

2020 NH DWSRF Financing of White Rock Improvements

Balance Sheet

Assets and Other Debits

Line No. (a)	Account Title (Number) (b)	Total Company	Total Company	Total Company
		2019 Year End Balance (c)	Adjustments (d)	2019 Year End Proforma Balance (e)
UTILITY PLANT				
1	Utility Plant (101-106)	\$ 3,458,705	\$ 400,000	\$ 3,858,705
2	Less: Accumulated Depr. and Amort. (108-110)	\$ 1,565,196	\$ 6,753	1,571,949
3	Net Plant	\$ 1,893,509	\$ 393,248	\$ 2,286,757
4	Utility Plant Acquisition Adj. (Net) (114-115)	(13,484)		(13,484)
5	Total Net Utility Plant	\$ 1,880,025	\$ 393,248	\$ 2,273,273
OTHER PROPERTY AND INVESTMENTS				
6	Nonutility Property (121)			
7	Less: Accumulated Depr. and Amort. (122)			
8	Net Nonutility Property			
9	Investment in Associated Companies (123)			
11	Utility Investments (124)			
12	Other Investments	8,404		8,404
13	Special Funds(126-128)			
14	Total Other Property & Investments	\$ 8,404		\$ 8,404
CURRENT AND ACCRUED ASSETS				
16	Cash (131)	24,860	(13,054)	11,806
17	Special Deposits (132)			
18	Other Special Deposits (133)			
19	Working Funds (134)			
20	Temporary Cash Investments (135)			
21	Accounts and Notes Receivable-Net (141-144)	27,311		27,311
22	Accounts Receivable from Assoc. Co. (145)			
23	Notes Receivable from Assoc. Co. (146)			
24	Materials and Supplies (151-153)	14,032		14,032
25	Stores Expense (161)			
26	Prepayments-Other (162)	1,363		1,363
27	Prepaid Taxes (163)			
28	Interest and Dividends Receivable (171)			
29	Rents Receivable (172)			
30	Accrued Utility Revenues (173)	63,985		63,985
31	Misc. Current and Accrued Assets (174)			
32	Total Current and Accrued Assets	\$ 131,551	\$ (13,054)	\$ 118,497
DEFERRED DEBITS				
32	Unamortized Debt Discount & Expense (181)		9,500	9,500
33	Extraordinary Property Losses (182)			
34	Prelim. Survey & Investigation Charges (183)	186,492		186,492
35	Clearing Accounts (184)			
36	Temporary Facilities (185)			
37	Miscellaneous Deferred Debits (186)	290,095		290,095
38	Research & Development Expenditures (187)			
39	Accumulated Deferred Income Taxes (190)	3,000		
40	Total Deferred Debits	\$ 479,587	\$ 9,500	\$ 489,087
TOTAL ASSETS AND OTHER DEBITS				
		\$ 2,499,567	\$ 389,693	\$ 2,889,260

