

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

**DOCKET NO. DW 15-199
ABENAKI WATER COMPANY, INC.**

SETTLEMENT AGREEMENT – TEMPORARY RATES

I. INTRODUCTION

This Settlement Agreement (“Agreement”) is entered into this 10th day of December, 2015, by and among Abenaki Water Company, Inc. (“Abenaki” or “Company”), the staff (“Staff”) of the New Hampshire Public Utilities Commission (“the Commission”), and the Office of the Consumer Advocate (“OCA”), collectively (“Settling Parties”), with the intent of resolving the issues discussed herein. This Settlement Agreement constitutes the recommendation of the Settling Parties with respect to the Commission’s determination of temporary rates.

II. PROCEDURAL BACKGROUND

On July 24, 2015, Abenaki submitted a permanent rate filing including revised tariff pages designed to consolidate the separate water rates for the Bow and Belmont systems and increase its annual water revenue by a total of \$45,393, or 23.41%. Abenaki also proposed to increase its annual sewer revenue for its Belmont customers by a total of \$39,246, or 50.11%. On August 17, 2015, the Company filed a Petition for Temporary Rates (Petition) seeking an increase in Bow water revenues of \$11,974, or 18.09%; an increase in Belmont sewer revenues of \$17,237, or 22.01%; and for Belmont Water revenues to remain at present rates for temporary rate purposes, all to take effect with service-rendered basis as of September 8, 2015. On

November 10, 2015, Staff filed testimony recommending a temporary revenue requirement increase for Bow Water of \$10,585 or 15.99%, and Belmont Sewer of \$15,054, an increase of 19.22%. Staff supported Abenaki's request that temporary rates for Belmont Water customers be set current levels. On November 12, 2015, Village Shore Estates filed the testimony of Mr. Laflamme, recommending that the Commission closely scrutinize the rate increase request to ensure a fair outcome and pay particular attention to the debt to equity ratio and the truthfulness and accuracy of information Abenaki has given to their customers and the Commission. On November 19, 2015, the Settling Parties met and negotiated the terms of the Settlement Agreement.

III. TERMS OF AGREEMENT

The Settling Parties recommend that the Commission authorize the Company, in accordance with RSA 378:27, to implement temporary rates according to the following terms:

For Belmont Water customers, the Company will charge current rates as temporary rates;

For Bow Water customers, the Company will charge rates sufficient to yield a temporary increase in annual revenues of \$10,740, or 16.22%;

For Belmont Sewer customers, the Company will charge rates sufficient to yield a temporary increase in annual revenues of \$15,158, or 19.36%;

The temporary rate increases will be spread uniformly across all water and sewer customer classes (except for Belmont Water customers) and will be computed using the Company's last approved cost of equity of 9.75%, without prejudice to any party or Staff to recommend otherwise for the purpose of permanent rates.

The temporary rates shall be effective for service rendered basis as of September 8, 2015.

Any difference between the approved temporary rates and the approved permanent rates shall be subject to reconciliation to the effective date of September 8, 2015 on a service rendered basis, upon the implementation of the new permanent rates, as provided by RSA 378:29.

IV. CONDITIONS

This Settlement Agreement is expressly conditioned upon the Commission's approval of all its provisions, without change or condition. If such approval is not granted, the Settlement Agreement shall be deemed to be null and void and without effect, and shall not be admissible as evidence or used against any party. The Commission's acceptance of this Settlement Agreement does not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding, but such acceptance does constitute a determination that the temporary revenue requirement and temporary rates are just and reasonable.

The discussions that produced this Settlement Agreement have been conducted on the understanding that all offers of settlement relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used for any purpose.

IN WITNESS WHEREOF, the Settling Parties have caused this Settlement Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

ABENAKI WATER COMPANY, INC.

By its Attorneys

UPTON & HATFIELD, LLP

Dated: December 10, 2015

By: Rorie E. Patterson for
Justin C. Richardson

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Dated: December 10, 2015

By: Rorie E. Patterson
Rorie E. Patterson
Staff Attorney

STAFF OF THE OFFICE OF
CONSUMER ADVOCATE

Dated: December 10, 2015

By: Susan W. Chamberlain
Susan W. Chamberlain
Consumer Advocate

**DW 15-199
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
TEMPORARY RATES
REVENUE REQUIREMENT**

Average Rate Base per Staff (Att A; Sch 2; Col 6)	\$ 107,240
Rate of Return (Att A; Sch 1a)	<u>7.41%</u>
Operating Income Requirement	7,951
Adjusted Net Operating Income per Staff (Att A; Sch 3; Col 7)	<u>8,696</u>
Revenue Deficiency / (Surplus) Before Income Taxes	(745)
Divided by Tax Factor	<u>60.39%</u>
Revenue Deficiency / (Surplus)	(1,234)
Pro-forma Test Year Water Sales (Att A; Sch 3; Col 7)	<u>78,181</u>
Revenue Requirement from Water Sales per Staff	76,947
Less: Adjusted Test Year Water Sales (Att A; Sch 3; Col's 1, 2 & 5)	<u>(66,207)</u>
Increase / (Decrease) in Revenue Requirement from Water Sales	<u>\$ 10,740</u>
Percent Increase / (Decrease) in Revenue Requirement from Water Sales	<u>16.22%</u>

DW 15-189
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
TEMPORARY RATES

	Capital Structure					Interest Expense					Amortization Expense					Cost Rate	Weighted Average Cost
	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff	Adjusted 12/31/14	Percent	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff	Adjusted 12/31/14	Interest Rate	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff	Adjusted 12/31/14	Total Annual Cost of Debt		
Long-term Debt:																	
2014 CoBank Loan	\$ 252,802	\$ -	\$ -	\$ 252,802	41.56%	\$ 8,637	\$ -	\$ -	\$ 8,637	3.42%	\$ 1,803	\$ -	\$ -	\$ 1,803	\$ 10,440	4.13%	1.72%
Total Long-term Debt	252,802	-	-	252,802	41.56%	8,637	-	-	8,637	3.42%	1,803	-	-	1,803	10,440		1.72%
Common Equity:																	
Common Stock	-	-	-	-	0.00%												
Additional Paid-in Capital	339,521	-	-	339,521	55.82%												
Retained Earnings	15,956	-	-	15,956	2.52%												
Total Common Equity	355,477	-	-	355,477	58.44%											9.75%	5.70%
Total Capitalization	\$ 608,279	\$ -	\$ -	\$ 608,279	100.00%												7.41%

**DW 15-199
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
TEMPORARY RATES
AVERAGE RATE BASE**

	(1) Year End Average Per Company	(2) Pro-forma Adjustments Per Company	(3) Pro-forma Rate Base Per Company	(4) Staff Adjustments (Att A; Sch 2a)	(5) Adj #	(6) Pro-forma Rate Base Per Staff
<u>Plant in Service</u>						
Plant in Service	\$ 413,314	\$ -	\$ 413,314	\$ (2,952)	1	\$ 410,362
Less: Accumulated Depreciation	<u>(212,014)</u>	<u>(741)</u>	<u>(212,755)</u>	<u>2,952</u>	2	<u>(209,803)</u>
Net Plant in Service	<u>201,300</u>	<u>(741)</u>	<u>200,559</u>	<u>-</u>		<u>200,559</u>
Contributions in Aid of Construction (CIAC)	(143,900)	-	(143,900)	-		(143,900)
Accumulated Amortization of CIAC	<u>44,318</u>	<u>-</u>	<u>44,318</u>	<u>-</u>		<u>44,318</u>
Net Contributions in Aid of Construction	<u>(99,582)</u>	<u>-</u>	<u>(99,582)</u>	<u>-</u>		<u>(99,582)</u>
Net Plant in Rate Base	<u>101,718</u>	<u>(741)</u>	<u>100,977</u>	<u>-</u>		<u>100,977</u>
Cash Working Capital	5,899	-	5,899	(132)	3	5,767
Materials and Supplies	424	-	424			424
Prepaid Expenses	72	-	72	-		72
Unamortized Deferred Debits	-	-	-	-		-
Accumulated Deferred Income Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Total Average Rate Base	<u>\$ 108,113</u>	<u>\$ (741)</u>	<u>\$ 107,372</u>	<u>\$ (132)</u>		<u>\$ 107,240</u>

