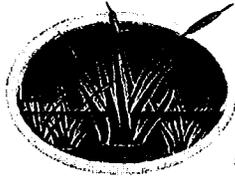


# TAB 1

Cover Letter

Puc 1604.02(b)



# ATKINSON AREA WASTEWATER RECYCLING, INC.

54 SAWYER AVE. ATKINSON, NEW HAMPSHIRE 03811 Phone: 603.362.5333 Fax: 603.362.4936

July 10, 2020

By electronic mail (executive.director@puc.nh.gov)

Ms. Debra Howland  
Executive Director & Secretary  
NH PUC  
21 S. Fruit Street, Suite 10  
Concord, NH 03301-2429

RE: Atkinson Area Waste Water Recycling, Inc. - DW 20-071  
Petition for Approval of Permanent Rates and Proposed Tariff Revisions

Dear Ms. Howland:

Pursuant to Puc 1604.02(a)(1) the company submits this cover letter accompanying the electronic copy of the Petition for the above-referenced matter. Pursuant to the Commission's March 17, 2020 letter citing to the COVID-19 emergency, the Company will not file any paper copies. The Company will maintain the original paper copy of this submission and file accordingly upon further notice from the Commission.

A summary of the requested rate relief and the nature and magnitude of the requested changes is as follows:

1. The company seeks rate relief for the first time since 2007. (See docket DW 07-131). Specifically, the company seeks to establish rates at:
  - a. Base charge for residential customers of \$210.15 per year and a consumption charge of \$16.87 per 100 cubic feet of usage.
  - b. Base charge for commercial customers of \$5,837.42 per year and a consumption charge of \$16.87 per 100 cubic feet of usage.
2. To revise the Company's tariff to reflect changes to federal tax law related to Contributions in Aid of Construction.

The magnitude of this change relates to it being about 13 years since rates were adjusted, and that the proposed rate increase will cover increased costs over the last 13 years plus improvements and additions to the infrastructure, increased labor costs, and other expenses.

And while the percentage increase from current commercial rates is large, it is not when accounting for the fact that the company's last rate case was over 12 years ago.

The Puc 1604.02(A)(2) Report of Proposed Rate Changes is provided as a schedule in the Appendices to pre-filed testimony of Stephen P. St. Cyr, Exhibit 3 to the Petition.

The Puc 1604.02(A)(3) Written Testimony is attached to the rate case petition through pre-filed testimony of Mr. St. Cyr, Exhibit 2, and Mr. Harold Morse, President of the company, Exhibit 1.

The Puc 1604.02(A)(4) Filing Requirement Schedule as established by Puc 1604.07 is provided within the schedules in the Appendices accompanying the pre-filed testimony of Stephen P. St. Cyr, Exhibit 3.

The Puc 1604.02(A)(5) copy of the proposed statement to be transmitted to the utility's customers is attached as Exhibit 7 to the Petition.

I may be reached directly at (603) 362-1936 if you have any questions.

Very truly yours,



Anthony S. Augeri  
General Counsel

TA/lis  
enclosures

e cc: Harold Morse, President  
Christine Lewis Morse, VP  
John Sullivan, Controller  
Joshua Manning, GM  
Steven P. St. Cyr

## TAB 2

Index of Rate Case Documents

### Index of Rate Case Documents

<b>Tab</b>	<b>Rate Case Information</b>	<b>Legal Authority</b>
1	Cover Letter	Puc 1604.02(b)
2	Index of Rate Case Documents	
3	Attestation	Puc 1604.04
4	Motion for Protective Order and Confidential Treatment	Puc 203.08
5	Report of Proposed Rate Changes	Puc 1604.02(a)(2)
6	Customer Notice	Puc 1604.02(a)(5)
7	Testimony of Harold J. Morse	Puc 1604.02(a)(3)
8	Testimony of Stephen St. Cyr	Puc 1604.02(a)(3)
9	Petition to Approve Rates and Tariff Amendments	RSA 378.7 and 378:28
10	Filing Requirement Schedules	Puc 1604.06 and 1604.7
11	Rate of Return Information	Puc 1604.08
12	Revised Tariff Pages	Puc 1603.05
13	Summary (Index) of Full Rate Case Schedules	Puc 1604.01(b)
14	Detailed Charitable Contribution	Puc 1604.01(b)(1)
15	List of Advertising	Puc 1604.01(b)(2)
16	Most Recent Construction Budget	Puc 1604.01(b)(3)
17	Chart of Accounts if Different than NHPUC	Puc 1604.01(b)(4)
18	Membership Fees, Dues and Lobbying Expenses	Puc 1604.01(b)(5)
19	Depreciation Study	Puc 1604.01(b)(6)
20	Management and Financial Audits	Puc 1604.01(b)(7)
21	Officer and Director Compensation and Incentives	Puc 1604.01(b)(8)

## Index of Rate Case Documents

22	Payments for Contractual Services	Puc 1604.01(b)(9)
23	Amount of Assets and Costs Allocated to Non-Utility Operations	Puc 1604.01(b)(10)
24	Balance Sheets and Income Statements for Previous Two Years	Puc 1604.01(b)(11)
25	Quarterly Income Statement for Previous Two Years	Puc 1604.01(b)(12)
26	Quarterly Sales Volume for Previous Two Years	Puc 1604.01(b)(13)
27	Projected Need for External Capital	Puc 1604.01(b)(14)
28	Support for Figures in Written Testimony and Exhibits	Puc 1604.01(b)(15)
29	Summary of Rate Case Expense Estimates	Puc 1905.01(a)

## TAB 3

Attestation

Puc 1604.04

Stephen P. St. Cyr & Associates

17 Sky Oaks Drive

Biddeford, Me. 04005

207-423-0215

[stephenpstcyr@yahoo.com](mailto:stephenpstcyr@yahoo.com)

July 8, 2020

Debra Howland

Executive Director & Secretary

Public Utilities Commission

21 S. Fruit Street, Suite 10

Concord, N. H. 03301-2429

Re: DW 20-071, Atkinson Area Waste Water Recycling Company, Inc.  
Request for Change in Rates  
PUC 1604.04 Attestation

Dear Ms. Howland:

Atkinson Area Waste Water Recycling Company (“AAWR” or “Company”) filing for the proposed rate change in DW 20-071 was prepared utilizing the Company’s books and records. To the best of my knowledge and belief, the filing, including its revenue and expenses and assets and liabilities, accurately reflects the Company’s books.

Very truly yours,

/s/ Stephen P. St. Cyr  
Stephen P. St. Cyr

cc: AAWR  
John Sullivan

## **TAB 4**

Motion for Protective Order and Confidential Treatment

Puc 203.08

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

\_\_\_\_\_  
)  
**PETITION FOR APPROVAL OF** )  
**PERMANENT RATES AND** )  
**PROPOSED TARIFF REVISIONS** )  
)  
**ATKINSON AREA WASTE** )  
**WATER RECYLCING, INC.** )  
Petitioner )  
\_\_\_\_\_ )

**DOCKET NO. DW 20-071**

**MOTION FOR CONFIDENTIAL TREATMENT  
AND PROTECTIVE ORDER**

Atkinson Area Waste Water Recycling, Inc. (“AAWW” or the “Company”) respectfully moves the New Hampshire Public Utilities Commission (the “Commission”) to grant a protective order for certain confidential information contained in the Company’s “Petition for Approval of Permanent Rates and Proposed Tariff Revisions” pursuant to R.S.A. 91-A:5(IV) and NH. Admin Rules, Puc 203.08.

In support of this motion, AAWW states as follows:

1. AAWW filed a rate case proceeding and N.H. Admin. Rule Puc (hereafter “Puc”) 1604(b) requires the Company to provide supporting information, contents, and documents. AAWW deems some of the information required by Puc 1604(b) to be confidential.
2. Specifically, Puc 1604(b)(9) (payments to related entities for contractual services) requires AAWW to provide data from a Management/Service/Rental Agreement and a Billing Services Agreement it has with related entities for the test period. AAWW is providing this information at Tab 22 of its rate case filing.

3. Pursuant to Puc 203.08 (a) “the commission shall upon motion issue a protective order providing for confidential treatment of one or more documents upon a finding that the document or documents are entitled to such treatment pursuant to RSA 91-A:5, or other applicable law...”

4. The Commission employs a multi-part analysis to determine whether certain information qualifies for confidential treatment: (1) whether the information sought is confidential, commercial, or financial information; and (2) whether disclosure of that information would constitute an invasion of privacy. *EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, DG 10-017, Order No. 25-208 at 7-8 (March 23, 2011). An invasion of privacy analysis, in turn, requires an evaluation of three factors: (1) whether there is a privacy interest at stake that would be invaded by disclosure; (2) whether there is public interest in disclosure; and (3) a balance of the public’s interest in disclosure and the interests in nondisclosure. *Lamy v. N.H. Pub. Util. Comm’n*, 152 N.H. 106, 109 (2005)

5. RSA 91-A:5(IV) expressly exempts from public disclosure requirements of any “records pertaining to...confidential, commercial or financial information...” RSA 91-A:5 (IV).

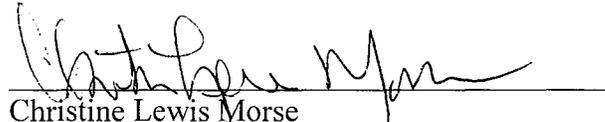
6. The proposed agreements fall within RSA 91-A:5(IV) exemption because they are confidential commercial or financial information that reveals terms of such management and billing services.

7. Based on the foregoing, AAWW requests that the Commission issue a protective order granting this motion and protecting from public disclosure the information identified in this motion.

WHEREFORE, Atkinson Area Waste Water Recycling, Inc., respectfully requests the Commission issue an order protecting the confidential information specified herein from public disclosure.

Respectfully submitted,

ATKINSON AREA WASTE WATER RECYCLING, INC.

  
Christine Lewis Morse  
Vice President

Dated: August \_\_, 2020

# TAB 5

Report of Proposed Rate Changes

Puc 1604.02(a)(2)



## TAB 6

Customer Notice

Puc 1604.02(a)(5)

Atkinson Area Waste Water Recycling, Inc.

Date: \_\_\_\_\_

Dear Sewer Customer,

On July 10, 2020 Atkinson Area Waste Water Recycling, Inc. filed for a rate increase with the New Hampshire Public Utilities Commission (“NHPUC”).

The increase was requested because it has been 13 years since rates were adjusted. This rate increase covers increased costs over the last 13 years plus improvements and additions to the infrastructure, increased labor costs, and other expenses.

Increases in the sewer rates are designed to allow the Company to recover its cost and to earn a reasonable return on its investment. After due consideration and review by the NHPUC the rate increase was approved on \_\_\_\_\_; NHPUC Order Number \_\_\_\_\_.

Effective with this billing the sewer usage charge for residential service has been increased from a base charge of \$108.00 per year and a consumption rate of \$11.91 per every 100 cubic feet (748 gallons) of usage to a base charge of \$210.15 per year and a consumption charge of \$16.87 per every 100 cubic feet. While this increase appears high it represents the first rate increase in over twelve years. Additionally the usage charge for commercial service has been increased from a base charge of \$3,000.00 per year and a consumption rate of \$11.91 per every 100 cubic feet (748 gallons) of usage to a base charge of \$5,837.42 per year and a consumption charge of \$16.87 per every 100 cubic feet.

We at Atkinson Area Waste Water Recycling, Inc. would like to express our appreciation to you; our customers. We thank you for your support while we continue expanding our abilities to better serve you and move forward into the future.

Should you have additional questions please feel free to contact our office Monday through Friday 8:00 am to 4:30 pm at (603) 362-4299 or by email at [customerservice@lewisbulders.com](mailto:customerservice@lewisbulders.com)

Sincerely,

Joshua Manning  
General Manager

## **TAB 7**

Testimony of Harold J. Morse

Puc 1604.02(a)(3)

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**THE STATE OF NEW HAMPSHIRE**  
**PUBLIC UTILITIES COMMISSION**  
**IN THE MATTER OF**  
**ATKINSON AREA WASTE WATER RECYCLING COMPANY, INC.**  
**20-071**  
**PRE-FILED TESTIMONY IN SUPPORT OF**  
**PETITION FOR APPROVAL OF PERMANENT RATES AND PROPOSED**  
**TARIFF REVISIONS**

**PRE-FILED TESTIMONY OF HAROLD J. MORSE**

- Q. Please state your name, address and position with Atkinson Area Waste Water Recycling, Inc.
- A. My name is Harold J. Morse, of 54 Sawyer Avenue, Atkinson, NH. I am the President of Atkinson Area Waste Water Recycling Company, Inc., (AAWW), as well as the Vice President of Lewis Builders Development, Inc. (LBDI), the President of The Hampstead Area Water Company, Inc. (HAWC) and the Vice President of Atkinson Farm, LLC, (AF) and Atkinson Concessions, Inc., d/b/a Atkinson Resort & Country Club (ACI).
- Q. Describe the overall history of AAWW.
- A. AAWW is presently franchised in an area of Atkinson, New Hampshire. All of the entities named herein and in the Petition are closely held companies owned by related parties. AF is a domestic limited liability company , and is the parent company for Atkinson Concessions, Inc, d/b/a Atkinson Resort & Country Club (ACI). AF owns the land that ACI is located on. LBDI constructed the

1 wastewater treatment plant in 2001 and upgraded the plant in 2009, on property  
2 owned by AF, who currently owns the asset.

