

PENNICHUCK WATER WORKS, INC.
COMPUTATION OF REVENUE DEFICIENCY
For The Twelve Months Ended December 31, 2009

COMBINED INCREASE
Schedule A

	DW10-090	DW10-091, OCA 3-1		DW10-091, STAFF 3-13					
	PRO FORMA TEST YEAR	PROPOSED DATA REQUESTS ADJUSTMENTS (2)	12 MONTHS WITH PROPOSED ADJUSTMENTS 12/31/09	STEP INCREASE PRO FORMA ADJUSTMENTS (2)	COMBINED PRO FORMA & STEP INCREASE PRO FORMA TEST YEAR	WITHOUT EMINENT DOMAIN COSTS RECOVERY	COMBINED PRO FORMA & STEP INCREASE PRO FORMA TEST YEAR	NASHUA EXPENSE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCR & NASHUA EXPENSE ADJUSTMENTS PRO FORMA TEST YEAR
Consolidated Rate Base	\$ 97,733,490	\$ (433,999)	\$ 97,299,491	\$ 3,307,877	\$ 100,607,368	\$ (4,824,907)	\$ 95,782,461	(43,436,460)	\$ 52,346,000
RATE of Return	7.86%	0.09%	7.95%		7.95%		7.95%	-1.62%	6.33%
Income Required	\$ 7,677,233	\$ -	\$ 7,733,642		\$ 7,996,562		\$ 7,613,064		\$ 3,313,502
Adjusted NOI	\$ 5,312,859	\$ (52,593)	\$ 5,260,266	\$ (127,644)	\$ 5,132,622	\$ 323,751	\$ 5,456,373	(4,031,887)	\$ 1,424,486
Deficiency	\$ 2,364,374	\$ -	\$ 2,473,376		\$ 2,863,940		\$ 2,156,691		\$ 1,889,016
Tax Factor	60.39%		60.39%		60.39%		60.39%		60.39%
Revenue Deficiency	\$ 3,915,175	\$ -	\$ 4,095,672	\$ 646,736	\$ 4,742,408	\$ (1,171,136)	\$ 3,571,272		\$ 3,128,028
Water Revenues	\$ 24,116,426	\$ -	\$ 24,116,426		\$ 24,116,426		\$ 24,116,426		\$ 14,820,519
Proposed Revenue Inc	16.23%		16.98%	2.68%	19.66%	-4.86%	14.81%		12.97%
Total Revenue	<u>\$ 28,031,601</u>		<u>\$ 28,212,098</u>		<u>\$ 28,858,834</u>		<u>\$ 27,687,698</u>		\$ 17,948,547
ADD: City Bond Fixed Revenue Requirement (Schedule A, Attachment A)									\$9,295,906
Total City Revenue:									<u>\$ 27,244,454</u>

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**Pennichuck Water Works Inc
Pro Forma Adjustments to Revenue Requirement
For The Twelve Months Ended December 31, 2009**

**Schedule A
Attachment A
Nashua Acquisition**

**Pro Forma
Adjustments**

Revenue

1 To recognize adjustment of fixed annual revenue requirement to meet City Bond obligation.

Total City Bond	\$157,011,440
Bond Interest Rate	6.50%
Bond Period	30 yrs.

Calculated pro rata for City Bond based on a constant payment and a constant bond rate.

Calculated as follows:

PWW Pro Rata Share	\$130,664,920 (1)
Less: Rate Stabilization Reserve	\$5,000,000
PWW Pro Rata Share (Sch 3.A)	85.45%
	\$4,272,693
City Eminent Domain Cost Recovery	\$5,000,000
Total PWW Pro Rata Share for City Bond	\$121,392,227
Bond Interest Rate	6.50%
Bond Period	30 yrs.
	<u>\$9,295,906 (2)</u>

Notes:

(1) Pro Rata Calculation as follows:

PWW Rate Base (DW10-091, Per Staff 3-13)	\$95,782,461	83.22%
PEU Rate Base (12/31/2009)	\$14,290,910	12.42%
PAC Rate Base (DW10-090), Per Staff 3-5)	\$2,013,389	1.75%
Southwood Corp (Book Value 12/31/2009)	\$3,013,105	2.62%
	<u>\$115,099,365</u>	<u>100.00%</u>

PWW Rate Base (DW10-091, Per Staff 3-13)	83.22%	\$130,664,920
PEU (12/31/2009)	12.42%	\$19,500,821
PAC Rate Base (DW10-090), Per Staff 3-5)	1.75%	\$2,747,700
Southwood Corp (Book Value 12/31/2009)	2.62%	\$4,113,700
Total City Bond	100.00%	<u>\$157,011,440</u>

(2) Any income taxes on revenues will be offset by deductions for interest expense on City Bonds calculated below and depreciation expense associated with equity related assets per Schedule 1, Attachment A, page 2.

Total Interest Payment on City Bond (year one)	\$10,205,744
PWW Pro Rata Share	83.22%
PWW Pro Rata Interest Benefit	\$8,492,896

PENNICHUCK WATER WORKS, INC.
OPERATING INCOME STATEMENT
For The Twelve Months Ended December 31, 2009

