

	Proforma December 2012	Adjustment	Adjusted Proforma December 2012	December 31 2011
ASSETS				
Property, Plant and Equipment				
Cost	\$ 4,560,314		\$ 4,560,314	\$ 4,455,620
Less: Acquisition Adjustment	(254,025)		(254,025)	(254,025)
Net Cost	\$ 4,306,289	\$ -	\$ 4,306,289	\$ 4,201,595
Less: Accumulated Depreciation / Amortization	(1,482,337)		(1,482,337)	(1,358,431)
Accumulated Amortization of Acquisition	160,662		160,662	154,932
Total Property, Plant and Equipment	2,984,614	-	2,984,614	2,998,096
Current Assets				
Cash	13,469		13,469	17,338
Accounts Receivable	51,061		51,061	132,256
Accounts Receivable - Rate Recoupment	44,995		44,995	
Accounts Receivable - Gross-up of Income Tax		173,634	173,634	
Inventory	37,472		37,472	36,084
Deferred Expenses	43,296		43,296	38,802
Total Current Assets	190,293	173,634	363,927	224,479
Other Assets				
Unamortized Debt Financing Costs	4,458		4,458	5,528
Miscellaneous Deferred Costs	257,015		257,015	188,587
Total Other Assets	261,473	-	261,473	194,115
TOTAL ASSETS	\$ 3,436,379	\$ 173,634	\$ 3,610,013	\$ 3,416,689
LIABILITIES AND STOCKHOLDERS' EQUITY				
Stockholders' Equity				
Common Stock	\$ 10,000		10,000	\$ 10,000
Additional Paid-In Capital	950,703		950,703	1,078,604
Capital Stock Expense	(12,883)		(12,883)	(12,883)
Retained Earnings	497,427	-	497,427	266,783
Total Stockholders' Equity	1,445,248	-	1,445,248	1,342,504
Long-Term Debt, less current portion	484,981	-	484,981	641,516
Current Liabilities				
Current Portion, Long-Term Debt	143,160		143,160	143,160
Line of Credit	-		-	-
Accounts Payable	620,012		620,012	524,368
Accrued Expenses	3,792		3,792	8,883
Accrued Income Taxes		173,634	173,634	
Total Current Liabilities	766,964	173,634	940,598	676,411
Deferred Income Taxes	105,511	-	105,511	105,511
Contribution in Aid of Construction				
Gross Received (net of premature retirements)	849,099		849,099	849,099
Less: Accumulated Amortization	(215,422)		(215,422)	(198,352)
Total Contribution in Aid of Construction	633,677	-	633,677	650,747
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,436,379	\$ 173,634	\$ 3,610,013	\$ 3,416,689

ST. CYR EXHIBIT 1

LAKES REGION WATER COMPANY, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	Proforma December <u>2012</u>	Adjustment	Adjusted Proforma December <u>2012</u>	Year Ending December 31 <u>2011</u>
OPERATING REVENUES	\$ 1,186,693	\$ 173,634	\$ 1,360,327	\$ 1,138,517
OPERATING EXPENSES:				
Production	89,308		89,308	109,850
Treatment	31,319		31,319	42,342
Transmission and distribution	106,986		106,986	115,277
Customers' billing and collection	19,235		19,235	38,719
General and administrative	468,103		468,103	401,303
Depreciation / amortization	96,306		96,306	126,471
Taxes - other than income	74,358		74,358	60,048
Provision for income taxes	-	173,634	173,634	2,814
Total operating expenses	885,615	173,634	1,059,249	896,823
NET OPERATING INCOME	301,078	-	301,078	241,695
GAIN / (LOSS) ON SALE OF ASSETS	-	-	-	-
NET WATER UTILITY OPERATING INCOME	301,078	-	301,078	241,695
NON-OPERATING INCOME, NET	4,124	-	4,124	2,875
INTEREST EXPENSE	(74,557)	-	(74,557)	(84,600)
NET INCOME	230,644	-	230,644	159,970
RETAINED EARNINGS, beginning of period	266,783		266,783	108,442
Ajustments				(1,629)
RETAINED EARNINGS, end of period	\$ 497,427	\$ -	\$ 497,427	\$ 266,783

