,177</u>	<u>5,441,107</u>	<u>4,842,107</u>	<u>5,992,379</u>	<u>7,058,663</u>	<u>5,510,102</u>
Operating Expenses:										
Production	826,326	819,357	800,766	947,747	1,129,530	848,388	804,441	902,819	966,653	730,983
Trans, Distrib and Engineering	439,420	458,563	458,536	474,427	474,656	459,993	465,984	559,900	409,636	473,947
Customer Acct	116,907	117,253	80,595	69,177	88,127	112,096	102,861	119,824	95,498	116,792
Admin & General	1,429,395	1,546,736	1,488,912	1,383,845	1,228,471	1,679,463	1,549,305	1,484,301	1,453,472	1,619,823
Interdiv Mgt Fee	(302,000)	(305,994)	(274,803)	(398,242)	(300,903)	(381,484)	(288,054)	(369,759)	(387,526)	(386,348)
	<u>2,510,048</u>	<u>2,635,915</u>	<u>2,554,005</u>	<u>2,476,953</u>	<u>2,619,881</u>	<u>2,718,456</u>	<u>2,634,536</u>	<u>2,697,084</u>	<u>2,537,733</u>	<u>2,555,196</u>
Depreciation/Amort	809,699	898,098	941,385	959,512	962,794	983,508	988,760	959,297	950,448	993,542
Amort Exp: CIAC	(106,443)	(116,514)	(116,911)	(117,206)	(117,958)	(122,918)	(120,313)	(120,520)	(115,825)	(123,728)
Gain on Disposition of Utility Prop	-	-	-	-	-	(15,000)	-	-	-	-
Taxes other than Income	512,103	491,977	583,594	710,089	687,047	427,756	745,482	674,357	663,841	883,788
Income Taxes	409,526	332,312	118,349	440,706	552,149	274,807	(39,145)	400,180	943,840	69,809
	<u>4,134,933</u>	<u>4,241,788</u>	<u>4,080,422</u>	<u>4,470,054</u>	<u>4,703,912</u>	<u>4,266,608</u>	<u>4,209,320</u>	<u>4,610,398</u>	<u>4,980,037</u>	<u>4,378,606</u>
Operating Income	<u>691,556</u>	<u>952,181</u>	<u>697,400</u>	<u>1,231,163</u>	<u>1,473,265</u>	<u>1,174,499</u>	<u>632,787</u>	<u>1,381,980</u>	<u>2,078,625</u>	<u>1,131,496</u>
Other Income (Exp)	6,784	(39,567)	(1,240)	54,381	-	(4,068)	1,330	-	(534)	(2,112)
AFDUC	(352,426)	(189,819)	(134,457)	(92,176)	(94,055)	(97,298)	(102,965)	(4,403)	(6,797)	-
Interest on LTD	517,592	710,831	742,275	772,538	792,101	752,529	755,983	748,758	747,601	747,363
Interest on Customer Deposits	-	-	-	-	-	-	-	-	-	-
Interest - Other	(135,621)	(229,634)	(127,451)	(106,899)	(110,281)	(34,667)	(4,173)	419	(301)	(16,223)
Amortization	24,654	33,649	35,358	40,173	43,687	44,338	44,953	44,953	45,013	45,815
	<u>54,199</u>	<u>325,027</u>	<u>515,725</u>	<u>613,636</u>	<u>631,451</u>	<u>664,901</u>	<u>693,798</u>	<u>789,727</u>	<u>785,516</u>	<u>776,954</u>
Net Income (Loss)	<u>\$ 644,141</u>	<u>\$ 587,587</u>	<u>\$ 180,435</u>	<u>\$ 671,909</u>	<u>\$ 841,814</u>	<u>\$ 505,529</u>	<u>\$ (59,681)</u>	<u>\$ 592,253</u>	<u>\$ 1,292,575</u>	<u>\$ 352,429</u>

Pennichuck Water Works Corporation  
Statements of Operations

	3 Months Ended							
	<u>3/31/2006</u>	<u>6/30/2006</u>	<u>9/30/2006</u>	<u>12/31/2006</u>	<u>3/31/2007</u>	<u>6/30/2007</u>	<u>9/30/2007</u>	<u>12/31/2007</u>
Water Revenues	\$ 3,399,365	\$ 4,019,308	\$ 4,603,736	\$ 4,636,754	\$ 4,161,934	\$ 5,313,762	\$ 6,758,039	\$ 5,080,194
Other	73,877	98,517	89,801	189,736	89,713	108,067	154,721	113,775
Total Revenues	<u>3,473,242</u>	<u>4,117,825</u>	<u>4,693,536</u>	<u>4,826,489</u>	<u>4,251,647</u>	<u>5,421,829</u>	<u>6,912,759</u>	<u>5,193,969</u>
Operating Expenses:								
Production	694,584	779,503	920,652	826,326	688,894	839,596	1,102,066	819,357
Trans, Distrib and Engineering	373,805	434,162	433,583	439,420	457,050	432,737	413,841	458,563
Customer Acct	101,441	69,735	73,983	116,907	74,538	54,649	92,592	117,253
Admin & General	1,168,226	1,019,313	1,278,734	1,429,395	1,302,919	1,389,141	1,441,407	1,546,736
Interdiv Mgt Fee	(77,000)	(146,000)	(309,000)	(302,000)	(298,387)	(451,494)	(346,499)	(305,994)
	<u>2,261,056</u>	<u>2,156,713</u>	<u>2,397,953</u>	<u>2,510,048</u>	<u>2,225,014</u>	<u>2,264,629</u>	<u>2,703,408</u>	<u>2,635,915</u>
Depreciation/Amort	719,151	732,942	804,484	809,699	797,997	799,472	795,166	898,098
Amort Exp: CIAC	(86,056)	(88,443)	(86,913)	(106,443)	(108,299)	(109,767)	(111,852)	(116,514)
Gain on Disposition of Utility Prop	-	-	1,250	-	-	-	-	-
Taxes other than Income	447,248	473,938	431,656	512,103	536,080	486,670	480,426	491,977
Income Taxes	(29,475)	319,571	388,807	409,526	170,010	629,156	1,067,774	332,312
	<u>3,311,923</u>	<u>3,594,721</u>	<u>3,937,237</u>	<u>4,134,933</u>	<u>3,620,802</u>	<u>4,070,160</u>	<u>4,934,921</u>	<u>4,241,788</u>
Operating Income	<u>161,319</u>	<u>523,104</u>	<u>756,299</u>	<u>691,556</u>	<u>630,845</u>	<u>1,351,669</u>	<u>1,977,838</u>	<u>952,181</u>
Other Income (Exp)	<u>15,460</u>	<u>15,626</u>	<u>14,319</u>	<u>6,784</u>	<u>44,326</u>	<u>635,254</u>	<u>(10,999)</u>	<u>(39,567)</u>
AFDUC	(130,778)	(267,287)	(243,359)	(352,426)	(55,929)	(76,364)	(125,832)	(189,819)
Interest on LTD	498,039	345,416	651,723	517,592	543,137	542,272	521,706	710,831
Interest on Customer Deposits	-	-	-	-	-	-	-	-
Interest - Other	(191,374)	(72,456)	(272,968)	(135,621)	(97,601)	(88,934)	(83,759)	(229,634)
Amortization	24,980	24,980	24,980	24,654	26,366	26,780	26,779	33,649
	<u>200,867</u>	<u>30,653</u>	<u>160,377</u>	<u>54,199</u>	<u>415,973</u>	<u>403,755</u>	<u>338,894</u>	<u>325,027</u>
Net Income (Loss)	<u>\$ (24,088)</u>	<u>\$ 508,077</u>	<u>\$ 610,241</u>	<u>\$ 644,141</u>	<u>\$ 259,198</u>	<u>\$ 1,583,169</u>	<u>\$ 1,627,945</u>	<u>\$ 587,587</u>