Schedule 1
Nashua Acquisition
Pro Forma Adjustments

	DW10-091, OCA 3-1		DW10-091, STAFF 3-13		LESS EMINENT DOMAIN		NASHUA ACQUISITION		
	PRO FORMA 12 MONTHS 12/31/09	PROPOSED DATA REQUESTS ADJUSTMENTS	12 MONTHS WITH PROPOSED ADJUSTMENTS 12/31/09	STEP INCREASE PRO FORMA ADJUSTMENTS	COMBINED TEST YEAR & STEP PRO FORMA TEST YEAR	WITHOUT EMINENT DOMAIN COSTS RECOVERY	COMBINED PRO FORMA & STEP INCREASE PRO FORMA TEST YEAR	COMBINED PRO FORMA & STEP INCR & NASHUA EXPENSE ADJUSTMENTS PRO FORMA TEST YEAR	COMBINED PRO FORMA & STEP INCREASE PRO FORMA TEST YEAR
Water Sales	\$ 24,116,426	\$ -	\$ 24,116,426	\$ -	\$ 24,116,426		\$ 24,116,426	(\$9,295,906)	\$ 14,820,519
Water Sales for Resale	698	-	698	-	698		698		698
Other Operating Revenue	365,266	(1,330)	363,936	-	363,936		363,936		363,936
Total Revenues	24,482,389	(1,330)	24,481,060	-	24,481,060	-	24,481,060	(\$9,295,906)	15,185,153
Production Expenses	3,337,933	(36,485)	3,301,448	55,750	3,357,199		3,357,199		3,357,199
Transmission & Distribution Expenses	1,379,179	(3,214)	1,375,965	-	1,375,965		1,375,965		1,375,965
Engineering Expense	574,394	-	574,394	-	574,394		574,394		574,394
Customer Acct & Collection Exp	434,974	-	434,974	-	434,974		434,974		434,974
Administrative & General Expense	6,142,486	(42,904)	6,099,583	-	6,099,583		6,099,583	(1,125,625)	4,973,958
Inter Div Management Fee	(1,476,315)	7,961	(1,468,354)	-	(1,468,354)		(1,468,354)	(134,985)	(1,603,339)
Total Operating Expense	10,392,652	(74,642)	10,318,010	55,750	10,373,760	-	10,373,760	(1,260,610)	9,113,151
Dep Exp/Acq Adj Expense	4,070,540	(7,888)	4,062,652	80,768	4,143,420		4,143,420	(1,471,504)	2,671,916
Amortization Expense:CIAC	(480,385)	-	(480,385)	-	(480,385)		(480,385)	166,667 (2)	(313,718)
Amortization Expense	495,885	(1,696)	494,189	-	494,189	(536,100)	(41,911)		(41,911)
Gain on Disp/Utility Property	-	-	-	-	-		-		-
Property Taxes	2,674,109	169,984	2,844,093	74,847	2,918,940		2,918,940		2,918,940
Payroll Taxes	520,118	-	520,118	-	520,118		520,118	(54,044)	466,074
Income Tax	1,496,612	(34,495)	1,462,117	(83,722)	1,378,395	212,349	1,590,744	(2,644,528) (1)	(1,053,784) (3)
Total Operating Deductions	8,776,879	125,905	8,902,784	71,893	8,974,678	(323,751)	8,650,927	(4,003,410)	4,647,517
Net Operating Income	5,312,859	(52,593)	5,260,266	(127,644)	5,132,622	323,751	5,456,373	(\$4,031,887)	1,424,485

Notes:

(1) Pro Forma Income Taxes calculated as follows:
Total pro forma reduction in operating expenses
Total Proforma Revenue decrease
Total Proforma NOI before income tax

2,619,491	
\$9,295,906	
(6,676,415)	
<u>39.61%</u>	<u>(2,644,528)</u>

(2) Amortization Expense associated with City Eminent Domain Cost Recovery over 30 years
(3) Negative Income Taxes will be offset by taxes on additional revenues from revenue deficiency per Schedule A.

**Pennichuck Water Works Inc
Pro Forma Adjustments to Net Operating Income
For The Twelve Months Ended December 31, 2009**

**Schedule 1
Attachment A
Page 1
Nashua Acquisition**

**Pro Forma
Adjustments**

Revenue

To recognize adjustment of fixed annual revenue requirement to meet City Bond obligation.

Total City Bond	\$157,011,440	
Bond Interest Rate	6.50%	
Bond Period	30 years	

Calculated pro rate for City Bond based on a constant payment and a constant bond rate.
Calculated as follows:

PWW Pro Rata Share	\$130,664,920	
Less: Rate Stabilization Reserve (Sch 3, Attach A)	\$5,000,000	
PWW Pro Rata Share	85.45%	
	\$4,272,693	
City Eminent Domain Cost Recovery	<u>\$5,000,000</u>	
Total PWW Pro Rata Share for City Bond	\$121,392,227	
Bond Interest Rate	6.50%	
Bond Period	30 years	
		<u>(\$9,295,906)</u>

Pro Rata Calculation as follows:

PWW Rate Base (DW10-091, Per Staff 3-13)	\$95,782,461	83.22%
PEU Rate Base (As of 12/31/2009)	\$14,290,910	12.42%
PAC Rate Base (DW10-090), Per Staff 3-5)	\$2,013,389	1.75%
Southwood Corp (Book Value 12/31/2009)	\$3,013,105	2.62%
	<u>\$115,099,865</u>	100.00%

PWW Rate Base (DW10-091, Per Staff 3-13)	83.22%	\$130,664,920
PEU Rate Base (As of 12/31/2009)	12.42%	\$18,500,821
PAC Rate Base (DW10-090), Per Staff 3-5)	1.75%	\$2,747,700
Southwood Corp (Book Value 12/31/2009)	2.62%	\$4,113,700
Total City Bond	100.00%	<u>\$157,011,440</u>

Administrative and General

Admin	\$ (238,596)	
Officers	\$ (733,000)	
City Appointed CEO	\$ 200,000	\$ (771,596)

Bonus:

Admin	\$ (7,000)	
Officers	\$ (36,500)	
City Appointed CEO	\$ 15,000	\$ (28,500)

Benefits:

	Reduction	City Appointed CEO	
Pension	\$ (153,000)	\$ 6,175	\$ (146,825)
401 K	\$ (24,694)	\$ 6,000	\$ (18,694)
Medical	\$ (82,532)	\$ 5,487	\$ (77,045)
Dental	\$ (8,232)	\$ 581	\$ (7,651)
Group Life/Disability	\$ (3,869)	\$ 581	\$ (3,288)
Officer's Life	\$ (10,281)	\$ 3,760	\$ (6,521)
Long Term Care	\$ (6,367)	\$ 1,498	\$ (4,869)
Payroll Taxes	\$ (55,630)	\$ 1,586	\$ (54,044)
Training/Educational Seminars	\$ (17,570)	\$ -	\$ (17,570)

Meetings & Conventions: \$ (19,600)

Senior Management Vehicle: \$ (1,000)

Memberships:

	\$ (22,466)	
Total Administrative and General	\$ (1,179,669)	
Less Payroll Taxes	\$ 54,044	
Total Administrative and General	<u>\$ (1,125,625)</u>	

Pennichuck Water Works Inc
Pro Forma Adjustments to Net Operating Income
For The Twelve Months Ended December 31, 2009

Schedule 1
Attachment A
Page 2
Nashua Acquisition

		<u>Pro Forma Adjustments</u>
Management Fee		
Allocation from Corporate		
Professional Fees & Services	(132,339)	
D&O Insurance	(86,479)	
Annual Report Cost	(24,965)	
Auditors/SEC Legal Expense	(210,888)	
Corp Governance Legal/AST	(32,053)	
Directors Fees & Mtgs/Corp Secy	(25,052)	
EDGAR Filing/NASDAQ & Other	<u>(74,427)</u>	
% to PWW	74.90% * <u>\$ (586,203)</u>	\$ (439,066)
Allocation to Affiliates		
Salaries	(771,596)	
Bonus	(28,500)	
Benefits	(336,507)	
Meetings & Conventions	(19,600)	
Senior Management Vehicle	<u>(1,000)</u>	
% to Affiliates	26.30% * <u>(1,156,203)</u>	\$ 304,081
Total Management Fee		<u>\$ (134,985)</u>
Note:		
*Management fee allocation based on current percentage allocation.		
Depreciation Expense		
To eliminate depreciation expense for equity related assets purchased with City Bond as part of the closing transaction at a composite depreciation rate of 2.8%.		
	(\$52,553,720)	
	<u>2.80%</u>	<u>\$ (1,471,504)</u>
Amortization Expense		
To provide for amortization expense on City Eminent Domain Costs as follows:		
City Eminent Domain Costs	\$ 5,000,000	
Amortization Period years	<u>30</u>	<u>\$ 166,667</u>
Income Taxes		
To record income taxes as a result of pro forma adjustments to income statement.		
		<u>\$ (2,644,528)</u>