3 Q. What are the current status and the future plans for the wastewater treatment  
4 plant?

5 A. The wastewater treatment system currently supplies service to ACI and will  
6 supply service to a development of residential condominium units to be  
7 constructed on the AF property by LBDI. This development will be known as  
8 Atkinson Heights.

9 Q. Could you describe the Atkinson Heights development?

10 A. AF obtained approval in 2007 from the Town of Atkinson Planning Board for  
11 Atkinson Heights condominium development, which will be an age restricted  
12 (55+) residential condominium development. The construction of Two Hundred  
13 and Eighty-Eight (288) condominium units will consist of Nine (9) mid-rise  
14 buildings containing Thirty-Two (32) units each. Construction of the first  
15 building began this year.

16 Q. How many customers are initially anticipated over the next few years?

17 A. The initial customer base is calculated for two buildings or Sixty-Four (64) units.  
18 The commercial use represented by ACI makes for Sixty-Five (65) initial  
19 customers.

20 Q. How has AAWW obtained the wastewater treatment plant?

21 A. AF has contributed the physical plant to AAWW as a contribution in aid of  
22 construction (CIAC). This is pursuant to the Commission's Order number

1 20,298, dated November 12, 1991, issued in docket number DE-90-214,  
2 approving a Stipulation Agreement between Staff and AAWW. Additionally,  
3 LBDI constructed and contributed an expansion of the existing facility to  
4 accommodate the anticipated development on the AF parcel. This is pursuant to  
5 the Commission's Order number 24,899, dated September 25, 2008, issued in  
6 docket number DW-07-131, approving a Stipulation Agreement between Staff  
7 and AAWW.

8 Q. Who has been operating the facility?

9 A. LBDI and HAWC has been providing management, services and facilities to  
10 AAWW for the operation of the system. There is a Management Contract  
11 between AAWW and HAWC and LBDI.

12 Q. Generally, please describe the plant.

13 A. The existing treatment plant is approved with a design flow of 38,800 gpd and is  
14 made up of a series of septic tanks which collect the solids and separate the  
15 liquids from the wastewater. The liquids then flow through a series of four  
16 constructed wetland cells where the secondary treatment occurs. Next the  
17 recycled water is stored in a holding lagoon where it is disinfected, and then used  
18 as irrigation water for the Atkinson Resort & Country Club.

19 Q. Generally, please describe the Proposed Annual Operating Budget as shown on  
20 Schedule 1B of the rate case schedules.

21 A. Overall, the Company anticipates total operating and maintenance expenses of  
22 \$78,580. The expenses include sludge removal expense of \$7,910, purchased

1 power expense of \$16,370 and contracted services of \$43,750. Contracted  
2 Services include administrative labor of \$10,400, water testing of \$15,000 and a  
3 management fee of \$5,000.

4 Q. Does this conclude your testimony?

5 A. Yes.

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## **TAB 8**

Testimony of Stephen P. St. Cyr

Puc 1604.02(a)(3)

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Atkinson Area Waste Water Recycling Company

before the

New Hampshire Public Utilities Commission

DW 20-071

Direct Testimony of Stephen P. St. Cyr

Q. Please state your name and address.

A. Stephen P. St. Cyr of Stephen P. St. Cyr & Associates, 17 Sky Oaks Drive,  
Biddeford, Me. 04005.

Q. Please state your present employment position and summarize your professional  
and educational background.

A. I am presently employed by St. Cyr & Associates, which primarily provides  
accounting, management, regulatory and tax services. The Company devotes a  
significant portion of the practice to serving utilities. The Company has a number  
of regulated water and sewer utilities among its clientele. I have prepared and  
presented a number of rate case filings before the New Hampshire Public Utilities  
Commission (“PUC”). Prior to establishing St. Cyr & Associates, I worked in the  
utility industry for 16 years, holding various managerial accounting and  
regulatory positions. I have a Business Administration degree with a  
concentration in accounting from Northeastern University in Boston, Ma. I

1           obtained my CPA certificate in Maryland (but not certified in NH due to different  
2           certificate requirements). I obtained a master level Certificate in Taxation from  
3           NH College (now Southern Maine University).

4    Q.    Is St. Cyr & Associates presently providing services to Atkinson Area Waste  
5           Water Recycling Company (“AAWR” or “Company”)?

6    A.    Yes. St. Cyr & Associates assists the Company in its year end closing and  
7           preparation of financial statement. St. Cyr & Associates also assists the Company  
8           in various regulatory filings including expansion of its franchise, financing of  
9           construction projects and adjusting rates. It has been engaged to prepare the  
10          various rate case exhibits, supporting schedules and written testimony.

11   Q.    What is the purpose of your testimony?

12   A.    The purpose of my testimony is to support the Company’s efforts to increase rates  
13          to its customers so as to reflect in rates its additions to plant and related CIAC, the  
14          changes to its capital structure and costs rates and its revenue and expenses  
15          adjusted for projected changes.

16   Q.    Please provide an overview of the rate filing.

17   A.    It has been more than 10 years since its last rate case (DW 07-131). At that time,  
18          and still today, AAWR has only 1 commercial customer, the Atkinson Resort  
19          and Country Club, a related party. Lewis Builders Development, Inc (Lewis),  
20          another related party and the developer, is in the process of construction 2  
21          residential buildings, each with 32 units. In order to provide sewer service to the

1           2 buildings, AAWWR will have to add septic tanks, forced collection sewers, a  
2           pump station and pumping equipment. The sewer infrastructure will be  
3           contributed by Lewis. In 2019 the Company converted some of its debt to other  
4           paid in capital. For a number of years, AAWWR has had net losses. With the  
5           addition of the 2 buildings and 64 customers, both revenue and expenses need to  
6           be adjusted. The Company believes that the proposed increase in rates / revenues  
7           is fair, reasonable and manageable and allows the Company to earn a fair and  
8           reasonable rate of return on its prudently incurred investments and pay for its  
9           necessary operating expenses. The proposed increase will enable the Company to  
10          provide sewer service at good pressure at good reliability at a good price.

11    Q.    Is there anything else that you would like to address before you address the rate  
12          filing and the rate schedules?

13    A.    No.

14    Q.    Are you familiar with the pending rate application of the Company and with the  
15          various exhibits submitted as Schedules 1 through 4 inclusive, with related pages  
16          and attachments?

17    A.    Yes, I am. The exhibits were prepared by me, utilizing the financial records of  
18          the Company with the assistance of Company personnel.

19    Q.    What is the test year that the Company is using in this filing?

20    A.    The Company is utilizing the twelve months ended December 31, 2019.

21    Q.    Would you summarize the schedule entitled "Computation of Revenue Deficiency

1 for the Test Year ended December 31, 2019.”

2 A. Yes. This schedule summarizes the supporting schedules. The actual revenue  
3 deficiency for the test period amounts to \$37,897. It is based upon a 5 quarter  
4 average balance for 2019 of \$95,018 as summarized in Schedule 3. The  
5 Company is utilizing a rate of return of 5.50% for the actual test year. The rate of  
6 return of 5.50%, when multiplied by the rate base of \$95,018, results in an  
7 operating income requirement of \$5,226. As shown on Schedule 1, the actual net  
8 operating income (loss) for the test period was (\$32,671). The operating income  
9 requirement, plus the net operating income (loss), results in an operating income  
10 deficiency of \$37,897. The tax effect on the operating income deficiency is \$0,  
11 resulting in a revenue deficiency of \$37,897.

12

13 The pro forma revenue deficiency for the test year amounts to \$0. The Company  
14 made a few adjustments to its rate base, mostly related to plant and CIAC. The  
15 Company made no adjustments to the rate of return. As such, the proposed rate of  
16 return of 5.50%, when multiplied by the rate base of \$99,837, results in an  
17 operating income requirement of \$5,491. The Company increased its revenue by  
18 \$56,443 in order to allow the Company to recover its expenses and to earn a fair  
19 and reasonable return on its investment.

20 Q. Would you please summarize Schedule 1, “Statement of Income,” for the twelve  
21 months ended December 31, 2019?

1 A. The first column (column b) of Schedule 1 shows the actual operating results of  
2 the Company from January 1, 2019 through December 31, 2019. The Company  
3 has filed its 2019 NHPUC Annual Report, which further supports the rate filing.  
4 During the twelve months ended December 31, 2019, the Company operating  
5 revenues amounted to \$34,173, an increase of \$3,474 or 11.32%. The increase in  
6 operating revenue in 2019 was due to an increase sewer flow. In 2020, it is likely  
7 that the sewer flow will decrease due to shut down during the covid-19 pandemic  
8 and the gradual reopening. The Company had 1 commercial customer as of  
9 December 31, 2019.

10  
11 The Company's operating expenses consists of operation and maintenance  
12 expenses, depreciation and amortization expenses, and taxes other than income.  
13 Total 2019 operating expenses amounted to \$66,844, an increase of \$14,792 or  
14 28.42%. Operation and maintenance expenses increased \$19,376, primarily due  
15 to 4<sup>th</sup> quarter 2018 charge of \$7,805 for ground water monitoring. The Company  
16 made a pro forma adjustment reducing O&M expense by same amount. The  
17 increase in operating and maintenance expenses was offset by lower taxes other  
18 than income taxes. The Company's net operating income (loss) amounted to  
19 \$32,671.

20  
21 The Company reviewed all of its expenses in light of the projected increase in

1 sewer flow from 64 new customers. See Schedule 1B, Proposed Annual  
2 Operating Budget. Also, see Mr. Morse's testimony for explanation the annual  
3 O&M expenses. Overall, the Company anticipates that annual O&M expenses  
4 will amount to \$78,580, an increase of \$37,583. In its review, the Company  
5 determined that certain revenues and expenses needed to be adjusted in order to  
6 reflect what will be considered normal and reoccurring going forward.

7

8 Q. Please explain each of the pro forma adjustments made to revenue as shown on  
9 Schedule 1, in the second column (column c) and further supported on Schedule  
10 1A.

11 A. The Company made three pro forma adjustment to revenue.

12 Operating Revenues

13 The first pro forma adjustment to revenues amounts for \$25,504 reflects the  
14 projected usage at the existing rates. The second pro forma adjustment to revenue  
15 represents the additional revenue of \$56,443 needed to recover the increase in its  
16 expenses and to earn a reasonable return on its rate base. The third pro forma  
17 adjustment to revenues amounting to \$72,034 is associated with the developer's  
18 contribution of plant and the related revenue generated to pay the CIAC tax.

19 Q. Did the Company make any pro forma adjustments to expenses?

20 A. Yes. The Company made a number of pro forma adjustments to expenses as  
21 follows:

1           Operating and Maintenance Expenses

2           711 Sludge Removal. The Company anticipates annual sludge removal expenses  
3           of \$7,910. No such costs were incurred in the test year, resulting in a pro forma  
4           adjustment of \$7,910. See Schedule 1B for further support including the  
5           components that make up the sludge removal costs.

6           715 Purchased Power. With the anticipated increase in sewer flow, and the  
7           anticipated increase in electric expenses, the Company anticipates purchased  
8           power expenses \$16,370. The Company incurred \$9,648 during the test year,  
9           resulting in a pro forma adjustment of \$6,722. See Schedule 1B for further  
10          support including the components that make up the purchased power costs.

11          718 Chemical. The Company anticipates annual chemical expenses of \$2,000.  
12          No such costs were incurred in the test year, resulting in a pro forma adjustment  
13          of \$2,000. See Schedule 1B for further support.

14          730 Contracted Services. In 2018 the Company inadvertently did not record the  
15          4<sup>th</sup> quarter 2018 ground water monitoring expenses of \$7,805. As such, the  
16          Company is making a pro forma adjustment by the same amount reducing its  
17          2019 test year expenses.

18          730 Contracted Services. The Company anticipates annual contracted services  
19          expense of \$43,750. The Company incurred \$20,138 during the test year,  
20          resulting in a pro forma adjustment of \$23,612. See Schedule 1B for further  
21          support including the components that make up the contracted services. Also,

1 please note that AA WWR has a Management / Services / Rental Agreement  
2 (“Management Agreement”) with HAWC and Lewis Builders. AA WWR,  
3 HAWC and Lewis Builders are related parties. The Management Agreement  
4 provides services on an as needed basis at an hourly or other rate as set forth on  
5 Schedule A. The Management Agreement also provides parts and material, labor  
6 burden, overhead expenses and billing procedures and content, See SPS  
7 Testimony Attachment 1. In addition, AA WWR has a Billing Services  
8 Agreement (“Billing Agreement”) with HAWC. The Billing Agreement provides  
9 that HAWC will provide, on an ongoing basis, those billing services at the rate of  
10 \$10 per customer per year. See SPS Testimony Attachment 2.

11 730. Audit Expenses. The 2019 test year has no audit expenses. In anticipation  
12 of a PUC audit, the Company projects that it will incur \$4,500 of audit related  
13 expenses. The Company proposes to recover such projected expenses over 3  
14 years, resulting in a pro forma adjustment of \$1,500.

15 755 Insurance. The Company anticipates annual insurance expenses of \$6,300.  
16 No such costs were incurred in the test year, resulting in a pro forma adjustment  
17 of \$6,300. See Schedule 1B for further support.

18 765 Regulatory Expenses. The Company anticipates annual regulatory expenses  
19 of \$250. The Company incurred \$52 during the test year, resulting in a pro forma  
20 adjustment of \$198. See Schedule 1B for further support.

