

Lorden Commons Sewer Company, LLC

Computation of Revenue Deficiency

For the Test Year Ended December 31, 2012

	<u>Actual</u>	<u>Proforma</u>
Rate Base (Schedule 3)	\$0	\$2,058
Rate of Return (Schedule 4)	<u>0.00%</u>	<u>7.00%</u>
Operating Income Required	\$0	\$144
Net Operating Income (Schedule 1)	<u>(73)</u>	<u>144</u>
Operating Income Deficiency	\$73	\$0
Tax Effect		<u>0</u>
Revenue Deficiency	<u>\$73</u>	<u>\$0</u>

Statement of Income

Line No.	Account Title (Number) (a)	Actual 2012 Year End Balance (b)	Proforma Adjustments (c)	Proforma 2012 Year End Balance (d)
UTILITY OPERATING INCOME				
1	Operating Revenues(400)	\$ -	\$ 11,616	\$ 11,616
2	Operating Expenses:			
3	Operating and Maintenance Expense (401)	\$ 73	\$ 9,944	\$ 10,017
4	Depreciation Expense (403)		19,314	19,314
5	Amortization of Contribution in Aid of Construction (405)		(19,314)	(19,314)
6	Amortization of Utility Plant Acquisition Adjustments (406)			
7	Amortization Expense-Other (407)			
8	Taxes Other Than Income (408)		1,450	1,450
9	Income Taxes (409.1, 410.1, 411.1, 412.1)		5	5
10	Total Operating Expenses	\$ 73	\$ 11,399	\$ 11,472
11	Net Operating Income (Loss)	\$ (73)	\$ 217	\$ 144
OTHER INCOME AND DEDUCTIONS				
12				
13	Interest and Dividend Income (419)			
14	Allow. for funds Used During Construction (420)			
15	Nonutility Income (421)			
16	Gains (Losses) From Disposition of Nonutility Property (422)			
17	Miscellaneous Nonutility Expenses (426)			
18	Interest Expense (427)			
19	Taxes Applicable To Other Income (409.2, 410.2, 411.2, 412.2)			
20	Total Other Income and Deductions	\$ -	\$ -	\$ -
21	NET INCOME (LOSS)	\$ (73)	\$ 217	\$ 144

Lorden Commons Sewer Company, LLC
Statement of Income - Proforma Adjustments

Schedule 1A

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Operating Revenues

2012 Test Year Proforma	\$11,616
2012 Test Year Actual	<u>0</u>
Proforma Adjustment	<u>\$11,616</u>

To adjust test year revenues for revenue needed in order for the Company to earn its rate of return and to recover its expenses.

Total Proforma Adjustment to Operating Revenues **\$11,616**

Operation Expenses

2012 Test Year Proforma	\$10,017
2012 Test Year Actual	<u>73</u>
Proforma Adjustment	<u>\$9,944</u>

To adjust test year operating expenses for proposed annual operating budget

Depreciation Expenses

2012 Test Year Proforma	\$19,314
2012 Test Year Actual	<u>0</u>
Proforma Adjustment	<u>\$19,314</u>

To adjust test year depreciation expenses for annual amount

Amortization of CIAC Expenses

2012 Test Year Proforma	(\$19,314)
2012 Test Year Actual	<u>0</u>
Proforma Adjustment	<u>(\$19,314)</u>

To adjust test year amortization of CIAC expenses for annual amount

Taxes other than Income

2012 Test Year Proforma	\$1,450
2012 Test Year Actual	<u>0</u>
Proforma Adjustment	<u>\$1,450</u>

To adjust test year taxes other than income taxes for anticipated state and local property taxes

State Business Taxes

2012 Test Year Proforma	\$5
2012 Test Year Actual	
Proforma Adjustment	<u>\$5</u>

To adjust test year income taxes for anticipated state business taxes

Total Proforma Adjustment to Operating Expenses **\$11,399**

Lorden Commons Sewer Company, LLC**Schedule 1B****Proposed Annual Operating Budget**

Operating Expenses:	Lorden <u>50 cust.</u>
Insurance	\$ 407
Regulatory Commission Expenses	75
Office Expenses	225
Telephone	111
Pump Maintenance	2,904
Other maintenace	2,186
Management	2,157
Billing	921
Bad Debt Expense	357
Dig Safe	36
Legal	-
Water	8
Sewer	-
Electric	512
Gas	77
Propane	41
Other	-
Total	<u>\$ 10,017</u>
State Utility Property Taxes	\$ 513
Town of Londonderry Property Taxes	<u>937</u>
Total Taxes other than Income	<u>\$ 1,450</u>
State Business Taxes	<u>\$ 5</u>
Total Income Taxes	<u>\$ 5</u>