PENNICHUCK WATER WORKS, INC.
COMPUTATION OF RATE BASE
For The Thirteen Months Ended December 31, 2009

Description	DW10-091, OCA 3-1			DW10-091, STAFF 3-13		LESS EMINENT DOMAIN		NASHUA ACQUISITION	
	Pro Forma Test Year	PROPOSED DATA REQUESTS ADJUSTMENTS	12 MONTHS WITH PROPOSED ADJUSTMENTS 12/31/09	STEP INCREASE PRO FORMA ADJUSTMENTS	COMBINED TEST YEAR & STEP PRO FORMA TEST YEAR	WITHOUT EMINENT DOMAIN COSTS RECOVERY	COMBINED PRO FORMA & STEP INCREASE PRO FORMA TEST YEAR	PRO FORMA NASHUA ACQUISITION ADJUSTMENTS	COMBINED PRO FORMA & STEP INCR & NASHUA EXPENSE ADJUSTMENTS
Plant in Service	153,687,293	(421,246)	153,266,047	3,904,456	157,170,503	-	157,170,503	-	157,170,503
Accum Deprec	38,260,317	(7,888)	38,252,429	(36,477)	38,215,952	-	38,215,952	-	38,215,952
Accum Deprec: Loss	4,050,376	-	4,050,376	2,277	4,052,653	-	4,052,653	-	4,052,653
Accum Deprec: COR	1,708,176	-	1,708,176	185,793	1,893,969	-	1,893,969	-	1,893,969
Theoretical Reserve	882,900	-	882,900	-	882,900	-	882,900	-	882,900
Acquisition Adjustment	844,905	-	844,905	-	844,905	-	844,905	-	844,905
Accum Amort Acq Adj	296,522	-	296,522	-	296,522	-	296,522	-	296,522
CIAC	26,898,154	-	26,898,154	-	26,898,154	-	26,898,154	-	26,898,154
Amort of CIAC	4,037,526	-	4,037,526	-	4,037,526	-	4,037,526	-	4,037,526
	98,659,417	(413,358)	98,246,059	4,129,003	102,375,062	-	102,375,062	-	102,375,062
ADD:									
Working Cap	1,296,371	(9,203)	1,287,168	6,874	1,294,042	-	1,294,042	(155,433)	1,138,608
Materials & Supplies	825,124	-	825,124	-	825,124	-	825,124	-	825,124
Prepaid Expenses	391,159	-	391,159	-	391,159	-	391,159	-	391,159
Prepaid Property Taxes	55,545	-	55,545	-	55,545	-	55,545	-	55,545
Prepaid Income Taxes	-	-	-	-	-	-	-	-	-
Other & Deferred Charges	12,529,973	(11,438)	12,518,535	-	12,518,535	(4,824,907)	7,693,628	-	7,693,628
	15,098,172	(20,641)	15,077,531	6,874	15,084,405	(4,824,907)	10,259,497	(155,433)	10,104,064
DEDUCT:									
Customer Advances	84,000	-	84,000	-	84,000	-	84,000	-	84,000
Customer deposits & other	138,756	-	138,756	-	138,756	-	138,756	-	138,756
Deferred Income Tax	12,920,917	-	12,920,917	-	12,920,917	-	12,920,917	-	12,920,917
Deferred Tax Liability	855,191	-	855,191	-	855,191	-	855,191	-	855,191
Unamort ITC	784,440	-	784,440	-	784,440	-	784,440	-	784,440
Deferred Rental Credits	105,550	-	105,550	828,000	933,550	-	933,550	-	933,550
Unfunded FAS 106 and 158 Costs	1,135,245	-	1,135,245	-	1,135,245	-	1,135,245	-	1,135,245
	16,024,099	-	16,024,099	828,000	16,852,099	-	16,852,099	-	16,852,099
TOTAL Rate Base	97,733,490	(433,999)	97,299,491	3,307,877	100,607,368	(4,824,907)	95,782,461	(155,433)	95,627,027
DEDUCT: Equity Related Assets								\$ (52,553,720)	(\$52,553,720)
ADD: City Eminent Domain Cost Recovery								\$5,000,000	\$5,000,000
ADD: Rate Stabilization Cash Reserve								\$4,272,693	\$4,272,693
Total Rate Base	97,733,490	(433,999)	97,299,491	3,307,877	100,607,368	(4,824,907)	95,782,461	(43,436,460)	52,346,000

Pennichuck Water Works Inc
Pro Forma Adjustments to Rate Base
For The Twelve Months Ended December 31, 2009

Schedule 3
Attachment A
Nashua Acquisition

			<u>Pro Forma Adjustments</u>
CASH WORKING CAPITAL			
To reduce working capital as a result of O&M Expenses	(1,260,610)		
Pro Forma Adjustments (Schedule 1).	<u>12.33%</u>		<u>\$ (155,433)</u>
EQUITY DEDUCTION			
To deduct pro rata share of assets associated with common equity to be purchased by City Bonds at closing.			<u>\$ (52,553,720)</u>
RATE STABILIZATION CASH RESERVE			
To establish a rate stabilization reserve for the three (3) regulated utilities at closing.			
Less: Rate Stabilization Reserve (Schedule 4)	\$5,000,000		
PWW Pro Rata Share	85.45% (1)		
Total PWW Pro Rata Share for City Bond			<u>\$4,272,693</u>
<i>(1) Pro Rata Calculation as follows:</i>			
<u>Rate Base</u>			
PWW (DW10-091, Per Staff 3-13)	\$95,782,461	85.45%	
PEU (As of 12/31/2009)	\$14,290,910	12.75%	
PAC (DW10-091, Per Staff 3-5)	\$2,013,389	1.80%	
	<u>\$112,086,760</u>	<u>100.00%</u>	
DEFERRED DEBITS			
To provide for City Eminent Domain Costs that will be amortized over 30 years			\$5,000,000
Total Pro Forma Rate Base Adjustments			<u>\$ (43,436,460)</u>