PENNICHUCK WATER WORKS  
 QUARTERLY STATEMENTS OF INCOME  
 CY 2005

	3 Months Ended <u>3/31/2005</u>	3 Months Ended <u>6/30/2005</u>	6 Months Ended <u>6/30/2005</u>	3 Months Ended <u>9/30/2005</u>	9 Months Ended <u>9/30/2005</u>	3 Months Ended <u>12/31/2005</u>	12 Months Ended <u>12/31/2005</u>
Water Revenues	\$ 3,413,010	\$ 4,629,437	\$ 8,042,448	4,951,769	12,994,217	\$ 3,700,069	\$ 16,694,286
Other	123,529	94,218	217,748	147,478	365,226	210,409	575,634
Total Revenues	<u>3,536,540</u>	<u>4,723,656</u>	<u>8,260,196</u>	<u>5,099,247</u>	<u>13,359,442</u>	<u>3,910,478</u>	<u>17,269,920</u>
Operating Expenses:							
Production	666,622	719,026	1,385,649	1,039,403	2,425,051	750,452	3,175,503
Trans & Distrib	341,599	165,009	506,608	151,475	658,083	270,456	928,539
Customer Accting	92,113	268,212	360,325	186,800	547,125	195,833	742,959
Admin & General	1,223,493	1,104,514	2,328,007	1,088,616	3,416,623	1,406,145	4,822,768
Interdiv Mgt Fee	<u>(175,000)</u>	<u>(97,000)</u>	<u>(272,000)</u>	<u>(55,000)</u>	<u>(327,000)</u>	<u>(144,000)</u>	<u>(471,000)</u>
	2,148,828	2,159,761	4,308,589	2,411,294	6,719,883	2,478,886	9,198,769
Depreciation/Amort	795,749	628,511	1,424,260	690,332	2,114,592	657,038	2,771,630
Amort Exp: CIAC	(78,315)	(77,550)	(155,865)	(79,438)	(235,303)	(87,911)	(323,214)
Taxes other than Income	483,679	455,176	938,856	454,325	1,393,181	27,142	1,420,323
Income Taxes	<u>(84,040)</u>	<u>474,043</u>	<u>390,003</u>	<u>458,730</u>	<u>848,733</u>	<u>251,296</u>	<u>1,100,029</u>
	3,265,902	3,639,941	6,905,842	3,935,244	10,841,086	3,326,452	14,167,537
Operating Income	270,638	1,083,715	1,354,353	1,164,003	2,518,356	584,027	3,102,383
Other Income (Exp)	13,609	17,019	30,628	8,724	39,351	62,600	101,952
AFDUC	(51,398)	(62,935)	(114,333)	(61,248)	(175,581)	(102,539)	(278,120)
Interest on LTD	361,754	354,089	715,844	357,173	1,073,017	559,246	1,632,264
Interest on Customer Deposits	12,724	-	12,724	0	12,724		12,724
Interest on STD	52,467	42,229	94,696	42,070	136,766	(130,116)	6,650
Amortization	<u>15,978</u>	<u>23,765</u>	<u>39,743</u>	<u>23,609</u>	<u>63,353</u>	<u>6,940</u>	<u>70,292</u>
	391,525	357,149	748,674	361,605	1,110,279	333,531	1,443,810
Net Income	<u>\$ (107,278)</u>	<u>743,585</u>	<u>636,307</u>	<u>811,122</u>	<u>1,447,429</u>	<u>\$ 313,096</u>	<u>\$ 1,760,525</u>

Pennichuck Water Works, Inc.  
 Quarterly Sales Volume Schedule for  
 the Five Years from 2005 through 2009

2005										
Customer Type	March \$	March Cons.	June \$	June Cons.	September \$	September Cons.	December \$	December Cons.	Total \$	Total Cons.
Residential	\$ 2,048,290.14	732,662	\$ 2,195,773.36	778,104	\$ 2,927,275.27	1,142,855	\$ 2,674,616.28	999,763	\$ 9,845,955.05	3,653,384
Commercial	\$ 457,405.28	164,341	\$ 504,511.40	182,280	\$ 713,159.81	289,057	\$ 626,277.89	238,542	\$ 2,301,354.38	874,220
Industrial	\$ 358,350.98	277,616	\$ 384,996.16	299,196	\$ 465,684.15	354,569	\$ 392,784.72	287,730	\$ 1,601,816.01	1,219,111
Municipal	\$ 561,164.85	12,679	\$ 565,309.73	16,137	\$ 616,759.63	42,508	\$ 575,289.64	18,865	\$ 2,318,523.85	90,189
Other	\$ 55,858.14	22,685	\$ 96,782.26	44,787	\$ 162,929.09	83,360	\$ 77,507.19	40,860	\$ 393,076.68	191,692
	\$ 3,481,069.39	1,209,983	\$ 3,747,372.91	1,320,504	\$ 4,885,807.95	1,912,349	\$ 4,346,475.72	1,585,760	\$ 255,696.18	Unbilled Revenue
									\$ (35,757.88)	Abatements
									\$ 13,621.17	Other Adjustments
									\$ 16,694,285.44	6,028,596

\*\* 16803.87 anheuser adjustment recognized gl in 2004 in billing 2005

2006										
Customer Type	March \$	March Cons.	June \$	June Cons.	September \$	September Cons.	December \$	December Cons.	Total \$	Total Cons.
Residential	\$ 2,092,711.96	716,166	\$ 2,183,482.27	765,521	\$ 2,904,590.54	1,172,418	\$ 2,890,193.18	932,186	\$ 10,070,977.95	3,586,291
Commercial	\$ 460,174.95	157,606	\$ 509,207.04	183,968	\$ 706,249.47	292,323	\$ 630,858.87	204,612	\$ 2,306,490.33	838,509
Industrial	\$ 364,947.83	281,606	\$ 371,996.01	288,074	\$ 459,983.05	359,838	\$ 422,098.23	279,146	\$ 1,619,025.12	1,208,664
Municipal	\$ 558,122.27	10,461	\$ 563,810.46	16,571	\$ 617,456.18	63,545	\$ 581,098.38	30,669	\$ 2,320,487.29	121,246
Other	\$ 35,708.58	12,228	\$ 67,959.20	39,434	\$ 60,071.87	34,864	\$ 33,778.18	9,515	\$ 197,517.83	96,041
	\$ 3,511,665.59	1,178,067	\$ 3,696,454.98	1,293,568	\$ 4,748,351.11	1,922,988	\$ 4,558,026.84	1,456,128	\$ 49,382.24	Unbilled Revenue
									\$ (182,005.72)	Abatements
									\$ 247.68	Other Adjustments
									\$ 264,698.66	Recoupment
									\$ 16,646,821.38	5,850,751

2007										
Customer Type	March \$	March Cons.	June \$	June Cons.	September \$	September Cons.	December \$	December Cons.	Total \$	Total Cons.
Residential	\$ 2,407,562.10	695,075	\$ 2,703,983.07	768,642	\$ 4,019,898.97	1,202,502	\$ 3,639,002.76	1,034,525	\$ 12,770,446.90	3,700,744
Commercial	\$ 511,216.21	147,734	\$ 656,988.20	197,370	\$ 958,217.29	293,160	\$ 795,708.79	224,432	\$ 2,922,130.49	862,696
Industrial	\$ 380,363.89	253,764	\$ 452,866.67	285,316	\$ 591,129.52	338,601	\$ 491,025.81	272,075	\$ 1,915,385.89	1,149,756
Municipal	\$ 558,403.91	9,522	\$ 627,260.00	26,698	\$ 937,864.94	156,602	\$ 790,415.95	69,721	\$ 2,913,944.80	262,543
Other	\$ 34,295.46	9,915	\$ 35,461.45	10,226	\$ 49,200.60	18,034	\$ 36,811.92	9,871	\$ 155,769.43	48,046
	\$ 3,891,841.57	1,116,010	\$ 4,476,559.39	1,288,252	\$ 6,556,311.32	2,008,899	\$ 5,752,965.23	1,610,624	\$ 296,804.21	Unbilled Revenue
									\$ (10,878.27)	Abatements
									\$ 110.04	Other Adjustments
									\$ 349,282.98	Recoupment
									\$ 21,312,996.47	6,023,785

Pennichuck Water Works, Inc.  
Quarterly Sales Volume Schedule for  
the Five Years from 2005 through 2009

2008										
Customer Type	March \$	March Cons.	June \$	June Cons.	September \$	September Cons.	December \$	December Cons.	Total \$	Total Cons.
Residential	\$ 2,821,320.15	692,993	\$ 3,157,087.63	809,817	\$ 4,171,365.37	1,200,666	\$ 3,295,624.02	841,562	\$ 13,445,397.17	3,545,038
Commercial	\$ 619,068.97	153,554	\$ 710,324.63	188,605	\$ 948,809.29	285,000	\$ 747,292.54	199,847	\$ 3,025,495.43	827,006
Industrial	\$ 449,391.20	255,569	\$ 476,592.61	270,462	\$ 500,675.94	275,550	\$ 399,451.31	209,825	\$ 1,826,111.06	1,011,406
Municipal	\$ 695,076.41	11,410	\$ 761,420.11	50,238	\$ 818,788.72	78,311	\$ 731,487.37	27,185	\$ 3,006,772.61	167,144
Other	\$ 48,948.48	17,966	\$ 56,238.84	22,745	\$ 47,308.68	16,727	\$ 73,102.44	22,769	\$ 225,598.44	80,207
	\$ 4,633,805.21	1,131,492	\$ 5,161,663.82	1,341,867	\$ 6,486,948.00	1,856,254	\$ 5,246,957.68	1,301,188	\$ (506,351.64)	Unbilled Revenue
									\$ (30,255.22)	Abatements
									\$ (863.17)	Other Adjustments
									\$ 732,215.68	Recoupment
									\$ 21,724,120.36	5,630,801

2009										
Customer Type	March \$	March Cons.	June \$	June Cons.	September \$	September Cons.	December \$	December Cons.	Total \$	Total Cons.
Residential	\$ 3,014,531.60	670,941	\$ 3,333,835.39	782,902	\$ 4,023,232.92	974,661	\$ 3,594,675.73	756,391	\$ 13,966,275.64	3,184,895
Commercial	\$ 689,731.40	151,322	\$ 768,714.47	177,245	\$ 1,027,441.01	248,232	\$ 917,580.99	189,502	\$ 3,403,467.87	766,301
Industrial	\$ 397,501.00	190,021	\$ 593,176.67	192,299	\$ 477,319.30	209,143	\$ 456,492.97	182,250	\$ 1,924,489.94	773,713
Municipal	\$ 724,562.19	10,853	\$ 738,819.25	15,161	\$ 889,803.06	81,621	\$ 805,478.85	28,772	\$ 3,158,663.35	136,407
Other	\$ 47,824.40	10,589	\$ 96,359.81	39,510	\$ 37,409.14	8,627	\$ 175,997.03	79,104	\$ 357,590.38	137,830
	\$ 4,874,150.59	1,033,726	\$ 5,530,905.59	1,207,117	\$ 6,455,205.43	1,522,284	\$ 5,950,225.57	1,236,019	\$ 206,692.16	Unbilled Revenue
									\$ (240.43)	Abatements
									\$ (1,065.08)	Other Adjustments
									\$ 71,388.60	Recoupment
									\$ 23,087,262.43	4,999,146

\*\*\* 2nd Quarter \$ for Industrial Class includes the Anheuser Busch minimum payment obligation for fiscal year 2009 of \$186,823.62

**Projected Five Year Capital Expenditures**

Pennichuck Water Works, Inc.