2020 NH DWSRF Financing of White Rock Improvements

Balance Sheet
Equity Capital and Liabilities

Line No. (a)	Account Title (Number) (b)	Total Company	Total Company	Total Company
		2019 Year End Balance (c)	Adjustments (d)	2019 Year End Proforma Balance (e)
EQUITY CAPITAL				
1	Common Stock Issued (201)			
2	Preferred Stock Issued (204)			
3	Capital Stock Subscribed (202,205)			
4	Stock Liability for Conversion (203, 206)			
5	Premium on Capital Stock (207)			
6	Installments Received On Capital Stock (208)			
7	Other Paid-In Capital (209,211)	1,066,251		1,066,251
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)			
10	Retained Earnings (214-215)	115,931	6,631	122,562
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	\$ 1,182,182	\$ 6,631	\$ 1,188,813
LONG TERM DEBT				
13	Bonds (221)			
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	555,324	383,062	938,386
17	Total Long-Term Debt	\$ 555,324	\$ 383,062	\$ 938,386
CURRENT AND ACCRUED LIABILITIES				
18	Accounts Payable (231)	60,089		60,089
19	Notes Payable (232)	13,900		13,900
20	Accounts Payable to Associated Co. (233)	99,920		99,920
21	Notes Payable to Associated Co. (234)			
22	Customer Deposits (235)			
23	Accrued Taxes (236)	(18,196)		(18,196)
24	Accrued Interest (237)	5,382		5,382
25	Accrued Dividends (238)			
26	Matured Long-Term Debt (239)			
27	Matured Interest (240)			
28	Misc. Current and Accrued Liabilities (241)			-
29	Total Current and Accrued Liabilities	\$ 161,095	\$ -	\$ 161,095
DEFERRED CREDITS				
30	Unamortized Premium on Debt (251)			
31	Advances for Construction (252)			
32	Other Deferred Credits (253)			
33	Accumulated Deferred Investment Tax Credits (255)			
34	Accumulated Deferred Income Taxes:			
35	Accelerated Amortization (281)			
36	Liberalized Depreciation (282)	199,797		199,797
37	Other (283)			
38	Total Deferred Credits	\$ 199,797	\$ -	\$ 199,797
OPERATING RESERVES				
39	Property Insurance Reserve (261)			
40	Injuries and Damages Reserve (262)			
41	Pensions and Benefits Reserves (263)			
42	Miscellaneous Operating Reserves (265)			
43	Total Operating Reserves			
CONTRIBUTIONS IN AID OF CONSTRUCTION				
44	Contributions In Aid of Construction (271)	776,759		776,759
45	Accumulated Amortization of C.I.A.C. (272)	375,590		375,590
46	Total Net C.I.A.C.	\$ 401,169	\$ -	\$ 401,169
46	TOTAL EQUITY CAPITAL AND LIABILITIES	\$ 2,499,567	\$ 389,693	\$ 2,889,260

2020 NH DWSRF Financing of White Rock Improvements

Statement of Income (for the period 5/1/2019 - 12/31/19)

Line No. (a)	Account Title (Number) (b)	Total Company	WhiteRock	WhiteRock	WhiteRock
		2019 Year End Balance (c)	2019 Year End Balance (e)	Adjustments (f)	2019 Proformed Year End Balance (g)
UTILITY OPERATING INCOME					
1	Operating Revenues(400)	\$ 705,735	\$ 82,211	\$ 30,659	\$ 112,870
2	Operating Expenses:				
3	Operating and Maintenance Expense (401)	489,703	82,034		82,034
4	Depreciation Expense (403)	120,700	19,061	6,753	25,814
5	Amortization of Contribution in Aid of Construction (405)	(25,581)	(5,139)		(5,139)
6	Amortization of Utility Plant Acquisition Adjustment (406)	8,068	1,091		
7	Amortization Expense-Other (407)				
8	Taxes Other Than Income (408.1-408.13)	37,050	9,789	10,107	19,896
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	11,700	(7,200)		(7,200)
10	Total Operating Expenses	\$ 641,640	\$ 99,636	\$ 16,860	\$ 115,405
11	Net Operating Income (Loss)	64,095	(17,425)	13,799	(2,535)
12	Income From Utility Plant Leased to Others (413)				
13	Gains(Losses) From Disposition of Utility Property (414)				
14	Net Water Utility Operating Income	\$ 64,095	\$ (17,425)	\$ 13,799	\$ (2,535)
OTHER INCOME AND DEDUCTIONS					
15	Revenues From Merchandising, Jobbing and Contract Work (415)	100			-
16	Costs and Expenses of Merchandising, Jobbing and Contract Work (416)				
17	Equity in Earnings of Subsidiary Companies (418)				
18	Interest and Dividend Income (419)	5,193	429		429
19	Allow. for funds Used During Construction (420)				
20	Nonutility Income (421)				
21	Gains (Losses) Form Disposition Nonutility Property (422)				
22	Miscellaneous Nonutility Expenses (426)	(13,065)			-
23	Total Other Income and Deductions	\$ (7,772)	\$ 429	\$ -	\$ 429
TAXES APPLICABLE TO OTHER INCOME					
24	Taxes Other Than Income (408.2)				
25	Income Taxes (409.2, 410.2, 411.2, 412.2, 412.3)				
26	Total Taxes Applicable To Other Income				
INTEREST EXPENSE					
27	Interest Expense (427)	23,808	1,995	6,668	8,663
28	Amortization of Debt Discount & Expense (428)	3,452	541	500	1,041
29	Amortization of Premium on Debt (429)				
30	Total Interest Expense	\$ 27,260	\$ 2,536	\$ 7,168	\$ 9,704
31	Income Before Extraordinary Items	29,063	(19,532)	6,631	(11,810)
EXTRAORDINARY ITEMS					
32	Extraordinary Income (433)				
33	Extraordinary Deductions (434)				
34	Income Taxes, Extraordinary Items (409.3)				
35	Net Extraordinary Items				
NET INCOME (LOSS)					
		\$ 29,063	\$ (19,532)	\$ 6,631	\$ (11,810)