LAKES REGION WATER COMPANY, INC.
SUPPLEMENTARY INFORMATION

ST. CYR EXHIBIT 1

	Proforma December 2012	Adjustment	Adjusted Proforma December 2012	Year Ending December 31 2011
OPERATING REVENUES				
General Sales:				
Unmetered Sales	\$ 334,446		\$ 334,446	\$ 331,128
Metered Sales	752,432		752,432	741,754
Rate Recoupment	57,522		57,522	
Gross-up of Income Tax		173,634	173,634	
Disconnect / Reconnect - Income	7,785		7,785	8,805
House transfer	3,093		3,093	1,158
Payment pickup	253		253	225
Meter Maintenance Income	230		230	227
Maintenance on Customer Property	1,996		1,996	2,642
Customer Bad Check Charges	40		40	115
Rental Income - Office	-		-	-
Equipment Rental	-		-	-
Sales Outside Contractors	28,896		28,896	34,807
Non-Owned System Operations (Gross Revenue)	-		-	-
Rate Case Surcharge	-		-	17,657
	<u>\$ 1,186,693</u>	<u>\$ 173,634</u>	<u>\$ 1,360,327</u>	<u>\$ 1,138,517</u>
OPERATING EXPENSES:				
Production				
Superintendence	\$ -		\$ -	\$ -
Labor	16,983		16,983	34,530
Purchased Water	1,200		1,200	-
Fuel for Pumps	-		-	-
Materials	4,931		4,931	2,770
Contracted Services	-		-	188
Purchased Power	65,195		65,195	71,363
Rents	1,000		1,000	1,000
	<u>\$ 89,308</u>	<u>\$ -</u>	<u>\$ 89,308</u>	<u>\$ 109,850</u>
Treatment				
Superintendence	\$ -		\$ -	\$ -
Labor	9,211		9,211	17,633
Chemicals	513		513	1,336
Water Tests	21,365		21,365	19,840
Materials	231		231	3,532
	<u>\$ 31,319</u>	<u>\$ -</u>	<u>\$ 31,319</u>	<u>\$ 42,342</u>
Transmission and distribution				
Superintendence	\$ -		\$ -	\$ -
Labor	19,092		19,092	36,926
Contracted Services	-		-	4,615
Materials	24,493		24,493	7,669
Equipment Lease	5,255		5,255	3,600
Building Lease - Garage	-		-	-
Transportation Expenses	57,380		57,380	61,052
Tel-Step	516		516	1,414
Miscellaneous	250		250	-
Backhoe Expenses	-		-	-
	<u>\$ 106,986</u>	<u>\$ -</u>	<u>\$ 106,986</u>	<u>\$ 115,277</u>

ST. CYR EXHIBIT 1

LAKES REGION WATER COMPANY, INC.
SUPPLEMENTARY INFORMATION

	Proforma December <u>2012</u>	Adjustment	Adjusted Proforma December <u>2012</u>	Year Ending <u>December 31</u> <u>2011</u>
Customers' billing and collection				
Superintendence	\$ -		\$ -	\$ -
Labor	8,374		8,374	20,892
Bad Debts	5,457		5,457	11,916
Contracted Services	3,674		3,674	102
Equipment Lease	-		-	-
Materials	1,729		1,729	5,809
	<u>\$ 19,235</u>	<u>\$ -</u>	<u>\$ 19,235</u>	<u>\$ 38,719</u>
General and administrative				
General Office Salaries & Wages	\$ 217,601		\$ 217,601	\$ 171,173
Employees' Welfare, net	34,468		34,468	39,728
Insurance	44,500		44,500	38,562
General Expenses:				
Heat / Electric Office	4,069		4,069	3,326
Contracted Services (should be zero)	9,305		9,305	2,267
Memberships	382		382	503
Telephone	9,648		9,648	9,755
Operating Permits	5,100		5,100	5,100
Office Supplies & Miscellaneous	28,467		28,467	32,521
Outside Services	110,104		110,104	77,513
Regulatory Commission Expense	4,459		4,459	20,853
	<u>\$ 468,103</u>	<u>\$ -</u>	<u>\$ 468,103</u>	<u>\$ 401,303</u>
Depreciation / amortization				
Depreciation	\$ 119,106		\$ 119,106	\$ 149,090
Amortization of Acquisition Adjustments	(5,730)		(5,730)	(5,708)
Amortization of Contribution in Aid of Construction	(17,070)		(17,070)	(16,911)
	<u>\$ 96,306</u>	<u>\$ -</u>	<u>\$ 96,306</u>	<u>\$ 126,471</u>
Taxes - other than income				
Payroll Taxes	\$ 18,623		\$ 18,623	\$ 24,448
Property Taxes	55,735		55,735	35,601
	<u>\$ 74,358</u>	<u>\$ -</u>	<u>\$ 74,358</u>	<u>\$ 60,048</u>
NON-OPERATING INCOME, NET				
Interest Income	\$ 4,624		\$ 4,624	\$ 5,016
Amortization of Equity Financing Expense	-		-	(1,841)
Other	(500)		(500)	(300)
	<u>\$ 4,124</u>	<u>\$ -</u>	<u>\$ 4,124</u>	<u>\$ 2,875</u>
INTEREST EXPENSE				
Interest on Long-Term Debt	\$ 73,067		\$ 73,067	\$ 82,812
Amortization of Deferred Debt Financing Expense	1,490		1,490	1,788
	<u>\$ 74,557</u>	<u>\$ -</u>	<u>\$ 74,557</u>	<u>\$ 84,600</u>