Balance Sheet - Assets and Other Debits

Line No.	Account Title (Number) (a)	Actual 2012 Year End Balance (d)
UTILITY PLANT		
1	Utility Plant (101-105)	\$ 33,340
2	Less: Accumulated Depr. and Amort. (108-110)	\$ -
3	Net Plant	\$ 33,340
4	Utility Plant Acquisition Adj. (Net) (114-115)	
5	Total Net Utility Plant	\$ 33,340
OTHER PROPERTY AND INVESTMENTS		
6	Nonutility Property (121)	
7	Less: Accumulated Depr. and Amort. (122)	
8	Net Nonutility Property	
9	Investment in Associated Companies (123)	
10	Utility Investments (124)	
11	Total Other Property & Investments	
CURRENT AND ACCRUED ASSETS		
12	Cash (131)	1,587
13	Special Deposits (132)	
14	Accounts and Notes Receivable-Net (141-144)	
15	Plant Materials and Supplies (151)	
16	Prepayments (162-163)	
17	Misc. Current and Accrued Assets (174)	
18	Total Current and Accrued Assets	\$ 1,587
DEFERRED DEBITS		
19	Miscellaneous Deferred Debits (186)	
20	Accumulated Deferred Income Taxes (190)	
21	Total Deferred Debits	\$ -
TOTAL ASSETS AND OTHER DEBITS		\$ 34,927

Balance Sheet - Equity Capital and Liabilities

Line No.	Account Title (Number) (a)	Actual 2012 Year End Balance (d)
EQUITY CAPITAL		
1	Common Stock Issued (201)	\$ 100
2	Preferred Stock Issued (204)	
3	Other Paid-In Capital (211)	
4	Retained Earnings (217)	(73)
5	Proprietary Capital (proprietorships & partnerships) (218)	
6	Total Equity Capital	\$ 27
LONG TERM DEBT		
7	Other Long-Term Debt (224)	30,000
CURRENT AND ACCRUED LIABILITIES		
8	Accounts Payable (231)	4,900
9	Notes Payable (232)	
10	Customer Deposits (235)	
11	Accrued Taxes (236)	
12	Accrued Interest (237)	
13	Misc. Current and Accrued Liabilities (241)	
14	Total Current and Accrued Liabilities	\$ 4,900
DEFERRED CREDITS		
15	Advances for Construction (252)	
16	Other Deferred Credits (253)	
17	Accumulated Deferred Investment Tax Credits (255)	
18	Miscellaneous Operating Reserves (265)	
19	Contributions In Aid of Construction - Net (271-272)	
20	Accumulated Deferred Income Taxes (281-283)	
21	TOTAL EQUITY CAPITAL AND LIABILITIES	\$ 34,927

Lorden Commons Sewer Company, LLC

Schedule 3

Rate Base

Line No.	Account Title (a)	Actual 2012 Balance (b)	Adjustments (e)	Proforma 2012 Balance (f)
1	Plant in Service		\$ 589,661	\$ 589,661
2	Less: Accumulated Depreciation		<u>9,657</u>	<u>9,657</u>
3	Net Utility Plant		\$580,004	\$580,004
4	Cash Working Capital		2,058	2,058
5	Material and Supplies			0
6	Prepayments			0
7	Contribution in Aid of Construction - Net		(580,004)	(580,004)
8	Accumulated Deferred Income Taxes			0
9	Total Rate Base	<u>\$0</u>	<u>\$2,058</u>	<u>\$2,058</u>

Lorden Commons Sewer Company, LLC

Schedule 3A

Plant / Depreciation Expense / Accumulated Depreciation

	<u>Costs</u>	<u>Estimated Life</u>	<u>Annual Depr Expense</u>	<u>Accum Depr</u>
354 Structures	122,432	40	3,061	1,530
360 Collection Sewers - Force	27,170	50	543	272
361 Collection Sewers - Gravity	342,870	50	6,857	3,429
363 Services to Customers	-	40	-	-
364 Flow Measuring Devices	-	20	-	-
370 Receiving Wells	13,000	30	433	217
371 Pumping Equipment	84,190	10	8,419	4,210
Total	<u>589,661</u>		<u>19,314</u>	<u>9,657</u>