2020 NH DWSRF Financing of White Rock Improvements

Capital Structure

Line No. (a)	Account Title (Number) (b)	12/31/2019 (c)	Proforma Adjustments (d)	Proformed 12/31/2019 (e)
EQUITY CAPITAL				
1	Common Stock Issued (201)			
2	Preferred Stock Issued (204)			
3	Capital Stock Subscribed (202,205)			
4	Stock Liability for Conversion (203, 206)			
5	Premium on Capital Stock (207)			
6	Installments Received On Capital Stock (208)			
7	Other Paid-In Capital (209,211)	1,066,251		1,066,251
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)			
10	Retained Earnings (214-215)	115,931	6,631	122,562
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	\$ 1,182,182	\$ 6,631	\$ 1,188,813
LONG TERM DEBT				
13	Bonds (221)			
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	555,324	383,062	938,386
17	Total Long-Term Debt	\$ 555,324	\$ 383,062	\$ 938,386
Total Capitalization		\$ 1,737,506	\$ 389,693	\$ 2,127,199

Capitalization Ratios

Line No. (a)	Account Title (Number) (b)	12/31/2019 (c)	Proforma Adjustments (d)	Proformed 12/31/2009 (e)
EQUITY CAPITAL				
1	Common Stock Issued (201)			
2	Preferred Stock Issued (204)			
3	Capital Stock Subscribed (202,205)			
4	Stock Liability for Conversion (203, 206)			
5	Premium on Capital Stock (207)			
6	Installments Received On Capital Stock (208)			
7	Other Paid-In Capital (209,211)	61.37%		50.12%
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)			
10	Retained Earnings (214-215)	6.67%	1.70%	5.76%
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	68.04%	1.70%	55.89%
LONG TERM DEBT				
13	Bonds (221)			
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	31.96%	98.30%	44.11%
17	Total Long-Term Debt	31.96%	98.30%	44.11%
Total Capitalization		100.00%	100.00%	100.00%

2020 NH DWSRF Financing of White Rock Improvements

Journal Entries				<u>Impact on NI</u>
JE#1	Dr. Miscellaneous Deferred Debits	10,000		
	Cr. Cash		10,000	
	To record costs associated with financing (See SPS 10)			
JE#2	Dr. Cash	400,000		
	Cr. Other Long Term Debt		400,000	
	To record receipt of cash and additional LTD (See SPS 6)			
JE#3	Dr. Plant	400,000		
	Cr. Cash		400,000	
	Cr. CIAC		-	
	To record plant and CIAC (See SPS 7 & 8)			
JE#4	Dr. Accumulated Depreciation			
	Cr. Plant		-	
	To record retirement of plant			
JE#5	Dr. Depreciation Expenses	6,753		(6,753)
	Cr. Accumulated Depreciation		6,753	
	To record first year depreciation expense and related A/D (See SPS 7)			
JE#6	Dr. Amortization of Debt Expense	500		(500)
	Cr. Miscellaneous Deferred Debt		500	
	To record amortization of debt expense (See SPS-10)			
JE#7	Dr. Other Long Debt	16,938		
	Dr. Interest Expense	6,668		(6,668)
	Cr. Cash		23,606	
	To record first year repayment of principal and interest on \$400,000 of NHDES SRF Loan			
JE#8	Dr. Cash	30,659		
	Cr. Revenue		30,659	30,659
JE#9	Dr. O&M Expenses	-		-
	Dr. Taxes other than Income	10,107		(10,107)
	Dr. Income Taxes	-		-
	Cr. Cash		10,107	
	To record increase in property taxes (See SPS 8)			
	Total Impact on Net Income			6,631
	Impact on Cash			430,659 443,713 (13,054)