Pennichuck Water Works, Inc.
Overall Rate of Return
For the Twelve Months Ended December 31, 2009

Schedule 4
Pro Forma Adjustments

<u>Capital Component</u>	<u>Filed Amount</u>	<u>DW10-091, OCA 3-1</u>		<u>NASHUA ACQUISITION</u>			<u>Adjusted Amount</u>	<u>Component Ratio</u>	<u>Component Cost Rate</u>	<u>Weighted Average Cost Rate</u>
		<u>Adjustment</u>	<u>Adjusted Amount</u>	<u>Adjustment</u>	<u>Adjustment</u>	<u>REF.</u>				
Long-term Debt	\$ 51,855,007	\$ (2,301,100)	\$ 49,553,907				\$ 49,553,907	92.06%	6.04%	5.56%
Short-term Debt	-		-				-	0.00%	0.00%	0.00%
Preferred Stock	-		-				-	0.00%	0.00%	0.00%
Common Equity	52,553,720		\$ 52,553,720	\$ (52,553,720)	\$ 4,272,693	1,2	\$ 4,272,693	7.94%	9.75%	0.77%
Overall Rate of Return	\$ 104,408,727	\$ (2,301,100)	\$ 102,107,627	\$ (52,553,720)	\$ 4,272,693		\$ 53,826,600	100.00%		6.33%
								Original Filing		7.95%
								Pro Forma Adjustment		-1.62%

Notes:

- 1 To eliminate common equity purchased by City Bond as part of the closing transaction.
- 2 To recognize pro rata share of \$5,000,000 rate stabilizator cash reserve to be established at closing. (Schedule 3, Attachment A).

**Pennichuck Water Works Inc
Proposed Adjustments to Rate of Return
For The Twelve Months Ended December 31, 2009**

**Schedule 4
Attachment A
Pro Forma Adjustments**

				<u>Outstanding Debt</u>	<u>All In Annual</u>	<u>Funded</u>
				<u>Funded</u>	<u>Cost</u>	<u>Effective Rate</u>
Original Filing				\$ 51,855,007	\$ 3,077,604	5.94%
Reference		<u>Original</u>	<u>Revised</u>			
Staff 2-22	SRF Step Additions Debt	2,424,100	123,000	(2,301,100)		
	SRF Step Additions Interest	3.728% 90,370	4,585		(85,785)	
	Revised Debt and Interest			\$ 49,553,907	\$ 2,991,819	<u>6.04%</u>
	Proposed Adjustment			<u>\$ (2,301,100)</u>		

**PENNICHUCK EAST UTILITY, INC.
COMPUTATION OF REVENUE DEFICIENCY
For The Twelve Months Ended December 31, 2009**

Schedule A

	TEST YEAR	PRO FORMA ADJUSTMENTS (1) (2)	PRO FORMA TEST YEAR	COMBINED PRO FORMA TEST YEAR	NASHUA ACQUISITION	
					NASHUA EXPENSE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & NASHUA EXPENSE ADJUSTMENTS PRO FORMA TEST YEAR
Consolidated Rate Base	\$ 18,937,424	\$ (4,646,514)	\$ 14,290,910	\$ 14,290,910	\$ (6,309,577)	\$ 7,981,333
RATE of Return	7.60%		7.60%	7.60%	-2.55%	5.05%
Income Required	\$ 1,439,244		\$ 1,086,109	\$ 1,086,109		\$ 403,057
Adjusted NOI	\$ 911,114	\$ (177,830)	\$ 733,284	\$ 733,284	\$ (625,835)	\$ 107,449
Deficiency	\$ 528,130		\$ 352,825	\$ 352,825		\$ 295,608
Tax Factor	60.39%		60.39%	60.39%		60.39%
Revenue Deficiency	\$ 874,532		\$ 584,244	\$ 584,244		\$ 489,498
Water Revenues (2)	\$ 5,944,734	\$ (295,242)	\$ 5,649,492	\$ 5,649,492		\$ 4,204,987
Proposed Revenue Inc	14.71%		10.34%	10.34%		8.66%
Total Revenue			<u>\$ 6,233,736</u>	<u>\$ 6,233,736</u>		<u>\$ 4,694,485</u>
ADD: City Bond Fixed Revenue Requirement (Schedule A, Attach A)						\$1,444,505
ADD: NC Capital Surcharge Revenue				\$ 295,242		\$ 295,242
Total Revenue:				<u>\$ 6,528,978</u>		<u>\$ 6,434,231</u>

Notes:

- (1) Eliminate Capital Recovery Surcharge Assets and related revenues and depreciation expense.
- (2) Water Revenues are reflected without Capital Surcharge Revenues

PENNICHUCK EAST UTILITY, INC.
Pro Forma Adjustments to Revenue Requirement
For The Twelve Months Ended December 31, 2009

Schedule A
Attachment A
Nashua Acquisition

Pro Forma
Adjustments

1 Revenue

To recognize adjustment of fixed annual revenue requirement to meet City Bond obligation.

Total City Bond	\$ 157,011,440
Bond Interest Rate	6.50%
Bond Period	\$ 30 yrs

Calculated pro rata for City Bond based on a constant payment and a constant bond rate.

Calculated as follows:

PEU Pro Rata Share	\$ 19,500,821 (1)	
Less: Rate Stabilization Reserve	\$ 5,000,000	
PEU Pro Rata Share (Sch 3, Attach A)	12.75%	
	\$ 637,500	
Total PEU Pro Rata Share for City Bond	\$ 18,863,321	
Bond Interest Rate	6.50%	
Bond Period	30 yrs	
		\$1,444,505 (2)

Notes:

(1) Pro Rata Calculation as follows:

PWW Rate Base (DW10-091, Per Staff 3-13)	\$ 95,782,461	83.22%
PEU Rate Base (As of 12/31/09)	\$ 14,290,910	12.42%
PAC Rate Base (DW10-090, Per Staff 3-5)	\$ 2,013,389	1.75%
Southwood Corp (Book Value 12/31/2009)	\$ 3,013,105	2.62%
	<u>\$ 115,099,865</u>	<u>100.00%</u>

PWW Rate Base (DW10-091, Per Staff 3-13)	83.22%	\$ 130,664,920
PEU Rate Base (As of 12/31/09)	12.42%	\$ 19,500,821
PAC Rate Base (DW10-090, Per Staff 3-5)	1.75%	\$ 2,747,700
Southwood Corp (Book Value 12/31/2009)	2.62%	\$ 4,113,700
	<u>100.00%</u>	<u>\$ 157,011,440</u>

(2) Any income taxes on revenues will be offset by deductions for interest expense on City Bonds calculated below and depreciation expense associated with equity related assets per Schedule 1, Attachment A, page 2.