CIAC / Amortization Expense / Accumulated Amortization

	<u>1st Year CIAC</u>	<u>Estimated Life</u>	<u>Annual Amort Expense</u>	<u>Accum Amort</u>
354 Structures	(122,432)	40	(3,061)	(1,530)
360 Collection Sewers - Force	(27,170)	50	(543)	(272)
361 Collection Sewers - Gravity	(342,870)	50	(6,857)	(3,429)
363 Services to Customers	-	40	-	-
364 Flow Measuring Devices	-	20	-	-
370 Receiving Wells	(13,000)	30	(433)	(217)
371 Pumping Equipment	(84,190)	10	(8,419)	(4,210)
Total	<u>(589,661)</u>		<u>(19,314)</u>	<u>(9,657)</u>

Lorden Commons Sewer Company, LLC

Schedule 3B

Sewer Plant per Severino Trucking Company Contract

PUC Acct.	Sewer - Site		Total Price	Portion of Total Price Phase 1	354	360	361	363	364	370	371	
361	20500.06	PVC 6" Sewer Pipe	2,266.00 LF	74,325			74,325					
361	20500.08	PVC 8" Sewer Pipe	3,816.00 LF	108,184			108,184					
361	20502.08	PVC 8" Sewer Tee/Wye	65 each	7,931			7,931					
360	20510.04	4" C-900 PVC Sewer Force Main	1,430.00 LF	27,170		27,170						
361	20551.2	Manhole Drop	29.70 VF	2,109			2,109					
361	20551.4	Sewer Manhole 4' Diameter	14.00 unit	37,800			37,800					
361	20551.5	Sewer Manhole 5' Diameter	2.00 Unit	6,460			6,460					
361	20599	Testing - Sewer	1.00 LS	7,500			7,500					
	Total Sewer Site			<u>271,479</u>	<u>271,479</u>							
Sewer Pump Station												
354	20539	Pump Station Supply Only	1.00 Each	79,500	79,500	79,500						
370	20539.108	Sewer Pump Wet Well 8' Dia	1.00 Each	13,000						13,000		
371	20540	Generator F&I and Pump Install	1.00 Each	77,250	77,250						77,250	
354	20702	Underground Electrical Conduits	100.00 LF	1,500	1,500	1,500						
354	20707	Electrical Panel - Cabinet	1.00 Each	15,450	15,450	15,450						
354	20780	E&B Propoane Tank	1.00 Each	1,200	1,200	1,200						
354	20781	E&B Propoane Service	25.00 LF	550	550	550						
371	20852	Crushed Gravel for Gen Pad and Pumps	36.00 CY	1,044	1,044						1,044	
371	20855	Fine Grade Pads	88.00 SY	440	440						440	
371	20860	Concrete Pads for Generator and Pumps	88.00 SY	5,456	5,456						5,456	
354	21015	Bollards for Pump Station	2.00 Each	1,090	1,090	1,090						
	Total Sewer Pump Station			<u>196,480</u>	<u>196,480</u>							
Sewer - Easement												
361	20500.08	PVC 8" Sewer Pipe	2735.00 LF	196,920	74,591		74,591					
361	20551.4	Sewer Manhole 4' Diameter	9.00 Unit	39,150	14,830		14,830					
361	20551.5	Sewer Manhole 5' Diameter	1.00 Unit	8,700	3,295		3,295					
361	20575	Core Existing Sewer Manhole	1.00 Unit	1,000	379		379					
354	20580	Saw Cut Pavement	30.00 LF	60	23	23						
354	20581	Pavement Patch	200.00 SF	1,400	530	530						
354	20590	Invert	1 Each	515	195	195						
354	20910	Loan and Seed	15,415.00	36,225	13,722	13,722						
	Total Sewer Easement			<u>283,970</u>	<u>107,564</u>							
Sewer - Waste Management												
361	20500.08	PVC 8" Sewer Pipe	340.00 LF	13,430	5,087		5,087					
361	20575	Core Existing Sewer Manhole	1.00 Each	1,000	379		379					
354	20580	Sew Cut Pavement	250.00 LF	500	189	189						
354	20581	Pavement Patch	1,250.00 SF	8,750	3,314	3,314						
354	20590	Invert	1 Each	515	195	195						
354	21016.99	Reset Existing Fence	60.00 LF	1,236	468	468						
	Total Waste Management			<u>25,431</u>	<u>9,633</u>							
Sub-Total Sewer Plant per Severino Trucking Co. Contract				<u>777,360</u>	<u>585,156</u>	<u>117,927</u>	<u>27,170</u>	<u>342,870</u>	-	-	<u>13,000</u>	<u>84,190</u>
Misc. Utilities UGE/T/C												
354	21016.02	Fence Chain Link - Security Fence	170.00 LF	4,505	4,505	4,505						
Total Sewer Plant per Severino Trucking Co. Contract				<u>781,865</u>	<u>589,661</u>	<u>122,432</u>	<u>27,170</u>	<u>342,870</u>	-	-	<u>13,000</u>	<u>84,190</u>