DW 15-199
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO TEMPORARY RATES AVERAGE RATE BASE

Adj#

Proforma Adjustments to Plant in Service:

Plant in Service

1	To adjust Plant in Service for meter retirements not recorded in test year rate base.	\$	(2,952)
			\$ (2,952)

Accumulated Depreciation

2	To adjust Accumulated Depreciation for meter retirements not recorded in test year rate base.	\$	2,952
			\$ 2,952

Cash Working Capital

3	To adjust Co's pro-forma cash working capital component to reflect Staff O&M Expense Adj's:		
	Total pro-forma O & M Expenses after Staff Adj's (Att A; Sch 3; Col 6)	\$	46,776
	Cash Working Capital % (45 days / 365 days)		12.33%
	Pro-forma Cash Working Capital Component per Staff	\$	5,767
	Less: Pro-forma cash working capital component proposed by Co. and adjusted by Staff		(5,899) (132)
			\$ (132)

Net Rate Base Adjustments per Staff \$ (132)

DW 15-199
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
CONVERSION OF RATE BASE COMPONENTS FROM YEAR-END AVERAGE TO 5-QUARTER AVERAGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Quarter Ending Balance Per Staff					5-Quarter Average Per Staff	Year End Average Per Company	To Adjust Rate Base to 5-Quarter Avg	Adjustment #
	12/31/13	03/31/14	06/30/14	09/30/14	12/31/14				
Plant in Service	\$ 403,442	\$ 404,002	\$ 408,522	\$ 424,637	\$ 425,965	\$ 413,314	413,314	\$ (0)	
Accumulated Depreciation	(205,158)	(208,996)	(212,494)	(215,992)	(217,428)	\$ (212,014)	(212,014)	0	
Contributions in Aid of Construction (CIAC)	(143,900)	(143,900)	(143,900)	(143,900)	(143,900)	(143,900)	(143,900)	-	
Accumulated Amortization - CIAC	43,682	43,030	43,030	43,030	48,820	44,318	44,318	0	
Cash Working Capital	(a)					5,899	5,899	-	
Material and Supplies	424	424	424	424	424	424	424	-	
Prepaid Expenses (c)	-	-	-	-	360	72	72	-	
Unamortized Deferred Debits						-	-	-	
Accumulated Deferred Income Taxes	-	-	-	-	-	-	-	-	
Total Average Rate Base						\$ 108,113	\$ 108,113	\$ 0	

(a) Adjustment of Test Year Cash Working Capital:

Test Year O & M Expenses (Att A; Sch 3; Col 1+2)	\$ 47,845
Cash Working Capital % (45 days / 365 days)	12.33%
Adjusted Test Year Cash Working Capital per Staff	\$ 5,899

DW 15-199
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
TEMPORARY RATES
OPERATING INCOME STATEMENT

	(1) Per Test Year	(2) Normalization Adjustments Per Company	(3) Pro-forma Adjustments Per Company	(4) Adjusted Test Year Per Company	(5) Staff Adjustments (Att A; Sch 3a)	(6) Adj #	(7) Adjusted Test Year Per Staff	(8) Revenue Deficiency / (Surplus)	(9) Revenue Requirement
Operating Revenues									
Water Sales	\$ 58,021	\$ 8,289	\$ 11,974	\$ 78,284	\$ (103)	4	\$ 78,181	\$ (1,234)	\$ 76,947
Other Operating Revenues	-	-	-	-	103	5	103		103
Total Water Revenues	<u>58,021</u>	<u>8,289</u>	<u>11,974</u>	<u>78,284</u>	<u>-</u>		<u>78,284</u>	<u>(1,234)</u>	<u>77,050</u>
Operating Expenses									
Operation & Maintenance Expenses:									
Source of Supply Expenses	-	-	-	-	-		-	-	-
Pumping Expenses	15,713	2,247	-	17,960	-		17,960	-	17,960
Water Treatment Expenses	5,825	833	-	6,658	-		6,658	-	6,658
Transmission & Distribution Expenses	9,312	1,330	-	10,642	-		10,642	-	10,642
Customer Accounts Expenses	4,358	622	-	4,980	-		4,980	-	4,980
Administrative & General Expenses	6,656	949	-	7,605	(1,069)	6-7	6,536	-	6,536
Total Operation & Maintenance Expenses	<u>41,864</u>	<u>5,981</u>	<u>-</u>	<u>47,845</u>	<u>(1,069)</u>		<u>46,776</u>	<u>-</u>	<u>46,776</u>
Depreciation Expense	10,764	1,538	741	13,043	(148)	8	12,895	-	12,895
Amortization Expense - CIAC	(5,790)	-	651	(5,139)	-		(5,139)	-	(5,139)
Amortization Expense - Other	-	-	-	-	-		-	-	-
Taxes other than Income	8,150	1,164	734	10,048	-		10,048	-	10,048
Total Operating Expenses	<u>54,988</u>	<u>8,683</u>	<u>2,126</u>	<u>65,797</u>	<u>(1,217)</u>		<u>64,580</u>	<u>-</u>	<u>64,580</u>
Net Operating Income / (Loss)									
Before Income Taxes	3,033	(394)	9,848	12,487	1,217		13,704	(1,234)	12,470
Income Taxes	2,475	353	1,698	4,526	482	Att A; Sch 3b	5,008	(489)	4,519
Net Operating Income (Loss)	<u>\$ 558</u>	<u>\$ (747)</u>	<u>\$ 8,150</u>	<u>\$ 7,961</u>	<u>\$ 735</u>		<u>\$ 8,696</u>	<u>\$ (745)</u>	<u>\$ 7,951</u>

**DW 15-199
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO TEMPORARY RATES - OPERATING REVENUES AND EXPENSES**

Adj #

Pro-forma Adjustments to Operating Revenue:

4	To adjust test year water sales for other revenues included in error:	\$	(103)
5	To record other revenues included in water sales in error:	\$	<u>103</u>

Pro-forma Adjustments to Operating Expenses:

Administrative & General Expenses

6	To adjust test year insurance expense amongst all Abenaki divisions (based on company allocation methods)		
	<u>Property Insurance:</u>		
	Amount booked per Filing- based on Property Tax Expense per division (43% of \$1,252)	\$	537
	Staff calculation (39% of \$1,252)		<u>488</u>
	Adjustment to Property Insurance (Account #924)		(49)
	<u>General Liability Insurance:</u>		
	Amount booked per Filing- based on Rate Base per division (28% of \$1,428)	\$	400
	Staff calculation based on 2013 Net Plant per Filing (39% of \$1,428)		<u>557</u>
	Adjustment to Property Insurance (Account #930)	\$	<u>157</u>
	<u>D&O Insurance:</u>		
	Amount booked per Filing- based on an even split between divisions (50% of \$842)	\$	421
	Staff calculation (33.3% of \$842)		<u>281</u>
	Adjustment to Property Insurance (Account #924)	\$	<u>(140)</u>
	Adjustment required to properly allocate Insurance Expense for the Test Year		\$ (32)
7	To adjust test year for Administrative Costs charged by Parent in March, April and May but were not included in the Management Fee Agreement. (See Audit Issue #3)		<u>(1,037)</u>
	Total Adjustments - Administrative & General Expenses	\$	<u>(1,069)</u>

Depreciation Expense

8	To adjust test year depreciation expense for meter retirements not recorded during the test year.	\$	(2,950)
		x	<u>5%</u>
			(148)
	Total Adjustments - Depreciation Expense	\$	<u>(148)</u>

