

Abenaki Water Company - Rosebrook

Revenue Requirement - Step Increase for 2018 Additions to Plant

RATE BASE	<u>Amount</u>
2017 Plant in Service	\$ 210,000
Less: Accumulated Depreciation	<u>3,438</u>
NET PLANT IN SERVICE	\$ 206,563
Cash Working Capital	<u>-</u>
TOTAL RATE BASE	<u>\$ 206,563</u>
Return on Additional Plant @ 5.12%	<u>\$ 10,570</u>
O&M Expenses	\$ -
Depreciation Expense	6,875
State Utility Property Taxes	1,396
Local Property Taxes	3,804
Federal and State Income Taxes	<u>-</u>
Operating Expenses	<u>\$ 12,075</u>
Additional Revenue Requirement	<u>\$ 22,645</u>
Total Proposed Proforma Operating Revenues	<u>\$ 372,324</u>
% Increase associated with Step Increase	<u>6.08%</u>

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Rate of Return

	<u>Amount</u>	<u>Interest Rate</u>	<u>Annual Interest</u>	<u>Annual Amortization of Fin Costs</u>	<u>Total Annual Cost of Debt</u>	<u>Annual Cost Rate</u>
Debt Financing	\$ 128,000	5.00%	\$ 6,400	\$ 150	\$ 6,550	5.12%

Calculation of projected amortization of finance costs:

Estimated 2018 Financing Costs:	Bank Fees	\$ 500
	Consultant Fees	2,500
	Other Fees	-
	Total	\$ 3,000
Loan Term (Years)		<u>20</u>
Annual Amortization of Finance Costs		<u>\$ 150</u>

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2018 Additions to plant and related depreciation

<u>Project Description</u>	<u>Account Description</u>	<u>Account</u>	<u>Amount</u>	<u>Depr Rate</u>	<u>Annual Depr</u>	<u>Accum Depr</u>	<u>Net Plant</u>
Install SCADA system	Structures	304	20,000	10.00%	2,000	1,000	19,000
Pressure Reduction Design	Structures	304	70,000	2.50%	1,750	875	69,125
Construct Pump Station(s)	Structures	304	100,000	2.50%	2,500	1,250	98,750
Lower Services / Install Curb Stops Replace and Install New Services	Services	333	15,000	2.50%	375	188	14,813
Purchase and Install Meters	Meters	334	<u>5,000</u>	5.00%	<u>250</u>	<u>125</u>	<u>4,875</u>
	Total		<u>\$ 210,000</u>		<u>\$ 6,875</u>	<u>\$ 3,438</u>	<u>\$ 206,563</u>

SPSt. Cyr
11/29/2017

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PROPERTY TAXES

	<u>Amount</u>
Property Tax Expense:	
State Utility Property Taxes	
State Assessed Value as of April 1, 2016	\$ 750,200
Net Plant at 12/31/15	<u>732,776</u>
Assessment Adjustment Percentage	102.38%
Net Book Value of 2018 Additions to Plant	<u>\$ 206,563</u>
Assessment Adjustment Percentage applied to Net Book Value of 2017 Additions to Plant	\$ 211,474
State Property Tax Rate (per \$1,000)	<u>6.60</u>
State Utility Property Taxes	<u>\$ 1,396</u>
Town of Carroll Property Taxes	
Assessed Vaulation	\$ 625,907
Net Plant in Service, 12/31/15	<u>565,878</u>
Assessment Adjustment Percentage	<u>110.61%</u>
Net Book Value of 2018 Additions to Plant	<u>\$ 206,563</u>
Assessment Adjustment Percentage applied to Net Book Value of 2017 Additions to Plant	\$ 228,475
Local Property Tax Rate (per \$1,000)	<u>16.65</u>
Local Property Taxes	<u>\$ 3,804</u>

Note: Assumes that Net Boood Value of 2018 Additions to Plant are in Town of Carroll.