Lorden Commons Sewer Company, LLC

Schedule 3C

Working Capital

	2012 Actual <u>Amount</u>	2012 Proforma <u>Amount</u>
Operating and Maintenance Expenses	\$73	\$10,017
75/365	<u>20.55%</u>	<u>20.55%</u>
Working Capital	<u>\$15</u>	<u>\$2,058</u>

Rate of Return Information

		Component Ratio		Component Cost Rate		Weighted Average Cost Rate
Overall Rate of Return						
Equity Capital		0.09%		9.60%		0.01%
Long Term Debt		99.91%		7.00%		6.99%
Total Capital		100.00%				7.00%

Capital Structure					2012 Actual		2012 Proforma
Common Stock					\$ 100		\$ 100
Other Paid in Capital							
Retained Earnings					(73)		(73)
Total Equity					\$ 27		\$ 27
Long Term Debt					\$ 30,000		\$ 30,000
Total Capital					\$ 30,027		\$ 30,027

Cost of Common Equity Capital
The Company is utilizing a cost of common equity of 9.60%.

Lorden Commons Sewer Company, LLC - Proposed Statement to be transmitted to Customer

Dear Customer,

On October 23, 2013 Lorden Commons Sewer Company, LLC (“Company”) filed for the establishment of an initial sewer rate with the New Hampshire Public Utilities Commission (“NHPUC”). If approved as filed, the Company’s annual revenue requirement would be \$11,616. On a per residential customer basis, the initial sewer rate would be \$232.32, or \$58.08 per quarter. The Company is proposing that the initial sewer rate tariff be effective on the date that sewer service is provided. Also, please note that the Town of Londonderry sewer fees based on individual customer water use will be passed onto each customer for payment.

In DW 11-139 the Public Utilities Commission (“PUC”) approved the Company’s request for a new sewer franchise in the northeastern portion of the Town of Londonderry. The franchise is proposed to provide sewer service to a proposed residential subdivision known as Lorden Commons. The proposed development is to be constructed by Chinburg Builders, Inc. (“Chinburg”) and will consist of single family, three bedroom homes. An initial 50 homes will be built in phase I over a two year period beginning in the fall of 2013. Additional phases are expected to add 82 homes over the ensuing three to four year period. Initial sewer service is anticipated in fall of 2013.

The NHPUC has scheduled a pre-hearing conference to be held at the Commission’s offices in Concord, N. H. on ... at 10:00 am. At the pre-hearing conference, the Commission will hear preliminary statements from the Company and other parties and will consider requests for formal intervenor status. The pre-hearing conference is open to the public. Customers are also welcome to submit written comments to the NHPUC.

The rate increase will be subject to review and ultimate approval by the NHPUC. If you have any questions at all, please feel free to contact me at 207-423-0215.

Sincerely,

Stephen P. St. Cyr

Response to certain PUC 1604.01 Full Rate Case Filing Requirements

- | | |
|--|-----------------------------------|
| (3) Federal income tax reconciliation for the test year | See 1604.01 (3) attachment. |
| (4) NH and federal income tax factors | See 1604.01 (4) attachment |
| (8) Most recent construction budget | See 1604.01 (8) attachment |
| (14) List of officers and directors ... compensation | See 1604.01 (14) attachment |
| (15) List of the amount of voting stock | See 1604.01 (15) attachment |
| (16) Payments ... in excess of \$10,000 | See 1604.01 (16) attachment |
| (18) Balance Sheets & Income Statements | See schedules 4 & 5 of the filing |
| (22) Capital Budget with statement of the source and uses of funds | See 1604.01 (22) attachment |

SPSt. Cyr
10/23/13