Total Interest Payment on City Bond (year one)	\$ 10,205,744
PEU Pro Rata Share	12.42%
PEU Pro Rata Interest Benefit	\$ 1,267,155

PENNICHUCK EAST UTILITY, INC.
COMPUTATION OF REVENUE DEFICIENCY
For The Twelve Months Ended December 31, 2009

Schedule 1
Nashua Acquisition
Pro Forma Adjustments

	Account Number	PENNICHUCK EAST UTILITY, INC.	North Country	Pro Forma Adjustments (1)	COMBINED TEST YEAR	NASHUA ACQUISITION	
						NASHUA EXPENSE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & NASHUA EXPENSE ADJUSTMENTS PRO FORMA TEST YEAR
Water Sales	461 & 462	\$ 5,005,656	\$ 939,078	\$ (295,242)	\$ 5,649,492	(\$1,444,505)	\$ 4,204,987
Other Operating Revenue	471	32,269	8,691		40,960		40,960
Total Revenues		5,037,925	947,769	(295,242)	5,690,452	\$ (1,444,505)	4,245,947
Production Expenses	601 to 652 660 to 678	1,137,272	221,083		1,358,356		1,358,356
Transmission & Distribution Expense	& 926.1	329,977	160,100		490,077		490,077
Customer Acct & Collection Exp	902 to 904	140,501	41,563		182,064		182,064
Administrative & General Expense	920 to 950	96,772	26,749		123,521		123,521
Inter Div Management Fee	930	1,261,843	292,644		1,554,487	(256,736)	1,297,751
Total Operating Expense		2,966,366	742,139	-	3,708,505	(256,736)	3,451,769
Depreciation Exp/Acq Adj (Credit)	403/406	579,015	122,593	(111,791)	589,817	(151,448)	438,369
Amortization Expense: CIAC	405	(157,454)	(11,864)	382	(168,936)		(168,936)
Amortization Expense	407	58,728	6,776	(6,003)	59,501		59,501
Amort Utility Plant Adj	406	-			-		
Taxes Other Than Income Tax	408.1	467,122	76,384		543,506		543,506
Income Tax	409 to 410	305,688	(80,913)		224,775	(410,487) (1)	(185,712) (2)
Total Operating Deductions		\$ 1,253,099	\$ 112,976	\$ (117,412)	\$ 1,248,663	\$ (561,935)	\$ 686,728
Net Operating Income		\$ 818,460	\$ 92,654	\$ (177,830)	\$ 733,284	\$ (625,835)	\$ 107,449

Notes:

(1) Eliminates the depreciation and amortization expense associated with North Country Capital Recovery Surcharge.

(2) Pro Forma Income Taxes calculated as follows:

City Bond Revenue Requirement	\$ (1,444,505)
Reduced operating expenses and deductions	\$ 408,184
NOI proforma adjustments before income taxes	\$ (1,036,322)
Income Taxes	39.61% \$ (410,487)

(3) Negative Income Taxes will be offset by taxes on additional revenues from revenue deficiency per Schedule A.

PENNICHUCK EAST UTILITY, INC.
Pro Forma Adjustments to Net Operating Income
For The Twelve Months Ended December 31, 2009

Schedule 1
Attachment A
Nashua Acquisition

Pro Forma
Adjustments

1 Revenue

To recognize adjustment of fixed annual revenue requirement to meet City Bond obligation.

Total City Bond	\$	157,011,440	
Bond Interest Rate		6.50%	
Bond Period		30	yrs.

Calculated pro rata for City Bond based on a constant payment and a constant bond rate.

Calculated as follows:

PEU Pro Rata Share		\$	19,500,821	
Less: Rate Stabilization Reserve	\$	5,000,000		
PEU Pro Rata Share (Sch 3, Attach A)		12.75%		
		\$	637,493	
Total PEU Pro Rata Share for City Bond		\$	18,863,328	
Bond Interest Rate		6.50%		
Bond Period		30	yrs.	

\$ (1,444,505)

Pro Rate Calculation as follows:

PWW Rate Base (DW10-091, Per Staff 3-13)	\$	95,782,461	83.22%
PEU Rate Base (12/31/09)	\$	14,290,910	12.42%
PAC Rate Base (DW10-090, Per Staff 3-5)	\$	2,013,389	1.75%
Southwood Corp (Book Value 12/31/2009)	\$	3,013,105	2.62%
	\$	115,099,865	100.00%

PWW Rate Base (DW10-091, Per Staff 3-13)	83.22%	\$	130,664,920
PEU Rate Base (12/31/09)	12.42%	\$	19,500,821
PAC Rate Base (DW10-090, Per Staff 3-5)	1.75%	\$	2,747,700
Southwood Corp (Book Value 12/31/2009)	2.62%	\$	4,113,700
	100.00%	\$	157,011,440

2 Management Fee

Allocation from Corporate

Professional Fees & Services		(132,339)	
D&O Insurance		(86,479)	
Annual Report Cost		(24,965)	
Auditors/SEC Legal Expense		(210,888)	
Corp Governance Legal/AST		(32,053)	
Directors Fees & Mtgs/Corp Secy		(25,052)	
EDGAR Filing/NASDAQ & Other		(74,427)	
% Allocation to PEU	15.00% *	\$ (586,203)	\$ (87,930)

Allocation from PWW

Salaries		(771,596)	
Bonus		(28,500)	
Benefits		(336,507)	
Meetings & Conventions		(19,600)	
Senior Management Vehicle		(1,000)	
% Allocation to PEU	14.60% *	(1,156,203)	\$ (168,806)

\$ (256,736)

3 Depreciation Expense

To eliminate depreciation expense for equity related assets purchased with City bond as part of the closing transaction at a composite depreciation rates of 2.19%.

	\$	(6,915,421)	(Sch 4)
		2.19%	

\$ (151,448)

4 Income Taxes

To record income taxes as a result of pro forma adjustments to income statement. (Sch 1)

	\$	(1,036,322)	
		39.61%	

\$ (410,487)

Note:

*Management fee allocation based on current percentage allocation.