ST CYR EXHIBIT 2

Exhibit 2

Lakes Region Water Company, Inc.
Depreciation 2012 Proforma - Book / Tax

Item	Book Depreciation	Tax Depreciation
Organizational Expenses	\$ 794	\$ 794
Franchise	85	85
Structures	9,987	8,197
Wells	10,037	10,037
Pumping Equipment	20,216	4,921
Reservoirs	10,486	9,133
Mains	31,317	34,340
Services	3,525	1,955
Meteres	7,573	2,823
Miscellaneous Equipment	4,010	2,668
Office Equipment	1,274	956
Transportation Equipment	8,215	8,215
Shop Equipment	4,601	-
Computer Equipment	<u>6,986</u>	<u>900</u>
Total	<u>\$ 119,106</u>	<u>\$ 85,024</u>

ST. CYR EXHIBIT 3

Exhibit 3

A	B	C	D	E	F	G	H	I
Lakes Region Water Company, Inc. Calculation of Tax and Income Gross-up Requirement Proforma Dec 2012								
			<u>Tax Calculation Pre-Gross-up</u>			<u>Tax Calc. with Gross-up Requirement</u>		
					<u>Tax Exp</u>			<u>Tax Exp</u>
1	Net Income Per Books Pre-Tax			\$ 230,644			\$ 230,644	
2	Depreciation Adj for Tax Calculation:							
3	Add: book depreciation		119,106			119,106		
4	Less: tax depreciation		(85,024)			(85,024)		
5	Net depreciation adjustment			<u>34,082</u>			<u>34,082</u>	
6	Net taxable income pre-gross up			264,726			264,726	
7	Gross-up Income Required							
8	Tax Prior to Gross-Up					100,219		
0	Divide by Tax Factor					<u>57.7185%</u>		
10	Gross-up Income Required						<u>173,634</u>	
11	Net taxable income			264,726			438,360	
12	NHBPT Rate		8.50%			8.50%		
13	Less: NHBPT			<u>(22,502)</u>	\$ 22,502		<u>(37,261)</u>	\$ 37,261
14	Net taxable income for Federal			<u>242,224</u>			<u>401,100</u>	
15	Less: Federal tax							
16	50M @ 15%			(7,500)			(7,500)	
17	25M @ 25%			(6,250)			(6,250)	
18	25M @ 34%			(8,500)			(8,500)	
19	100M - 335M @ 39%			(55,467)			(91,650)	
20	> 335M @ 34%			-			(22,473)	
21	Total Federal Tax			<u>(77,717)</u>	77,717		<u>(136,373)</u>	136,373
22	Net Income after Tax			<u>\$ 164,507</u>			<u>\$ 264,727</u>	
23	Total Tax				<u>\$ 100,219</u>		<u>\$ 173,634</u>	
24	Revenue required to provide tax:							
25	conventional calculation is to use highest rate							
26	Total							100.00%
27	NH8PT							<u>8.50%</u>
28	Sub total							91.50%
29	FIT							<u>34.00%</u>
30	Net tax rate							<u>35.69%</u>
31	Tax factor to convert to revenue							
32	Total							100.00%
33	Less - NH8PT							<u>-8.50%</u>
34	Less - FIT							<u>-34.00%</u>
35	Tax Factor							<u>57.50%</u>

Exhibit 4

LAKES REGION WATER COMPANY, INC.
 ADJUSTED REVENUE REQUIREMENT AFTER EMERGENCY RATE

Current Revenue Requirement per DW 10-141	\$ 952,617
Emergency Rate Request	<u>173,634</u>
Revenue Requirement after Emergency Rate	<u>\$ 1,126,251</u>
Percentage Increase due to Emergency Rate (\$173,634 / \$952,617 = 18.227%)	<u>18.227%</u>