Net Operating Expense Adjustments per Staff before Income Taxes **\$ (1,217)**

**DW 15-199
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
TEMPORARY RATES
PROFORMA ADJUSTMENTS TO INCOME TAXES**

INCOME TAXES

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Total proforma adjustments to Water Revenue	\$ 103
Total proforma adjustments to Other Revenue	(103)
Total proforma adjustments to Pumping Expenses	-
Total proforma adjustments to Transmission and Distribution Expenses	-
Total proforma adjustments to Customer Accounting Expenses	-
Total proforma adjustments to Administrative & General Expenses	1,069
Total proforma adjustments to Depreciation Expense	148
Total proforma adjustments to Amortization Expense	-
Total proforma adjustments to Taxes Other than Income	-
	<hr/>
Additional Revenue/(Expense) Subject to New Hampshire Business Profits Tax	1,217
New Hampshire Business Profits Tax @ 8.5%	<hr/> (103)
Additional Revenue/(Expense) Subject to Federal Income Tax	1,114
Federal income Tax @ 34%	<hr/> (379)
Staff Proforma Adjustments Net of Income Taxes	<hr/> <hr/> \$ 735

**DW 15-199
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
REPORT OF PROPOSED RATE CHANGES
TEMPORARY RATES**

<u>Rate Class of Service:</u>	<u>Effect of Change</u>	<u>Number of Customers</u>	<u>Authorized Present Revenue</u>	<u>Proposed Revenue</u>	<u>Proposed Change Amount</u>	<u>Proposed Percentage Change</u>
Residential Single Family (MRS)	Increase	95	66,207	76,947	10,740	16.22%
Total - Water Division		95	\$ 66,207	\$ 76,947	\$ 10,740	16.22%

DW 15-199
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
CALCULATION OF CUSTOMER RATES
TEMPORARY RATES

Summary of Proposed Revenue Requirement:

Adjusted Test Year Water Sales (Att A; Sch 3; Col's 1, 2 & 5)	\$ 66,207
Proposed Increase in Revenue Requirement from Permanent Rates (Att A; Sch 1)	10,740
Total Proposed Revenue Requirement	\$ 76,947
Total Proposed Increase in the Revenue Requirement	16.22%

Percent of Pro-forma Test Year Revenues per Customer Class:

	Number of Customers	Proposed Test Year Revenues	Percentage of Revenues
Residential Single Family (MRS)	95	76,947	100.00%
	95	\$ 76,947	100.00%

	Annual Revenue per Rate	Annual Revenue per Rate Class
<u>Calculation of Rates</u>		

Residential Single-Family:

Calculation of Base Charge:

Monthly Base Charge - Present Tariff	\$ 10.00	
1 + Percent Increase	x 1.1622	
Proposed Residential Single-Family Monthly Base Charge (Rounded)	\$ 11.62	
Number of Customers	x 95	
Annual Billing Periods	x 12	\$ 13,249.37

Calculation of Consumption Charge:

Total Proposed Revenue Requirement	\$ 76,947	
Less: Combined Proposed Residential Multi- & Single- Family Revenues from Base Charge	(13,249)	
Combined Proposed Residential Multi- & Single- Family Revenues from Consumption Charge	\$ 63,698	
Residential Single-Family Annual Consumption (CCF)	+ 5,481.20	
Proposed Residential Multi- & Single- Family Consumption Charge	\$ 11,621.20	
Residential Single-Family Annual Consumption (CCF)	x 5,481.20	\$ 63,698.10
		\$ 76,947.48

**DW 15-199
ABENAKI
SEWER DIVISION
TEMPORARY RATES
REVENUE REQUIREMENT**

Average Rate Base per Staff (Att B; Sch 2; Col 6)	\$ 71,855
Rate of Return (Att B; Sch 1a)	<u>7.41%</u>
Operating Income Requirement	5,327
Adjusted Net Operating Income per Staff (Att B; Sch 3; Col 7)	<u>6,582</u>
Revenue Deficiency / (Surplus) Before Income Taxes	(1,255)
Divided by Tax Factor	<u>60.39%</u>
Revenue Deficiency / (Surplus)	(2,079)
Pro-forma Test Year Sewer Sales (Att B; Sch 3; Col 7)	<u>95,550</u>
Revenue Requirement from Sewer Sales per Staff	93,471
Less: Adjusted Test Year Sewer Sales (Att B; Sch 3; Col's 1, 2 & 5)	<u>(78,313)</u>
Increase / (Decrease) in Revenue Requirement from Sewer Sales	<u>\$ 15,158</u>
Percent Increase / (Decrease) in Revenue Requirement from Sewer Sales	<u>19.36%</u>

DW 15-199
ABENAKI
SEWER DIVISION
TEMPORARY RATES
WEIGHTED AVERAGE COST OF CAPITAL

	Capital Structure				Interest Expense				Amortization Expense				Cost Rate	Weighted Average Cost			
	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff	Adjusted 12/31/14	Percent	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff	Adjusted 12/31/14	Interest Rate	Actual 12/31/14	Adjustments Per Co Filing			Adjustments Per Staff	Adjusted 12/31/14	Total Annual Cost of Debt
Long-term Debt:																	
2014 CoBank Loan	\$ 252,802	\$ -	\$ -	\$ 252,802	41.56%	\$ 8,637	\$ -	\$ -	\$ 8,637	3.42%	\$ 1,803	\$ -	\$ -	\$ 1,803	\$ 10,440	4.13%	1.72%
Total Long-term Debt	252,802	-	-	252,802	41.56%	8,637	-	-	8,637	3.42%	1,803	-	-	1,803	10,440		1.72%
Common Equity:																	
Common Stock	-	-	-	-	0.00%												
Additional Paid-in Capital	339,521	-	-	339,521	55.82%												
Retained Earnings	15,956	-	-	15,956	2.62%												
Total Common Equity	355,477	-	-	355,477	58.44%											9.75%	5.70%
Total Capitalization	\$ 608,279	\$ -	\$ -	\$ 608,279	100.00%												7.41%

**DW 15-199
ABENAKI
SEWER DIVISION
TEMPORARY RATES
AVERAGE RATE BASE**

	(1) Year End Average Per Company	(2) Pro-forma Adjustments Per Company	(3) Pro-forma Rate Base Per Company	(4) Staff Adjustments (Att B; Sch 2a)	(5) Adj #	(6) Pro-forma Rate Base Per Staff
<u>Plant in Service</u>						
Plant in Service	\$ 108,743	\$ -	\$ 108,743	\$ 200	1	\$ 108,943
Less: Accumulated Depreciation	<u>(54,341)</u>	<u>(360)</u>	<u>(54,701)</u>	<u>-</u>		<u>(54,701)</u>
Net Plant in Service	<u>54,402</u>	<u>(360)</u>	<u>54,042</u>	<u>200</u>		<u>54,242</u>
Contributions in Aid of Construction (CIAC)	-	-	-	-		-
Accumulated Amortization of CIAC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Net Contributions in Aid of Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Net Plant in Rate Base	<u>54,402</u>	<u>(360)</u>	<u>54,042</u>	<u>200</u>		<u>54,242</u>
<u>Working Capital</u>						
Cash Working Capital	9,937	-	9,937	(255)	2	9,682
Materials and Supplies	7,931	-	7,931	-		7,931
Prepaid Expenses	-	-	-	-		-
Unamortized Deferred Debits	-	-	-	-		-
Accumulated Deferred Income Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Total Working Capital in Rate Base	<u>17,868</u>	<u>-</u>	<u>17,868</u>	<u>(255)</u>		<u>17,613</u>
Total Average Rate Base	<u>\$ 72,270</u>	<u>\$ (360)</u>	<u>\$ 71,910</u>	<u>\$ (55)</u>		<u>\$ ¹⁷ 71,855</u>

**DW 15-199
ABENAKI
SEWER DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO TEMPORARY RATES AVERAGE RATE BASE**

Adj#

Proforma Adjustments to Plant in Service:

Plant in Service

1	To adjust plant in service test year average due to December 2014 balance reported incorrectly in the original filing (See Audit Issue #4)	200
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Total Adjustments - Plant in Service	\$	<u>200</u>
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Proforma Adjustments to Working Capital:

Cash Working Capital

2	To adjust Co's pro-forma cash working capital component to reflect Staff O&M Expense Adj's:		
	Total pro-forma O & M Expenses after Staff Adj's (Att A; Sch 3; Col 6)	\$	78,521
	Cash Working Capital % (45 days / 365 days)		<u>12.33%</u>
	Pro-forma Cash Working Capital Component per Staff	\$	<u>9,682</u>
	Less: Pro-forma cash working capital component proposed by Co. and adjusted by Staff		<u>(9,937) (255)</u>

Total Adjustments - Cash Working Capital	\$	<u>(255)</u>
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Net Rate Base Adjustments per Staff	\$	<u>(55)</u>
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DW 15-199
ABENAKI
SEWER DIVISION
CONVERSION OF RATE BASE COMPONENTS FROM YEAR-END AVERAGE TO 5-QUARTER AVERAGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Quarter Ending Balance Per Staff					5-Quarter Average Per Staff	5-Quarter Average Per Company	To Adjust Rate Base to 5-Quarter Avg	Adjustment #
	12/31/13	03/31/14	06/30/14	09/30/14	12/31/14				
Plant in Service	\$ 103,850	\$ 109,850	\$ 109,899	\$ 110,059	\$ 111,059	\$ 108,943	108,743	\$ 200	1
Accumulated Depreciation	(53,242)	(53,623)	(54,195)	(54,947)	(55,699)	(54,341)	(54,341)	-	
Contributions in Aid of Construction (CIAC)	-	-	-	-	-	-	-	-	
Accumulated Amortization - CIAC	-	-	-	-	-	-	-	-	
Cash Working Capital	[REDACTED]					(a) 9,937	9,937	-	
Material and Supplies	7,931	7,931	7,931	7,931	7,931	7,931	7,931	-	
Prepaid Expenses (c)	-	-	-	-	-	-	-	-	
Unamortized Deferred Debits	[REDACTED]					-	-	-	
Accumulated Deferred Income Taxes	-	-	-	-	-	-	-	-	
Total Average Rate Base						\$ 72,470	\$ 72,270	\$ 200	

(a) Adjustment of Test Year Cash Working Capital:

Test Year O & M Expenses (Att B; Sch 3; Col 1)	\$ 80,593
Cash Working Capital % (45 days / 365 days)	x 12.33%
Adjusted Test Year Cash Working Capital per Staff	<u>\$ 9,937</u>

**DW 15-199
ABENAKI
SEWER DIVISION
TEMPORARY RATES
OPERATING INCOME STATEMENT**

	(1) Per Test Year	(2) Normalization Adjustments Per Company	(3) Pro-forma Adjustments Per Company	(4) Adjusted Test Year Per Company	(5) Staff Adjustments (Att B; Sch 3a)	(6) Adj #	(7) Adjusted Test Year Per Staff	(8) Revenue Deficiency / (Surplus)	(9) Revenue Requirement
Operating Revenues									
Sewer Sales	\$ 68,524	\$ 9,789	\$ 17,237	\$ 95,550	\$ -		\$ 95,550	\$ (2,079)	\$ 93,471
Other Operating Revenues	-	-	-	-	-		-	-	-
Total Water Revenues	<u>68,524</u>	<u>9,789</u>	<u>17,237</u>	<u>95,550</u>	<u>-</u>		<u>95,550</u>	<u>(2,079)</u>	<u>93,471</u>
Operating Expenses									
Operation & Maintenance Expenses:									
Source of Supply Expenses	-	-	-	-	-		-	-	-
Pumping Expenses	13,816	1,974	-	15,790	-		15,790	-	15,790
Water Treatment Expenses	46,479	6,639	-	53,118	-		53,118	-	53,118
Transmission & Distribution Expenses	-	-	-	-	-		-	-	-
Customer Accounts Expenses	3,806	544	-	4,350	-		4,350	-	4,350
Administrative & General Expenses	6,417	918	-	7,335	(2,072)	3-6	5,263	-	5,263
Total Operation & Maintenance Expenses	<u>70,518</u>	<u>10,075</u>	<u>-</u>	<u>80,593</u>	<u>(2,072)</u>		<u>78,521</u>	<u>-</u>	<u>78,521</u>
Depreciation Expense	2,200	314	360	2,874	-		2,874	-	2,874
Amortization Expense - CIAC	-	-	-	-	-		-	-	-
Amortization Expense - Other	-	-	-	-	-		-	-	-
Taxes other than Income	3,366	481	217	4,064	-		4,064	-	4,064
Total Operating Expenses	<u>76,084</u>	<u>10,870</u>	<u>577</u>	<u>87,531</u>	<u>(2,072)</u>		<u>85,459</u>	<u>-</u>	<u>85,459</u>
Net Operating Income / (Loss) Before Income Taxes	<u>(7,560)</u>	<u>(1,081)</u>	<u>16,660</u>	<u>8,019</u>	<u>2,072</u>		<u>10,091</u>	<u>(2,079)</u>	<u>8,012</u>
Income Taxes	-	-	2,687	2,687	821	Att A; Sch 3b	3,508	(824)	2,684
Net Operating Income (Loss)	<u>\$ (7,560)</u>	<u>\$ (1,081)</u>	<u>\$ 13,973</u>	<u>\$ 5,331</u>	<u>\$ 1,251</u>		<u>\$ 6,582</u>	<u>\$ (1,255)</u>	<u>\$ 5,328</u>

**DW 15-199
ABENAKI
SEWER DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO TEMPORARY RATE OPERATING REVENUES AND EXPENSES**

Adj #

Administrative & General Expenses

3	To adjust test year insurance expense amongst all Abenaki divisions (based on company allocation methods)		
	<u>Property Insurance:</u>		
	Amount booked per Filing- based on Property Tax Expense per division (0% of \$1,252)	\$	-
	Staff calculation (16% of \$1,252)		200
	Adjustment to Property Insurance (Account #924)		<u>200</u>
	<u>General Liability Insurance:</u>		
	Amount booked per Filing- based on Rate Base per division (36% of \$1,428)	\$	514
	Staff calculation based on 2013 Net Plant per Filing (10% of \$1,428)		143
	Adjustment to Property Insurance (Account #930)		<u>\$ (371)</u>
	<u>D&O Insurance:</u>		
	Amount booked per Filing- based on an even split between divisions (25% of \$842)	\$	210
	Staff calculation (33.3% of \$842)		281
	Adjustment to Property Insurance (Account #924)		<u>\$ 71</u>
	Adjustment required to properly allocate Insurance Expense for the Test Year		\$ (100)
4	To adjust test year insurance expense for prior year's expense. (See Audit Report page 34)		
	Prepaid Insurance carried through acquisition, \$371. (\$371/2 = 186)		
	This expense was booked in Belmont only and split equally between water and sewer.		\$ (186)
5	To adjust test year for Administrative Costs charged by Parent in March, April and May but were not included in the Management Fee Agreement. (See Audit Issue #3)		
	Total Costs allocated for Belmont Division	\$	(3,034)
	Allocation percentage		50.00%
	Total Costs allocated for Sewer Division		<u>(1,517) \$ (1,517)</u>
6	To reclassify NHWWA dues and NAWC conference costs which should not have been booked to the sewer division. (\$538/2)		\$ (269)
	Total Adjustments - Administrative & General Expenses		<u>\$ (2,072)</u>
	Net Operating Expense Adjustments per Staff before Income Taxes		<u><u>\$ (2,072)</u></u>

