

Attachment A  
(Permanent Rates)

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
REVENUE REQUIREMENT

	Company Proposed Temp Rates* Rev. Req.	Company Proposed Permanent Rates** Rev. Req.	Proposed Revenue Req. per Settlement	Proposed Step 1 Revenue Req. per Settlement (Step 1 - Sch. 1)	Proposed Step 2 Revenue Req. per Settlement (Step 2 - Sch. 2)
Pro-forma Rate Base (Sch 3; Col 6)	\$ 5,237,474	\$ 9,966,564	\$ 5,292,591	\$ 7,660,606	\$ 7,836,155
Rate of Return (Sch 2; Col 6)	x 5.78%	5.56%	6.20%		
Net Operating Income Requirement	\$ 302,531	\$ 554,132	\$ 328,060		
Less: Pro-forma Net Operating Income (Sch 4; Col 6)	- \$ 77,678	\$ 77,678	\$ 110,535		
Pro-forma Net Operating Income Deficiency / (Surplus) before Tax Effect	\$ 224,853	\$ 476,454	\$ 217,525		
Divided by Tax Factor (Sch 5)	÷ 72.92%	72.92%	72.92%		
Pro-forma Revenue Deficiency / (Surplus) after Tax Effect	\$ 301,059	\$ 1,523,330	\$ 298,319		
Add: Pro-forma Annual Water Revenue (Sch 4; Col 6)	+ \$ 2,325,428	\$ 2,325,428	\$ 2,242,163		
Proposed Annual Water Revenue	\$ 2,626,487	\$ 3,848,758	\$ 2,540,482	\$ 2,798,932	\$ 3,018,954
Less: Test Year Annual Water Revenue (Sch 4; Col 6)	- \$ 2,325,428	\$ 2,325,428	\$ 2,242,163	\$ -	\$ -
Proposed Increase / (Decrease) in Annual Water Revenue	<u>\$ 301,059</u>	<u>\$ 1,523,330</u>	<u>\$ 298,319</u>	<u>\$ 258,450</u>	<u>\$ 220,023</u>
Percentage Increase to Annual Water Revenue (Prop. Increase / Test Year Revenue of \$2,242,163)	<b>12.95%</b>	<b>65.51%</b>	<b>13.30%</b>	<b>11.53%</b>	<b>9.81%</b>
Proposed Net Increase / (Decrease) to Net Operating Income			\$ 217,525	\$ 188,454	\$ 160,434
* Company proposed Temp Rates - Filing, Tab 42 - Bates 206			Cumulative Increase in Revenue \$	\$ 298,319	\$ 556,769
**Company proposed Perm Rates - Filing, Tab 5 - Bates 021			Cumulative Increase in Revenue %	13.30%	24.83%
				34.64%	

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
WEIGHTED AVERAGE COST OF CAPITAL**

	(1)	(2)	(3)	(4)	(4)	(4)	(4)	(5)	(6)
<b>Capital Structure</b>									
	<u>Test-year @ 12/31/19</u>	<u>Company Pro-forma Adj.*</u>	<u>Pro-forma Test-year</u>	<u>Adjustment</u>	<u>Adj. #</u>	<u>Pro-forma per Settlement</u>	<u>Percent</u>	<u>Cost Rate**</u>	<u>Weighted Ave. Cost</u>
<b><u>Debt</u></b>									
Long-Term Debt (Sch 2a)	\$ 4,504,426	\$ 2,351,434	\$ 6,855,860	(3,032,434)	1-2	3,823,426	55.05%	3.40%	1.87%
<b>Total Debt</b>	<u>4,504,426</u>	<u>2,351,434</u>	<u>6,855,860</u>	<u>(3,032,434)</u>		<u>3,823,426</u>	<u>55.05%</u>	<u>3.40%</u>	<u>1.87%</u>
<b><u>Common Equity</u></b>									
Common Stock	16,767	-	16,767	-		16,767	0.24%		
Additional Paid in Capital	4,054,354	300,000	4,354,354	(300,000)	3	4,054,354	58.37%		
Retained Earnings	(949,024)	-	(949,024)	-		(949,024)	-13.66%		
<b>Total Common Equity</b>	<u>3,122,097</u>	<u>300,000</u>	<u>3,422,097</u>	<u>(300,000)</u>		<u>3,122,097</u>	<u>44.95%</u>	<u>9.63%</u>	<u>4.33%</u>
<b>Total Capitalization</b>	<u>\$ 7,626,523</u>	<u>\$ 2,651,434</u>	<u>\$ 10,277,957</u>	<u>(3,332,434)</u>		<u>6,945,523</u>	<u>100.00%</u>		<u>6.20%</u>

\*Company proforma adjustment of \$1,958,934 appears to have inadvertently left out the \$392,500 State / Bank Loan for the MSDC Fee even though the MSDC Fee is listed as an adjustment under the "Adjustments" column.