Rate Changes Due to Emergency Rate

	Current Annual Rate	18.227% Increase	=	Emergency Rate
Pool at WVG	\$ 1,416.56	\$ 258.20	=	\$ 1,674.76
Unmetered Rate	\$ 589.36	\$ 107.42	=	\$ 696.78
Metered Minimum Charge	\$ 458.12	\$ 83.50	=	\$ 541.62
Plus Metered Rate per 100 Cubic Feet	\$ 4.81	\$ 0.88	=	\$ 5.69

NHPUC No. 6 – WATER

5th Revised Page 10
Superseding 4th Revised Page 10
Superseding 3rd Revised Page 10
Superseding 2nd Revised Page 10

Lakes Region Water Company, Inc.

**GENERAL SERVICE – METERED
for
CONSOLIDATED TARIFF SYSTEMS**

DIVISIONS

FAR ECHO HARBOR, PARADISE SHORES, WEST POINT, WATERVILLE
VALLEY GATEWAY, HIDDEN VALLEY, WENTWORTH COVE, PENDLETON
COVE, DEER RUN, WOODLAND GROVE, ECHO LAKE WOODS, BRAKE HILL

AVAILABILITY

This schedule is available to all water service in the franchise area.

CHARACTER OF SERVICE

Water will be furnished at a minimum pressure of thirty (20) pounds per square inch and at a maximum pressure of one hundred twenty five (125) pounds per square inch.

RATES

Minimum charge per customer per quarter	\$135.40
Or annual minimum charge per customer	\$541.62
Plus; Metered rate per 100 cubic feet	\$ 5.69

TERMS OF PAYMENT

Bills under these rates will be rendered quarterly and are due and payable upon presentation. Interest at the rate of eighteen percent (18%) per annum will be charged on all bills thirty (30) days past due.

Issued in compliance with NHPUC Order No. _____ in Docket DW 12- _____, dated _____

Issued by: _____
Thomas Albert Mason

Issued:
Effective:

Title: President, Lakes Region Water Company, Inc.

NHPUC No. 6 – WATER

4th Revised Page 11
Superseding 3rd Revised Page 11
Superseding 2nd Revised Page 11
Superseding 1st Revised Page 11

Lakes Region Water Company, Inc.

**GENERAL SERVICE – UNMETERED
For
CONSOLIDATED TARIFF SYSTEMS**

DIVISION

WATERVILLE VALLEY GATEWAY - POOL

AVAILABILITY

This schedule is available to all water service in the franchise area.

CHARACTER OF SERVICE

Water will be furnished at a minimum pressure of thirty (20) pounds per square inch and at a maximum pressure of one hundred twenty five (125) pounds per square inch.

RATES

Minimum charge per quarter	\$ 418.69
Or annual flat rate for community pool	\$ 1,674.76

TERMS OF PAYMENT

Bills under these rates will be rendered quarterly and are due and payable upon presentation. Interest at the rate of eighteen percent (18%) per annum will be charged on all bills thirty (30) days past due.

Issued in compliance with NHPUC Order No. _____ in Docket DW 12- _____, dated _____

Issued by: _____
Thomas Albert Mason

Issued:
Effective:

Title: President, Lakes Region Water Company, Inc.

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NHPUC No. 6 – WATER

4th Revised Page 11
Superseding 3rd Revised Page 11
Superseding 2nd Revised Page 11
Superseding 1st Revised Page 11

Lakes Region Water Company, Inc.

GENERAL SERVICE – UNMETERED
For
CONSOLIDATED TARIFF SYSTEMS

DIVISIONS

TAMWORTH WATER WORKS, 175 ESTATES, DEER COVE, LAKE OSSIPPEE
VILLAGE, INDIAN MOUND, GUNSTOCK GLEN

AVAILABILITY

This schedule is available to all water service in the franchise area.

CHARACTER OF SERVICE

Water will be furnished at a minimum pressure of thirty (20) pounds per square inch and at a maximum pressure of one hundred twenty five (125) pounds per square inch.

RATES

Minimum charge per customer per quarter	\$ 174.20
Or Annual flat rate per customer	\$ 696.78

TERMS OF PAYMENT

Bills under these rates will be rendered quarterly and in advance of services rendered and are due and payable upon presentation. Interest at the rate of eighteen percent (18%) per annum will be charged on all bills thirty (30) days past due.

Issued in compliance with NHPUC Order No. _____ in Docket DW 12- _____, dated _____

Issued by: _____
Thomas Albert Mason

Issued:
Effective:

Title: President, Lakes Region Water Company, Inc.

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