2010 and 2011

(In thousands of dollars)

	<u>2010</u>	<u>2011</u>
<b>Supply &amp; Watershed:</b>		
Watershed Studies/Improvements(Net of Grants) -	163	250
Vulnerability Upgrades - EPA -	-	-
New Wells/Well Pumps -	40	100
Dam Repairs/Upgrades (Net of Grants) -	393	-
<b>Supply &amp; Watershed -</b>	<b>596</b>	<b>350</b>
 <b>Treatment Improvements:</b>		
Treatment Process Upgrade, Contract #4 -	50	-
Merrimack River Intake upgrade (AFUDC) -	-	-
Shakespeare Booster Station Expansion -	-	-
Various Pump Upgrades & Equipment -	101	175
<b>Treatment Improvements -</b>	<b>151</b>	<b>175</b>
 <b>Distribution Infrastructure Replacement:</b>		
Radio Read Program -	-	-
Water Main Cleaning and Lining -	1,253	460
Water Main Replacements -	1,265	2,044
Fifield Tank - Concrete #2 -	-	-
<b>Infrastructure Replacement -</b>	<b>2,518</b>	<b>2,504</b>
 <b>Distribution &amp; Storage:</b>		
Distribution Department Equipment -	852	950
New/Renewed Services -	80	80
New/Renewed Gates -	25	25
New/Renewed Hydrants -	16	16
New/Renewed Meters -	198	200
Water Main Upsizing -	30	50
One X Revenue Contribution -	50	80
Taylor Falls Pump Station upgrades -	155	-
Armory Pump House (AFUDC) -	275	-
Will Street Upgrades -	-	185
<b>Distribution &amp; Storage -</b>	<b>1,681</b>	<b>1,586</b>
 PWW Community Water System Capex* -	1,916	750
Engineering Equipment/Misc -	62	60
Engineering - GIS Implementation -	-	550
Administration -	7	50
Data Processing -	711	750
<b>Pennichuck Water Works Grand Total - \$</b>	<b>7,642</b>	<b>\$ 6,775</b>

# Pennichuck Water Works

## Annual Budgeted Stmt of Cash Flows

For the Twelve Months Ended December 31, 2010 and 2011

	<u>2010</u>	<u>2011</u>
<b>Operating Activities:</b>		
Net Income	3,225,239	4,000,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,440,078	3,600,000
Gain on sale of land/cell tower leases	-	-
Amortization of deferred investment tax credits	(33,036)	(33,036)
Provision for deferred income taxes	-	-
Allowance for funds used during construction	-	-
Undistributed earnings in real estate partnerships	-	-
Special shareholder distributions	-	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable and unbilled revenue	(1,158,533)	600,000
(Increase) decrease in refundable income taxes	-	-
(Increase) decrease in materials and supplies	203,022	200,000
(Increase) decrease in prepaid expenses	8,392	-
(Increase) decrease in deferred charges and other assets	(142,817)	(145,000)
Increase (decrease) in accounts payable and accrued expenses	482,483	200,000
Increase (decrease) in other	8,649,463	2,591,494
Net cash provided by (used in) operating activities	<u>14,674,291</u>	<u>11,013,458</u>
<b>Investing Activities:</b>		
Purchases of property, plant and equipment	(7,642,700)	(6,775,304)
Contributions in aid of construction	-	-
(Increase) decrease in restricted cash	-	-
Sale (purchase) of investment securities	-	-
Net (increase) decrease in notes receivable	-	-
Proceeds from sale of land	-	-
Net change in investment in real estate partnerships and deferred land costs	-	-
Net cash provided by (used in) investing activities	<u>(7,642,700)</u>	<u>(6,775,304)</u>
<b>Financing Activities:</b>		
(Repayments) advances on line of credit	-	-
Payments on long-term debt	-	-
Proceeds on long-term borrowings	(3,680,553)	(738,154)
Debt issuance costs	-	-
Proceeds from issuance of common stock and dividend reinvestment plan	-	-
Dividends paid	(3,351,038)	(3,500,000)
Net cash provided by (used in) financing activities	<u>(7,031,591)</u>	<u>(4,238,154)</u>
Net increase (decrease) in cash	-	-
Cash at beginning of period	2,450	2,450
Cash at end of period	<u>2,450</u>	<u>2,450</u>

Pennichuck Corporation  
Debt Repayment Schedule  
As of 12/31/09

Debt Instrument	Rate	Maturity	Outstanding Balance as of 12/31/09	Principal Repayment Schedule							Total
				1/1/2010 to	1/1/2011 to	1/1/2012 to	12/31/2012 to	12/31/2013 to	1/1/2015 and		
				12/31/2010	12/31/2011	12/30/2012	12/30/2013	12/31/2014	Thereafter		
American United Life	5.000%	3/4/2010	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
American United Life	7.400%	3/1/2021	\$ 6,800,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 4,800,000	\$ -	\$ 6,800,000
BFA Revenue Bond (2005 Series A)	4.700%	10/1/2035	\$ 12,125,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,125,000	\$ -	\$ 12,125,000
BFA Revenue Bond (2005 Series BC-3)	5.000%	4/1/2018	\$ 7,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500,000	\$ -	\$ 7,500,000
BFA Revenue Bond (2005 Series BC-4)	5.375%	4/1/2035	\$ 12,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,500,000	\$ -	\$ 12,500,000
BFA Revenue Bond (Series 2005A)	4.700%	1/1/2035	\$ 1,810,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,810,000	\$ -	\$ 1,810,000
BFA Revenue Bond (Series 2005B)	4.600%	1/1/2030	\$ 2,335,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,335,000	\$ -	\$ 2,335,000
BFA Revenue Bond (Series 2005C)	4.500%	1/1/2025	\$ 1,205,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,205,000	\$ -	\$ 1,205,000
BFA 1997 Revenue Bond	6.300%	1/1/2022	\$ 3,600,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 2,600,000	\$ -	\$ 3,600,000
BFA Revenue Bond (2005 Series B-1)	3.850%	10/1/2035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unsecured NH SRF - Hubbard/East Derry Water	3.800%	5/1/2022	\$ 272,562	\$ 22,250	\$ 22,250	\$ 22,250	\$ 22,250	\$ 22,250	\$ 161,312	\$ -	\$ 272,562
Unsecured NH SRF - Twin Ridge	2.315%	4/1/2013	\$ 49,593	\$ 15,270	\$ 15,628	\$ 15,993	\$ 2,702	\$ -	\$ -	\$ -	\$ 49,593
Unsecured NH SRF - WTP Contract #4	4.488%	10/1/2029	\$ 2,976,693	\$ 95,882	\$ 100,278	\$ 104,870	\$ 109,675	\$ 114,698	\$ 2,451,292	\$ -	\$ 2,976,693
			<u>\$ 56,173,848</u>	<u>\$ 5,733,402</u>	<u>\$ 738,154</u>	<u>\$ 743,113</u>	<u>\$ 734,627</u>	<u>\$ 736,948</u>	<u>\$ 47,487,604</u>	<u>\$ -</u>	<u>\$ 56,173,848</u>
Debt Discount on 2005 Series A Bonds			\$ (312,219)								
			<u>\$ 55,861,629</u>								

Pennichuck Water Works, Inc.  
 Cost of Short-Term Debt  
 For the Thirteen Months Ended December 31, 2009