**DW 15-199
ABENAKI
SEWER DIVISION
TEMPORARY RATES
PROFORMA ADJUSTMENTS TO INCOME TAXES**

INCOME TAXES

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Total proforma adjustments to Sewer Revenue	\$ -
Total proforma adjustments to Other Revenue	-
Total proforma adjustments to Pumping Expenses	-
Total proforma adjustments to Transmission and Distribution Expenses	-
Total proforma adjustments to Customer Accounting Expenses	-
Total proforma adjustments to Administrative & General Expenses	2,072
Total proforma adjustments to Depreciation Expense	-
Total proforma adjustments to Amortization Expense	-
Total proforma adjustments to Taxes Other than Income Tax	<u>-</u>
Additional Revenue/(Expense) Subject to New Hampshire Business Profits Tax	2,072
New Hampshire Business Profits Tax @ 8.5%	<u>(176)</u>
Additional Revenue/(Expense) Subject to Federal Income Tax	1,896
Federal income Tax @ 34%	<u>(645)</u>
Staff Proforma Adjustments Net of Income Taxes	<u><u>\$ 1,251</u></u>

**DW 15-199
ABENAKI
SEWER DIVISION
TEMPORARY RATES
REPORT OF PROPOSED RATE CHANGES**

<u>Rate Class of Service:</u>	<u>Effect of Change</u>	<u>Number of Customers</u>	<u>Authorized Present Revenue</u>	<u>Proposed Revenue</u>	<u>Proposed Change Amount</u>	<u>Proposed Percentage Change</u>
Residential Single Family (RS)	Increase	148	52,637	63,345	10,708	20.34%
Residential Multi-Family (RM)	Increase	4	16,263	18,642	2,379	14.63%
Commercial Class A (CA)	Increase	1	\$ 4,663	\$ 5,689	\$ 1,026	22.00%
Commercial Class B (CB)	Increase	3	4,750	5,795	1,045	22.00%
Total - Sewer Division		156	78,313	93,471	15,158	19.36%

**DW 15-199
ABENAKI
SEWER DIVISION
TEMPORARY RATES
CALCULATION OF CUSTOMER RATES**

Summary of Proposed Revenue Requirement

Adjusted Test Year Sewer Sales (Att B; Sch 3; Col's 1, 2 & 5)	\$ 78,313
Proposed Increase in Revenue Requirement from Permanent Rates (Att B; Sch 1)	15,158
Proposed Step Increase in Revenue Requirement (Att B; Sch 4)	-
Total Proposed Revenue Requirement	\$ 93,471
Total Proposed Increase in the Revenue Requirement	19.36%

Percent of Pro-forma Test Year Revenues per Customer Class:

	Number of Customers	ProFormed Test Year Revenues	
Commercial Class A (CA)	1	\$ 5,689	6.09%
Commercial Class B (CB)	3	5,795	6.20%
Residential Multi-Family (RM)	1	19,843	21.23%
Residential Single Family (RS)	148	62,144	66.48%
Total - Pro-forma Test Year	153	\$ 93,471	100.00%

Calculation of Rates	Annual Revenue per Rate	Annual Revenue per Rate Class
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Commercial Class A:

Calculation of Base Charge:

Monthly Base Charge - Present Tariff	\$ 267.66	
1 + Percent Increase	x 1.1936	
Proposed Commercial Class A Monthly Base Charge (Rounded)	\$ 319.00	
Number of Customers	x 1	
Annual Billing Periods	x 12	\$ 3,828.00

Calculation of Consumption Charge:

Proposed Commercial Class A Revenues	\$ 5,689	
Less: Proposed Commercial Class A Revenues from Base Charge	(3,828)	
Proposed Commercial Class A Revenues from Consumption Charge	\$ 1,861	
Commercial Class A Test Year Consumption (CCF)	+ 187.70	
Proposed Commercial Class A Consumption Charge	\$ 9,9148	
Commercial Class A Annual Consumption (CCF)	x 187.70	\$ 1,861.00 \$ 5,689.00

Commercial Class B:

Calculation of Base Charge:

Monthly Base Charge - Present Tariff	\$ 89.33	
1 + Percent Increase	x 1.1936	
Proposed Commercial Class B Monthly Base Charge (Rounded)	\$ 107.00	
Number of Customers	x 3	
Annual Billing Periods	x 12	\$ 3,852.00

Calculation of Consumption Charge:

Proposed Commercial Class B Revenues	\$ 5,795	
Less: Proposed Commercial Class B Revenues from Base Charge	(3,852)	
Proposed Commercial Class B Revenues from Consumption Charge	\$ 1,943	
Commercial Class B Test Year Consumption (CCF)	+ 596.31	
Proposed Commercial Class B Consumption Charge	\$ 3,2584	
Commercial Class B Annual Consumption (CCF)	x 596.31	\$ 1,943.00 \$ 5,795.00

**DW 15-199
ABENAKI
SEWER DIVISION
TEMPORARY RATES
CALCULATION OF CUSTOMER RATES**

Summary of Proposed Revenue Requirement

Adjusted Test Year Sewer Sales (Att B; Sch 3; Col's 1, 2 & 5)	\$ 78,313
Proposed Increase in Revenue Requirement from Permanent Rates (Att B; Sch 1)	15,158
Proposed Step Increase in Revenue Requirement (Att B; Sch 4)	-
Total Proposed Revenue Requirement	\$ 93,471
Total Proposed Increase in the Revenue Requirement	19.36%

Percent of Pro-forma Test Year Revenues per Customer Class:

	Number of Customers	ProFormed Test Year Revenues	
Commercial Class A (CA)	1	\$ 5,689	6.09%
Commercial Class B (CB)	3	5,795	6.20%
Residential Multi-Family (RM)	1	19,843	21.23%
Residential Single Family (RS)	148	62,144	66.48%
Total - Pro-forma Test Year	153	\$ 93,471	100.00%

Calculation of Rates	Annual Revenue per Rate	Annual Revenue per Rate Class
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Residential Multi-Family:

Calculation of Base Charge:

Monthly Base Charge - Present Tariff	\$ 24.375		
1 + Percent Increase	x 1.1936		
Proposed Residential Multi-Family Monthly Base Charge per Unit	\$ 29.00		
Number of Units	x 32		
Proposed Residential Multi-Family Monthly Base Charge (Rounded)	\$ 928.00		
Number of Customers	x 1		
Annual Billing Periods	x 12	\$ 11,136.00	

Calculation of Consumption Charge:

Total Proposed Revenue Requirement	\$ 93,471		
Less: Combined Proposed Commercial Class A & B Revenue	(11,484)		
Less: Combined Proposed Residential Multi- & Single- Family Revenues from Base Charge	(53,760)		
Proposed Residential Multi- & Single- Family Revenues from Consumption Charge	\$ 28,227		
Combined Residential Multi- & Single- Family Test Year Consumption (CCF)	+ 6,971.39		
Proposed Residential Multi- & Single- Family Consumption Charge	\$ 4,0490		
Residential Multi-Family Annual Consumption (CCF)	x 1,853.75	\$ 7,505.79	\$ 18,641.79

Residential Single-Family:

Calculation of Base Charge:

Monthly Base Charge - Present Tariff	\$ 20.00		
1 + Percent Increase	x 1.1936		
Proposed Residential Single-Family Monthly Base Charge (Rounded)	\$ 24.00		
Number of Customers	x 148		
Annual Billing Periods	x 12	\$ 42,624.00	

Calculation of Consumption Charge:

Total Proposed Revenue Requirement	\$ 93,471		
Less: Combined Proposed Commercial Class A & B Revenue	(11,484)		
Less: Combined Proposed Residential Multi- & Single- Family Revenues from Base Charge	(53,760)		
Proposed Residential Multi- & Single- Family Revenues from Consumption Charge	\$ 28,227		
Combined Residential Multi- & Single- Family Test Year Consumption (CCF)	+ 6,971.39		
Proposed Residential Multi- & Single- Family Consumption Charge	\$ 4,0490		
Residential Single-Family Annual Consumption (CCF)	x 5,117.64	\$ 20,721.21	\$ 63,345.21