21 775 Miscellaneous Expenses. The Company anticipates annual miscellaneous

1 expenses of \$2,000. The Company incurred \$3,355 during the test year, resulting  
2 in a pro forma adjustment of (\$1,355). See Schedule 1B for further support.

3 Overall. The sum of the pro forma adjustments to O&M expenses amounts to  
4 \$39,082.

#### 5 Depreciation Expenses

6 In order to provide sewer service to the 2 building, AAWWR will have to add  
7 septic tanks, forced collection sewers, a pump station and pumping equipment.

8 The sewer infrastructure will be contributed by Lewis. In 2019 the Company  
9 recorded \$57,226 of depreciation expenses. With the additional plant, the  
10 additional depreciation expense amounts to \$6,970. This amount represents the  
11 annual depreciation on such assets. See Schedule 3B for calculation of  
12 depreciation.

#### 13 Amortization of CIAC

14 As noted above, the sewer infrastructure will be contributed by Lewis. In 2019  
15 the Company recorded \$47,111 of amortization of CIAC. With the additional  
16 contributed plant, the additional amortization of CIAC amounts to \$6,970. This  
17 amount represents the annual amortization of CIAC on such assets. See Schedule  
18 3B for calculation of amortization of CIAC.

#### 19 Taxes other than Income.

20 In 2019 the Company experienced a decrease in Taxes other than Income of  
21 \$4,584 due to decrease in tax assessment and correction of prior year's accrual.

1 With the additional plant, the Company anticipates and increase in both state and  
2 local property taxes. See Schedule 1C for calculation of the anticipated increase  
3 in property taxes. At the state level, the Company anticipates an increase of  
4 \$1,403. At the local level, the Company anticipates an increase of \$3,300. The  
5 sum of the two represents an anticipated increase of \$4,703.

6 Federal Income and State Business Taxes

7 At this time, the increase in federal income and state business taxes is related to  
8 the contribution in aid of construction. See calculation of the CIAC tax on  
9 Schedule 3B.

10

11 The Company made no other pro forma adjustments to expenses. The total pro  
12 forma adjustments to expenses amount to \$115,819.

13 Q. Does column d of Schedule 1 represent the sum of the actual test year amounts  
14 (column b) plus the pro forma adjustments (column c)?

15 A. Yes, it does.

16 Q. Does column e and f represent the revenue and expenses for the twelve months  
17 ended December 31, 2018 and 2017, respectively?

18 A. Yes, it does.

19 Q. Would you please explain Schedule 2 entitled "Balance Sheet"?

20 A. Yes. This schedule shows the year end balances reflected on the balance sheets of  
21 the Company for 2019, 2018 and 2017.

1 Utility Plant consists of sewer structures, pumping equipment, treatment and  
2 disposal equipment and sewer mains. There has been no change in utility plant  
3 during 2017 – 2019. The plant continues to be depreciated. Miscellaneous  
4 deferred debits consist of deferred rate case expenses and unamortized debt  
5 expense.

6 The Company’s Equity Capital consists of \$2,000 of common stock, \$159,200 of  
7 other paid in capital, and retained earnings of (\$180,856). As previously  
8 mentioned, in 2019 the Company converted some of its debt to other paid in  
9 capital. For a number of years, AAWWR has had net losses. The Company  
10 continues to carry \$128,000 of debt owed to Atkinson Farm, Inc. The Company  
11 has net contribution in aid of construction of \$671,093, representing a substantial  
12 contribution of the plant. The Company and its customers continue to benefit  
13 from CIAC, primarily from Lewis Builders.

14 Q. Would you please explain Schedule 3 entitled “Rate Base”?

15 A. Columns (b) - (f) show the actual balances of the rate base items as per the  
16 Company’s quarterly financial statements. Column (g) shows the actual 5 quarter  
17 average balances, except for cash working capital, which reflects the cash  
18 working capital for 2019. Column (h) shows the 2019 pro forma adjustments.  
19 Column (i) shows the pro forma 2019 balances.

20 The rate base consists of Utility Plant, less Accumulated Depreciation,  
21 Contributions in Aid of Construction and Accumulated Amortization of CIAC

1 plus Cash Working Capital. The actual 5 quarter average rate base amounts to  
2 \$95,018. The Company made 5 adjustments to rate base. 4 of 5 adjustments  
3 pertain to the contributed plant and the related depreciation and amortization.  
4 The fifth adjustment relates to cash working capital and the related increase in  
5 O&M expenses. The computation of working capital is shown on schedule 3C.  
6 The specific adjustments are shown on Schedule 3A. As you can see, the addition  
7 to plant is offset by the related CIAC and the addition to accumulated  
8 depreciation is offset by the related amortization of CIAC. The additions to plant  
9 by plant account and the related CIAC, the estimated lives, annual depreciation  
10 and ½ year accumulated amounts are shown on Schedule 3B. The calculation of  
11 CIAC tax is also shown on Schedule 3B.

12 Q. Would you please explain Schedule 4 entitled “Rate of Return Information”?

13 A. Since AAWR’s equity capital is negative, AAWR is utilizing the long-term  
14 debt rate as the rate of return. There are no adjustments to the capital structure  
15 and cost rates. Schedule 4 shows the 2019 actual and pro forma capital structures  
16 and the capital structures for 2018 and 2017. It also shows the related capital  
17 structure ratios.

18 Q. Please explain the Report of Proposed Rate Changes (including the step increase).

19 A. The Report (“Report”) of Proposed Rate Changes shows the two rate classes, the  
20 effect of the revenue change, the number of customer including the new 64  
21 residential customers, the authorized present revenue, the proposed revenue, the

1 proposed change amount and percentage. The proposed change amount is  
2 \$56,443 or 94.58%. As shown on the Report, The Company anticipates  
3 1,958,000 and 2,336,000 gallons of sewer flow from commercial and residential  
4 ratepayers, respectively. 2,336,000 gallons represents approximately 54% of the  
5 total sewer flow. As such, the rates are designed for the Company to receive  
6 approximated 54% of the revenues from residential ratepayers. The Company has  
7 increased both the base sewer rates and consumption rates. The base sewer rates  
8 are still relatively low. The average residential customer will receive an annual  
9 increase of \$581.27, resulting in an average annual bill of \$979.77.

10 Q. Is the Company proposing to change the rate design?

11 A. No. The Company has applied the proposed rate increase to both the sewer base  
12 rates and the consumption rate.

13 Q. Is there anything else that you would like to discuss?

14 A. Yes, the Company has engaged the services of Stephen P. St. Cyr & Assoc. The  
15 Company has agreed to an hourly fee of \$140.00 (plus out of pocket costs) for  
16 work performed in preparation of the rate filing and pursuit of the rate increase  
17 during the rate proceeding. The Company will also utilize the services, i.e.,  
18 management, legal, accounting, engineering, etc., of its affiliate, Lewis Builders  
19 Development, Inc., in the preparation of the rate filing and throughout the rate  
20 proceeding. The Company will make every effort to minimize its rate case  
21 expenses.

- 1 Q. Is there anything further that you would like to discuss?
- 2 A. In addition to the normal adjustments to the Rate Schedule –GM in the  
3 Company’s tariff, the Company has added language to the tariff related to the  
4 contribution of cash, land, plant, equipment, etc. The language will allow the  
5 Company to charge the contributing party for Tax generated from Contributions  
6 In Aid of Construction (CIAC) made to the Company. The language is consistent  
7 with the language recently approved by the PUC for the HAWC tariff in DW 19-  
8 136. The Company also made other minor changes to its tariff.
- 9 Q. Would you please summarize what the Company is requesting in this docket?
- 10 A. Yes, the Company is requesting a permanent revenue increase of \$56,443,  
11 effective December 1, 2020. The permanent revenue increase of \$56,443 enables  
12 the Company to earn a 5.50% rate of return on its investment, reflected in a pro  
13 forma rate base of \$99,837. The average, annual residential customer’s bill will  
14 increase from \$398.50 to \$979.77, an increase of \$581.27. The Company also  
15 requests revisions to its tariff be approved to allow it to charge contributing  
16 parties for the tax generated by CIAC it makes to the Company.
- 17 Q. Does this conclude your testimony?
- 18 A. Yes.

## **TAB 9**

**Petition to Approve Rates and Tariff Amendments**

**RSA 378.7 and RSA 378.28**

**STATE OF NEW HAMPSHIRE**  
**NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**  
**ATKINSON AREA WASTE WATER RECYCLING, INC**

**DW 20-\_\_\_\_\_**

**PETITION FOR APPROVAL OF PERMANENT RATES AND PROPOSED TARIFF REVISIONS**

The Petitioner, Atkinson Area Waste Water Recycling, Inc. (AAWW) respectfully submits its petition to the N.H. Public Utilities Commission (Commission) for approval to establish permanent rates, and to approve proposed revisions to the company's tariff to reflect changes in federal tax law related to Contributions in Aid of Construction. In support of this Petition, AAWW says:

1. AAWW is presently franchised in an area of Atkinson, New Hampshire. All the entities named in this Petition are closely held companies owned by related parties.
2. Atkinson Farm, LLC (AF), a New Hampshire limited liability company wholly owned by Christine Lewis Morse, Jonathan T. Morse, and Elizabeth A. Morse in their respective family trusts, is the parent company for Atkinson Concessions, Inc, d/b/a Atkinson Resort & Country Club (ACI). AF owns the land that ACI is located on, as well as the waste water treatment facility that is sited there also.
3. The waste water treatment system currently supplies service to ACI and will supply service to a development of residential condominium units being constructed on the AF property by Lewis Builders Development, Inc. (LBDI). This development will be known as Atkinson Heights and is within the Company's franchise area. This franchise was granted under docket DE-90-214 in the Commission Order number 20,298, dated November 12, 1991.

4. In 2007, AF obtained approval from the Town of Atkinson Planning Board to develop Atkinson Heights, which will be an age restricted (55+) residential condominium project. The project will total Two Hundred and Eighty-Eight (288) residential condominium units consisting of Nine (9) mid-rise buildings containing Thirty-Two (32) units each.
5. The initial customer base from these units is calculated for two buildings or Sixty-Four (64) units. Coupled with ACI, this makes for Sixty-Five (65) initial customers. (See Pre-filed testimony of Harold Morse, attached as Exhibit 3).
6. LBDI constructed the physical plant in 2001 on property owned by AF. The physical plant is a sewage treatment facility, consisting of four wetlands treatment cells and a sewage treatment lagoon. This treatment facility was approved by DES on April 1, 2002
7. LBDI constructed an expansion of the existing facility, a storage pond, to accommodate the anticipated development on the AF parcel in 2009.
8. AAWW proposes an increase in revenue including step increase by \$56,443.00, a 94% increase. This would result in average annual revenue of \$53,415 for Commercial \$979.77 for Residential on a per customer basis.
9. The current rates do not allow AAWW to meet its anticipated operation expenses and earn its proposed rate of return.
10. In support of its request for a rate increase, the Company provides the following information, as more completely detailed in the Pre-Filed Testimony of Stephen P. St. Cyr (Exhibit 2) and the Financial Appendices attached thereto.
11. It is appropriate at this time to increase permanent rates for AAWW, and this would represent the first rate increase in over twelve years. AAWW is proposing rates as follows:

- a. Base charge for residential customers of \$210.15 per year and a consumption charge of \$16.87 per 100 cubic feet of usage
  - c. Base charge of \$5,837.42 per year for commercial customers with a consumption charge of \$16.87, per 100 cubic feet of usage. (See Exhibit 2, Pre-filed Testimony of Stephen P. St. Cyr and Exhibit 3, Rates Schedules attached his testimony)
  - d. Collection of tax from developers and customers who make Contributions In Aid of Construction (CIAC) to the Company. (See Exhibit
12. That the Company has applied the proposed rate increase to all its metered customers. (See Proposed Tariff Rate Change Page, Exhibit 4). The Company also submits proposed revisions to its tariff to reflect changes to tax law for CIAC pursuant to Puc 1603.05. (See Exhibit 4). A new tariff is being submitted due to spacing from the proposed revisions and cleaning up pages of the current tariff pursuant to Puc 1603.05(a)(2).
13. In summary, the Company is requesting a permanent revenue increase of \$56,443, effective December 1, 2020. The permanent revenue increase of \$56,443 enables the Company to earn a proposed 5.50% rate of return on its investment, reflected in a proforma rate base of \$99,837. The Company is also requesting the proposed new tariff, attached as Exhibit 4, be approved.
14. It would be in the public good to have an increase in permanent rates and to approve the proposed tariff revisions. AAWW provides the following in support:
  - a. The rate filing schedules are attached in the Financial Exhibits (submitted collectively and attached to Exhibit 2, the Pre-Filed Testimony of Stephen P. St. Cyr). As can be seen by the Pre-Filed Testimony of Stephen P. St Cyr and the

attached Exhibits, the rate increase is warranted due to the need for increased revenue.

- b. AAWW is requesting this system wide permanent rate increase be effective as of December 1, 2020.
- c. The new tariff reflecting revisions to the Company's existing tariff to allow the Company to collect taxes generated from CIAC it receives.
- d. For all the reasons set out hereinabove, it would be in the public good for AAWW to have a new system wide rate increase and to approve the proposed new tariff.

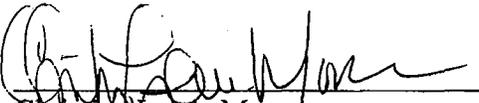
15. That AAWW requests that the Commission by appropriate order grant the AAWW, approval for permanent rates to be established as proposed and the new tariff as proposed.