\*\*Most recent "Generic ROE", calculated as of May 2021, per IR 19-005, was 9.63%.

\*\*\*Most recent prior Cost of Equity Rate approved was \*9.95% in HAWC Rate Case: DW 17-118 dated 11/28/18. Specifically, the 9.95% was 9.45% base ROE + .50% for Litigation Avoidance

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
PRO-FORMA LONG-TERM DEBT

GL Acct. #	Date of Note	Lender	Original Amount	NHPUC Docket #	NHPUC Order #	Date of Order	Purpose Line of Credit	Term Demand	Interest Rate Prime	Current Interest Rate	Actual Loan Balances				Actual Interest Expense					Actual Finance Costs					Pro-forma Total Cost of Debt					
											Balance @ 12/31/19	Commanv Debt Adjustment	Debt Adj' per Department	Excess Capacity Adjustment	Adjusted Balance @ 12/31/19	2019 Interest Expense	Commanv Interest Adjustment	Interest Adj per Settlement	Excess Capacity Adjustment	Adjusted Interest Expense	2019 Amortized Finance Costs	Commanv Finance Cost Adjustment	Finance Cost Adj per Settlement	Excess Capacity Adjustment	Adjusted Amortized Finance Costs	Total Annual Debt Cost	2019 Cost Rate			
232.02	03/15/16	Pentucket Bank	1,000,000	DW 16-147	26-215	02/01/19			4.75%		450,000	-	-	-	450,000	11,525	-	-	-	11,525	-	-	-	-	-	-	-	-	11,525	2.56%
232.05	TBD	NHDES	up to 1,200,000	DW 19-147	26.407	09/28/20	Atkinson Tank	30	3.38%	3.38%	681,000	856,578	(1,537,578)	-	681,000	-	28,952	(28,952)	-	-	-	-	-	-	-	-	-	-	0.00%	
232.06	09/06/05	NHDES	1,315,291	DW 04-132	24.437	02/25/05	SRF Loan: Tank	20	3.352%	3.352%	643,586	-	-	-	643,586	22,672	-	-	-	22,672	-	-	-	-	-	-	-	22,672	3.52%	
232.08	03/31/06	Aquarius Properties	24,000	DW 06-016	24.608	03/24/06	Autumn Hills	20	P+2.25%	5.50%	12,034	-	-	-	12,034	965	-	-	-	965	-	-	-	-	-	-	-	965	8.02%	
232.11	06/24/09	NH DES	1,058,347	DW 08-088	24.937	02/06/09	Hampstead / Atkinson Core Interconnect	20	2.864%	2.864%	681,790	-	-	-	681,790	20,302	-	-	-	20,302	-	-	-	-	-	-	-	20,302	2.98%	
232.12	11/18/16	Ford Motor Credit	38,174	DW 16-826	25.968	11/17/16	2016 F-250	5	4.89%	4.89%	15,786	-	-	-	15,786	900	-	-	-	900	-	-	-	-	-	-	900	5.70%		
232.13	06/26/12	Shribco Realty Two, LLC	12,000	DW 07-133	24.831	03/14/08	Coopers Grove	-	0.00%	0.00%	3,000	-	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
232.14	10/08/16	Ford Motor Credit	41,500	DW 18-121	26.173	09/12/18	2016 F-250	5	4.90%	4.90%	32,895	-	-	-	32,895	1,857	-	-	-	1,857	-	-	-	-	-	-	1,857	5.65%		
232.16	08/02/13	NHDES	255,000	DW 11-226	25.526	06/21/13	Service Line Replacements	20	3.10%	3.10%	203,430	-	-	-	203,430	6,494	-	-	-	6,494	-	-	-	-	-	-	6,494	3.19%		
232.19	09/15/16	Pentucket Bank	2,167,000	DW 16-654	25.930	07/29/16	Refinancing TD Bank loans	15	3.25%	3.25%	1,780,905	-	-	-	1,780,905	60,895	-	-	-	60,895	-	-	-	-	-	-	60,895	3.42%		
232.xx	TBD	NHDES	1,204,815	DW 19-147	26.407	09/28/20	SNH CIAC Additions	30	2.96%	2.96%	-	1,102,356	(1,102,356)	-	-	-	32,222	(32,222)	-	-	-	-	-	-	-	-	-	-	0.00%	
232.xx	TBD	State / Bank	392,500				Loan for MSDC Fee	20	5.00%	5.00%	-	392,500	(392,500)	-	-	15,359	(15,359)	-	-	-	-	-	-	-	-	-	-	-	0.00%	
Totals - Non-affiliated Companies			7,508,627								4,504,426	2,351,434	(3,032,434)	-	3,823,426	125,610	76,533	(76,533)	-	125,610	-	-	-	-	-	-	125,610	3.29%		
Rounding											-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
Total Notes to Non-affiliated Companies			7,508,627								4,504,426	2,351,434	(3,032,434)	-	3,823,426	125,610	76,533	(76,533)	-	125,610	-	-	-	-	-	-	125,610	3.29%		
Amortize financing costs - 3rd Parties											4,249	-	-	-	4,249	129,859	76,533	(76,533)	-	129,859	-	-	-	-	-	-	129,859			
TOTAL NOTES PAYABLE			\$ 7,508,627								\$ 4,504,426	\$ 2,351,434	\$ (3,032,434)	\$ -	\$ 3,823,426	\$ 129,859	\$ 76,533	\$ (76,533)	\$ -	\$ 129,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,859	3.40%		