Schedule 6

	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	13 Month Average
2223-300-001 INTERCO PAY/REC. PENN CORP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2223-300-001 INTERCO PAY/REC. PWW/PCP	2,227,398	2,334,745	4,113,566	4,542,026	5,468,691	6,511,381	7,688,696	7,904,479	8,964,844	8,840,457	8,720,312	6,269,945	(1,411,111)	
2223-400-001 INTERCO PAY/REC. PWW/TSC	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2223-400-001 INTERCO PAY/REC. PWW/TSC	(606,939)	(608,876)	(610,422)	(612,388)	(614,167)	(618,291)	(621,618)	(623,953)	(626,826)	(628,554)	(630,209)	(631,970)	(634,071)	
2223-500-001 INTERCO PAY/REC. PWW/PWS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2223-500-001 INTERCO PAY/REC. PWW/PWS	(4,832,114)	(5,004,168)	(5,193,190)	(5,386,366)	(5,567,772)	(5,825,712)	(6,039,469)	(6,205,532)	(6,366,016)	(6,548,919)	(6,744,384)	(6,908,254)	(7,136,958)	
2223-600-001 INTERCO PAY/REC. PWW/PAC	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2223-600-001 INTERCO PAY/REC. PWW/PAC	(2,732,152)	(2,806,054)	(2,867,267)	(2,935,623)	(2,998,393)	(3,067,157)	(3,147,971)	(3,220,458)	(3,309,792)	(3,429,351)	(3,504,190)	(3,575,675)	(3,661,556)	
2223-700-001 INTERCO PAY/REC. PWW/PEU	(35)	-	-	-	-	-	-	-	-	-	-	-	-	-
2223-700-001 INTERCO PAY/REC. PWW/PEU	(4,667,807)	(4,843,462)	(5,030,525)	(5,289,325)	(5,590,897)	(5,800,361)	(6,008,141)	(6,210,224)	(6,410,499)	(7,279,118)	(7,442,233)	(7,801,647)	(7,792,577)	
Pennichuck Interco Net Liability	(10,611,650)	(10,927,816)	(9,587,329)	(9,681,667)	(9,302,530)	(8,800,140)	(8,128,503)	(8,355,689)	(7,749,290)	(9,045,484)	(9,600,704)	(12,447,602)	(20,638,273)	(10,375,166)

WAIVER OF CERTAIN PROVISIONS OF  
PUC 1600 FILING RULES

- (25) Parent Company Information – 2009, 2008, 2007, 2006 and 2005 Annual Reports to Shareholders contained in this binder. 2009 and 2008 Form 10-K and Form 10-Q contained in this binder under section 10.

PWW & CORP SUMMARY

Summary of 2009 Allocated Costs									
Year to Date Costs through December 31, 2009									
Pennichuck Corporation and Subsidiaries									
(Dollar amounts in \$ 000's)									
	<u>Penn Water</u>	<u>Penn East</u>	<u>Pittsfield</u>	<u>North Country</u>	<u>Total Regulated</u>	<u>Con Ops(PWSC)</u>	<u>Real Estate(TSC)</u>	<u>Total</u>	
Allocated Corporate Costs	\$ 730,207	\$ 146,131	\$ 17,929	\$ 31,612	\$ 925,879	\$ 42,095	\$ 7,241	\$ 975,215	
%	74.9%	15.0%	1.8%	3.2%	94.9%	4.3%	0.7%	100.0%	
Allocated Return on Common Assets	427,734	85,673	9,898	18,338	541,643	26,124	1,385	569,152	
%	75.2%	15.1%	1.7%	3.2%	95.2%	4.6%	0.2%	100.0%	
Allocated Pennichuck Water Costs - Work Orders	1,002,474	192,399	29,325	51,339	1,275,537	250,249	-	1,525,786	
%	65.7%	12.6%	1.9%	3.4%	83.6%	16.4%	0.0%	100.0%	
Allocated Pennichuck Water Costs - Management Fee	4,210,674	836,699	101,201	187,400	5,335,974	363,556	15,536	5,715,066	
%	73.7%	14.6%	1.8%	3.3%	93.4%	6.4%	0.3%	100.0%	
Total Allocated 2009 Costs	\$ 6,371,091	\$ 1,260,902	\$ 158,353	\$ 288,689	\$ 8,079,035	\$ 682,025	\$ 24,162	\$ 8,785,222	
%	72.5%	14.4%	1.8%	3.3%	92.0%	7.8%	0.3%	100.0%	

PENNICHUCK WATER G/A EXPENSES ALLOCATED

Pennichuck Water Works  
 Operating Expense Allocation (to other Subsidiary Companies)  
 For Month Ending 12/31/09

Dollars Applicable to:

Full Year Amounts (to be allocated)	YTD EXPENSES	Tier Allocation Required	Special Allocation	Tier 1 (All)	Tier 2	Tier 3	Tier 4	PWSC Only	PAC Only	C Sheing
					(Regulated + PWSC)	(PWW+PEU+ PWSC)	(Regulated)			Wages & Fringes Only (budgeted specifically on
<u>Wages</u>										
Officers Salaries & Wages	1,177,257	1		1,177,257	-	-	-	-	-	-
Officers Salaries Transferred Out	(200,579)	1		(200,579)	-	-	-	-	-	-
Supernitendence (PAC) - C Sheing	58,937	7	100% to PAC as Direct	-	-	-	-	-	-	58,937
Salaries - Engineering	532,346	4		-	-	-	532,346	-	-	-
Office Salaries and Wages - IS	258,152	1		258,152	-	-	-	-	-	-
Office Salaries and Wages - Acctg	568,779	1		568,779	-	-	-	-	-	-
Office Salaries and Wages - Admin	293,652	1		293,652	-	-	-	-	-	-
Office Salaries and Wages - C/S	529,117	2		-	529,117	-	-	-	-	-
Office Salaries and Wages - BR	26,249	4	23.80% of BR to utilities based on timesheets	-	-	-	26,249	-	-	-
Office Salaries and Wages - BR	84,042	6	76.20% of BR to PWSC based on time sheets 100% to PWSC as	-	-	-	-	84,042	-	-
Office Salaries and Wages - Other PWSC	-	6	Direct	-	-	-	-	-	-	-
Officer and Office Salaries - TSC	-	7	100% to TSC	-	-	-	-	-	-	-
Less: Capitalized Overhead Exec & IS	(28,893)	1		(28,893)	-	-	-	-	-	-
Less: Capitalized Overhead Engineering	(138,857)	4		-	-	-	(138,857)	-	-	-
<u>Benefits (Based on 12/31/08 Schedule)</u>										
Officers Salaries & Wages	451,243	1		451,243	-	-	-	-	-	-
Officers Salaries Transferred Out	(76,882)	1		(76,882)	-	-	-	-	-	-
Supernitendence (PAC) - C Sheing	22,591	7	100% to PAC as Direct	-	-	-	-	-	-	22,591
Salaries - Engineering	204,048	4		-	-	-	204,048	-	-	-
Office Salaries and Wages - IS	98,950	1		98,950	-	-	-	-	-	-
Office Salaries and Wages - Acctg	218,013	1		218,013	-	-	-	-	-	-
Office Salaries and Wages - Admin	112,557	1		112,557	-	-	-	-	-	-
Office Salaries and Wages - C/S	202,811	2		-	202,811	-	-	-	-	-
Office Salaries and Wages - BR	10,061	4	23.80% of BR to utilities based on timesheets	-	-	-	10,061	-	-	-
Office Salaries and Wages - BR	32,213	6	76.20% of BR to PWSC based on time sheets 100% to PWSC as	-	-	-	-	32,213	-	-
Office Salaries and Wages - Other PWSC	-	6	Direct	-	-	-	-	-	-	-
Officer and Office Salaries - TSC	-	7	100% to TSC	-	-	-	-	-	-	-
Less: Capitalized Overhead Exec & IS	(11,075)	1		(11,075)	-	-	-	-	-	-
Less: Capitalized Overhead Engineering	(53,224)	4		-	-	-	(53,224)	-	-	-

PENNICHUCK WATER G/A EXPENSES ALLOCATED

Dollars Applicable to:

Full Year Budgeted Amounts (to be allocated) - Tier 1	Tier Allocation Required	Special Allocation	Tier 1 (All)	Tier 2	Tier 3	Tier 4	PWSC Only	PAC Only	C Sheng	
				(Regulated + PWSC)	(PWW+PEU+ PWSC)	(Regulated)			Wages & Fringes Only (budgeted specifically on	
<b>Facilities - Manchester Street</b>										
Leasehold Amort Exp	-	1	-	-	-	-	-	-	-	
HECOP III Fit-up Amort Exp	-	1	-	-	-	-	-	-	-	
Office Supplies & Expense	35,990	1	35,990	-	-	-	-	-	-	
Office Equipment Rental	28,196	1	28,196	-	-	-	-	-	-	
Rental Exp HECOP III	322,795	1	322,795	-	-	-	-	-	-	
Manchester St Phone	22,865	1	22,865	-	-	-	-	-	-	
HECOP III Fit-up Allowance	(23,705)	1	(23,705)	-	-	-	-	-	-	
Maintenance Manchester St	29,153	1	29,153	-	-	-	-	-	-	
Office Equipment maintenance	13,227	1	13,227	-	-	-	-	-	-	
<b>Miscellaneous Charoes</b>										
Senior Management Vehicles	3,144	1	3,144	-	-	-	-	-	-	
Senior Management Fuel Purchased	9,120	1	9,120	-	-	-	-	-	-	
Senior Management Vehicle Registrations	2,188	1	2,188	-	-	-	-	-	-	
Courier & Express Mail Expense	101	1	101	-	-	-	-	-	-	
Outside Svcs (Supervision/Spec Svcs)	142,869	1	142,869	-	-	-	-	-	-	
Meetings and Conventions	32,297	1	32,297	-	-	-	-	-	-	
License Fees	19,488	1	19,488	-	-	-	-	-	-	
Meals	5,645	1	5,645	-	-	-	-	-	-	
Recruiter Fees	689	1	689	-	-	-	-	-	-	
Engineering Dept Expense	4,558	4	-	-	-	4,558	-	-	-	
Engineering Vehicles	6,753	4	-	-	-	6,753	-	-	-	
Engineering - Fuel Purchased	14,740	4	-	-	-	14,740	-	-	-	
Engineering - Vehicle Registration	1,793	4	-	-	-	1,793	-	-	-	
Maint of Communication Equip	8,909	2	-	8,909	-	-	-	-	-	
Computer Maintenance	237,586	1	237,586	-	-	-	-	-	-	
<b>Depreciation - 2403 &amp; Amort</b>										
Comm Depreciation	50,722	2	-	50,722	-	-	-	-	-	
Computer Depreciation	300,192	1	300,192	-	-	-	-	-	-	
Office Furniture Depreciation	39,667	1	39,667	-	-	-	-	-	-	
Leasehold Amort Exp	45,411	1	45,411	-	-	-	-	-	-	
HECOP III Fit-up Amort Exp	23,705	1	23,705	-	-	-	-	-	-	
Amort Recruiter Fees (Def Chgs)	39,337	1	39,337	-	-	-	-	-	-	
Synergen Training 2007 (Def Chgs)	7,652	1	7,652	-	-	-	-	-	-	
<b>Total Allocable Expenses</b>	<b>5,796,594</b>		<b>4,198,784</b>	<b>791,559</b>	<b>-</b>	<b>608,467</b>	<b>116,255</b>	<b>-</b>	<b>81,528</b>	<b>5,796,594</b>

Tier 1 - use the corporate expense allocation between TSC, PWSC and regulated utilities. The allocation among utilities will be based on total assets and customers.

Tier 2 - allocate to PWW, PEU, PAC and PWSC based on total assets and customers

Tier 3 - allocate to PWW, PEU and PWSC based on total assets and customers

Tier 4 - allocate to the regulated utilities (PWW, PEU and PAC) based on total assets and customers.

(1) Retention/Bonus, Overtime, Merit increases and summer temp help are included in Officers' and Office Salaries

(2) Outside Services include temporary help from temporary services providers

(3) Effectively, all Admin & Gen Expense (incl. Engineering) are allocated less Insurance, Regulatory Commission, Memberships, Misc General, Public Relations and Charitable Contributions and Union Benefits

PENNICHUCK WATER G/A EXPENSES ALLOCATED

Allocation Calculation - Tier 1 (All Companies)

	PWW	PEU	Pittsfield	North Country	Total Regulated	Con Ops (PWS)1	Real Estate (TSC) <sup>1</sup>	Total
Revenues <sup>4</sup>	\$ 23,403,250	\$ 5,037,925	\$ 604,498	\$ 947,769	\$ 29,993,442	\$ 2,770,212	\$ -	\$ 32,763,654
					91.54%	8.48%	0.00%	100.00%
Employees (FTE's) - 2009 (including summer help)					105	1.5	0	107
					98.59%	1.41%	0.00%	100.00%
Square Footage - w/ add'l lease space Manchester Street Facility <sup>5</sup>					17,891	1,574	0	19,465
					91.91%	8.09%	0.00%	100.00%
Total Assets <sup>2</sup>	\$ 136,548,832	\$ 25,439,853	\$ 3,194,767	\$ 6,259,194	\$ 171,442,646	\$ 310,320	\$ 2,589,362	\$ 174,342,328
	79.65%	14.84%	1.86%	3.65%	98.34%	0.18%	1.49%	100.01%
Customers <sup>3</sup>	26,189	5,558	649	1,135	33,531			
	78.10%	16.58%	1.94%	3.38%	100.00%			
Average Percentage	78.88%	15.71%	1.90%	3.52%	95.10%	4.54%	0.37%	100.01%
Allocation of Allocable Expenses	3,148,982	627,241	75,860	140,540	3,992,623	190,625	15,536	\$ 4,196,784
Effective Allocation %	75.00%	14.94%	1.81%	3.35%		4.54%	0.37%	
								<u>Check Total</u>
								\$ -

<sup>1</sup> - TSC employees not counted as their payroll and benefits are charged directly. PWS - 100% of 1 employee and 50% of 1 employee charged directly and not counted

<sup>2</sup> - Based on December 2009 Preliminary Less Intercompany Account Balances per Charie/Larry 5/07

<sup>3</sup> - Based on December 2009 Actuals

<sup>4</sup> - Based on December 2009 Preliminary

<sup>5</sup> - Effective 5/31/08 TSC will not be charged square footage

Allocation Calculation - Tier 2 (All Regulated Companies plus PWSC)

	PWW	PEU	Pittsfield	North Country	Total Regulated	Con Ops (PWS) 1	Real Estate (TSC)	Total
Total Assets <sup>2</sup>	\$ 142,808,027	\$ 25,439,853	\$ 3,194,767	\$ 6,259,194	\$ 171,442,646	\$ 310,320	\$ -	\$ 171,752,966
	83.30%	14.84%	1.86%	3.65%	99.82%	0.18%	0.00%	100.00%
Customers <sup>3</sup>	26,189	5,558	649	1,135	33,531	5,521	0	39,052
	78.10%	16.58%	1.94%	3.38%	85.86%	14.14%		
Average Percentage	80.70%	15.71%	1.90%	3.52%	92.84%	7.16%		100.00%
Allocation of Allocable Expenses	579,602	115,450	13,963	25,868	734,883	56,676	0	\$ 791,559
Effective Allocation %	73.22%	14.59%	1.76%	3.27%		7.16%	N/A	
								<u>Check Total</u>
								\$ -

<sup>1</sup> - PWS customers based on municipality customers and pro rated based on services rendered

Allocation Calculation - Tier 3 (PWW, PEU and PWSC)

	PWW	PEU	Pittsfield	North Country	Con Ops (PWS)	Real Estate (TSC)	Total
Total Assets <sup>2</sup>	\$ 142,808,027	\$ 25,439,853			\$ 310,320		\$ 168,558,199
	84.72%	15.09%			0.18%		99.99%
Customers <sup>3</sup>	26,189	5,558			5,521		37,268
	70.27%	14.91%			14.61%		99.99%
Average Percentage	77.50%	15.00%			7.50%		100.00%
Allocation of Allocable Expenses	\$ -	\$ -	0		\$ -	0	\$ -
Effective Allocation %	#DIV/0!	#DIV/0!	N/A		#DIV/0!	N/A	
							<u>Check Total</u>
							\$ -

PENNICHUCK WATER G/A EXPENSES ALLOCATED

Allocation Calculation - Tier 4 (Regulated Companies)							
	PWW	PEU	Pittsfield	North Country	Con Ops (PWS)	Real Estate (TSC) <sup>1</sup>	Total
Total Assets <sup>2</sup>	\$ 142,808,027 80.36%	\$ 25,439,853 14.32%	\$ 3,194,767 1.80%	\$ 6,259,194 3.52%			\$ 177,701,840 100.00%
Customers <sup>3</sup>	26,189 78.10%	5,558 16.58%	646 1.94%	1,135 3.38%			33,531 100.00%
Average Percentage	79.23%	15.45%	1.87%	3.45%			100.00%
Allocation of Allocable Expenses	\$ 482,089	\$ 94,008	\$ 11,378	\$ 20,992	0	0	\$ 608,467
Effective Allocation %	79.23%	15.45%	1.87%	3.45%	N/A	N/A	
							<b>Check Total</b> \$ -

Specific Allocation Calculations - Tier 5-7								
	PWW	PEU	Pittsfield	North Country	Con Ops (PWS)	Real Estate (TSC) <sup>1</sup>	Total	Check Total
Direct Allocable Costs	0 N/A	0 N/A	-	-	116,255	0 N/A	116,255	\$ -

Summary of Allocations											
	PWW	PEU	Pittsfield	North Country	Con Ops (PWS)	Real Estate (TSC)	Totals	unallocated	PAC	Total	Check Total
Tier 1	3,148,982	627,241	75,860	140,540	190,625	15,536	4,198,784				
Tier 2	579,602	115,450	13,963	25,868	56,676	-	791,559				
Tier 3	-	-	-	-	-	-	-				
Tier 4	482,089	94,008	11,378	20,992	-	-	608,467				
PWSC only and PAC only	-	-	-	-	116,255	-	116,255				
Total Allocations	4,210,674	836,699	101,201	187,400	363,556	15,536	5,715,066	81,528	5,796,594		-
	73.68%	14.64%	1.77%	3.28%	6.36%	0.27%	100.00%				