2020 NH DWSRF Financing of White Rock Improvements

Preliminary Calculation of Revenue Requirement

	<u>Total</u>
Plant Additions/Retirements:	
Plant Additions	
304 Water Treatment Structures	\$ 150,000
307 Wells	100,000
309 Supply Mains	25,000
311 Instrumentation and Equipment	40,000
330 Water tank lining	45,000
331 Distribution valves	40,000
TOTAL	<u>\$ 400,000</u>
Plant Retirements	
TOTAL	
Net Additions/Retirements	<u>\$ 400,000</u>
Less: Accum Depr on New Plant	<u>(6,753)</u>
Net Plant	\$393,248
Plus: Working Capital	<u>0</u>
Total Additional Rate Base	\$393,248
Rate of Return	<u>1.79%</u>
Return on Investment	<u>\$ 7,047</u>
Increase in Operating Expenses	\$ -
Decrease in Depreciation Expense on Retired Plant	-
Increase in Depreciation Expense on New Plant	13,505
Increase in Amortization of CIAC	-
Taxes other than Income	10,107
Income Taxes	-
Total Increase in Operating Expenses	<u>\$ 23,612</u>
Increase in Revenue Required	\$ 30,659
2019 Metered Sales to General Customers	<u>\$ 79,494</u>
Projected Metered Sales to General Customers	<u>\$ 110,153</u>
Percentage Increase in Revenue Required	<u>38.57%</u>

SPSt. Cyr
5/15/2020

2020 NH DWSRF Financing of White Rock Improvements

Weighted Average Cost of Capital

<u>Financing</u>	<u>Amount</u>	<u>Percent</u>	<u>Interest Rate</u>	<u>Interest Expense</u>	<u>Amortization of Fin Costs</u>	<u>Total Interest</u>	<u>Cost Rate</u>	<u>Weighted Average Cost of Capital</u>
NH DWGTF	<u>\$400,000</u>	<u>100.00%</u>	1.70%	\$6,668	\$500	\$7,168	1.79%	<u>1.79%</u>
Total Capitalization	<u>\$400,000</u>	<u>100.00%</u>						<u>1.79%</u>

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2020 NH DWSRF Financing of White Rock Improvements

Plant / Accumulated Depreciation / Depreciation Expense

PUC Acct. No.	Description	Cost	Depr. Rate	Annual Cost	Accum Depr.
<u>Additions to Plant</u>					
304	Water Treatment Structures	\$ 150,000	2.50%	\$ 3,750	\$ 1,875
307	Wells	100,000	3.33%	3,330	1,665
309	Supply Mains	25,000	2.00%	500	250
311	Instrumentation and Equipment	40,000	10.00%	4,000	2,000
330	Water tank lining	45,000	2.50%	1,125	563
331	Distribution valves	40,000	2.00%	800	400
	Total	<u>\$ 400,000</u>		<u>\$ 13,505</u>	<u>\$ 6,753</u>

Retirement from Plant

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2020 NH DWSRF Financing of White Rock Improvements

Property Taxes

Total
Projected
Costs

Total Project Costs	\$ 400,000
Accumulated Depreciation	<u>(6,753)</u>
Net Plant	\$ <u>393,248</u>
Thousand Dollars of Assessed Value	\$ 393.25
Tax Value as % of Net Book Value	78.34%
Combined State and Local Property Tax Rate	<u>32.81</u>
State Property Taxes	\$ <u>10,107</u>

Combined State and Local Property Tax Rate:	
New Hampshire	\$ 6.60
Bow	<u>26.21</u>
Total	\$ <u>32.81</u>

NHDRA Assessed value as of 4/1/19	\$ 1,300,600
Net Plant at 12/31/18	<u>1,660,290</u>
Percent of assessed value to net plant	<u>78.34%</u>

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2020 NH DWSRF Financing of White Rock Improvements

Total Costs of Projects \$ 400,000

Source of Funds:

NH DWSRF Loan Funds \$ 400,000

Total Source of Funds \$ 400,000

Use of Funds:

New Treatment Facility \$ 150,000

New well source 100,000

Supply Mains 25,000

Instrumentation and Equipment 40,000

Water Tank Lining 45,000

New distribution valves 40,000

Total Use of Funds \$ 400,000

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5/15/2020

2020 NH DWSRF Financing of White Rock Improvements

Estimated Financing Costs

NH DWSRF	\$ -
NESC	5,000
Stephen P. St. Cyr & Associates	<u>5,000</u>
Total Financing Costs	\$ <u>10,000</u>
Life of Loan	<u>20 Yrs.</u>
Annual Amortization Expense	\$ <u>500</u>

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