

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

Docket No. DW 13-041

Lakes Region Water Company, Inc.

Date Request Received: March 8, 2012

Date of Response: 4/10/2013

Record Request No. 17

Witness: Stephen P. St. Cyr

REQUEST: Lakes Region Water Company to provide a response to Staff's Analysis of Federal and State Tax Carry Forwards, Exhibit 9.

RESPONSE: The Company has reviewed Mr. Laflamme's analysis of federal and state tax carry forwards. The Company accepts Mr Laflamme's analysis of NH Net-Operating-Loss (NOL) Carry forward available for 2012 of \$6,624 and the NH BET Credit Carry forward available for 2012 of \$11,386.

With respect to the Federal NOL carry forward, the Company has attached its analysis of the carryforward computation available for 2012 in the amount of \$0. The major error was the utilization of \$59,281 more SEC 179 deductions than were available in 2010.

See attached Analysis of Federal Loss Carryforward for Tax Years 2006-2011. Also, see attached Analysis of Federal Sec 179 Depreciation for Tax Years 2006-2011.

The Company is filing amended Federal and State tax returns for 2010 and 2011 in order to report to Internal Revenue Service its use of the Section 179 carryovers and net operating loss carryovers. See Response to Record Request 18.

As shown in its 2012 Federal tax return, the total Federal income tax is \$49,975 (pg.1, ln. 31) and the estimated tax penalty is \$898 (pg. 1, ln. 33), resulting in a total federal tax obligation of \$50,873. There are no net operating losses available from prior years. There are also no carryover of Section 179 deductions from prior years.

As shown on the 2012 state business return, the total state business tax is \$3,281 (pg. 2 of 3, ln. 1(c)). The 2012 NHBPT is \$14,667. The NHBPT is offset by \$13,993 of NHBET credits, resulting in a net 2012 NHBPT of \$674. Please note that \$6,624 of available state net operating losses were available and used. The NHBET is \$2,607.

ORIGINAL	
N.H.P.U.C. Case No.	DW 13-041
Exhibit No.	# 17
Witness	Panel 2
DO NOT REMOVE FROM FILE	

DW 13-041
Lakes Region Water Company, Inc.
Analysis of Federal Loss Carryforward for Tax Years 2006 - 2011

Year 2006:

Available carryforward to 2007		(22,000)
--------------------------------	--	----------

Year 2007:

Available carryforward from 2006	(22,000)	
Net income (loss) original return - 2007	-	
Additional net income (loss) amended return - 2007	-	
Available carryforward to 2008		(22,000)

Year 2008:

Available carryforward from 2007	(22,000)	
Net income (loss) original return - 2008	(228,981)	
Additional net income (loss) amended return - 2008	56,098	
Available carryforward to 2009		(194,883)

Year 2009:

Available carryforward from 2008	(194,883)	
Net income (loss) original return - 2009	-	
Additional net income (loss) amended return - 2009	11,554	
Available carryforward to 2010		(183,329)

Year 2010:

Available carryforward from 2009	(183,329)	
Net income (loss) original return - 2010	-	
Additional net income (loss) amended return - 2010 (amendment needs to be filed - error found in amount of depreciation used in original return)	59,281	
Available carryforward to 2011		(124,048)

Year 2011:

Available carryforward from 2010	(124,048)	
Net income (loss) original return - 2011	137,341	
Amount of loss carryforward used on original return		116,430
Additional net income (loss) amended return - 2011 (amendment needs to be filed - error found in amount of depreciation used in original return)	18,904	
Additional amount of loss carryforward used on original return on amended return - 2011		7,618
Available carryforward to 2012		-

DW 13-041
Lakes Region Water Company, Inc.
Analysis of Federal Sec 179 Depreciation for Tax Years 2006 - 2011

Year 2006:

Available carryforward to 2007	-
--------------------------------	---

Year 2007:

Available carryforward from 2006	-
Additions to Section 179 in 2007	66,929
Utilized by original return - 2007	(23,704)
Additional utilization by amended return -2007	<u>(18,019)</u>
Available carryforward to 2008	<u>25,206</u>

Year 2008:

Available carryforward from 2007	25,206
Additions to Section 179 in 2008	19,018
Utilized by original return - 2008	-
Additional utilization by amended return -2008	<u>-</u>
Available carryforward to 2009	<u>44,224</u>

Year 2009:

Available carryforward from 2008	44,224
Additions to Section 179 in 2009	34,479
Utilized by original return - 2009	(18,537)
Additional utilization by amended return - 2009	<u>(60,166)</u>
Available carryforward to 2010	<u>-</u>

Year 2010:

Available carryforward from 2009	-
Additions to Section 179 in 2010	66,774
Utilized by original return - 2010	(126,055)
Decreased utilization by amended retrun - 2010 (amendment needs to be filed - error found in amount of carryforward used in original return)	<u>59,281</u>
Available carryforward to 2011	<u>-</u>

Year 2011:

Available carryforward from 2010	-
Additions to Section 179 in 2011	66,503
Utilized by original return - 2011	(85,407)
Decreased utilization by amended retrun - 2011 (amendment needs to be filed - error found in amount of carryforward used in original return)	<u>18,904</u>
Available carryforward to 2012	<u>-</u>