PENNICHUCK WATER G/A EXPENSES ALLOCATED

Step Allocation of Benefits				
2009 Benefits	Total Dollars	Non-Union Wage		Allocation Method
		Portion	Union Wage Portion	
Officer's Life Insurance	13,249	13,249	-	Specific
Pension - DB Plan	1,029,892	642,817	387,075	Allocated based on pro-rata wages
Group Pension 401K	183,919	114,795	69,124	Allocated based on pro-rata wages
Post Retirement Health Expense	149,051	93,032	56,019	Allocated based on pro-rata wages
Post Employment Health Expense	116,950	72,995	43,955	Allocated based on pro-rata wages
Group Health Insurance	1,122,036	561,018	561,018	Based on actual participation (HR)
Health Insurance Opt Out	11,875	6,498	5,377	Allocated based on pro-rata headcounts
Group Dental	136,443	68,222	68,222	Based on actual participation (HR)
Group Life/Disability Insurance	14,820	8,109	6,711	Allocated based on pro-rata headcounts
Employee Benefits/Section 125	7,828	4,283	3,545	Allocated based on pro-rata headcounts
Misc Employee Benefits	37,614	20,581	17,033	Allocated based on pro-rata headcounts
Tuition Reimbursements	9,066	4,951	4,105	Allocated based on pro-rata headcounts
Training Educational Seminars	64,234	35,147	29,087	Allocated based on pro-rata headcounts
Boot & Clothing Allowance-OPS	203,558	-	203,558	Allocated based on pro-rata wages
Boot & Clothing Allowance-CS-Union	4,171	-	4,171	Allocated based on pro-rata wages
Boot & Clothing Allowance-WTP	86,337	-	86,337	Allocated based on pro-rata wages
Union Sick Time	52,901	-	52,901	Allocated based on pro-rata wages
Vacation Earned YTD (per Acc Vac Rpt) Union Only	12,340	-	12,340	From LG's calculation
SERP	(36,357)	(36,357)	-	Specific
Payroll Taxes:				
Employer FICA/Medicare	498,361	293,447	204,914	Allocated based on pro-rata wages
FUTA	5,185	3,236	1,949	Allocated based on pro-rata wages
SUI	15,582	9,726	5,856	Allocated based on pro-rata wages
<b>Total Benefits</b>	<b>3,739,055</b>	<b>1,915,759</b>	<b>1,823,255</b>	
Benefits % (of wages)	52.3%	42.92%	67.85%	
Total Wages thru 12/31/09	7,126,998	4,448,385	2,678,613	Wages per Payroll (ADP)
Less: Accrued Wages as of 12/31/08	(77,213)	(48,528)	(28,685)	Year End Payroll Accrual Entry
Add: Accrued Wages thru current mo-end	100,674	63,361	37,314	Current Month Payroll Accrual
<b>Grand Total Wages</b>	<b>7,150,459</b>	<b>4,463,217</b>	<b>2,687,242</b>	
%	100.0%	62.4%	37.6%	
Total Headcount	106	58	48	
(Excluding Summer Help)	100.0%	54.7%	45.3%	

PWSC Customers	Operations	Water Supply	Billing	Cust Svc	Customers	Customers
Hudson	0.25	0.25	-	-	5,627	2,914
Salisbury	0.25	-	0.25	0.25	3,476	2,607
Hyannis	-	-	0.25	-	-	-
Wilton	0.25	0.25	-	-	-	-
						<u>5,521</u>

Note: Customer Counts based on Tara King email dated 2/19/09

Pennichuck Water Works  
 Work Order Allocation of Operations and Production Expenses  
 For Month Ending 12/31/09

<u>Full Year Amounts (to be allocated)</u>	
<u>Wages</u>	
Superintendence - WTP	209,722
Office Salaries & Wages: WTP	170,315
Purification Labor	182,050
Superintendence - Operations	227,615
Office Salaries - Operations	97,632
<u>Benefits</u>	
Superintendence - WTP	80,386
Office Salaries & Wages: WTP	65,282
Purification Labor	69,780
Superintendence - Operations	87,245
Office Salaries - Operations	37,422
<u>Facilities - Will Street</u>	
Maint: Meter Department	1,665
Will Street Parking	6,240
Will Street Office Supplies	13,669
Will Street Gas	5,872
Will Street Electric	8,098
Will Street Phone	17,196
<u>Miscellaneous Charges</u>	
Misc Gen Exp Ops	6,081
Misc T&D Materials & Supplies	14,499
Stores Expense	5,667
Small Tools Expense	16,521
OPS - Non-Union Vehicles	7,914
OPS - Non-Union Vehicle Registration	775
WTP - Non-Union Vehicles	9,822
WTP - Non-Union Vehicle Registration	336
Misc.Transport Expense	58,924
Non-Union Vehicle Fuel Costs	29,549
Vactor Machine	-
Misc Gen Equipment Exp	13,802
<u>Depreciation - 2304</u>	
Will Street Facility	10,032
Tools, Shop & Garage	10,826
Other Tangible Equipment-Misc Equip	17,147
Non-Union Transportation Depreciation	43,702
Total Allocable Expenses	<u>1,525,786</u>

	2009 Workorder Costs											Total	
	PWW Capital	070 WTP Maintenance	080 OPS Maintenance	Fleet	PWW Jobbing	PWS Maintenance	PWS Jobbing	PAC Capital	PAC Maintenance	PEU Capital	PEU Maintenance		
Labor	58,288.08	585,635.92	901,864.86	46,363.82	44,993.53	396,519.13	64,870.09	4,234.46	152,558.97	24,176.57	295,251.19	2,574,756.62	
Contractor Clearing	7,604.28	-	9,327.72	126,328.67	56,539.64	-	542,677.80	500.00	-	3,977.74	793.81	747,749.66	
Inventory: Pipes & Fittings	20,345.37	-	48,282.20	-	46,863.90	202.26	13,121.50	1,036.21	6,763.47	8,287.11	14,682.90	159,584.92	
Inventory: Meters	76,691.12	-	3,148.47	-	452.40	5,795.30	36,608.20	5,551.47	64.32	18,764.16	-	147,075.44	
Inventory: Misc T&D	4,032.84	98.32	5,257.36	-	1,732.74	-	874.91	186.58	1,318.84	952.84	1,685.48	16,139.91	
Inventory: Chemicals	-	628,465.23	-	-	-	-	24,489.86	-	383.02	-	57,036.55	710,374.66	
Inventory: Fleet	-	-	4.43	2,732.00	-	-	-	-	-	-	-	2,736.43	
Misc T&D Supplies	-	-	-	-	2,345.48	-	457.00	-	-	-	-	2,802.48	
Truck	21,287.22	48,951.63	153,257.63	1,045.27	14,549.92	117,112.96	15,903.16	1,416.38	40,314.24	8,585.42	98,049.05	520,472.88	
Backhoe	6,589.00	697.75	16,037.75	-	6,180.50	-	2,882.50	405.00	5,264.75	2,164.75	8,753.25	48,975.25	
Compressor	40.50	-	4,789.38	-	-	54.00	331.00	-	-	-	721.50	5,936.38	
Inspection Fees	-	-	-	-	39,736.23	-	-	-	-	-	-	39,736.23	
Overhead	4,553.13	-	-	-	45,426.64	-	-	313.64	-	1,646.80	-	51,940.21	
Labor Overhead	38,558.31	389,799.27	600,281.25	30,859.76	43,697.29	249,959.25	42,764.06	2,814.30	90,959.59	15,976.89	192,150.01	1,697,819.98	
Misc General Equipment	251.25	-	-	-	-	40.00	132.50	75.00	-	20.00	135.00	653.75	
<b>Total Costs</b>	<b>238,241.10</b>	<b>1,653,648.12</b>	<b>1,742,251.05</b>	<b>207,329.52</b>	<b>302,518.27</b>	<b>769,682.90</b>	<b>745,112.58</b>	<b>16,533.04</b>	<b>297,627.20</b>	<b>84,552.28</b>	<b>669,258.74</b>	<b>6,726,754.80</b>	
<b>Total Costs w/o OH &amp; CWIP</b>	<b>226,083.69</b>	<b>1,653,648.12</b>	<b>1,732,923.33</b>	<b>81,000.85</b>	<b>200,551.99</b>	<b>769,682.90</b>	<b>202,434.78</b>	<b>15,719.40</b>	<b>297,627.20</b>	<b>78,927.74</b>	<b>668,464.93</b>	<b>5,927,064.93</b>	
% of Total	3.54%	24.58%	25.90%	3.08%	4.50%	11.44%	11.08%	0.25%	4.42%	1.26%	9.95%	100.00%	
% of Total w/o OH & CWIP	3.81%	27.90%	29.24%	1.37%	3.38%	12.99%	3.42%	0.27%	5.02%	1.33%	11.28%	100.00%	
<b>Ovhd Allocable to Work Orders</b>	<b>1,525,786</b>	<b>58,200</b>	<b>425,694</b>	<b>446,101</b>	<b>20,852</b>	<b>51,627</b>	<b>198,137</b>	<b>52,112</b>	<b>4,047</b>	<b>76,617</b>	<b>20,318</b>	<b>172,081</b>	<b>1,525,786</b>
<b>Totals by Company:</b>													
PWW	58,200	425,694	446,101	20,852	51,627							1,002,474	65.7%
PEU										20,318	172,081	192,399	12.6%
PAC								4,047	76,617			80,664	5.3%
PWS						198,137	52,112					250,249	16.4%
<b>Total Overhead</b>	<b>58,200</b>	<b>425,694</b>	<b>446,101</b>	<b>20,852</b>	<b>51,627</b>	<b>198,137</b>	<b>52,112</b>	<b>4,047</b>	<b>76,617</b>	<b>20,318</b>	<b>172,081</b>	<b>1,525,786</b>	<b>100.0%</b>
% Labor	2.26%	22.75%	35.03%	1.80%	1.75%	15.40%	2.52%	0.16%	5.93%	0.94%	11.47%	100.00%	

\*\*070, 080 & Fleet Labor Overhead has been calculated per Charlie.

