

## Class C Water Utility

**F-1 BALANCE SHEET**  
**Assets and Other Debits**

Line # (a)	Acct # (b)	Account Title (c)	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
<b>UTILITY PLANT</b>					
1	101-105	Utility Plant	\$477,703	\$24,500	\$502,203
2	108-110	Less: Accumulated Depreciation & Amortization	227,887	1,225	229,112
3		Net Plant	\$249,816	\$23,275	\$273,091
4	114-115	Utility Plant Acquisition Adjustment - Net			
5		Total Net Utility Plant	\$249,816	\$23,275	\$273,091
<b>OTHER PROPERTY AND INVESTMENTS</b>					
6	121	Nonutility Property			
7	122	Less: Accumulated Depreciation & Amortization			
8		Net Nonutility Property			
9	124	Utility Investments			
10	127	Depreciation Funds			
11		Total Other Property and Investments			
<b>CURRENT AND ACCRUED ASSETS</b>					
12	131	Cash	\$3,194	(\$1,429)	\$1,765
13	132	Special Deposits			
14	141-143	Accounts & Notes Receivable Net	28,818		28,818
15	151	Plant Materials and Supplies	696		696
16	162-163	Prepayments	4,313		4,313
17	174	Miscellaneous Current and Accrued Assets			-
18		Total Current and Accrued Assets	\$37,021	(\$1,429)	\$35,592
<b>DEFERRED DEBITS</b>					
19	186	Miscellaneous Deferred Debits	\$5,826	\$1,800	\$7,626
20	190	Accumulated Deferred Income Taxes			
21		Total Deferred Debits	\$5,826	\$1,800	\$7,626
<b>TOTAL ASSETS AND OTHER DEBITS</b>			<b>\$292,663</b>	<b>\$23,646</b>	<b>\$316,309</b>

Class C Water Utility

**F-1 BALANCE SHEET**  
**Equity Capital and Liabilities**

Line # (a)	Acct # (b)	Account Title Ⓢ	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
<b>EQUITY CAPITAL</b>					
1	201	Common Stock Issued	\$30,471		\$30,471
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital			
4	217	Retained Earnings	(9,760)	\$1,154	(8,606)
5	218	Proprietary Capital (Proprietorships & Partnerships)			
6		Total Equity Capital	\$20,711	\$1,154	\$21,865
<b>LONG TERM DEBT</b>					
7	224	Other Long-Term Debt	\$135,864	22,492	\$158,356
<b>CURRENT AND ACCRUED LIABILITIES</b>					
8	231	Accounts Payable	\$47,195		\$47,195
9	232	Notes Payable			
10	235	Customer Deposits			
11	236	Accrued Taxes			
12	237	Accrued Interest			
13	241	Miscellaneous Current & Accrued Liabilities	799		799
14		Total Current and Accrued Liabilities	\$47,994	\$0	\$47,994
<b>OTHER LIABILITIES</b>					
15	252	Advances for Construction			
16	253	Other Deferred Credits			
17	255	Accumulated Deferred Investment Tax Credit			
18	265	Miscellaneous Operating Reserves			
19	271-272	CIAC - Net	88,094		88,094
20	281-283	Accumulated Deferred Income Taxes			
21		Total Other Liabilities	\$88,094	\$0	\$88,094
22		<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$292,663</b>	<b>\$23,646</b>	<b>\$316,309</b>

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**F-1 BALANCE SHEET**  
**Capital Structure**

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
<b>EQUITY CAPITAL</b>					
1	201	Common Stock Issued	\$30,471		\$30,471
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital	-		-
4	215	Unappropriated Retained Earnings			
5	217	Retained Earnings	(9,760)	\$1,154	(8,606)
6	218	Proprietary Capital (Proprietorships & Partnerships)			
7		Total Equity Capital	\$20,711	\$1,154	\$21,865
<b>LONG TERM DEBT</b>					
8	224	Other Long-Term Debt	\$135,864	\$22,492	\$158,356
9		<b>TOTAL CAPITAL</b>	\$156,575	\$23,646	\$180,221

**Capital Structure**

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
<b>EQUITY CAPITAL</b>					
1	201	Common Stock Issued	19.46%		16.91%
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital	0.00%		0.00%
4	215	Unappropriated Retained Earnings			
5	217	Retained Earnings	-6.23%	4.88%	-4.78%
6	218	Proprietary Capital (Proprietorships & Partnerships)			
7		Total Equity Capital	13.23%	4.88%	12.13%
<b>LONG TERM DEBT</b>					
8	224	Other Long-Term Debt	86.77%	95.12%	87.87%
9		<b>TOTAL CAPITAL</b>	100.00%	100.00%	100.00%