Total Proposed Revenue Requirement - Sewer Division

25
\$ 93,471.00

**DW 15-199
ABENAKI
BELMONT WATER DIVISION
TEMPORARY RATES
REVENUE REQUIREMENT**

Average Rate Base per Staff (Att C; Sch 2; Col 6)	\$ 207,345
Rate of Return (Att C; Sch 1a)	<u>7.41%</u>
Operating Income Requirement	15,373
Adjusted Net Operating Income per Staff (Att C; Sch 3; Col 7)	<u>16,721</u>
Revenue Deficiency / (Surplus) Before Income Taxes	(1,348)
Divided by Tax Factor	<u>60.39%</u>
Revenue Deficiency / (Surplus)	(2,233)
Pro-forma Test Year Water Sales (Att C; Sch 3; Col 7)	<u>111,583</u>
Revenue Requirement from Water Sales per Staff	109,350
Less: Adjusted Test Year Water Sales (Att C; Sch 3; Col's 1, 2 & 5)	<u>(127,666)</u>
Increase / (Decrease) in Revenue Requirement from Water Sales	<u>\$ (18,316)</u>
Percent Increase / (Decrease) in Revenue Requirement from Water Sales	<u>-14.35%</u>

DW 15-199
ABENAKI
BELMONT WATER DIVISION
TEMPORARY RATES
WEIGHTED AVERAGE COST OF CAPITAL

	Capital Structure					Interest Expense				Amortization Expense				Total Annual Cost of Debt	Cost Rate	Weighted Average Cost	
	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff	Adjusted 12/31/14	Percent	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff	Adjusted 12/31/14	Interest Rate	Actual 12/31/14	Adjustments Per Co Filing	Adjustments Per Staff				Adjusted 12/31/14
Long-term Debt:																	
2014 CoBank Loan	\$ 252,802	\$ -	\$ -	\$ 252,802	41.56%	\$ 8,637	\$ -	\$ -	\$ 8,637	3.42%	\$ 1,803	\$ -	\$ -	\$ 1,803	\$ 10,440	4.13%	1.72%
Total Long-term Debt	252,802	-	-	252,802	41.56%	8,637	-	-	8,637	3.42%	1,803	-	-	1,803	10,440		1.72%
Common Equity:																	
Common Stock	-	-	-	-	0.00%												
Additional Paid-in Capital	339,521	-	-	339,521	55.82%												
Retained Earnings	15,956	-	-	15,956	2.62%												
Total Common Equity	355,477	-	-	355,477	58.44%											9.75%	5.70%
Total Capitalization	\$ 608,279	\$ -	\$ -	\$ 608,279	100.00%												7.41%

**DW 15-199
ABENAKI
BELMONT WATER DIVISION
TEMPORARY RATES
AVERAGE RATE BASE**

	(1) Year End Average Per Company	(2) Pro-forma Adjustments Per Company	(3) Pro-forma Rate Base Per Company	(4) Staff Adjustments (Att C; Sch 2a)	(5) Adj #	(6) Pro-forma Rate Base Per Staff
<u>Plant in Service</u>						
Plant in Service	\$ 551,504	\$ -	\$ 551,504	\$ (18,307)	1	\$ 533,197
Less: Accumulated Depreciation	<u>(279,764)</u>	<u>(1,448)</u>	<u>(281,212)</u>	<u>18,307</u>	2	<u>(262,905)</u>
Net Plant in Service	<u>271,740</u>	<u>(1,448)</u>	<u>270,292</u>	<u>-</u>		<u>270,292</u>
Contributions in Aid of Construction (CIAC)	(43,052)	-	(43,052)	-		(43,052)
Accumulated Amortization of CIAC	<u>5,696</u>	<u>-</u>	<u>5,696</u>	<u>-</u>		<u>5,696</u>
Net Contributions in Aid of Construction	<u>(37,356)</u>	<u>-</u>	<u>(37,356)</u>	<u>-</u>		<u>(37,356)</u>
Net Plant in Rate Base	<u>234,384</u>	<u>(1,448)</u>	<u>232,936</u>	<u>-</u>		<u>232,936</u>
<u>Working Capital</u>						
Cash Working Capital	7,020	-	7,020	(161)	3	6,859
Materials and Supplies	-	-	-	-		-
Prepaid Expenses	567	-	567	-		567
Unamortized Deferred Debits	-	-	-	-		-
Accumulated Deferred Income Taxes	<u>(33,017)</u>	<u>-</u>	<u>(33,017)</u>	<u>-</u>		<u>(33,017)</u>
Total Working Capital in Rate Base	<u>(25,430)</u>	<u>-</u>	<u>(25,430)</u>	<u>(161)</u>		<u>(25,591)</u>
Total Average Rate Base	<u><u>\$ 208,954</u></u>	<u><u>\$ (1,448)</u></u>	<u><u>\$ 207,506</u></u>	<u><u>\$ (161)</u></u>		<u><u>\$ 207,345</u></u>

**DW 15-199
ABENAKI
BELMONT WATER DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO TEMPORARY RATES AVERAGE RATE BASE**

Adj#

Proforma Adjustments to Plant in Service:

Plant in Service

1	To adjust Plant in Service for meter retirements not recorded in test year rate base.	\$	(18,307)
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Total Adjustments - Plant in Service	\$		<u>(18,307)</u>
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Accumulated Depreciation

2	To adjust Accumulated Depreciation for meter retirements not recorded in test year rate base.	\$	18,307
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Total Adjustments - Accumulated Depreciation	\$		<u>18,307</u>
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Proforma Adjustments to Working Capital:

Cash Working Capital

3	To adjust Co's pro-forma cash working capital component to reflect Staff O&M Expense Adj's:		
	Total pro-forma O & M Expenses after Staff Adj's (Att A; Sch 3; Col 6)	\$	55,631
	Cash Working Capital % (45 days / 365 days)		<u>12.33%</u>
	Pro-forma Cash Working Capital Component per Staff	\$	<u>6,859</u>
	Less: Pro-forma cash working capital component proposed by Co. and adjusted by Staff		<u>(7,020) (161)</u>

Total Adjustments - Cash Working Capital	\$		<u>(161)</u>
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Net Rate Base Adjustments per Staff	\$		<u>(161)</u>
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**DW 15-199
ABENAKI
BELMONT WATER DIVISION
CONVERSION OF RATE BASE COMPONENTS FROM YEAR-END AVERAGE TO 5-QUARTER AVERAGE**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Quarter Ending Balance Per Staff					5-Quarter Average Per Staff	5-Quarter Average Per Company	To Adjust Rate Base to 5-Quarter Avg	Adjustment #
	12/31/13	03/31/14	06/30/14	09/30/14	12/31/14				
Plant in Service	\$ 529,217	\$ 537,581	\$ 551,334	\$ 564,276	\$ 575,113	\$ 551,504	551,504	\$ -	
Accumulated Depreciation	(271,478)	(274,646)	(279,398)	(284,150)	(289,149)	(279,764)	(279,764)	-	
Contributions in Aid of Construction (CIAC)	(43,052)	(43,052)	(43,052)	(43,052)	(43,052)	(43,052)	(43,052)	-	
Accumulated Amortization - CIAC	4,987	5,342	5,697	6,051	6,405	5,696	5,696	-	
Cash Working Capital	(a)					7,020	7,020	-	
Material and Supplies	-	-	-	-	-	-	-	-	
Prepaid Expenses (c)	-	-	1,238	-	1,597	567	567	-	
Unamortized Deferred Debits	(a)					-	-	-	
Accumulated Deferred Income Taxes	(32,134)	(32,575)	(33,017)	(33,458)	(33,900)	(33,017)	(33,017)	-	
Total Average Rate Base						<u><u>\$ 208,954</u></u>	<u><u>\$ 208,954</u></u>	<u><u>\$ -</u></u>	

(a) Adjustment of Test Year Cash Working Capital:

Test Year O & M Expenses (Att C; Sch 3; Col 1)	\$ 56,932
Cash Working Capital % (45 days / 365 days)	x 12.33%
Adjusted Test Year Cash Working Capital per Staff	<u><u>\$ 7,020</u></u>