WHEREFORE your Petitioner prays:

- A. That the Commission find that it would be in the public good:
  - 1. That permanent rates as proposed be approved.
  - 2. That the proposed new tariff be approved.
- B. That the Commission, by appropriate order, grant permission:
  - 1. That permanent rates as proposed be approved.
  - 2. That the proposed new tariff be approved.
- C. That the Commission make such further findings and orders as may be appropriate on the circumstances.

Dated the 10<sup>th</sup> day of July 2020.

Respectfully submitted,  
ATKINSON AREA WASTE WATER, INC.

  
Christine Lewis Morser  
Vice President

# TAB 10

Filing Requirement (FR) Schedules

Puc 1604.06 and Puc 1604.07

**Atkinson Area Waste Water Recycling, Inc.**

**Computation of Revenue Deficiency**

**For the Test Year Ended December 31, 2019**

	<u>Actual</u>	<u>Proforma</u>
Rate Base (Schedule 3)	\$ 95,018	\$ 99,837
Rate of Return (Schedule 4)	<u>5.50%</u>	<u>5.50%</u>
Operating Income Required	\$ 5,226	\$ 5,491
Net Operating Income (Schedule 1)	<u>(32,671)</u>	<u>5,491</u>
Operating Income Deficiency	\$ (37,897)	\$ (0)
Tax Effect		
Revenue Deficiency	<u>\$ (37,897)</u>	<u>\$ (0)</u>

## Statement of Income

Line No.	Account Title (Number) (a)	Actual 2019 Year End Balance (b)	Proforma Adjustments (c)	Proforma 2019 Year End Balance (d)	Actual 2018 Year End Balance (e)	Actual 2017 Year End Balance (f)
	<b>UTILITY OPERATING INCOME</b>					
1	Operating Revenues(400)	\$ 34,173	\$ 153,981	\$ 188,154	\$ 30,699	\$ 31,084
2	<b>Operating Expenses:</b>					
3	Operating and Maintenance Expense (401)	40,998	\$39,082	80,080	21,622	24,567
4	Depreciation Expense (403)	57,226	\$6,970	64,196	57,226	57,226
5	Amortization of Contribution in Aid of Construction (405)	(47,111)	(\$6,970)	(54,081)	(47,111)	(47,111)
6	Amortization of Utility Plant Acquisition Adjustments (406)					
7	Amortization Expense-Other (407)	100		100	100	100
8	Taxes Other Than Income (408)	15,631	4,703	20,334	20,215	18,328
9	Income Taxes (409.1, 410.1, 411.1, 412.1)		72,034	72,034		
10	<b>Total Operating Expenses</b>	\$ 66,844	\$ 115,819	\$ 182,663	\$ 52,052	\$ 53,110
11	<b>Net Operating Income (Loss)</b>	(32,671)	38,162	5,491	(21,353)	(22,026)
	<b>OTHER INCOME AND DEDUCTIONS</b>					
12	Interest and Dividend Income (419)					
13	Allow. for funds Used During Construction (420)					
14	Nonutility Income (421)					
15	Gains (Losses) From Disposition of Nonutility Property (422)					
16	Miscellaneous Nonutility Expenses (426)					
17	Interest Expense (427)	(434)		(434)	(434)	(434)
18	Taxes Applicable To Other Income (409.2, 410.2, 411.2, 412.2)					
19						
20	<b>Total Other Income and Deductions</b>	\$ (434)	\$ -	\$ (434)	\$ (434)	\$ (434)
21	<b>NET INCOME (LOSS)</b>	\$ (33,105)	\$ 38,162	\$ 5,057	\$ (21,787)	\$ (22,460)

**Atkinson Area Waste Water Recycling, Inc.**  
**Statement of Income - Proforma Adjustments**

**Schedule 1A**

Page 1 of 3

**Operating Revenues**

2019 Test Year Proforma	\$ 59,677
2019 Test Year Actual	<u>34,173</u>
Proforma Adjustment	<u>\$ 25,504</u>

To adjust test year revenues for revenue based on projected usage at existing rates for 64 new residential customers

2019 Test Year Proforma	\$ 116,120
2019 Test Year Actual adjusted for 64 new customers	<u>59,677</u>
Proforma Adjustment	<u>\$ 56,443</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.

2019 Test Year Proforma	\$ 188,154
2019 Test Year Actual adjusted for 64 new customers	<u>116,120</u>
Proforma Adjustment	<u>\$ 72,034</u>

To adjust test year revenues for revenue associated with the developer's contribution of plant.

Total Proforma Adjustment to Operating Revenues **\$ 153,981**

**Operation and Maintenance Expenses**

711 Sludge Removal:

2019 Test Year Proforma	\$ 7,910
2019 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ 7,910</u>

To adjust test year sludge removal for proposed annual operating budget

715 Purchased Power:

2019 Test Year Proforma	\$ 16,370
2019 Test Year Actual	<u>9,648</u>
Proforma Adjustment	<u>\$ 6,722</u>

To adjust test year purchased power for proposed annual operating budget

718 Chemicals:

2019 Test Year Proforma	\$ 2,000
2019 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ 2,000</u>

To adjust test year chemicals for proposed annual operating budget

730 Contracted Services:

2019 Test Year Proforma	\$ 20,138
2019 Test Year Actual	<u>27,943</u>
Proforma Adjustment	<u>\$ (7,805)</u>

To adjust test year contracted services for 4th quarter 2018 ground water monitoring expenses

730 Contracted Services:	
2019 Test Year Proforma	\$ 43,750
2019 Test Year Actual	<u>20,138</u>
Proforma Adjustment	<u>\$ 23,612</u>
To adjust test year contracted services for proposed annual operating budget	

730 Contracted Services:	
2019 Test Year Proforma	\$ 1,500
2019 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ 1,500</u>
To adjust test year contracted services for anticipated PUC audit (\$4,500 / 3 years)	

755 Insurance:	
2019 Test Year Proforma	\$ 6,300
2019 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ 6,300</u>
To adjust test year insurance for proposed annual operating budget	

765 Regulatory Commission Expenses:	
2019 Test Year Proforma	\$ 250
2019 Test Year Actual	<u>52</u>
Proforma Adjustment	<u>\$ 198</u>
To adjust test year regulatory commission expense for proposed annual operating budget	

775 Miscellaneous Expenses:	
2019 Test Year Proforma	\$ 2,000
2019 Test Year Actual	<u>3,355</u>
Proforma Adjustment	<u>\$ (1,355)</u>
To adjust test year miscellaneous expenses for proposed annual operating budget	

Total Operation and Maintenance Expense Adjustment	<u><b>\$ 39,082</b></u>
--	-------------------------

### **Depreciation Expenses**

2019 Test Year Proforma	\$ 64,196
2019 Test Year Actual	<u>57,226</u>
Proforma Adjustment	<u><b>\$ 6,970</b></u>
To adjust test year depreciation expenses for additional full year depreciation on 2020 plant	

### **Amortization of CIAC Expenses**

2017 Test Year Proforma	\$ (54,081)
2017 Test Year Actual	<u>(47,111)</u>
Proforma Adjustment	<u><b>\$ (6,970)</b></u>
To adjust test year amortization of CIAC expenses for additional full year on 2020 CIAC	

**Taxes other than Income**

State Utility Property Taxes	
2019 Test Year Proforma	\$ 6,383
2019 Test Year Actual	<u>4,980</u>
Proforma Adjustment	\$ <u>1,403</u>
To adjust test year taxes other than income taxes for anticipated increase in state utility property taxes	

Town of Atkinson Real Estate Taxes	
2019 Test Year Proforma	\$ 13,951
2019 Test Year Actual	<u>10,651</u>
Proforma Adjustment	\$ <u>3,300</u>
To adjust test year taxes other than income taxes for anticipated increase in Town of Atkinson real estate	

Total Taxes other than Income Adjustment **\$ 4,703**

**Income Taxes**

Federal Income and State Business Taxes	
2019 Test Year Proforma	\$ 72,034
2019 Test Year Proforma	<u>-</u>
Proforma Adjustment	\$ <u>72,034</u>
To adjust test year federal income and state business taxes	

Total Proforma Adjustments **\$ 115,819**

**Atkinson Area Waste Water Recycling, Inc.**

**Schedule 1B**

**Proposed Annual Operating Budget**

Operation & Maintenance Expenses:

711	Sludge Removal Expense (1)	7,910
715	Purchased Power (2)	16,370
718	Chemicals	2,000
730	Contracted Services (3)	43,750
740	Rents	
755	Insurance	6,300
765	Regulatory Commission Expense	250
770	Bad Debt Expense	
775	Misc. Expense	<u>2,000</u>
Total O & M Expenses		<u>78,580</u>

This should be \$2,400 per Greg Meyer email 6/23/20

Notes:

(1) 711 - Sludge Removal:

		<u>Annual</u>
		<u>Cost</u>
Pump Septic Tanks (Bi-Annually)		1,280
Pump Clean Solutions Tank (Bi-Annually)		1,680
Pump Grease Tanks (paid by ACC)		0
Pump Septic Tanks (ACC) (Semi-Annually)		<u>4,950</u>
Total		<u>7,910</u>

8000 gallon tank per 32 unit building - current charge = \$0.16 per gallon  
 10,500 gallon tank per 32 unit building - current charge = \$0.16 per gallon  
 36,000 gallons per year

(2) 715 - Purchased Power:

	<u>Monthly</u>	<u>Annual</u>
Lagoon Pump Station & aeration		5,000
Irrigation Pump Station (6 months)	1,255	7,530
Clean Solutions Tanks	320	<u>3,840</u>
Total		<u>16,370</u>

Liberty  
 Unitil

(3) 730 - Contracted Services:

Maintenance Labor	2,000
Admin Labor - 4 hours per week	10,400
Operations	2,500
Sampling Labor	2,700
HAWC Billing Services	650
Outside Acctg Services	2,000
Permitting and Reporting	1,500
Legal	2,000
Water Testing (Treatment) 12 months	5,000
Water Testing (Lagoon) 6 months	2,000
Water Testing (Monitoring Wells) 6 mos.	8,000
Management Fee	<u>5,000</u>
Total	<u>43,750</u>

583 per month now

**Atkinson Area Waste Water Recycling, Inc.****Schedule - 1C**

Calculation of anticipated increase in property taxes

Property Taxes	Total Projected Costs
State Utility Property Taxes	
Total Project Costs	\$ 216,000
Accumulated Depreciation	<u>3,485</u>
Net Plant	<u>\$ 212,515</u>
Thousand Dollars of Assessed Value	<u>\$ 212.52</u>
Tax Value as % of Net Book Value	<u>100.00%</u>
State Utility Property Tax Rate	<u>\$ 6.60</u>
State Utility Property Taxes	<u>\$ 1,403</u>
Town of Atkinson Property Taxes	
Total Project Costs	\$ 216,000
Accumulated Depreciation	<u>3,485</u>
Net Plant	<u>\$ 212,515</u>
Thousand Dollars of Assessed Value	<u>\$ 212.52</u>
Tax Value as % of Net Book Value	<u>100.00%</u>
Town of Atkinson Property Tax Rate	<u>\$ 15.53</u>
Town of Atkinson	<u>\$ 3,300</u>
Total Combined State and local Property taxes	<u>\$ 4,703</u>
Combined State and Local Property Tax Rate:	
New Hampshire	\$ 6.60
Atkinson	<u>15.53</u>
Total	<u>\$ 22.13</u>
NHDRA Assessed value as of 4/1/19	\$ 813,300
Net Plant at 12/31/18	<u>813,275</u>
Percent of assessed value to net plant	<u>100.00%</u>

**Atkinson Area Waste Water Recycling, Inc.**

Schedule 1D

**Income Tax Computation**

	<u>Actual</u>	<u>Proforma</u>
Total Rate Base	\$95,018	\$99,837
Equity Component of Cost of Capital	<u>-1.85%</u>	<u>0.00%</u>
Operating Net Income Required	-\$1,757	\$0
Tax Multiplier (.3714)	<u>-652</u>	<u>0</u>
Income Required before Income Taxes	-\$2,409	\$0
Less: NH Business Profits Tax @ 7.7%	<u>-185</u>	<u>0</u>
Income subject to Federal Taxes	-\$2,224	\$0
Less: Federal Income Tax @ 21%	<u>-467</u>	<u>0</u>
Income after Income Taxes	<u>-\$1,757</u>	<u>\$0</u>

**Effective Tax Factor**

Taxable Income	100.00%
Less: NH Business Profits Tax	7.70%
Federal Taxable Income	92.30%
Federal Income Tax Rate	21.00%
Effective Federal Income Tax Rate	19.38%
Add: NH Business Profit Tax	7.70%
Effective Tax Rate	27.08%
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	27.08%
Percent Used as a Divisor in Determining the Revenue Requirement	72.92%
Tax Multiplier	37.14%