612 - NC	8,767.57												
620 - PAC	-												
620 - NC	-												
621 - NC	-												
630 - PAC	-						80,664.00						
650 - PAC	427.11												
650 - NC	2,388.31												
651 - PAC	784.41												
651 - NC	307.04												
653 - PAC	1,389.40												
653 - NC	436.68												
654 - NC	257.15												
654 - PAC	961.73												
	<u>15,719.40</u>												
670 - PAC		110,352.04										37.08%	28,407.49
670 - NC		187,275.16										62.92%	48,209.51
		<u>297,627.20</u>										<b>100.00%</b>	<b>76,617.00</b>
NC		12,156.75										77.34%	3,129.79
PAC		3,562.65										22.66%	917.21
		<u>15,719.40</u>										<b>100.00%</b>	<b>4,047.00</b>
													<b>80,664.00</b>

Return on Assets

Pennichuck Water Works  
Return on Common Assets Allocation (to other Subsidiary Companies)  
For Month Ending 12/31/09

12

Effective Tax Rate - current

41.69%

7.38%

Dollars Applicable to:

Full Year Amounts (to be allocated)	Rate of Return	Net Book Value	Tier Allocation Required	Tier 1 (All)	Tier 2	Tier 3	Tier 4	PWSC Only	PAC Only	TSC Only
					(Regulated + PWSC)	(PWW+PEU+ PWSC)	(Regulated)			(budgeted specifically on TSC P/L)
Office Furniture & Equipment	23.494	318,343.51	1	23,494	-	-	-	-	-	-
Transportation Equipment	91.783	1,243,676.44	2	-	91,783	-	-	-	-	-
Tools, Shop & Garage Equipment	9.530	129,136.35	3	-	-	9,530	-	-	-	-
Construction Meters	164	2,227.69	2	-	164	-	-	-	-	-
Power Operated Equipment	9.321	126,306.58	2	-	9,321	-	-	-	-	-
Communication Equipment	48.067	651,315.29	4	-	-	-	48,067	-	-	-
Computer Equipment	60.543	820,360.84	1	60,543	-	-	-	-	-	-
Other Plant and Misc Equipment	20.467	277,326.64	4	-	-	-	20,467	-	-	-
Will Street Office	158	2,143.22	3	-	-	158	-	-	-	-
Will Street Expansion	15,372	208,298.40	3	-	-	15,372	-	-	-	-
Leasehold Improvement - Manchester St	393	5,331.92	1	393	-	-	-	-	-	-
Deferred Pension Costs	280,383	3,799,234	1	280,383	-	-	-	-	-	-
Deferred Post Employment Health	8,543	115,760	1	8,543	-	-	-	-	-	-
Deferred Post Retirement Health	(3,568)	(48,344)	1	(3,568)	-	-	-	-	-	-
Deferred SERP	42,753	579,308	1	42,753	-	-	-	-	-	-
VEBA Trust - Union	33,119	448,763	1	33,119	-	-	-	-	-	-
VEBA Trust - Non-union	14,927	202,268	1	14,927	-	-	-	-	-	-
Employer Recruiter Fees	1,285	17,411	1	1,285	-	-	-	-	-	-
Union Negotiations - 2006 & 2007	157	2,123	1	157	-	-	-	-	-	-
2004 Compensation Study	-	-	1	-	-	-	-	-	-	-
Synergen Training - 2007	518	7,015	1	518	-	-	-	-	-	-
2008 Compensation Study	1,390	18,838	1	1,390	-	-	-	-	-	-
S 106 & FAS 158 Costs (net of taxes at 39.61%)										
Deferred Pension Costs		3,799,234.00								
Deferred Post Employment Health		115,760.47								
Deferred Post Retirement Health		(48,343.53)								
Deferred SERP		579,307.83								
Less: Accrued Liability Pension - ST		-								
Less: Accrued Liability Pension - LT		(4,031,374)								
Less: Post Employment Health Liability - ST		(40,800)								
Less: Post Employment Health Liability - LT		(813,901)								
Less: Accrued Liability SERP		(800,785)								
VEBA Trust - Union		448,763.14								
VEBA Trust - Non-union		202,267.72								
Less: Post Retirement Liability Health - ST		-								
Less: Post Retirement Liability Health - LT		(1,493,355)								
Subtotal		(2,083,226)								
Less: Tax Impact at current effective tax rate		868,497								
Net Impact Unfunded FAS 106 & FAS 158 Costs	(89,647)	(1,214,729)	1	(89,647)	-	-	-	-	-	-
Total Allocable Expenses	569,152	7,712,115.21		374,290	101,268	25,060	68,534	-	-	-

\*Note: Rate of Return based on YTD NBV/12\*#months

Tier 1 - use the corporate expense allocation between TSC, PWSC and regulated utilities. The allocation among utilities will be based on total assets and customers.

Tier 2 - allocate to PWW, PEU, PAC and PWSC based on total assets and customers

Tier 3 - allocate to PWW, PEU and PWSC based on total assets and customers

Tier 4 - allocate to the regulated utilities (PWW, PEU and PAC) based on total assets and customers.

Note: Laboratory Equipment not included. Currently, PWW charges a \$15 fee for all lab work which is considered to be a competitive price and \$5 higher than charged by the State of New Hampshire.

Return on Assets

Allocation Calculation - Tier 1 (All Companies)

					Total	Con Ops	Real Estate		
	PWW	PEU	Pittsfield	North Country	Regulated	(PWS)1	(TSC) <sup>1</sup>	Total	
Revenues <sup>4</sup>	23,403,250	5,037,925	604,498	947,769	\$ 29,993,442	\$ 2,770,212	\$ -	\$ 32,763,554	
					91.54%	8.46%	0.00%	100.00%	
Employees (FTE's) - 2009 (including summer help)					105	15	0	107	
					98.59%	1.41%	0.00%	100.00%	
Square Footage - w/ add'l lease space Manchester Street Facility					17,891	1,574	0	19,465	
					91.91%	8.09%	0.00%	100.00%	
Total Assets <sup>2</sup>	\$ 136,548,832	\$ 25,439,853	\$ 3,194,767	\$ 6,259,194	\$ 171,442,646	\$ 310,320	\$ 2,589,362	\$ 174,342,328	
	79.65%	14.84%	1.86%	3.65%	98.34%	0.18%	1.49%	100.01%	
Customers <sup>3</sup>	26,189	5,558	649	1,135	33,531				
	78.10%	16.58%	1.94%	3.38%	100.00%				
Average Percentage	78.88%	15.71%	1.90%	3.52%	95.10%	4.54%	0.37%	100.01%	
Allocation of Allocable Expenses	280,708	55,914	6,762	12,528	355,912	16,993	1,385	\$ 374,290	<u>Check Total</u>
Effective Allocation %	75.00%	14.94%	1.81%	3.35%		4.54%	0.37%		\$ -

1 - TSC employees not counted as their payroll and benefits are charged directly. PWS - 100% of 1 employee and 50% of 1 employee charged directly and not counted  
2 - Based on December 2009 Preliminary Less Intercompany Account Balances per Charlie/Larry 5/07  
3 - Based on December 2009 Actuals  
5 - Effective 5/31/08 TSC will not be charged square footage

Allocation Calculation - Tier 2 (All Regulated Companies plus PWSC)

					Total	Con Ops	Real Estate		
	PWW	PEU	Pittsfield	North Country	Regulated	(PWS) 1	(TSC)	Total	
Total Assets <sup>2</sup>	\$ 136,548,832	\$ 25,439,853	\$ 3,194,767	\$ 6,259,194	\$ 171,442,646	\$ 310,320	\$ -	\$ 171,752,966	
	79.65%	14.84%	1.86%	3.65%	99.82%	0.18%	0.00%	100.00%	
Customers <sup>2</sup>	26,189	5,558	649	1,135	33,531	5,521	0	39,052	
	78.10%	16.58%	1.94%	3.38%	85.66%	14.14%			
Average Percentage	78.88%	15.71%	1.90%	3.52%	92.84%	7.16%		100.00%	
Allocation of Allocable Expenses	74,152	14,770	1,786	3,309	94,017	7,251	0	\$ 101,268	<u>Check Total</u>
Effective Allocation %	73.22%	14.59%	1.76%	3.27%		7.16%	N/A		\$ -

<sup>1</sup> - PWS customers based on municipality customers and pro rated based on services rendered

Return on Assets

Allocation Calculation - Tier 3 (PWW, PEU and PWS)