**DW 15-199
ABENAKI
BELMONT WATER DIVISION
TEMPORARY RATES
OPERATING INCOME STATEMENT**

	(1) Per Test Year	(2) Normalization Adjustments Per Company	(3) Pro-forma Adjustments Per Company	(4) Adjusted Test Year Per Company	(5) Staff Adjustments (Att C; Sch 3a)	(6) Adj #	(7) Adjusted Test Year Per Staff	(8) Revenue Deficiency / (Surplus)	(9) Revenue Requirement
Operating Revenues									
Water Sales	\$ 111,808	\$ 15,973	\$ (16,083)	\$ 111,698	\$ (115)	4	\$ 111,583	\$ (2,233)	\$ 109,350
Other Operating Revenues	-	-	-	-	115	5	115		115
Total Water Revenues	<u>111,808</u>	<u>15,973</u>	<u>(16,083)</u>	<u>111,698</u>	<u>-</u>		<u>111,698</u>	<u>(2,233)</u>	<u>109,465</u>
Operating Expenses									
Operation & Maintenance Expenses:									
Source of Supply Expenses	-	-	-	-	-		-	-	-
Pumping Expenses	19,850	2,836	-	22,686			22,686		22,686
Water Treatment Expenses	11,091	1,584	-	12,675			12,675		12,675
Transmission & Distribution Expenses	8,310	1,187	-	9,497			9,497		9,497
Customer Accounts Expenses	3,806	544	-	4,350			4,350		4,350
Administrative & General Expenses	6,759	965	-	7,724	(1,301)	6-9	6,423		6,423
Total Operation & Maintenance Expenses	<u>49,816</u>	<u>7,116</u>	<u>-</u>	<u>56,932</u>	<u>(1,301)</u>		<u>55,631</u>	<u>-</u>	<u>55,631</u>
Depreciation Expense	15,471	2,210	1,448	19,129	(915)	10	18,214		18,214
Amortization Expense - CIAC	(1,231)	(176)	-	(1,407)			(1,407)		(1,407)
Amortization Expense - Other	-	-	-	-			-		-
Taxes other than Income	9,581	1,369	1,412	12,362	-		12,362		12,362
Total Operating Expenses	<u>73,637</u>	<u>10,519</u>	<u>2,860</u>	<u>87,016</u>	<u>(2,216)</u>		<u>84,800</u>	<u>-</u>	<u>84,800</u>
Net Operating Income / (Loss)									
Before Income Taxes	38,171	5,454	(18,943)	24,682	2,216		26,898	(2,233)	24,665
Income Taxes	7,425	1,061	812	9,298	878	Att C; Sch 3b	10,176	(885)	9,291
Net Operating Income (Loss)	<u>\$ 30,746</u>	<u>\$ 4,393</u>	<u>\$ (19,755)</u>	<u>\$ 15,383</u>	<u>\$ 1,338</u>		<u>\$ 16,721</u>	<u>\$ (1,348)</u>	<u>\$ 15,374</u>

**DW 15-199
ABENAKI
BELMONT WATER DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO TEMPORARY RATE OPERATING REVENUES AND EXPENSES**

Adj #**Pro-forma Adjustments to Operating Revenue:**

4	To adjust test year water sales for other revenues included in error:	\$	(115)
5	To record other revenues included in water sales in error:	\$	115

Pro-forma Adjustments to Operating Expenses:**Administrative & General Expenses**

6	To adjust test year insurance expense amongst all Abenaki divisions (based on company allocation methods)		
	<u>Property Insurance:</u>		
	Amount booked per Filing- based on Property Tax Expense per division (57% of \$1,252)	\$	715
	Staff calculation (45% of \$1,252)		563
	Adjustment to Property Insurance (Account #924)		(152)
	<u>General Liability Insurance:</u>		
	Amount booked per Filing- based on Rate Base per division (36% of \$1,428)	\$	514
	Staff calculation based on 2013 Net Plant per Filing (52% of \$1,428)		728
	Adjustment to Property Insurance (Account #930)	\$	214
	<u>D&O Insurance:</u>		
	Amount booked per Filing- based on an even split between divisions (25% of \$842)	\$	210
	Staff calculation (33.3% of \$842)		281
	Adjustment to Property Insurance (Account #924)	\$	71
	Adjustment required to properly allocate Insurance Expense for the Test Year	\$	133
7	To adjust test year insurance expense for prior year's expense. (See Audit Report page 34)		
	Prepaid Insurance carried through acquisition, \$371. (\$371/2 = 186)		
	This expense was booked in Belmont only and split equally between water and sewer.	\$	(186)
8	To adjust test year for Administrative Costs charged by Parent in March, April and May but were not included in the Management Fee Agreement. (See Audit Issue #3)		
	Total Costs allocated for Belmont Division	\$	(3,034)
	Allocation percentage		50.00%
	Total Costs allocated for Water Division	(1,517)	\$ (1,517)
9	To reclassify NHWWA dues and NAWC conference costs which should not have been booked to the sewer division. (\$538/2)	\$	269
	Total Adjustments - Administrative & General Expenses	\$	(1,301)
	<u>Depreciation Expense</u>		
10	To adjust test year depreciation expense for meter retirements not recorded during the test year.	\$	(18,307)
		x	5%
			(915)
	Total Adjustments - Depreciation Expense	\$	(915)
	Net Operating Expense Adjustments per Staff before Income Taxes	\$	(2,216)

**DW 15-199
ABENAKI
BELMONT WATER DIVISION
TEMPORARY RATES
PROFORMA ADJUSTMENTS TO INCOME TAXES**

INCOME TAXES

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Total proforma adjustments to Water Revenue	\$ 115
Total proforma adjustments to Other Revenue	(115)
Total proforma adjustments to Pumping Expenses	-
Total proforma adjustments to Transmission and Distribution Expenses	-
Total proforma adjustments to Customer Accounting Expenses	-
Total proforma adjustments to Administrative & General Expenses	1,301
Total proforma adjustments to Depreciation Expense	915
Total proforma adjustments to Amortization Expense	-
Total proforma adjustments to Taxes Other than Income	<u>-</u>
Additional Revenue/(Expense) Subject to New Hampshire Business Profits Tax	2,216
New Hampshire Business Profits Tax @ 8.5%	<u>(188)</u>
Additional Revenue/(Expense) Subject to Federal Income Tax	2,028
Federal income Tax @ 34%	<u>(689)</u>
Staff Proforma Adjustments Net of Income Taxes	<u><u>\$ 1,338</u></u>

**DW 15-199
ABENAKI
BELMONT WATER DIVISION
TEMPORARY RATES
REPORT OF PROPOSED RATE CHANGES**

<u>Rate Class of Service:</u>	<u>Effect of Change</u>	<u>Number of Customers</u>	<u>Authorized Present Revenue</u>	<u>Proposed Revenue</u>	<u>Proposed Change Amount</u>	<u>Proposed Percentage Change</u>
Residential Single Family (RS)	Decrease	150	83,702	72,135	(11,567)	-13.82%
Residential Multi-Family (RM)	Decrease	1	22,570	18,516	(4,054)	-17.96%
Commercial Class A (CA)	Decrease	1	\$ 8,218	\$ 7,183	\$ (1,035)	-12.59%
Commercial Class B (CB)	Decrease	4	13,176	11,516	(1,660)	-12.60%
Total - Sewer Division		<u>156</u>	<u>127,666</u>	<u>109,350</u>	<u>(18,316)</u>	<u>-14.35%</u>

**DW 15-199
ABENAKI
BELMONT WATER DIVISION
TEMPORARY RATES
CALCULATION OF CUSTOMER RATES**

Summary of Proposed Revenue Requirement

Adjusted Test Year Sewer Sales (Att B; Sch 3; Col's 1, 2 & 5)	\$ 127,666
Proposed Increase in Revenue Requirement from Permanent Rates (Att B; Sch 1)	(18,316)
Proposed Step Increase in Revenue Requirement (Att B; Sch 4)	-
Total Proposed Revenue Requirement	<u>\$ 109,350</u>
Total Proposed Increase in the Revenue Requirement	<u>-14.35%</u>

Percent of Pro-forma Test Year Revenues per Customer Class:

<u>Percent of Pro-forma Test Year Revenues per Customer Class:</u>	<u>Number of Customers</u>	<u>ProFormed Test Year Revenues</u>	
Commercial Class A (CA)	1	\$ 7,183	6.57%
Commercial Class B (CB)	4	11,516	10.53%
Residential Multi-Family (RM)	1	18,157	16.60%
Residential Single Family (RS)	150	72,494	66.30%
Total - Pro-forma Test Year	<u>156</u>	<u>\$ 109,350</u>	<u>100.00%</u>

<u>Calculation of Rates</u>	<u>Annual Revenue per Rate</u>	<u>Annual Revenue per Rate Class</u>
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Commercial Class A:

Calculation of Base Charge:

Monthly Base Charge (Water) - Present Tariff	\$ 436.00	
1 + Percent Increase	x 0.8565	
Proposed Commercial Class A Monthly Base Charge (Rounded)	\$ 373.00	
Number of Customers	x 1	
Annual Billing Periods	x 12	\$ 4,476.00

Calculation of Consumption Charge:

Proposed Commercial Class A Revenues	\$ 7,183	
Less: Proposed Commercial Class A Revenues from Base Charge	(4,476)	
Proposed Commercial Class A Revenues from Consumption Charge	\$ 2,707	
Commercial Class A Test Year Consumption (CCF)	+ 187.70	
Proposed Commercial Class A Consumption Charge	\$ 14,421.9	
Commercial Class A Annual Consumption (CCF)	x 187.70	\$ 2,707.00
		\$ 7,183.00

Commercial Class B:

Calculation of Base Charge:

Monthly Base Charge (Water) - Present Tariff	\$ 145.66	
1 + Percent Increase	x 0.8565	
Proposed Commercial Class B Monthly Base Charge (Rounded)	\$ 125.00	
Number of Customers	x 4	
Annual Billing Periods	x 12	\$ 6,000.00

Calculation of Consumption Charge:

Proposed Commercial Class B Revenues	\$ 11,516	
Less: Proposed Commercial Class B Revenues from Base Charge	(6,000)	
Proposed Commercial Class B Revenues from Consumption Charge	\$ 5,516	
Commercial Class B Test Year Consumption (CCF)	+ 899.83	
Proposed Commercial Class B Consumption Charge	\$ 6,130.00	
Commercial Class B Annual Consumption (CCF)	x 899.83	\$ 5,516.00
		\$ 11,516.00

**DW 15-199
ABENAKI
BELMONT WATER DIVISION
TEMPORARY RATES
CALCULATION OF CUSTOMER RATES**

Summary of Proposed Revenue Requirement

Adjusted Test Year Sewer Sales (Att B; Sch 3; Col's 1, 2 & 5)	\$ 127,666
Proposed Increase in Revenue Requirement from Permanent Rates (Att B; Sch 1)	(18,316)
Proposed Step Increase in Revenue Requirement (Att B; Sch 4)	-
Total Proposed Revenue Requirement	\$ 109,350
Total Proposed Increase in the Revenue Requirement	-14.35%

Percent of Pro-forma Test Year Revenues per Customer Class:

	Number of Customers	ProFormed Test Year Revenues	
Commercial Class A (CA)	1	\$ 7,183	6.57%
Commercial Class B (CB)	4	11,516	10.53%
Residential Multi-Family (RM)	1	18,157	16.60%
Residential Single Family (RS)	150	72,494	66.30%
Total - Pro-forma Test Year	156	\$ 109,350	100.00%

Calculation of Rates	Annual Revenue per Rate	Annual Revenue per Rate Class
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Residential Multi-Family:

Calculation of Base Charge:

Monthly Base Charge (Water) - Present Tariff	\$ 32.330	
1 + Percent Increase	x 0.8565	
Proposed Residential Multi-Family Monthly Base Charge per Unit	\$ 28.00	
Number of Units	x 32	
Proposed Residential Multi-Family Monthly Base Charge (Rounded)	\$ 896.00	
Number of Customers	x 1	
Annual Billing Periods	x 12	\$ 10,752.00

Calculation of Consumption Charge:

Total Proposed Revenue Requirement	\$ 109,350	
Less: Combined Proposed Commercial Class A & B Revenue	(18,699)	
Less: Combined Proposed Residential Multi- & Single- Family Revenues from Base Charge	(61,152)	
Proposed Residential Multi- & Single- Family Revenues from Consumption Charge	\$ 29,499	
Combined Residential Multi- & Single- Family Test Year Consumption (CCF)	+ 7,042.80	
Proposed Residential Multi- & Single- Family Consumption Charge	\$ 4,1885	
Residential Multi-Family Annual Consumption (CCF)	x 1,853.75	\$ 7,764.49 \$ 18,516.49

Residential Single-Family:

Calculation of Base Charge:

Monthly Base Charge (Water) - Present Tariff	\$ 32.33	
1 + Percent Increase	x 0.8565	
Proposed Residential Single-Family Monthly Base Charge (Rounded)	\$ 28.00	
Number of Customers	x 150	
Annual Billing Periods	x 12	\$ 50,400.00

Calculation of Consumption Charge:

Total Proposed Revenue Requirement	\$ 109,350	
Less: Combined Proposed Commercial Class A & B Revenue	(18,699)	
Less: Combined Proposed Residential Multi- & Single- Family Revenues from Base Charge	(61,152)	
Proposed Residential Multi- & Single- Family Revenues from Consumption Charge	\$ 29,499	
Combined Residential Multi- & Single- Family Test Year Consumption (CCF)	+ 7,042.80	
Proposed Residential Multi- & Single- Family Consumption Charge	\$ 4,1885	
Residential Single-Family Annual Consumption (CCF)	x 5,189.05	\$ 21,734.51 \$ 72,134.51

Total Proposed Revenue Requirement - Sewer Division

\$ 309,350.00

**DW 15-199
ABENAKI WATER COMPANY, INC.
BOW WATER DIVISION
CALCULATION OF CUSTOMER RATES
TEMPORARY RATES**

Summary of Proposed Revenue Requirement:

Adjusted Test Year Water Sales (Att A; Sch 3; Col's 1, 2 & 5)	\$ 66,207
Proposed Increase in Revenue Requirement from Permanent Rates (Att A; Sch 1)	10,740
Total Proposed Revenue Requirement	<u>\$ 76,947</u>
Total Proposed Increase in the Revenue Requirement	<u>16.22%</u>

Percent of Pro-forma Test Year Revenues per Customer Class:

	<u>Number of Customers</u>	<u>Proposed Test Year Revenues</u>	<u>Percentage of Revenues</u>
Residential Single Family (MRS)	95	76,947	100.00%
	<u>95</u>	<u>\$ 76,947</u>	<u>100.00%</u>

	<u>Calculation of Rates</u>	<u>Annual Revenue per Rate</u>	<u>Annual Revenue per Rate Class</u>
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Residential Single-Family:

Calculation of Base Charge:

Monthly Base Charge - Present Tariff	\$ 10.00	
1 + Percent Increase	x 1.1622	
Proposed Residential Single-Family Monthly Base Charge (Rounded)	\$ 11.62	
Number of Customers	x 95	
Annual Billing Periods	x 12	\$ 13,249.37

Calculation of Consumption Charge:

Total Proposed Revenue Requirement	\$ 76,947	
Less: Combined Proposed Residential Multi- & Single- Family Revenues from Base Charge	(13,249)	
Combined Proposed Residential Multi- & Single- Family Revenues from Consumption Charge	\$ 63,698	
Residential Single-Family Annual Consumption (CCF)	+ 5,481.20	
Proposed Residential Multi- & Single- Family Consumption Charge	\$ 11,621.20	
Residential Single-Family Annual Consumption (CCF)	x 5,481.20	\$ 63,698.10
		\$ 76,947.48

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 15-199-1 Printed: December 10, 2015

FILING INSTRUCTIONS:

a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:

DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.

c) Serve a written copy on each person on the service list not able to receive electronic mail.