## Balance Sheet - Assets and Other Debits

Line No.	Account Title (Number) (a)	Actual 2019 Year End Balance (d)	Actual 2018 Year End Balance (d)	Actual 2017 Year End Balance (d)
<b>UTILITY PLANT</b>				
1	Utility Plant (101-105)	\$ 1,241,340	\$ 1,241,340	\$ 1,241,340
2	Less: Accumulated Depr. and Amort. (108-110)	\$ 485,391	\$ 428,065	\$ 370,739
3	Net Plant	\$ 755,949	\$ 813,275	\$ 870,601
4	Utility Plant Acquisition Adj. (Net) (114-115)			
5	Total Net Utility Plant	\$ 755,949	\$ 813,275	\$ 870,601
<b>OTHER PROPERTY AND INVESTMENTS</b>				
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			
<b>CURRENT AND ACCRUED ASSETS</b>				
12	Cash (131)	1,050	355	3,914
13	Special Deposits (132)			
14	Accounts and Notes Receivable-Net (141-144)	2,705	2,971	2,551
15	Plant Materials and Supplies (151)			
16	Prepayments (162-163)	5,590	3,318	4,866
17	Misc. Current and Accrued Assets (174)			
18	Total Current and Accrued Assets	\$ 9,345	\$ 6,644	\$ 11,331
<b>DEFERRED DEBITS</b>				
19	Miscellaneous Deferred Debits (186)	14,270	13,815	14,249
20	Accumulated Deferred Income Taxes (190)			
21	Total Deferred Debits	\$ 14,270	\$ 13,815	\$ 14,249
<b>TOTAL ASSETS AND OTHER DEBITS</b>		<b>\$ 779,564</b>	<b>\$ 833,734</b>	<b>\$ 896,181</b>

## Balance Sheet - Equity Capital and Liabilities

Line No.	Account Title (Number) (a)	Actual 2019 Year End Balance (d)	Actual 2018 Year End Balance (d)	Actual 2017 Year End Balance (d)
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	\$ 2,000	\$ 2,000	\$ 2,000
2	Preferred Stock Issued (204)			
3	Other Paid-In Capital (211)	159,200		
4	Retained Earnings (217)	(180,856)	(147,751)	(124,511)
5	Proprietary Capital (proprietorships & partnerships) (218)			
6	Total Equity Capital	\$ (19,656)	\$ (145,751)	\$ (122,511)
<b>LONG TERM DEBT</b>				
7	Other Long-Term Debt (224)	128,000	259,700	245,700
<b>CURRENT AND ACCRUED LIABILITIES</b>				
8	Accounts Payable (231)	127	1,581	1,873
9	Notes Payable (232)			
10	Customer Deposits (235)			
11	Accrued Taxes (236)			5,784
12	Accrued Interest (237)			
13	Misc. Current and Accrued Liabilities (241)			
14	Total Current and Accrued Liabilities	\$ 127	\$ 1,581	\$ 7,657
<b>DEFERRED CREDITS</b>				
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)	671,093	718,204	765,315
20	Accumulated Deferred Income Taxes (281-283)			
21	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	\$ 779,564	\$ 833,734	\$ 896,161

Rate Base

Line No.	Account Title (a)	Actual 12/31/2018 Balance (b)	Actual 3/31/2019 Balance (c)	Actual 6/30/2019 Balance (d)	Actual 9/30/2019 Balance (e)	Actual 12/31/2019 Balance (f)	5 Quarter Average Balance (g)	Adjustments (h)	Proforma 2019 Balance (i)
1	Plant in Service	\$ 1,241,340	\$ 1,241,340	\$ 1,241,340	\$ 1,241,340	\$ 1,241,340	\$ 1,241,340	\$ 216,000	\$ 1,457,340
2	Less: Accumulated Depreciation	428,065	442,397	456,728	471,060	485,391	456,728	3,485	460,213
3	Net Utility Plant	\$ 813,275	\$ 798,943	\$ 784,612	\$ 770,280	\$ 755,949	\$ 784,612	\$ 212,515	\$ 997,127
4	Cash Working Capital					5,055	5,055	4,819	9,874
5	Material and Supplies								-
6	Contribution in Aid of Construction	(1,071,537)	(1,071,537)	(1,071,537)	(1,071,537)	(1,071,537)	(1,071,537)	(216,000)	(1,287,537)
7	Contribution in Aid of Construction - Net	353,333	365,111	376,889	388,666	400,444	376,889	3,485	380,374
8	Total Rate Base	\$ 95,071	\$ 92,517	\$ 89,964	\$ 87,409	\$ 89,911	\$ 95,018	\$ 4,819	\$ 99,837

**Atkinson Area Waste Water Recycling, Inc.**  
**Statement of Income - Proforma Adjustments**

**Schedule 3A**

Page 1 of 1

**Rate Base**

Plant in Service	
2019 Test Year Proforma	\$ 1,457,340
2019 Test Year Actual	<u>1,241,340</u>
Proforma Adjustment	\$ <u>216,000</u>
To adjust test year plant in service for 2020 additions to plant	
Accumulated Depreciation	
2019 Test Year Proforma	\$ 460,213
2019 Test Year Actual	<u>456,728</u>
Proforma Adjustment	\$ <u>3,485</u>
To adjust test year accumulated depreciation for 1/2 year depreciation on 2020 additions	
Contributions in Aid of Construction	
2019 Test Year Proforma	\$ (1,287,537)
2019 Test Year Actual	<u>(1,071,537)</u>
Proforma Adjustment	\$ <u>(216,000)</u>
To adjust test year CIAC for 2020 additions to CIAC	
Accumulated Amortization of CIAC	
2019 Test Year Proforma	\$ 380,374
2019 Test Year Actual	<u>376,889</u>
Proforma Adjustment	\$ <u>3,485</u>
To adjust test year accumulated amortization for 1/2 year amortization on 2020 CIAC	
Cash Working Capital	
2019 Test Year Proforma	\$ 9,874
2019 Test Year Actual	<u>5,055</u>
Proforma Adjustment	\$ <u>4,819</u>
To adjust test year O&M expenses for the projected increase in O&M expenses	

**Atkinson Area Waste Water Recycling, Inc.**

**Schedule 3B**

**Plant / Depreciation Expense / Accumulated Depreciation**

		<u>Costs</u>	<u>Estimated Life</u>	<u>Annual Depr Expense</u>	<u>Accum Depr</u>
354	Structures - Pump Station	\$ 18,000	40	\$ 450	\$ 225
354	Structures - Septic Tanks	108,000	50	2,160	1,080
360	Collection Sewers - Forced	58,000	50	1,160	580
371	Pumping Equipment	<u>32,000</u>	10	<u>3,200</u>	<u>1,600</u>
	Total	<u>216,000</u>		<u>6,970</u>	<u>3,485</u>

**CIAC / Amortization Expense / Accumulated Amortization**

		<u>Costs</u>	<u>Estimated Life</u>	<u>Annual Depr Expense</u>	<u>Accum Depr</u>
354	Structures - Pump Station	\$ 18,000	40	\$ 450	\$ 225
354	Structures - Septic Tanks	108,000	50	2,160	1,080
360	Collection Sewers - Forced	58,000	50	1,160	580
371	Pumping Equipment	<u>32,000</u>	10	<u>3,200</u>	<u>1,600</u>
	Total	<u>216,000</u>		<u>6,970</u>	<u>3,485</u>

Calculation of CIAC Tax under Plant and Equipment Formula

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
		Amount	1/2 Year Tax Depr.		1-Eff Tax Rate (1-.2708)	Gross Up (C - D) / F	Amount	CIAC Tax (G - H)
354	Structures - Pump Station	\$ 18,000	\$ 360	Note 1	0.7292	\$ 24,191	\$ 18,000	\$ 6,191
354	Structures - Septic Tanks	108,000	2,160	Note 1	0.7292	145,145	108,000	37,145
360	Collection Sewers - Forced	58,000	1,160	Note 1	0.7292	77,948	58,000	19,948
371	Pumping Equipment	<u>32,000</u>	<u>2,286</u>	Note 2	0.7292	<u>40,749</u>	<u>32,000</u>	<u>8,749</u>
	Total	<u>\$ 216,000</u>	<u>\$ 5,966</u>			<u>\$ 288,034</u>	<u>\$ 216,000</u>	<u>\$ 72,034</u>

Note 1: 25 year tax life, straight line depreciation method and 1/2 year convention.

Note 2: 7 year tax life, straight line depreciation method and 1/2 year convention.

**Atkinson Area Waste Water Recycling, Inc.**

**Schedule 3C**

**Working Capital**

	2019 Actual <u>Amount</u>	2019 Proforma <u>Amount</u>
Operating and Maintenance Expenses	\$40,998	\$80,080
75/365	<u>12.33%</u>	<u>12.33%</u>
Working Capital	<u>\$5,055</u>	<u>\$9,874</u>

Rate of Return Information

Overall Rate of Return	Component Ratio	Component Cost Rate	Weighted Average Cost Rate
Equity Capital	-18.14%	10.19%	-1.85%
Long Term Debt	118.14%	5.50%	6.50%
Total Capital	100.00%		4.65%

Note: Since AAWWR's Equity Capital is negative, AAWWR is utilizing LTDebt cost rate for the rate of return.

Capital Structure	2019 Actual	2019 Ratios	2019 Profoma	2019 Proforma
Common Stock	\$ 2,000	1.85%	\$ 2,000	1.85%
Other Paid in Capital	159,200	146.94%	159,200	146.94%
Retained Earnings	(180,856)	-166.93%	(180,856)	-166.93%
Total Equity	\$ (19,656)	-18.14%	\$ (19,656)	-18.14%
Long Term Debt	\$ 128,000	118.14%	\$ 128,000	118.14%
Total Capital	\$ 108,344	100.00%	\$ 108,344	100.00%

Capital Structure for 2019 - 2017	2019 Actual	2018 Actual	2017 Proforma
Common Stock	\$ 2,000	\$ 2,000	\$ 2,000
Other Paid in Capital	159,200	-	-
Retained Earnings	(180,856)	(147,751)	(124,511)
Total Equity	\$ (19,656)	\$ (145,751)	\$ (122,511)
Long Term Debt	\$ 128,000	\$ 259,700	\$ 245,700
Total Capital	\$ 108,344	\$ 113,949	\$ 123,189

<b>Capital Structure Ratios for 2019 - 2017</b>			2019 Ratios		2018 Ratios		2017 Ratios
Common Stock			1.85%		1.76%		1.62%
Other Paid in Capital			146.94%		0.00%		0.00%
Retained Earnings			-166.93%		-129.66%		-101.07%
Total Equity			-18.14%		-127.91%		-99.45%
Long Term Debt			118.14%		227.91%		199.45%
Total Capital			100.00%		100.00%		100.00%

Proforma Cost of Debt	2019 Proforma		Interest Rate	Interest Expense	Amortization of Fin Costs	Total Interest	Cost Rate
N/P to Atkinson Farm, Inc.	\$ 128,000		5.50%	\$ 7,040	\$ -	\$ 7,040	5.50%
Total Cost of Debt	\$ 128,000		5.50%	\$ 7,040	\$ -	\$ 7,040	5.50%

Actual Cost of Debt	2019 Actual		Interest Rate	Interest Expense	Amortization of Fin Costs	Total Interest	Cost Rate
N/P to Atkinson Farm, Inc.	\$ 128,000		5.50%	\$ 434	\$ -	\$ 434	0.34%
Total Cost of Debt	\$ 128,000		5.50%	\$ 434	\$ -	\$ 434	0.34%

<b>Cost of Common Equity Capital</b>
The Company is utilizing a cost of common equity of 10.19% (9.69% plus .50%) for pro forma purposes.

# TAB 11

Rate of Return (RoR) Information

Puc 1604.08

Rate of Return Information

Overall Rate of Return	Component Ratio	Component Cost Rate	Weighted Average Cost Rate
Equity Capital	-18.14%	10.19%	-1.85%
Long Term Debt	118.14%	5.50%	6.50%
Total Capital	100.00%		4.65%

Note: Since AAWWR's Equity Capital is negative, AAWWR is utilizing LTDebt cost rate for the rate of return.

Capital Structure	2019 Actual	2019 Ratios	2019 Profoma	2019 Proforma
Common Stock	\$ 2,000	1.85%	\$ 2,000	1.85%
Other Paid in Capital	159,200	146.94%	159,200	146.94%
Retained Earnings	(180,856)	-166.93%	(180,856)	-166.93%
Total Equity	\$ (19,656)	-18.14%	\$ (19,656)	-18.14%
Long Term Debt	\$ 128,000	118.14%	\$ 128,000	118.14%
Total Capital	\$ 108,344	100.00%	\$ 108,344	100.00%

Capital Structure for 2019 - 2017	2019 Actual	2018 Actual	2017 Proforma
Common Stock	\$ 2,000	\$ 2,000	\$ 2,000
Other Paid in Capital	159,200	-	-
Retained Earnings	(180,856)	(147,751)	(124,511)
Total Equity	\$ (19,656)	\$ (145,751)	\$ (122,511)
Long Term Debt	\$ 128,000	\$ 259,700	\$ 245,700
Total Capital	\$ 108,344	\$ 113,949	\$ 123,189

<b>Capital Structure Ratios for 2019 - 2017</b>			2019 Ratios		2018 Ratios		2017 Ratios
Common Stock			1.85%		1.76%		1.62%
Other Paid in Capital			146.94%		0.00%		0.00%
Retained Earnings			-166.93%		-129.66%		-101.07%
Total Equity			-18.14%		-127.91%		-99.45%
Long Term Debt			118.14%		227.91%		199.45%
Total Capital			100.00%		100.00%		100.00%

Proforma Cost of Debt	2019 Proforma		Interest Rate	Interest Expense	Amortization of Fin Costs	Total Interest	Cost Rate
N/P to Atkinson Farm, Inc.	\$ 128,000		5.50%	\$ 7,040	\$ -	\$ 7,040	5.50%
Total Cost of Debt	\$ 128,000		5.50%	\$ 7,040	\$ -	\$ 7,040	5.50%

Actual Cost of Debt	2019 Actual		Interest Rate	Interest Expense	Amortization of Fin Costs	Total Interest	Cost Rate
N/P to Atkinson Farm, Inc.	\$ 128,000		5.50%	\$ 434	\$ -	\$ 434	0.34%
Total Cost of Debt	\$ 128,000		5.50%	\$ 434	\$ -	\$ 434	0.34%

#### **Cost of Common Equity Capital**

The Company is utilizing a cost of common equity of 10.19% (9.69% plus .50%) for pro forma purposes.