PENNICHUCK EAST UTILITY, INC.
COMPUTATION OF RATE BASE
For The Twelve Months Ended December 31, 200

Schedule 3
Nashua Acquisition
Pro Forma Adjustments

39

Description	PENNICHUCK EAST UTILITY, INC.	North Country	Pro Forma Adjustments (1)	COMBINED TEST YEAR	NASHUA ACQUISITION	
					NASHUA EXPENSE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & NASHUA EXPENSE ADJUSTMENTS PRO FORMA TEST YEAR
Plant in Service	\$ 38,774,582	\$ 5,705,899	\$ (4,550,906)	\$ 39,929,575		\$ 39,929,575
Accum Deprec	7,781,193	294,504	(271,782)	7,803,915		7,803,915
Accum Deprec: Loss	927,493	192,960	(272,509)	847,944		847,944
Accum Deprec: COR	30,401	87,138		117,539		117,539
Acquisition Adjustment	10,468,179			10,468,179		10,468,179
Accum Amort Acq Adj	2,487,151			2,487,151		2,487,151
CIAC	8,807,342	32,770	(14,096)	8,826,016		8,826,016
Amort of CIAC	875,827	12,193	(423)	887,597		887,597
	16,038,740	5,670,916	(4,537,960)	17,171,696	-	17,171,696
ADD:						
Working Cap	365,753	91,506		457,259	(31,656)	425,603
Materials & Supplies	-	925		925		925
Prepayments	90,684	10,403		101,087		101,087
Other & Deferred Charges	52,492	117,688	(108,554)	521,626		521,626
	968,929	220,522	(108,554)	1,080,896	(31,656)	1,049,241
DEDUCT:						
Customer Advances	-			-		-
Customer Deposits	2,063	2		2,065		2,065
Deferred Income Tax	3,288,402	585,642		3,874,044		3,874,044
Deferred Gain on Loans	85,574	-		85,574		85,574
	3,376,039	585,644		3,961,683		3,961,683
TOTAL Rate Base	\$ 13,631,630	\$ 5,305,794	\$ (4,646,514)	\$ 14,290,910	\$ (31,656)	\$ 14,259,254
DEDUCT: Equity Related Assets					\$ (6,915,421)	\$ (6,915,421)
ADD: Rate Stabilization Cash Reserve					\$ 637,500	\$ 637,500
TOTAL Rate Base	\$ 13,631,630	\$ 5,305,794	\$ (4,646,514)	\$ 14,290,910	\$ (6,309,577)	\$ 7,981,333

(1) Eliminate Capital Recovery Surcharge Assets and related revenues and depreciation expense.

PENNICHUCK EAST UTILITY, INC.
Pro Forma Adjustments to Rate Base
For the Twelve Months Ended December 31, 2009

Schedule 3
Attachment A
Nashua Acquisition

Pro Forma
Adjustments

1 CASH WORKING CAPITAL

To reduce working capital as a result of O&M
pro forma adjustments. (Schedule 1) (256,736)
12.33%

\$ (31,656)

2 EQUITY DEDUCTION

To deduct pro rata share of assets associated with
common equity to be purchased by City Bonds at
closing.

\$ (6,915,421)

3 RATE STABILIZATION CASH RESERVE

To establish a rate stabilization reserve for the three (3)
regulated utilities at closing.

Less: Rate Stabilization Reserve \$ 5,000,000
PEU Pro Rata Share 12.75%

Total PEU Pro Rata Share for City Bond

\$ 637,500

(1) Pro Rata Calculation as follows:

Rate Base

PWW Rate Base (Per Staff 3-13)	\$ 95,782,461	85.45%
PEU Rate Base (12/31/2009)	\$ 14,290,910	12.75%
PAC Rate Base (Per Staff 3-5)	\$ 2,013,389	1.80%
	<u>\$ 112,086,760</u>	<u>100.00%</u>

Total Pro Forma Rate Base Adjustments:

\$ (6,309,577)

PENNICHUCK EAST UTILITY, INC.
Overall Rate of Return
For the Twelve Months Ended December 31, 2009

Schedule 4
Nashua Acquisition
Proposed Adjustments

<u>Capital Component</u>	<u>Pro Forma Test</u> <u>Year</u>	<u>NASHUA ACQUISITION</u>			<u>Component</u> <u>Ratio</u>	<u>Component</u> <u>Cost Rate</u>	<u>Weighted</u> <u>Average</u> <u>Cost Rate</u>
		<u>Adjustment</u>	<u>Adjustment</u>	<u>Adjusted</u> <u>Amount</u>			
Long-term Debt	\$7,856,291			\$7,856,291	92.49%	4.67%	4.32%
Short-term Debt	-			\$0	0.00%	0.00%	0.00%
Preferred Stock	-			\$0	0.00%	0.00%	0.00%
Common Equity	6,915,421	\$ (6,915,421)	\$ 637,500	637,500	7.51%	9.75%	0.73%
Overall Rate of Return	\$ 14,771,712	\$ (6,915,421)	\$ 637,500	\$ 8,493,791	100.00%		5.05%
						Authorized ROR	7.60%
						Proposed Adjustment	-2.55%

Notes:

- 1 To eliminate common equity purchased by City Bond as part of closing transaction.
- 2 To recognize pro rata share of \$5,000,000 rate stabilization cash reserve to be established at closing.
(Schedule 3, Attachment A)

**PITTSFIELD AQUEDUCT COMPANY, INC.
COMPUTATION OF REVENUE DEFICIENCY
For The Twelve Months Ended December 31, 2009**

**COMBINED INCREASE
Schedule A**

42

	PRO FORMA TEST YEAR	DW10-090, OCA 3-1		DW10-090, STAFF 3-5		NASHUA ACQUISITION	
		PROPOSED DATA REQUESTS ADJUSTMENTS	12 MONTHS WITH PROPOSED ADJUSTMENTS 12/31/09	STEP INCREASE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCREASE PRO FORMA TEST YEAR	NASHUA EXPENSE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCR & NASHUA EXPENSE ADJUSTMENTS PRO FORMA TEST YEAR
Consolidated Rate Base	\$ 1,962,038	\$ (61,125)	\$ 1,900,913	\$ 112,476	\$ 2,013,389	(\$968,513)	\$ 1,044,876
RATE of Return	7.60%		7.60%		7.60%	-1.85%	5.74%
Income Required	\$ 149,023		\$ 144,380		\$ 152,923		\$ 59,976
Adjusted NOI	\$ 75,753	\$ 3,595	\$ 79,348	\$ (3,632)	\$ 75,716	\$ (87,608)	\$ (11,892)
Deficiency	\$ 73,270		\$ 65,032		\$ 77,207		\$ 71,868
Tax Factor	60.39%		60.39%		60.39%		60.39%
Revenue Deficiency	\$ 121,328		\$ 107,686	\$ 20,161	\$ 127,847		\$ 119,006
Water Revenues	\$ 607,133	\$ 126	\$ 607,259	-	\$ 607,259		\$ 403,725
Proposed Revenue Inc	19.98%		17.73%	3.32%	21.05%		19.60%
					-		
Total Revenue	<u>\$ 728,461</u>		<u>\$ 714,945</u>		<u>\$ 735,106</u>		<u>\$ 522,731</u>
ADD: City Bond Fixed Revenue Requirement (Schedule A, Attach A)							\$203,534
Total Revenue:							<u><u>\$ 726,265</u></u>

PITTSFIELD AQUEDUCT COMPANY
Pro Forma Adjustments to Net Operating Income
For The Twelve Months Ended December 31, 2009

Schedule A
Attachment A
Nashua Acquisition

Pro Forma
Adjustments

Revenue

1 To recognize adjustment of fixed annual revenue requirement to meet City Bond obligation.

Total City Bond	\$ 157,011,440 (1)
Bond Interest Rate	6.50%
Bond Period	30 yrs

Calculated pro rata for City Bond based on a constant payment and a constant bond rate.