	PWW	PEU	Pittsfield	North Country	Con Ops (PWS)	Real Estate (TSC)	Total
Total Assets <sup>2</sup>	\$ 136,548,832	\$ 25,439,853			\$ 310,320		\$ 152,296,005
	84.13%	15.67%			0.19%		99.99%
Customers <sup>3</sup>	26,189	5,558			5,521		37,268
	70.27%	14.91%			14.81%		99.99%
Average Percentage	77.20%	15.29%			7.50%		99.99%
Allocation of Allocable Expenses	\$ 19,348	\$ 3,832	0		\$ 1,880	0	\$ 25,060
Effective Allocation %	77.21%	15.29%	N/A		7.50%	N/A	
							Check Total
							\$ -

Allocation Calculation - Tier 4 (Regulated Companies)

	PWW	PEU	Pittsfield	North Country	Con Ops (PWS)	Real Estate (TSC) <sup>1</sup>	Total
Total Assets <sup>2</sup>	\$ 136,548,832	\$ 25,439,853	\$ 3,194,787	\$ 6,259,194			\$ 165,183,452
	82.66%	15.40%	1.93%	3.79%			99.98%
Customers <sup>3</sup>	26,189	5,558	649	1,135			32,386
	80.84%	17.16%	2.03%	3.50%			100.00%
Average Percentage	81.75%	16.28%	1.97%	3.65%			100.00%
Allocation of Allocable Expenses	\$ 53,526	\$ 11,157	\$ 1,350	\$ 2,501	0	0	\$ 68,534
Effective Allocation %	78.10%	16.28%	1.97%	3.65%	N/A	N/A	
							Check Total
							\$ -

Specific Allocation Calculations - Tier 5-7

	PWW	PEU	Pittsfield	North Country	Con Ops (PWS)	Real Estate (TSC) <sup>1</sup>	Total
Direct Allocable Costs	0	0				0	
	N/A	N/A				N/A	
							Check Total
							\$ -

Return on Assets

Summary of Allocations	Real Estate					Totals
	PWW	PEU	Pittsfield	North Country	Con Ops (PWS)	
Tier 1	280,708	65,914	6,762	12,528	16,993	374,290
Tier 2	74,132	14,770	1,786	3,309	7,251	101,288
Tier 3	19,348	3,632	-	-	1,990	25,060
Tier 4	53,528	11,157	1,350	2,501	-	68,534
PWSC only and PAC only	-	-	-	-	-	unallocated
Total Allocations	427,734	85,673	9,898	18,338	26,124	569,152
	75.15%	15.05%	1.74%	3.22%	4.59%	100.00%
						TSC
						1,385
						0.24%
						Check Total
						-

Summary Transfers from PWW Operating to Other Companies	Annual Amts	Monthly Amts
PWW operating expense allocation - PWW	\$ (141,418)	\$ (11,784)
PWW operating expense allocation - PEU	\$ 85,673	\$ 7,139
PWW operating expense allocation - Pittsfield	\$ 9,898	\$ 829
PWW operating expense allocation - North Country	\$ 18,338	\$ 1,528
PWW operating expense allocation - PCP	\$ -	\$ -
PWW operating expense allocation - PWS	\$ 26,124	\$ 2,177
PWW operating expense allocation - TSC	\$ 1,385	\$ 115
Check Totals	\$ -	\$ -

Corporation

**Pennichuck Corporation**  
**Mgmt Fee Expense Allocation (to other Subsidiary Companies)**  
**For Month Ending 12/31/09**

Professional Fees	114,502
Prof Fees & Services: SOX Consult Fee	60,370
D&O Insurance	172,958
Annual Report Cost	34,965
Auditors Expense/SEC Legal	270,888
Corp Governance Legal/American Stock Transfer	42,053
Directors Fees & Meetings/Corporate Secretary	205,052
EDGAR Filing/NASDAQ/All Other Misc	74,427
<b>YTD Twelve Months Ending 12/31/09</b>	<b>975,215</b>

**Allocation Calculation - level 1 (All Companies)**

	PWW	PEU	Pittsfield	North Country	Total Regulated	Con Ops (PWS)	Real Estate (TSC)	Total
Revenues	\$ 23,403,250	\$ 5,037,925	\$ 604,498	\$ 947,769	\$ 29,993,442	\$ 2,770,212	\$ -	\$ 32,763,654
December 2009 Prelims	71.43%	15.38%	1.85%	2.89%		8.46%	0.00%	100.00%
Total Assets	\$ 136,548,832	\$ 26,439,853	\$ 3,194,767	\$ 6,259,194	\$ 171,442,646	\$ 310,320	\$ 2,589,362	\$ 174,342,328
December 2009 Prelims	78.32%	14.59%	1.83%	3.59%		0.18%	1.49%	100.00%
Average Percentage	74.88%	14.98%	1.84%	3.24%		4.32%	0.74%	100.00%
Allocation of Allocable Expenses	730,207	146,131	17,929	31,612	\$ 925,879	42,095	7,241	\$ 975,215
								<u>Check Total</u>
								\$ 0

**Summary Transfers from PCP Operating to Other Companies - Full Year Amounts**

	YTD Costs	Current Balance	Monthly Adj
PCP Mgmt Fee Expense Allocation - PCP	\$ (975,215)	\$ (975,225)	10
PCP Mgmt Fee Expense Allocation - PWW	\$ 730,207	730,977	(770)
PCP Mgmt Fee Expense Allocation - PEU	\$ 146,131	145,605	526
PCP Mgmt Fee Expense Allocation - PAC	\$ 49,541	49,366	175
PCP Mgmt Fee Expense Allocation - PWS	\$ 42,095	42,090	5
PCP Mgmt Fee Expense Allocation - TSC	\$ 7,241	7,187	54
Check Totals	\$ -	\$ -	\$ -

**Step Allocation of Benefits**

<b>2008 Benefits</b>	<b>Total Dollars</b>	<b>Non-Union Wage Portion</b>	<b>Union Wage Portion</b>	<b>Allocation Method</b>
Officer's Life Insurance	11,249	11,249	-	Specific
Pension - DB Plan	760,957	486,577	274,380	Allocated based on pro-rata wages
Group Pension: 401K	171,892	109,912	61,980	Allocated based on pro-rata wages
Post Retirement Health Expense	190,035	121,513	68,522	Allocated based on pro-rata wages
Post Employment Health Expense	95,457	61,038	34,419	Allocated based on pro-rata wages
Employee Service Awards	-	-	-	Allocated based on pro-rata headcounts
Group Health Insurance	1,045,956	522,978	522,978	Based on actual participation (HR)
Health Insurance: Opt Out	15,458	8,524	6,934	Allocated based on pro-rata headcounts
Group Dental	132,857	66,428	66,428	Based on actual participation (HR)
Group Life/Disability Insurance	22,203	12,243	9,960	Allocated based on pro-rata headcounts
Employee Benefits/Section 125	7,224	3,983	3,241	Allocated based on pro-rata headcounts
Misc Employee Benefits	46,394	25,582	20,812	Allocated based on pro-rata headcounts
Employee Relations	-	-	-	Allocated based on pro-rata headcounts
Tuition Reimbursements	9,243	5,097	4,146	Allocated based on pro-rata headcounts
Training Educational Seminars	38,237	21,084	17,153	Allocated based on pro-rata headcounts
Boot & Clothing Allowance-OPS	187,991	-	187,991	Allocated based on pro-rata wages
Boot & Clothing Allowance-CS-Union	3,833	-	3,833	Allocated based on pro-rata wages
Boot & Clothing Allowance-WTP	84,387	-	84,387	Allocated based on pro-rata wages
Union Sick Time	52,925	-	52,925	Allocated based on pro-rata wages
Vacation Earned YTD (per Acc Vac Rpt) Union Only	137,192	-	137,192	From LG's calculation
SERP	49,101	49,101	-	Specific
Payroll Taxes:				
Employer FICA/Medicare	509,654	303,673	205,981	Allocated based on pro-rata wages
FUTA	6,464	4,133	2,331	Allocated based on pro-rata wages
SUI	4,501	2,878	1,623	Allocated based on pro-rata wages
<b>Total Benefits</b>	<b>3,583,209</b>	<b>1,815,993</b>	<b>1,767,216</b>	
<b>Benefits % (of wages)</b>	<b>48.5%</b>	<b>38.33%</b>	<b>66.56%</b>	
Total Wages thru 12/31/08	7,467,472	4,774,907	2,692,565	Wages per Payroll (ADP)
Less: Accrued Wages as of 12/31/07	(151,622)	(85,559)	(66,063)	Year End Payroll Accrual Entry
Add: Accrued Wages thru current mo-end	77,213	48,528	28,685	Current Month Payroll Accrual
<b>Grand Total Wages</b>	<b>7,393,063</b>	<b>4,737,877</b>	<b>2,655,187</b>	
<b>%</b>	<b>100.0%</b>	<b>64.1%</b>	<b>35.9%</b>	
Total Headcount	107	59	48	
(Excluding Summer Help)	100.0%	55.1%	44.9%	

WAIVER OF CERTAIN PROVISIONS OF  
PUC 1600 FILING RULES

(27) Uniform Statistical Report – Not Applicable.

WAIVER OF CERTAIN PROVISIONS OF  
PUC 1600 FILING RULES

- (28) Summary Work Papers – To be submitted with testimony and supporting schedules in 1604-06.