# TAB 12

Revised Tariff Pages

Puc 1603.05

**NHPUC  
SUPPLEMENT NO. 1**

**ATKINSON AREA WASTE WATER  
RECYCLING, INC.**

Authorized by NHPUC Order #24,917 in Docket DW 07-131

Issued: July 10, 2020

Effective: December 1, 2020

Issued by: \_\_\_\_\_

Christine Lewis Morse

Title: Vice President

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Issued: July 10, 2020

Issued by: \_\_\_\_\_

Christine Lewis Morse

Effective: December 1, 2020

Title: Vice President

SERVICE AREA

The territory authorized to be served by this Company and to which this tariff applies is as follows:

A limited area of Atkinson NH described as follows:

BEGINNING at a point common to the Towns of Atkinson and Salem, New Hampshire and the City of Haverhill, Massachusetts; thence Northeasterly along the State Line of New Hampshire and Massachusetts to the centerline of North Broadway; thence Northwesterly along the centerline of North Broadway to the centerline intersection of North Broadway and Providence Hill Road; thence Northwesterly along the centerline of Providence Hill Road to the Salem, New Hampshire town line; thence Southwesterly, Easterly, and Southeasterly along the Salem and Atkinson town line to the point of beginning, This area containing approximately 1100 acres.

Authorized by NHPUC Order # 24,899 in Docket DW-07-131

Issued: July 10, 2020

Effective: December 1, 2020

Issued by: \_\_\_\_\_

Christine Lewis Morse

Title: Vice President

DEFINITIONS

“Arrearage” means any amount due to the utility for basic utility service which remains unpaid after the due date printed on the original bill. PUC 1202.01

“Basic utility service” means any tariffed fee or rate that has been filed with and approved by the commission. PUC 1202.02

“CIAC” means Contributions in Aid of Construction as defined in 26 CFR §1.118.2.

“Current bill” means the amount of money due to the utility for basic utility service, including all applicable state and federal taxes, rendered in the most recent billing period. PUC 1202.06

“Commission” means the New Hampshire Public Utilities Commission. PUC 1202.03

"Customer" means any person, firm, corporation, municipality or any other entity being supplied sewage disposal service by a utility. PUC 702.02

“Disconnection” means a technological function which occurs when a customer is physically or effectively separated or shut off from a utility service. PUC 1202.08

“Due date” means the date no less than 25 calendar days from the bill date when the bill is sent electronically or via first class mail. PUC 1202.09

“Financial hardship” means a residential customer has provided the utility with evidence of current enrollment of the customer or the customer’s household in the Low Income Home Energy Assistance Program, the Electric Assistance Program, the Neighbor Helping Neighbor Program, the Link-Up and Lifeline Telephone Assistance Programs, their successor programs or any other federal, state or local government program or government funded program of any social service agency which provides financial assistance or subsidy assistance for low income households based upon a written determination of household financial eligibility. PUC 1202.10

“Holding tanks” means a series of tanks that receive the sewage discharge from the premises served through the outflow pipe and are connected to the main by the service pipe.

“Late payment” means any payment made to the Company or its authorized agent after the due date printed on the bill. PUC 1202.11

"Main" means a sewage pipe owned, operated, or maintained by a utility which is used to transport sewage from the service pipe to the point of disposal. PUC 702.03.

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Title: Vice President

“Medical emergency” means a licensed physician or mental health practitioner as defined in RSA 330-A:2, VII has notified the utility that the customer has a physical or mental health condition which would become a danger to the customer’s physical or mental health in the absence of utility service. PUC 1202.12

“Meter” means a device installed by the utility to measure the amount of use. PUC 1202.13

“Outflow pipe” means the customer-owned pipe which takes the sewage discharge from the premises served to the holding tanks.

“Septic pumping” means the removal of sludge and scum from a septic or holding tank system for transport to appropriate disposal facilities. PUC 702.04

“Service pipe” means the utility-owned pipe used to transport sewage from the holding tanks to the main. PUC 702.05

“Sewage” means ground garbage, human or animal excretions and all other waterborne waste normally disposed of by residential, industrial, or commercial facilities through a sanitary sewage disposal system excluding solid waste, industrial waste and septic pumping. PUC 702.06

“Sewage disposal service” means the collection, transportation, treatment, and disposal of sewage including but not limited to the active processing of sewage to remove impurities and its ultimate discharge in the environment. This definition does not include septic pumping. PUC 702.07

“Tariff” means the current schedule of rates, charges, terms and conditions filed by a utility and either approved by the commission or effective by operation of law. PUC 1202.15

“Termination” means a bookkeeping function which occurs when a customer account is closed permanently. PUC 1202.16

“Water Company” means the Hampstead Area Water Company, Inc.

“Utility” or “Company” means the Atkinson Area Waste Water Recycling, Inc.

Authorized by NHPUC Order # 24,899 in Docket DW 07-131

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Issued by: \_\_\_\_\_

Christine Lewis Morse

Effective: December 1, 2020

Title: Vice President

TERMS AND CONDITIONS

1. Application for Service

Application for sewer service may be made by the owner or his agent. Each customer of the Company must also be a customer of the Water Company. By making application for sewer service, the customer consents to the sharing of service and billing information by and between the Company and the Water Company. Whether or not a signed application for service is made by the customer and accepted by the Company, the rendering of service by the Company and its use by the customer shall be deemed a contract between the parties and subject to all provisions of the tariff applicable to the service. The customer shall provide all information required by the Company in the application for service reasonably necessary to conduct business and the Company may require updated customer information as it deems fit.

2. Service Pipe

A. Location. Service pipe connections normally will be made only from the street which is the legal address of the premises served unless otherwise installed by the Company.

B. Installation, Ownership, and Maintenance.

1) For an Individual Customer or Group of Customers:

- a) The outflow pipe, holding tanks, and service pipe will be installed by the Company or a representative of the Company at the customer's expense from the existing main to the premises served (the "main-to-end"). For services installed by the Company at the time application for service is made a deposit will be required based upon the estimated cost of construction. For services installed by either the Company or the Customer, the Customer shall, at the time of application, pay any fees to the Company as set forth in this tariff's rate schedules to recover the costs of State and Federal taxes on CIAC payments. Thereafter, the main-to-end shall be owned and maintained by the Utility.
- b) All service pipes, mains, and holding tanks shall be owned and maintained by the Company.
- c) The customer for the premises served will own and maintain the outflow pipe from the premises served to the first holding tank.

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Christine Lewis Morse

Effective: December 1, 2020

Title: Vice President

- 2) For Developers  
Developers will be responsible for the cost of installation of outflow pipes, holding tanks, service pipes and new mains from the existing main to the premises served, to be installed per Company specifications, and shall pay any fees to the Company as set forth in this tariff's rate schedules to recover the costs of State and Federal taxes on CIAC payments.
  
- 3) The Company reserves the right to refuse sewer service to any location until such time as the Company shall decide that there is sufficient progress to show that the building will be completed and occupied.

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Christine Lewis Morse

Title: Vice President

TERMS AND CONDITIONS

- C. Joint Use of Service Pipe Trench. No service pipes shall be laid in the same trench with gas pipe, water pipe, or any other facility of a public utility, nor within three (3) feet of any open excavation or vault.
- D. Stop Cock. Every water service must be provided with a stop cock or valve easily accessible and located inside the building near the service entrance, so that the water may be turned of in order to perform maintenance and repair on the sewer service facility. All piping shall be below frost level or otherwise protected from freezing and shall be so arranged as to permit drainage whenever necessary.
- E. Thawing. When it becomes necessary to thaw a frozen service pipe and it cannot be determined where it is frozen and the Company at the customer's request undertakes to thaw the same, one-half of the cost thereof shall be paid by the customer.
3. Winter Construction.

Ordinarily no new service pipes or extensions of mains will be installed during winter conditions (when frost is in the ground) unless the customer shall (i) present evidence satisfactory to the Company that no governmental law, ordinance, or regulation will be violated thereby, and (ii) defray all extra expense incurred by such installation.

4. Maintenance of Plumbing.

Customers shall maintain the plumbing and fixtures within their own premises in good repair, free from leaks and protected from freezing, at their own expense; and for failure to do so may require the customers' water service to be disconnected. Any relocation of the service pipe on customer's premises due to change in grade, relocation of grade, or otherwise shall be at the customer's expense; and in no event shall the Company be responsible for any damage done by effluent escaping therefrom.

5. Meters.

- A. Use of Meters. All sewer service rates will be calculated as a function of

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Christine Lewis Morse

Title: Vice President

TERMS AND CONDITIONS

the metered water service supplied to the customer, in addition to the base rate pursuant with the Contract with the Company and the Water Company as approved by the PUC.

6. Use of Service.

- A. Waste and Leaks. Customers shall prevent all unnecessary waste of water. The Company shall determine what constitutes waste or improper use.
- B. Water service may be disconnected without notice for any of the following reasons and in accordance with PUC §1203.11:
- 1) Disconnection of water service by the Water Company.
  - 2) Tampering with Company property.
  - 3) Vacancy of the premises.
  - 4) Cross-connecting the Company's service with any other outflow or distribution source.

7. Cross-connections.

Cross-connection of any service pipe with that of any third party outflow or distribution pipe is prohibited.

8. Tampering.

All gates, valves, shut-offs, holding tanks, and pipes are the property of the Company and shall not be opened or closed or tampered with in any way by any person other than an authorized person of the Company.

9. Company Liability.

- A. The Company will not be responsible for any damage caused by shut-offs in the mains or service pipes, because of shortage of water supply, setting or removing meters by the Water Company, repairs, construction, or for other reasons beyond the control of the Company. Notice of shut-off will be given when practicable; however, nothing in this rule shall be construed as requiring the giving of such notice.
- B. The Company will not be responsible for damage caused by discharge of effluent, which may be occasioned by periodic cleaning of mains, holding tanks, or service pipes, or any other cause due to no lack of reasonable care on the part of the Company.

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Issued by: \_\_\_\_\_

Christine Lewis Morse

Effective: December 1, 2020

Title: Vice President

TERMS AND CONDITIONS

10. Payment for Service.

- A. Bills. Bills for sewer service will be rendered periodically in accordance with the "Terms of Payment" specified in the applicable rate schedule and are due and payable at the office of the Company upon presentation. Sewer charges cannot be transferred by lease, contract, agreement, or otherwise, by a customer to a third party.
- B. Deposits. In order to protect against loss, a deposit may be required when the following situations occur:
- 1) New residential service may require a cash deposit or other guarantee when:
    - a) The customer had a prior account with a similar type of utility within the last three (3) years which remains in arrears and is an undisputed overdue balance.
    - b) Any utility has successfully obtained judgment against the customer during the past two (2) years for non-payment of a delinquent account for utility service.
    - c) A similar type utility has disconnected the customer's service within the last three (3) years because of violations of that utility's tariff provisions.
    - d) The customer requests short-term service (for a period of less than twelve [12] consecutive months), and the customer has been delinquent in an account with any other utility within the six (6) months prior to application.
  - 2) Existing residential service will require a cash deposit or other guarantee when:
    - a) The customer has had two (2) disconnect notices within a twelve (12) month period.

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Christine Lewis Morse

Title: Vice President

TERMS AND CONDITIONS

- b) The service of the customer has been discontinued for non-payment of a delinquent account.
  - c) The service has been disconnected for violation of the Company's tariff provisions.
- 3) The customer's account will be credited annually with interest equal to the prime rate on all deposits from the date of deposit to the date of termination. Deposits, plus any accrued interest thereon, less any amount due the Company, will be refunded within sixty (60) days of termination of service. When a deposit is applied against an account which has been terminated, interest shall cease to be accumulated on the balance at the date of termination. In lieu of a cash deposit, the Company will accept an irrevocable written guarantee of a responsible party as a security for a customer service account. The receipt of a deposit by the Company shall in no way relieve the customer from compliance with the Company's regulations as to the prompt payment of bills nor constitute a waiver or modification of the practices of the Company for the discontinuance of service for non-payment of any sum due for service rendered. The above provisions concerning service deposits are separate and apart from the terms and conditions of deposits for main pipe extensions, service installation, special contracts, and other special provisions.

11. Discontinuance of Service - by Company.

A. Disconnection With Notice - Residential.

- 1) The Company may have the Water Company disconnect service to a residential customer after appropriate notice under PUC §1203.11, if:
  - a) The customer has failed to pay within thirty (30) days following the postmarked date of any proper undisputed bill or deposit request.
  - b) The customer has failed to abide by the terms of a payment agreement pursuant to section 11.A. 4) below.
  - c) The customer refuses to give reasonable access to his premises for necessary inspection of utility property.