Calculated as follows:

PAC Pro Rata Share	\$ 2,747,700	
Less: Rate Stabilization Reserve	\$ 5,000,000	
PAC Pro Rata Share (Sch 3, Attach A)	1.80%	
	<u>\$89,814</u>	
Total PAC Pro Rata Share for City Bond	\$ 2,657,886	
Bond Interest Rate	6.50%	
Bond Period	30 yrs	<u>\$203,534 (2)</u>

Notes:

(1) Pro Rata Calculation as follows:

PWW Rate Base (DW10-091, Per Staff 3-13)	\$ 95,782,461	83.22%
PEU Rate Base (As of 12/31/09)	\$ 14,290,910	12.42%
PAC Rate Base (DW10-090, Per Staff 3-5)	\$ 2,013,389	1.75%
Southwood Corp (Book Value 12/31/2009)	\$ 3,013,105	2.62%
	<u>\$ 115,099,865</u>	<u>100.00%</u>

PWW Rate Base (DW10-091, Per Staff 3-13)	83.22%	\$ 130,664,920
PEU Rate Base (As of 12/31/09)	12.42%	\$ 19,500,821
PAC Rate Base (DW10-090, Per Staff 3-5)	1.75%	\$ 2,747,700
Southwood Corp (Book Value 12/31/2009)	2.62%	\$ 4,113,700
	<u>100.00%</u>	<u>\$157,011,440</u>

(2) Any income taxes on revenues will be offset by deductions for interest expense on City Bonds calculated below and depreciation expense associated with equity related assets per Schedule 1, Attachment A, page 2.

Total Interest Payment on City Bond (year one)	\$10,205,744
PAC Pro Rata Share	1.75%
PAC Pro Rata Interest Benefit	\$178,524

PITTSFIELD AQUEDUCT COMPANY
OPERATING INCOME STATEMENT
For The Twelve Months Ended December 31, 2009

Schedule 1
Nashua Acquisition
Pro Forma Adjustments

	DW10-090, OCA 3-1		DW10-090, OCA 3-1		NASHUA ACQUISITION		
	PRO FORMA 12 MONTHS 12/31/09	PROPOSED DATA REQUESTS ADJUSTMENTS	12 MONTHS WITH PROPOSED ADJUSTMENTS 12/31/09	STEP INCREASE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCREASE FORMA TEST YEAR	NASHUA EXPENSE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCR & NASHUA EXPENSE ADJUSTMENTS PRO FORMA TEST YEAR
Water Sales	\$ 607,133	\$ 126	\$ 607,259	\$ -	\$ 607,259	(\$203,534)	\$ 403,725
Other Operating Revenue	5,429	-	5,429	-	5,429		5,429
Total Revenues	612,562	126	612,688	-	612,688	(203,534)	409,154
Production Expenses	86,392	-	86,392	-	86,392		86,392
Transmission & Distribution Expense	52,376	-	52,376	-	52,376		52,376
Customer Acct & Collection Exp	19,953	-	19,953	-	19,953		19,953
Administrative & General Expense	61,371	(1,364)	60,007	-	60,007		60,007
Inter Div Management Fee	160,026	(238)	159,788	-	159,788	(31,364)	128,424
Total Operating Expense	380,118	(1,602)	378,516	-	378,516	(31,364)	347,152
Dep Exp/Acq Adj Expense	86,086	-	86,086	2,050	88,136	(27,100)	61,037
Amortization Expense:CIAC	(24,146)	-	(24,146)	-	(24,146)		(24,146)
Amortization Expense	4,458	-	4,458	-	4,458		4,458
Property Taxes	81,437	(4,225)	77,212	3,964	81,176		81,176
Income Tax	8,857	2,358	11,215	(2,382)	8,833	(57,462) (1)	(48,629) (2)
Total Operating Deductions	156,691	(1,867)	154,824	3,632	158,456	(84,562)	73,894
Net Operating Income	\$ 75,753	\$ 3,595	\$ 79,348	\$ (3,632)	\$ 75,716	(\$87,608)	(\$11,892)

Notes:

(1) Pro Forma Income Taxes calculated as follows:

City Bond Revenue Requirement	\$	(203,534)
Reduced operating expenses and deductions		\$58,464
NOI proforma adjustments before income taxes	\$	(145,071)
Income Taxes	39.61%	\$ (57,462)

(2) Negative Income Taxes will be offset by taxes on additional revenues from revenue deficiency per Schedule A.

PITTSFIELD AQUEDUCT COMPANY
Pro Forma Adjustments to Net Operating Income
For The Twelve Months Ended December 31, 2009

Schedule 1
Attachment A
Nashua Acquisition

Pro Forma
Adjustments

Revenue

- 1** To recognize adjustment of fixed annual revenue requirement to meet City Bond obligation.

Total City Bond	\$ 157,011,440
Bond Interest Rate	6.50%
Bond Period	30 yrs

Calculated pro rata for City Bond based on a constant payment and a constant bond rate.

Calculated as follows:

PAC Pro Rata Share	\$ 2,747,700	
Less: Rate Stabilization Reserve	\$ 5,000,000	
PAC Pro Rata Share (Sch 3,A)	1.80%	
	\$89,814	
Total PAC Pro Rata Share for City Bond	\$ 2,657,886	
Bond Interest Rate	6.50%	
Bond Period	30 yrs	
		<u>(\$203,534)</u>

Pro Rata Calculation as follows:

PWW Rate Base (DW10-091, Per Staff 3-13)	\$ 95,782,461	83.22%
PEU Rate Base (As of 12/31/09)	\$ 14,290,910	12.42%
PAC Rate Base (DW10-090, Per Staff 3-5)	\$ 2,013,389	1.75%
Southwood Corp (Book Value 12/31/2009)	\$ 3,013,105	2.62%
	<u>\$ 115,099,865</u>	<u>100.00%</u>

PWW Rate Base (DW10-091, Per Staff 3-13)	83.22%	\$ 130,664,920
PEU Rate Base (As of 12/31/09)	12.42%	\$ 19,500,821
PAC Rate Base (DW10-090, Per Staff 3-5)	1.75%	\$ 2,747,700
Southwood Corp (Book Value 12/31/2009)	2.62%	\$ 4,113,700
	<u>100.00%</u>	<u>\$157,011,440</u>