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME**

**Adi #**

**Debt**

<b>1</b>	To reverse the Company adjustmet and remove the three loans that had not closed as of the end of the test year - 12/31/2019 See Company Filing Sch. 5b - Bates 097 NH DGWTF for Atkinson Tank NH State Loan for CIAC Tax for the SNHRWIP State/Bank Loan for MSDC fee	\$ (1,537,578) \$ (1,102,356) <u>\$ (392,500)</u> \$ (3,032,434)	\$ (3,032,434)
<b>Total Pro-forma Adjustrments to Long-term Debt</b>			<b><u>\$ (3,032,434)</u></b>

**Interest**

<b>2</b>	To remove the intrerest associated with the loans removed above. Said loans are proposed for Step 1 and 2. See Company Filing Sch. 5b - Bates 097 NH DGWTF for Atkinson Tank NH State Loan for CIAC Tax for the SNHRWIP State/Bank Loan for MSDC fee	\$ (28,952) \$ (32,222) <u>\$ (15,359)</u> \$ (76,533)	\$ (76,533)
<b>Total Pro-forma Adjustments to Long-term Debt Interest Expense</b>			<b><u>\$ (76,533)</u></b>

**Equity**

<b>3</b>	To reduce equity for "Additional Paid in Capital" contribution that was made in 2020 Per Bates 035 & 2020 PUC Annual Report Schedule F-1 Balance Sheet	\$ (300,000)	
<b>Total Pro-forma Adjustments to Equity</b>			<b><u>\$ (300,000)</u></b>

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
PRO-FORMA RATE BASE**

	(1)	(2)	(3)	(4)	(5)	(6)
	Permanent Rate Filing			Permanent Rates		
	Filing 13 Month Average	Company Pro-forma Adjust's	Company Pro-forma Rate Base	Adjust's per Settlement (Sch. 3a)	Adj # (Sch. 3a)	Pro-forma Rate Base per Settlement
<b><u>Net Utility Plant in Rate Base</u></b>						
Utility Plant in Service	\$ 17,552,712	\$ 8,451,806	\$ 26,004,518	\$ (8,348,066)	<b>4-10</b>	\$ 17,656,452
Less: Accumulated Depreciation	<u>(7,188,383)</u>	<u>(361,178)</u>	<u>(7,549,561)</u>	<u>231,958</u>	<b>11-14</b>	<u>(7,317,603)</u>
Net Utility Plant in Service	10,364,329	8,090,628	18,454,957	(8,116,108)		10,338,849
Less: Contributions in Aid of Construction (CIAC)	(9,215,542)	(5,078,843)	(14,294,385)	5,167,402	<b>15-17</b>	(9,126,983)
Add: Accumulated Amortization - CIAC	<u>3,766,902</u>	<u>205,286</u>	<u>3,972,188</u>	<u>(154,996)</u>	<b>18-20</b>	<u>3,817,192</u>
Net Utility Plant in Rate Base	<u>4,915,689</u>	<u>3,217,071</u>	<u>8,132,760</u>	<u>(3,103,702)</u>		<u>5,029,058</u>
<b><u>Net Working Capital in Rate Base</u></b>						
Cash Working Capital	215,243	79,890	295,133	(83,699)	<b>21</b>	211,434
Materials and Supplies	78,575	(41,338)	37,237	-		37,237
Miscellaneous Deferred Debits	74,055	88,834	162,889	(90,884)	<b>22</b>	72,005
Accumulated Deferred Income Taxes - Assets	11,358	1,395,041	1,406,399	(1,395,688)	<b>23</b>	10,711
Accumulated Deferred Income Taxes - Liabilities	(57,445)	(10,409)	(67,854)	-		(67,854)
Rounding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Net Working Capital in Rate Base	<u>321,786</u>	<u>1,512,018</u>	<u>1,833,804</u>	<u>(1,570,271)</u>		<u>263,533</u>
<b>TOTAL RATE BASE</b>	<u><u>\$ 5,237,475</u></u>	<u><u>\$ 4,729,089</u></u>	<u><u>\$ 9,966,564</u></u>	<u><u>\$ (4,673,973)</u></u>		<u><u>\$ 5,292,591</u></u>