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Issued by: \_\_\_\_\_

Christine Lewis Morse

Effective: December 1, 2020

Title: Vice President

TERMS AND CONDITIONS

- d) The Public Utilities Commission orders the disconnection.
- 2) Notice may be sent not less than thirty (30) days after the postmark date of the original bill. Written notice of the Company's intent to disconnect shall be postmarked at least fourteen (14) days in advance of the date of disconnect.
- 3) Service shall be disconnected only between the hours of 8 a.m. to 3:30 p.m. on any regular business day but not preceding a day on which the Company's business office will be closed.
  - a) Prior to disconnection the Water Company employee disconnecting the service shall notify an adult occupant of the premises or leave a note if no adult is present. The note shall contain the procedure to have service re-established.
  - b) The Water Company employee disconnecting the service shall accept payment in full of the bill tendered prior to his commencing the disconnection to prevent disconnection. In such event the employee shall give a receipt and leave the service intact. The Company will charge a fee to customer for collection of payment at the customer's premises equal to reconnection fee.
  - c) The Company will cause the Water Company to restore service promptly upon the customer's request when the cause for disconnection has been removed and the customer has paid a reconnection fee of an amount equal to the Company's normal service charge as enumerated in section 13A.
- 4) When a customer cannot pay a bill in full, the Company shall continue to serve the customer, if the customer pays a reasonable portion, at least twenty-five percent (25%), of the outstanding bill in reasonable installments and pays all future bills within thirty (30) days following the postmarked date of the bill.
- 5) Customer Appeals. If a customer disputes a bill, the customer must request a conference with the Company prior to the date of disconnect. The appeals process shall comply with the procedures prescribed by the Public Utilities Commission.

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Title: Vice President

TERMS AND CONDITIONS

- 6) Medical Emergency. No service will be disconnected when the Company is advised that a medical emergency exists at the location or would result from the disconnection, in accordance with procedures set forth in Commission Rules §703.03 and §1203.11.

B. Disconnection With Notice - Other Than Residential.

Service may be disconnected without notice for any of the following reasons:

- 1) Disconnection of water service by the Water Company.
- 2) Fraudulent use or procurement of service by the customer.
- 3) Violation of rules which endanger life or property.
- 4) Tampering with Company property.
- 5) Abandonment of premises.

C. Accounts Involving Landlord - Tenant Relationships.

In the event that the Company desires to discontinue service of an account involving a landlord-residential tenant relationship, the Company shall notify the Commission of the intent. Thereafter, the Company shall follow the procedure as prescribed by the Commission.

12. Vacancy of Premises.

Until the Company is notified in writing of a change in occupancy, the customer of record will be held responsible for all charges.

13. Miscellaneous Charges.

A. Service Calls.

There will be a charge for any and all service calls that occur due to no lack of reasonable care on the part of the Utility. Effective until further notice, the hourly charge, not including materials, equipment use, or transportation, will be as follows:

During regular working hours	\$50.00 per hour
Off regular hours & weekends	\$75.00 per hour

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TERMS AND CONDITIONS

B. Penalty for Bad Checks.

Whenever a check or draft presented for payment is not accepted by the institution on which it is written, the Utility will impose a charge of \$25.00 or the processing fee, whichever is greater.

14. Right of Access.

Any authorized Company representative shall have the right and be permitted access to customer's premises at any time to inspect the plumbing, fixtures, and/or appliances supplied with service.

15. Main Pipe Extensions.

A. General Terms.

Main pipe extensions will be made upon petition of prospective customers, subject to the following terms and conditions:

- 1) Main pipe extensions shall be laid by the Company or its authorized representative and shall be the property of the Company. Main pipe extensions on private property may be installed by the customer at the customer's option. Inspection of such work shall be provided by the Company, and the cost of said inspection will be paid by the customer. For extensions installed by the Company or its authorized representative the Customer shall pay the Company a fee in accordance with the Rate Schedules Miscellaneous Utility Service Fees on Page 16 to cover the cost of state and federal taxes on CIAC payments.
- 2) Highways or streets in which an extension is to be made must have been laid out, lines and grades established, rough-graded, and approved by the municipality. In addition, an extension on private property may, at the discretion of the Company, be made if:
  - a) Access along a public highway or street is not feasible; and
  - b) The prospective customer(s) provide without expense to the Company, the necessary permits, consents, and easements, providing the Company with suitable legal rights for the construction, maintenance, and operation of pipelines and equipment, including the right to excavate whenever necessary.

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Title: Vice President

- 3) The size of pipe shall be determined by the Company in accordance with conditions surrounding the extension, including the possibility of future expansion. If, in the opinion of the Company, a pipe smaller than eight inches (8") in diameter is sufficient, the Company may, in its sole discretion, install such smaller pipe; and the cost will be based upon the size of the pipe to be installed.
- 4) The estimated construction cost shall be based on the average cost of 8-inch (8") pipe installed during the previous year plus ten percent (10%). Where it is anticipated that abnormal costs will be encountered, the required deposit will be based on one hundred fifty percent (150%) of the previous yearly average. The customer advance will be adjusted to the actual cost, when the actual costs are known.
- 5) Special contracts will be negotiated whenever in the opinion of the Company the regular extension plan should not be used or is not feasible. Each special contract shall be submitted to the Commission for approval.
- 6) All main pipe extensions will comply with the specifications and standards set forth in the Company's Technical Specifications for Main, and Service Installations.
- 7) The Company may refuse to render service in any case where the estimated revenue from the applicant is expected to be insufficient to warrant the Company making the investment necessary to supply the desired service under the applicable rate and the applicant refused to negotiate an equitable agreement for the desired service, which agreement would usually require a contribution from the applicant for the capital cost of construction to render the desired service.

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TERMS AND CONDITIONS

B. For an Individual Customer or Group of Customers.

1) For each customer served at the regular filed and published tariff rates, the Company will, at its own expense, extend its main a distance not to exceed twenty-five (25) feet. For the purpose of this section, each service connection installed to serve premises improved with structures of a permanent nature will be considered as one customer.

2) For extensions averaging more than twenty-five (25) feet per customer, the customer or customer group will be required to make a "Customer Advance for Construction" to be deposited with the Company in advance of construction. The Customer Advance will be the construction cost as defined in Section 15, A., 4.

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Title: Vice President

TERMS AND CONDITIONS

3) If, during the period of five (5) years immediately following the date of the original contract, an additional customer or customers are connected to an extension made under a deposit agreement, the deposit requirements will be recomputed according to the new density established; and the new customer or customers will be required to deposit their proportional part of the total deposit and pro-rata refund made to the original depositors or successors in title.

4) If a subsequent main extension is made, either continuous or lateral, supplied from the original extension upon which a deposit is still refundable, a recalculation will be made on the basis of the customer density thereby established. If the customer density is increased thereby, it will be combined with the original extension and pro-rata and equitable refunds will be made to the original depositors or successors in title. If the customer density is decreased thereby, then such extension will be considered a new and separate extension.

C. For Developers.

Extensions requested to provide sewer service to a prospective housing development or for the other purposes of a speculative nature, as determined by the Company, will be treated as a "developer" extension, subject to terms and conditions set forth below:

- 1) For extensions installed by the Company, the Company may require the developer to advance the entire estimated construction cost as defined in Section 15, A., 4. The Company may require the installation of larger pipe in anticipation of future development. Additional cost to install the larger pipe will be paid for by the Company. The developer's advance will be adjusted to the actual main extension cost.
- 2) For extensions installed by the developer, the Company may require payment in advance of construction of a main pipe extension fee of three dollars (\$3.00) per foot to defray the Company's costs of engineering, inspection, and administration associated with main extensions.
- 3) The developer will not receive any pro-rata refunds for subsequent customers connected to the main or lateral extensions of new mains.

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Christine Lewis Morse

Title: Vice President

GENERAL SERVICE - METERED

RATE SCHEDULE - GM

AVAILABILITY:

This schedule is available to all sewer service in the Company's following franchise areas:

Town of Atkinson: Atkinson Core System

CHARACTER OF SERVICE:

Receiving and transporting of sewage from the Customer's premises, subject to the Terms and Conditions of this Tariff. The Company will make every effort to maintain normal outflow but shall not be liable for the failure of either the outflow or the distribution system when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or waste or unlawful use of water or unauthorized discharge of effluent.

RATES: Sewer Rates (Annual Rate-billed monthly in arrears)

- i. Residential \$210.15
- ii. Commercial \$5,837.42

All Consumption - \$16.87 per 100 cubic feet of consumption of water service as metered by the Water Company.

iii. Contributions in Aid of Construction (CIAC) payments Tax

The formula for calculating the tax costs associated with CIAC is as follows:

Current Effective Tax Rate:  $\text{Current BPT Rate} + (\text{Current Federal Tax Rate} * (1 - \text{Current BPT Rate}))$

Plant or Equipment Tax Cost:  $((\text{CIAC} - [\text{CIAC} * (1 / \text{Tax Life}) * .5]) / (1 - \text{Current Effective Tax Rate})) - \text{CIAC Value}$

Land or Cash Tax Cost:  $((\text{CIAC}) / (1 - \text{Current Effective Tax Rate})) - \text{CIAC value}$

CIAC Tax Rate:  $\text{Tax Cost} / \text{CIAC value}$

Examples of proposed formulas based upon 1) \$1,000 of plant and equipment contributions and 2) \$1,000 of cash or land contributions:

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Effective:

Title: Vice President

Effective Tax Rate (as of 1/1/2020):  $.077 + (.21 * (1 - .077)) = 27.08\%$

1) Contributed Plant or Equipment example:

Tax Cost:  $(\$1,000 - [\$1,000 * (1/25) * .5]) / (1 - .2708) - \$1,000 = \$343.94$

2) Contributed Land or Cash example:

Tax Cost:  $(\$1,000 / 1 - .2708) - \$1,000 = \$371.37$

CIAC Tax Rate:  $\$371.37 / \$1,000 = 37.14\%$

The above examples describe how this calculation is made based on proforma property value of \$1,000 and using for example purposes only, tax rates effective as of January 1, 2020. These examples are for demonstrative purposes only – actual tax rates and property values are subject to change and will be determined at the time the CIAC payment is calculated.

Information about the Federal Corporate Tax Rate as of January 1, 2020 can be found at <http://www.irs.gov/pub/irs-pdf/p542.pdf>

Information about the State of NH BPT rate can be found at <https://www.revenue.nh.gov/transparency/business-tax.htm>

TERMS OF PAYMENT:

Bills under this rate are net and will be rendered monthly and are due and payable upon presentation. All accounts thirty (30) days past due will be assessed a late fee of Ten Dollars (\$10.00) at the discretion of the Company.

Dated: July 10, 2020

Issued by: \_\_\_\_\_

Christine Lewis Morse

Effective: December 1, 2020

Title: Vice President

## TAB 13

Summary of Full Rate Case Documents pursuant to Puc 1604.01(b)

**Summary (Index) of Full Rate Case Schedules per Puc 1604.01(b)**

<b><u>Tab#</u></b>	<b><u>Description</u></b>	<b><u>Citation</u></b>	
14	Detailed Charitable Contribution	Puc 1604.01(b)(1)	Data Does Not Exist
15	List of Advertising	Puc 1604.01(b)(2)	Data Does Not Exist
16	Most Recent Construction Budget	Puc 1604.01(b)(3)	Data Does Not Exist
17	Chart of Accounts if Different than NHPUC	Puc 1604.01(b)(4)	Data Does Not Exist
18	Membership Fees, Dues and Lobbying Expenses	Puc 1604.01(b)(5)	Data Does Not Exist
19	Depreciation Study	Puc 1604.01(b)(6)	Data Does Not Exist
20	Management and Financial Audits	Puc 1604.01(b)(7)	Data Does Not Exist
21	Officer and Director Compensation and Incentives	Puc 1604.01(b)(8)	
22	Payments for Contractual Services	Puc 1604.01(b)(9)	
23	Amount of Assets and Costs Allocated to Non-Utility Operations	Puc 1604.01(b)(10)	Data Does Not Exist
24	Balance Sheets and Income States for Previous Two Years	Puc 1604.01(b)(11)	
25	Quarterly Income Statement for Previous Two Years	Puc 1604.01(b)(12)	Data Does Not Exist
26	Quarterly Sales Volume for Previous Two Years	Puc 1604.01(b)(13)	
27	Projected Need for External Capital	Puc 1604.01(b)(14)	
28	Support for Figures in Written Testimony and Exhibits	Puc 1604.01(b)(15)	Data Does Not Exist

## TAB 14

Detailed Charitable Contribution

Puc 1604.01(b)(1)

This information does not exist

## TAB 15

List of Advertising

Puc 1604.01(b)(2)

This information does not exist

## TAB 16

Most recent construction budget

Puc 1604.01(b)(3)

This information does not exist

## TAB 17

Chart of Accounts if Different than NHPUC

Puc 1604.01(b)(4)

This information does not exist

## **TAB 18**

Membership Fees, Dues and Lobbying Expenses

Puc 1604.01(b)(5)

This information does not exist

## TAB 19

Depreciation Study

Puc 1604.01(b)(6)

This information does not exist

## TAB 20

Management and Financial Audits

Puc 1604.01(b)(7)

This information does not exist

## TAB 21

Officer and Director Compensation and Incentives

Puc 1604.01(b)(8)

A list of officers, executives, and directors of the utility and their full compensation for each of the last 2 years, detailing base compensation, bonuses, and incentive plans.

Harold Morse	President
Christine Lewis Morse	Vice President and Director
Elizabeth Morse	Secretary
Anthony Augeri	Assistant Secretary
Jonathan Morse	Treasurer

None of the above people received compensation, bonuses, or income from an incentive plan in either of the last 2 years.