2 Management Fee

Allocation from Corporate

Professional Fees & Services		(\$132,339)
D&O Insurance		(\$86,479)
Annual Report Cost		(\$24,965)
Auditors/SEC Legal Expense		(\$210,888)
Corp Governance Legal/AST		(\$32,053)
Directors Fees & Mtgs/Corp Secy		(\$25,052)
EDGAR Filing/NASDAQ & Other		(\$74,427)
% Allocation to PAC	1.80% *	<u>(\$586,203)</u> (\$10,552)

Allocation from PWW

Salaries	(\$771,596)
Bonus	(\$28,500)
Benefits	(\$336,507)

PITTSFIELD AQUEDUCT COMPANY
Pro Forma Adjustments to Net Operating Income
For The Twelve Months Ended December 31, 2009

Schedule 1
Attachment A
Nashua Acquisition

Meetings & Conventions		(\$19,600)	
Senior Management Vehicle		(\$1,000)	
% Allocation to Pac	1.80% *	#####	(\$20,812)
Total Management Fee			<u>(\$31,364)</u>
3 Depreciation Expense			
To eliminate depreciation expense for equity related assets purchased with City Bond as part of closing transaction	\$	(1,054,459)	
at a composite depreciation rate of 2.57%.		2.57%	<u>(\$27,100)</u>
4 Income Taxes			
To record income taxes as a result of pro forma adjustments to income statement.		(\$145,071)	
		39.61%	<u>(\$57,462)</u>

Note: *Management fee allocation based on current percentage allocation.

PITTSFIELD AQUEDUCT COMPANY
COMPUTATION OF RATE BASE
For The Thirteen Months Ended December 31, 2009

Schedule 3
Nashua Acquisition
Pro Forma Adjustments

Description	DW10-090, OCA 3-1		DW10-090, OCA 3-1		NASHUA ACQUISITION	
	PROPOSED DATA REQUESTS ADJUSTMENTS	12 MONTHS WITH PROPOSED ADJUSTMENTS 12/31/09	STEP INCREASE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCREASE FORMA TEST YEAR	NASHUA EXPENSE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCR & NASHUA EXPENSE ADJUSTMENTS PRO FORMA TEST YEAR
	Pro Forma Test Year					
Plant in Service	\$ 3,846,825	-	3,846,825	114,526	3,961,351	\$3,961,351
Accum Deprec	1,036,132		1,036,132	2,050	1,038,182	\$1,038,182
Accum Deprec: Loss	114,504		114,504	-	114,504	\$114,504
Accum Deprec: COR	406		406	-	406	\$406
Acquisition Adjustment						\$0
Accum Amort Acq Adj						\$0
CIAC	1,148,636		1,148,636	-	1,148,636	\$1,148,636
Amort of CIAC	256,418		256,418	-	256,418	\$256,418
	2,033,385	-	2,033,385	112,476	2,145,861	\$2,145,861
ADD:						
Working Cap	111,754	(61,125)	50,629	-	50,629	\$ (3,867)
Materials & Supplies	588		588	-	588	\$588
Prepayments	7,797		7,797	-	7,797	\$7,797
Other & Deferred Charges	3,505	-	3,505	-	3,505	\$3,505
	123,644	(61,125)	62,519	-	62,519	(\$3,867)
DEDUCT:						
Customer Advances	-		-	-	-	\$0
Customer Deposits	-		-	-	-	\$0
Deferred Income Tax	194,991		194,991	-	194,991	\$194,991
	194,991	-	194,991	-	194,991	\$194,991
						\$0
TOTAL Rate Base	\$1,962,038	(\$61,125)	\$1,900,913	\$112,476	\$2,013,389	(\$3,867)
DEDUCT: Equity Related Assets						\$ (1,054,459)
ADD: Rate Stabilization Cash Reserve						\$89,814
Total Rate Base:	\$1,962,038	(\$61,125)	\$1,900,913	\$112,476	\$2,013,389	(\$968,513)
						\$1,044,876

PITTSFIELD AQUEDUCT COMPANY
Pro Forma Adjustments to Rate Base
For The Twelve Months Ended December 31, 2009

Schedule 3
Attachment A
Nashua Acquisition

Pro Forma
Adjustments

1 CASH WORKING CAPITAL

To reduce working capital as a result of O&M Expense
pro forma adjustments (Schedule 1). (\$31,364)
12.33%

\$ (3,867)

2 EQUITY DEDUCTION

To deduct pro rata share of assets associated with
common equity to be purchased by City Bonds at
closing.

\$ (1,054,459)

3 RATE STABILIZATION CASH RESERVE

To establish a rate stabilization reserve for the three (3)
regulated utilities at closing.

Less: Rate Stabilization reserve (Sch A, Attach A) \$5,000,000
PAC Pro Rata Share 1.80% (1)

\$89,814

(1) Pro Rata Calculation as follows:

Rate Base		
PWW Rate Base (DW10-091, Per Staff 3-13)	\$ 95,782,461	85.45%
PEU Rate Base (As of 12/31/09)	\$ 14,290,910	12.75%
PAC Rate Base (DW10-090, Per Staff 3-5)	\$ 2,013,389	1.80%
	<u>\$ 112,086,760</u>	<u>100.00%</u>

Total Pro Forma Rate Base Adjustments:

\$ (968,513)

Pittsfield Aqueduct Company, Inc.
Overall Rate of Return
For the Twelve Months Ended December 31, 2009

Schedule 4
Nashua Acquisition
Pro Forma Adjustments

<u>Capital Component</u>	<u>DW10-090</u>	<u>NASHUA ACQUISITION</u>			<u>Component Ratio</u>	<u>Component Cost Rate</u>	<u>Weighted Average Cost Rate</u>
	<u>Pro Forma Test Year</u>	<u>Adjustment</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>			
Long-term Debt	776,850			\$ 776,850	69.26%	7.00%	4.85%
Short-term Debt	255,038			255,038	22.74%	0.50%	0.11%
Preferred Stock	-			-	0.00%	0.00%	0.00%
Common Equity	1,054,459	\$ (1,054,459)	\$ 89,814	\$ 89,814	8.01%	9.75%	0.78%
Overall Rate of Return	\$ 2,086,347	\$ (1,054,459)		\$ 1,121,702	100.00%		5.74%
						Original Filing	7.60%
						Proposed Adjustment	-1.85%

Notes:

- 1 To eliminate common equity purchased by City Bond as part of the closing transaction.
- 2 To recognize pro rata share of \$5,000,000 rate stabilization cash reserve to be established at closing. (Schedule 3, Attachment A).