## Class C Water Utility

## F-2 STATEMENT OF INCOME

Line # (a)	Acct # (b)	Account Title (c)	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
<b>UTILITY OPERATING INCOME</b>					
1	400	Operating Revenue	\$69,907	\$4,750	\$74,657
2	-	Operating Expenses:			
3	401	Operation and Maintenance	\$64,858		\$64,858
4	403	Depreciation	15,507	1,225	16,732
5	405	Amortization of CIAC	(6,050)		(6,050)
6	406	Amortization of Utility Plant Acquisition Adj			
7	407	Amortization - Other	207		207
8	408	Taxes Other Than Income	9,694	946	10,640
9	-	Income Taxes (409.1, 410.1, 411.1, 412.1)			
10		Total Operating Expenses	\$84,216	\$2,171	\$86,387
11		Net Operating Income (Loss)	(\$14,309)	\$2,579	(\$11,730)
<b>OTHER INCOME AND DEDUCTIONS</b>					
12	419	Interest & Dividend Income			
13	420	Allowance for Funds Used During Construction			
14	421	Non-Utility Income			
15	422	Gain (Loss) From Disposition Nonutility Property			
16	426	Miscellaneous Non-Utility Expenses			
17	427	Interest Expense	(5,925)	(1,425)	(7,350)
18	-	Taxes Other Than Income (409.2+410.2+411.2+412.2)			
19		Total Other Income and Deductions	(\$5,925)	(\$1,425)	(7,350)
20		<b>NET INCOME (LOSS)</b>	<b>(\$20,234)</b>	<b>\$1,154</b>	<b>(\$19,080)</b>

## JOURNAL ENTRIES

			Impact on NI
		2016 Net Income (Loss)	\$ (20,234)
1	Dr. Misc Def Dr. - Unamortized Debt Expense Cr. Cash	2,000	2,000
	To record costs associated with financing (See SPS 9)		
2	Dr. Cash Cr. Other Long Term Debt	24,500	24,500
	To record receipt of cash and new LTD		
3	Dr. Pumping Equipment Cr. Cash	24,500	24,500
	To record additions to plant for VSDs & SCADA		
4	Dr. Depreciation Expense Cr. Accumulated Depreciation	1,225	1,225
	To record half year depreciation on 2017 additions to plant		
5	Dr. Other Long Debt Dr. Interest Expense Cr. Cash	2,008 1,225	3,233
	To record principal and interest payment on new owner loan		
6	Dr. Amortization of Debt Expense Cr. Misc Def Dr - Unamortized Debt Expense	200	200
	To record amortization of debt expense		
7	Dr. Cash Cr. Revenue	4,750	4,750
	To record anticipated revenue associated with step increase		
8	Dr. State & Local Property Taxes Cr. Cash	946	946
	To record anticipated increase in state and local property taxes		
		29,250	30,679
	Net impact on Cash		(1,429)
	Net Income (Loss)		(19,080)

## Revenue Requirement - Step Increase for Pump Drives and SCADA

PLANT IN SERVICE	Amount
Pumping Equipment	\$ 24,500
Less: Accumulated Depreciation	<u>1,225</u>
NET PLANT IN SERVICE	\$ 23,275
Contribution in Aid of Construction	-
Plus: Accumulated Amortization of CIAC	<u>-</u>
NET PLANT IN RATE BASE	\$ 23,275
Cash Working Capital (75/365)	<u>-</u>
TOTAL RATE BASE	\$ <u>23,275</u>
Return on Additional Plant @ 5.82%	\$ <u>1,354</u>
O&M Expenses	
Depreciation Expense	\$ 2,450
Amortization of CIAC	-
State Utility Property Taxes	147
Town of Swanzey Property Taxes	<u>799</u>
Operating Expenses	\$ <u>3,396</u>
Additional Revenue Requirement	\$ <u>4,750</u>

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12/11/2017

Rate of Return

<u>Long Term Debt:</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Annual Interest</u>	<u>Annual Amort of Fin Costs</u>	<u>Total Annual Costs</u>	<u>Cost Rate</u>
S. Brown 2017 loan	\$24,500	5.00%	\$ 1,225	\$ 200	\$ 1,425	5.82%

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**Plant, Depreciation Expense and Accumulated Depreciation**

	<u>Costs</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
311 Pumping Equipment	\$ 24,500	\$ 2,450	\$ 1,225
Total	\$ 24,500	\$ 2,450	\$ 1,225

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12/11/2017

**Owner Financing**

**Source of Funds:**

Sarah Brown	<u>\$ 24,500</u>
Total Source of Funds	<u>\$ 24,500</u>

**Use of Funds:**

EEHoughton Co., Inc. for VSDs & SCADA	<u>\$ 24,500</u>
Total Use of Funds	<u>\$ 24,500</u>

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**Financing**

**Estimated Financing Costs**

Stephen P. St. Cyr & Associates \$ 2,000

Total Financing Costs \$ 2,000

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