## TAB 23

Amount of Assets Costs and Allocated to Non-Utility Operations

Puc 1604.01(b)(10)

This information does not exist

## **TAB 24**

**Balance Sheets and Income Statements for Previous Two Years**

**Puc 1604.01(b)(11)**

## Statement of Income

Line No.	Account Title (Number) (a)	Actual 2019 Year End Balance (b)	Proforma Adjustments (c)	Proforma 2019 Year End Balance (d)	Actual 2018 Year End Balance (e)	Actual 2017 Year End Balance (f)
	<b>UTILITY OPERATING INCOME</b>					
1	<b>Operating Revenues(400)</b>	\$ 34,173	\$ 153,981	\$ 188,154	\$ 30,699	\$ 31,084
2	<b>Operating Expenses:</b>					
3	Operating and Maintenance Expense (401)	40,998	\$39,082	80,080	21,622	24,567
4	Depreciation Expense (403)	57,226	\$6,970	64,196	57,226	57,226
5	Amortization of Contribution in Aid of Construction (405)	(47,111)	(\$6,970)	(54,081)	(47,111)	(47,111)
6	Amortization of Utility Plant Acquisition Adjustments (406)					
7	Amortization Expense-Other (407)	100		100	100	100
8	Taxes Other Than Income (408)	15,631	4,703	20,334	20,215	18,328
9	Income Taxes (409.1, 410.1, 411.1, 412.1)		72,034	72,034		
10	<b>Total Operating Expenses</b>	\$ 66,844	\$ 115,819	\$ 182,663	\$ 52,052	\$ 53,110
11	<b>Net Operating Income (Loss)</b>	(32,671)	38,162	5,491	(21,353)	(22,026)
	<b>OTHER INCOME AND DEDUCTIONS</b>					
12	Interest and Dividend Income (419)					
13	Allow. for funds Used During Construction (420)					
14	Nonutility Income (421)					
15	Gains (Losses) From Disposition of Nonutility Property (422)					
16	Miscellaneous Nonutility Expenses (426)					
17	Interest Expense (427)	(434)		(434)	(434)	(434)
18	Taxes Applicable To Other Income (409.2, 410.2, 411.2, 412.2)					
19						
20	<b>Total Other Income and Deductions</b>	\$ (434)	\$ -	\$ (434)	\$ (434)	\$ (434)
21	<b>NET INCOME (LOSS)</b>	\$ (33,105)	\$ 38,162	\$ 5,057	\$ (21,787)	\$ (22,460)

**Atkinson Area Waste Water Recycling, Inc.**  
**Statement of Income - Proforma Adjustments**

**Schedule 1A**

Page 1 of 3

**Operating Revenues**

2019 Test Year Proforma	\$ 59,677
2019 Test Year Actual	<u>34,173</u>
Proforma Adjustment	<u>\$ 25,504</u>

To adjust test year revenues for revenue based on projected usage at existing rates for 64 new residential customers

2019 Test Year Proforma	\$ 116,120
2019 Test Year Actual adjusted for 64 new customers	<u>59,677</u>
Proforma Adjustment	<u>\$ 56,443</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.

2019 Test Year Proforma	\$ 188,154
2019 Test Year Actual adjusted for 64 new customers	<u>116,120</u>
Proforma Adjustment	<u>\$ 72,034</u>

To adjust test year revenues for revenue associated with the developer's contribution of plant.

Total Proforma Adjustment to Operating Revenues **\$ 153,981**

**Operation and Maintenance Expenses**

711 Sludge Removal:

2019 Test Year Proforma	\$ 7,910
2019 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ 7,910</u>

To adjust test year sludge removal for proposed annual operating budget

715 Purchased Power:

2019 Test Year Proforma	\$ 16,370
2019 Test Year Actual	<u>9,648</u>
Proforma Adjustment	<u>\$ 6,722</u>

To adjust test year purchased power for proposed annual operating budget

718 Chemicals:

2019 Test Year Proforma	\$ 2,000
2019 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ 2,000</u>

To adjust test year chemicals for proposed annual operating budget

730 Contracted Services:

2019 Test Year Proforma	\$ 20,138
2019 Test Year Actual	<u>27,943</u>
Proforma Adjustment	<u>\$ (7,805)</u>

To adjust test year contracted services for 4th quarter 2018 ground water monitoring expenses

730 Contracted Services:	
2019 Test Year Proforma	\$ 43,750
2019 Test Year Actual	<u>20,138</u>
Proforma Adjustment	<u>\$ 23,612</u>
To adjust test year contracted services for proposed annual operating budget	

730 Contracted Services:	
2019 Test Year Proforma	\$ 1,500
2019 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ 1,500</u>
To adjust test year contracted services for anticipated PUC audit (\$4,500 / 3 years)	

755 Insurance:	
2019 Test Year Proforma	\$ 6,300
2019 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ 6,300</u>
To adjust test year insurance for proposed annual operating budget	

765 Regulatory Commission Expenses:	
2019 Test Year Proforma	\$ 250
2019 Test Year Actual	<u>52</u>
Proforma Adjustment	<u>\$ 198</u>
To adjust test year regulatory commission expense for proposed annual operating budget	

775 Miscellaneous Expenses:	
2019 Test Year Proforma	\$ 2,000
2019 Test Year Actual	<u>3,355</u>
Proforma Adjustment	<u>\$ (1,355)</u>
To adjust test year miscellaneous expenses for proposed annual operating budget	

Total Operation and Maintenance Expense Adjustment	<u><b>\$ 39,082</b></u>
--	-------------------------

### **Depreciation Expenses**

2019 Test Year Proforma	\$ 64,196
2019 Test Year Actual	<u>57,226</u>
Proforma Adjustment	<u><b>\$ 6,970</b></u>
To adjust test year depreciation expenses for additional full year depreciation on 2020 plant	

### **Amortization of CIAC Expenses**

2017 Test Year Proforma	\$ (54,081)
2017 Test Year Actual	<u>(47,111)</u>
Proforma Adjustment	<u><b>\$ (6,970)</b></u>
To adjust test year amortization of CIAC expenses for additional full year on 2020 CIAC	

**Taxes other than Income**

State Utility Property Taxes	
2019 Test Year Proforma	\$ 6,383
2019 Test Year Actual	<u>4,980</u>
Proforma Adjustment	\$ <u>1,403</u>
To adjust test year taxes other than income taxes for anticipated increase in state utility property taxes	

Town of Atkinson Real Estate Taxes	
2019 Test Year Proforma	\$ 13,951
2019 Test Year Actual	<u>10,651</u>
Proforma Adjustment	\$ <u>3,300</u>
To adjust test year taxes other than income taxes for anticipated increase in Town of Atkinson real estate	

Total Taxes other than Income Adjustment **\$ 4,703**

**Income Taxes**

Federal Income and State Business Taxes	
2019 Test Year Proforma	\$ 72,034
2019 Test Year Proforma	<u>-</u>
Proforma Adjustment	\$ <u>72,034</u>
To adjust test year federal income and state business taxes	

Total Proforma Adjustments **\$ 115,819**

## Balance Sheet - Assets and Other Debits

Line No.	Account Title (Number) (a)	Actual 2019 Year End Balance (d)	Actual 2018 Year End Balance (d)	Actual 2017 Year End Balance (d)
<b>UTILITY PLANT</b>				
1	Utility Plant (101-105)	\$ 1,241,340	\$ 1,241,340	\$ 1,241,340
2	Less: Accumulated Depr. and Amort. (108-110)	\$ 485,391	\$ 428,065	\$ 370,739
3	Net Plant	\$ 755,949	\$ 813,275	\$ 870,601
4	Utility Plant Acquisition Adj. (Net) (114-115)			
5	Total Net Utility Plant	\$ 755,949	\$ 813,275	\$ 870,601
<b>OTHER PROPERTY AND INVESTMENTS</b>				
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			
<b>CURRENT AND ACCRUED ASSETS</b>				
12	Cash (131)	1,050	355	3,914
13	Special Deposits (132)			
14	Accounts and Notes Receivable-Net (141-144)	2,705	2,971	2,551
15	Plant Materials and Supplies (151)			
16	Prepayments (162-163)	5,590	3,318	4,866
17	Misc. Current and Accrued Assets (174)			
18	Total Current and Accrued Assets	\$ 9,345	\$ 6,644	\$ 11,331
<b>DEFERRED DEBITS</b>				
19	Miscellaneous Deferred Debits (186)	14,270	13,815	14,249
20	Accumulated Deferred Income Taxes (190)			
21	Total Deferred Debits	\$ 14,270	\$ 13,815	\$ 14,249
<b>TOTAL ASSETS AND OTHER DEBITS</b>		\$ 779,564	\$ 833,734	\$ 896,181

## Balance Sheet - Equity Capital and Liabilities

Line No.	Account Title (Number) (a)	Actual 2019 Year End Balance (d)	Actual 2018 Year End Balance (d)	Actual 2017 Year End Balance (d)
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	\$ 2,000	\$ 2,000	\$ 2,000
2	Preferred Stock Issued (204)			
3	Other Paid-In Capital (211)	159,200		
4	Retained Earnings (217)	(180,856)	(147,751)	(124,511)
5	Proprietary Capital (proprietorships & partnerships) (218)			
6	Total Equity Capital	\$ (19,656)	\$ (145,751)	\$ (122,511)
<b>LONG TERM DEBT</b>				
7	Other Long-Term Debt (224)	128,000	259,700	245,700
<b>CURRENT AND ACCRUED LIABILITIES</b>				
8	Accounts Payable (231)	127	1,581	1,873
9	Notes Payable (232)			
10	Customer Deposits (235)			
11	Accrued Taxes (236)			5,784
12	Accrued Interest (237)			
13	Misc. Current and Accrued Liabilities (241)			
14	Total Current and Accrued Liabilities	\$ 127	\$ 1,581	\$ 7,657
<b>DEFERRED CREDITS</b>				
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)	671,093	718,204	765,315
20	Accumulated Deferred Income Taxes (281-283)			
21	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	\$ 779,564	\$ 833,734	\$ 896,161

## TAB 25

Quarterly Income Statement for Previous Two Years

Puc 1604.01(b)(12)

This information does not exist

## **TAB 26**

Quarterly Sales Volume for Previous Two Years

Puc 1604.01(b)(13)

Quarterly sales volumes for the previous 2 years, itemized for residential and other classifications of service, if not previously filed with the commission.

All volume is from the Company's sole commercial customer

3/31/17	53,659
6/30/17	72,428
9/30/17	52,042
12/31/17	57,028
3/31/18	46,534
6/30/18	72,242
9/30/18	50,825
12/31/18	62,963
3/31/19	54,100
6/30/19	68,686
9/30/19	72,161
12/31/19	66,787

# TAB 27

Projected Need for External Capital

Puc 1604.01(b)(14)

A description of the utility's projected need for external capital for the 2 year period immediately following the test year.

The current rate case assumes a total of 64 new customers (2 new buildings of 32 customers each). The first building will not be opened until January 2021. There is no way to determine exactly when that building will be occupied with customers. The second building is not expected to be opened until 2022 at the earliest.

Until both buildings are built and fully occupied, the Company will need external capital to continue to pay its operating expenses.

## TAB 28

Support for Figures in Written Testimony and Exhibits

Puc 1604.01(b)(15)

This information does not exist

# TAB 29

Summary of Rate Case Expense Estimate

Puc 1905.01(a)

8:35 AM

08/06/20

Accrual Basis

1905.01(a)(1)  
**Atkinson Area Waste Water Recycling Inc**  
**Transactions by Account**  
**As of August 6, 2020**

Type	Date	Num	Name	Memo	Debit
<b>186.01 · Deferred Rate Case Expenses</b>					
Bill	10/31/2019	18996	Lewis Builders Development. Inc.	Aug & Sept Legal Work - Tariff Pet...	158.30
Bill	10/31/2019	18993	Lewis Builders Development. Inc.	Mar - Oct Legal Work - 2020 Rate ...	486.56
Bill	10/31/2019	18994	Lewis Builders Development. Inc.	Invoice #18994	191.14
Bill	02/29/2020	20095	Lewis Builders Development. Inc.	Rate case - review management a...	48.71
Bill	03/31/2020	20215	Lewis Builders Development. Inc.	2020 Rate Case Legal Labor	803.68
Bill	03/31/2020	20213	Lewis Builders Development. Inc.	Rate case	499.26
Bill	04/30/2020	20320	Lewis Builders Development. Inc.	Rate case	172.00
Bill	05/05/2019	Feb-Apr 2019	Stephen P. St. Cyr	Feb - April 2019 Services Rendered	52.50
Bill	04/04/2020	2020RateCas...	Stephen P. St. Cyr	2020 Rate Case	787.50
Bill	05/02/2020	2020RateCas...	Stephen P. St. Cyr	April Services 2020 Rate Case	673.75
Bill	06/06/2020	060620Ratec...	Stephen P. St. Cyr	Rate case	1,015.00
Bill	08/01/2020	0801ratecase	Stephen P. St. Cyr	Rate case	840.00
Bill	07/05/2020	070520rateca...	Stephen P. St. Cyr	Rate case	1,487.50
Bill	03/01/2020	2019 YE 030...	Stephen P. St. Cyr	Rate case	192.50
Total 186.01 · Deferred Rate Case Expenses					7,408.40
<b>TOTAL</b>					<b>7,408.40</b>

} 2359.65

} 5048.75

7408.40

## ESTIMATED RATE CASE EXPENSES

Puc 1905.01(a)(2-3)

List of all vendors:	Estimated Costs:
Stephen P. St. Cyr	\$10,000.00
Lewis Builders Development, Inc.	\$17,000.00
Total estimated costs:	\$27,000.00