

Pennichuck East Utilities , Inc.
Accounts Excluded From MOERR
DW 17-128

Exhibit 1.1

															Test Year	
															2016 Totals	
921002	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
921003	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
921004	#N/A	#N/A	Initial fundin	#N/A	#N/A	#N/A	#N/A	#N/A	ds prorated to available of -			#N/A	#N/A	#N/A	#N/A	
923000	OUTSIDE SERVICES	8.00	8.00	8.00	16.00	8.00	16.00	8.00	287.00	2,567.42	8.00	8.00	16.00	2,958.42	2,958.42	
926001	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
926500	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
926501	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
926502	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
926505	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	Yr 2 -	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
926600	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
926610	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
930100	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
930101	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
930200	PUBLIC RELATIONS	-	23.28	120.05	1,885.30	694.90	477.58	404.55	-	1,382.45	179.03	177.01	2.33	5,346.48	5,346.48	
930300	MEALS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
930410	CHARITABLE CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
															Total of Non RSF backed O&M Expenses - \$ 8,304.90	

**Pennichuck East Utilities
DW17-128
Calculation of Rate Stabilization Funds**

Pennichuck East Utility, Inc.
Stabilization Fund Calculations - Settlement
Revised 10/18/2017

Exhibit 1

PEU Proforma Test Year 2017 with Step Increase						
Proformed Revenue Requirement ¹ -		\$ 8,531,023				
		CBFRR	Material Operating Expense Revenue Requirement	Operating Expense Requirement ⁴	P&I Revenue Requirement ¹	0.1 P&I Revenue Requirement
Revenue Requirement ² -	\$	926,309	\$ 5,913,968	\$ 8,305	\$ 1,545,756	\$ 136,684
Percentage of Revenues -		10.86%	69.32%	0.10%	18.12%	1.60%
3 Years coverage -	\$	62,021	\$ 1,022,633		\$ 112,647	\$ -
Requested Rate Stabilization Fund by Revenue Category ^{3,4} -	\$	70,000	\$ 1,120,000	No Stabilization Fund	\$ 120,000	No Stabilization Fund
Initial funding with available funds from PWW CBFRRR -	\$	52,000	\$ 838,000		\$ 90,000	
Based on largest negative variance from five year ave of -		3.79%				

Inflation @ 3.5%

1,310,000.00
Requested RSF funds prorated to available of - \$ 980,000
RSF Shortfall - \$ 330,000

Revenue Type	2012 PEU Billed Revenue	2013 PEU Billed Revenue	2014 PEU Billed Revenue	2015 PEU Billed Revenue	2016 PEU Billed Revenue
Total Volumetric Charges (less Recoupment)	\$ 3,713,054	\$ 3,645,136	\$ 3,959,013	\$ 4,191,292	\$ 4,093,815
Total Capital Recover Surcharge (fixed)	\$ 300,353	\$ 303,336	\$ 296,146	\$ 297,430	\$ 299,985
Total Meter Charge (less recoupment - fixed)	\$ 1,515,095	\$ 1,516,104	\$ 1,616,793	\$ 1,750,470	\$ 2,114,832
Total Fire Protection - Public & Private (fixed)	\$ 775,061	\$ 795,700	\$ 861,603	\$ 912,761	\$ 931,801
Total Billed Revenue	\$ 6,303,563	\$ 6,260,276	\$ 6,733,555	\$ 7,151,953	\$ 7,440,433
% of Revenues that are variable	58.9%	58.2%	58.8%	58.6%	55.0%
% of Revenues that are fixed	41.1%	41.8%	41.2%	41.4%	45.0%

Maximum percentage of revenues that were variable during the previous 5 years - 58.9%

Calculation of MOER RSF		
Inflation	Revenue Shortfall	
Yr 1 -	\$ 205,236	\$ 130,871
Yr 2 -	\$ 212,358	\$ 130,832
Yr 3 -	\$ 212,544	\$ 130,792
	\$ 630,137	\$ 392,496
Totals -	\$ 1,022,633	

Expense Type	2012 PEU Actual Variable Expenses	2013 PEU Actual Variable Expenses	2014 PEU Actual Variable Expenses	2015 PEU Actual Variable Expenses	2016 PEU Actual Variable Expenses
Purchased Water	\$ 729,948	\$ 755,773	\$ 776,491	\$ 959,272	\$ 1,009,818
Electric	\$ 249,663	\$ 246,732	\$ 258,186	\$ 302,197	\$ 279,236
Chemicals	\$ 39,239	\$ 69,239	\$ 81,379	\$ 60,553	\$ 32,816
Total Variable Costs	\$ 1,018,850	\$ 1,071,744	\$ 1,116,056	\$ 1,322,022	\$ 1,321,870
Variable Expenses as a Percent of Total Revenues	16.2%	17.1%	16.6%	18.5%	17.8%

	2012 Actual CCF's sold by PEU	2013 Actual CCF's sold by PEU	2014 Actual CCF's sold by PEU	2015 Actual CCF's sold by PEU	2016 Actual CCF's sold by PEU
Annual Metered Sales (CCF)	642,264	625,305	637,076	691,344	728,141
Percentage Variance between Current and High Consumption Year	-13.37%	-16.45%	-14.29%	-5.32%	0.00%
Average Consumption (CCF) over the past five years	648,997				
Variance between current and 5 Yr Ave Consumption	-1.05%	-3.79%	-1.87%	6.13%	10.87%

Largest percentage reduction in volumetric sales at PEU of 3.79% over the past five years from the five year average of volumetric sales

Results in a Revenue loss of \$ 155,111

Results in an Operating Expense reduction of \$ 50,084

Results in an Operating Income reduction of \$ 105,027

Notes:

- Based on Debt Service Multiplier of 1.10 per Sch A of 1604.06 schedules. The 1.1 multiplier is not applied to the North Country Capital Recovery Surcharge P&I
- Revenue requirements per Sch A Perm-Modified of 1604.06 schedules
- Requested Rate Stabilization fund for Operating Expense and P & I Coverage each have a contingency of 10% safety factor
- PEU share of the \$5,000,000 RSF for distribution to the RSF, MOERSF and the P&IRSF is⁵ 19.56% based on % of PWW revenues (2012 Case) to % of all three regulated utilities revenues (2012 Cases) or
- Calculation of RSF Percentage based on Revenue requirements from DW13-126, 13-128 and 13-130

\$ 980,000

PWW Revenue Requirement -	\$ 27,689,214	per DW13-130 Settlement Agreement
PEU Revenue Requirement -	\$ 6,913,261	per DW13-126 Settlement Agreement
PAC Revenue Requirement -	\$ 745,186	per DW13-128 Settlement Agreement
Total Utility Revenue Requirement -	\$ 35,347,661	

6. For Calculation of Operating Expense Requirement see Exhibit 1.1

- 2015 Billed Recoupment - \$ 196,261
- 2016 Billed Recoupment - \$ 16,968