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
PRO-FORMA ADJUSTMENTS TO RATE BASE**

**Adj #**

**Pro-forma Adjustments to Net Utility Plant in Rate Base:**

Utility Plant

<b>4</b>	To decrease test-year Utility Plant in service and account for typographical error in 2019 Annual Report between actual year-end balance and reported year-end balance Per Audit Issue #1.	\$ (6,000)
<b>5</b>	To decrease test-year Utility Plant in Service to 2019 year-end per Audit Issue #3.	\$ (1,922)
<b>6</b>	To decrease test-year Utility Plant in Service per excess capacity at Autumn Hills See Sch. 3d	\$ (143,423)
<b>7</b>	To remove Atkinson Tank from Permanent Rates due to in-service date of May 2020 which is outside the test year of 2019 per Bates 033 - Co. Adj # 27	\$ (1,840,246)
<b>8</b>	To remove SNHRWP improvements from Permanent Rates due to in-service date of 2021+ which is outside the test-year of 2019 per Bates 034 - Co. Adj # 28, and Energy 4-68.	\$ (6,065,593)
<b>9</b>	To add back retirement of assets related to the SNHRWP that did not take place in 2019 per Bates 048, 086 - Co. Adj # 29, Energy 1-9, 3-4, and 3-20 Attachment A. (\$90,884) *The Company's filing list this item as a reduction from Utility Plant, however, the item appears to be excluded from the total adjustment to plant in service per the Co. excel formulas. Therefore, no adjustment to add the item back is necessary.	\$ -
<b>10</b>	To remove Other (Dearborn Ridge and Angle Pond) Plant additions from Permanent Rates due to in-service date of 2020 which is outside the test year of 2019. See Bates 086 - Co. Adj # 30, Bates 162 - 163, Energy 2-29(a) and 2019 AR Sch. F-10.	\$ (290,882)

**Total Adjustments - Utility Plant in Service**

**\$ (8,348,066)**

Accumulated Depreciation

<b>11</b>	To adjust Accumulated Depreciation per excess capacity at Autumn Hills See Sch. 3d	\$ 77,781
<b>12</b>	To adjust for Accumulated Depreciation for Atkinson Tank Proforma See Bates 085 - Co. Adj # 33	\$ 20,541
<b>13</b>	To adjust for Accumulated Depreciation for SNHRWP Proforma See Bates 086 - Co. Adj # 34	\$ 128,729
<b>14</b>	To adjust for Accumulated Depreciation for 'Other' Plant Additions proforma See Bates 086 - Co. Adj # 35	\$ 4,907

**Total Adjustment - Accumulated Depreciation**

**\$ 231,958**

CIAC

<b>15</b>	To adjust CIAC per excess capacity at Autumn Hills See Sch. 3d	\$ 112,997
<b>16</b>	To adjust for CIAC for Atkinson Tank Proforma See Bates 087 - Co. Adj # 43	\$ 983,668
<b>17</b>	To adjust for CIAC for SNHRWP Proforma See Bates 087 Co. Adj # 44	\$ 4,070,737

**Total Adjustments - CIAC**

**\$ 5,167,402**

Amortization of CIAC

<b>18</b>	To adjust CIAC per excess capacity at Autumn Hills See Sch. 3d	\$ (57,845)
<b>19</b>	To adjust for Amortization of CIAC for Atkinson Tank Proforma See Bates 087 - Co. Adj # 47	\$ (10,988)

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
PRO-FORMA ADJUSTMENTS TO RATE BASE**

**Adj #**

<b>20</b>	To adjust for Amortization of CIAC for SNHRWP Proforma See Bates 087 - Co. Adj # 48		\$	(86,163)
<b>Total Adjustments - Amortization of CIAC</b>				<b>\$ (154,996)</b>
<u>Net Working Capital in Rate Base:</u>				
<u>Cash working Capital</u>				
<b>21</b>	To adjust for Cash Working Capital for pro-forma adj's to O&M Expenses:			
		Dept. Proforma O&M Expenses	\$ 1,714,789	
		Cash Working Capital % (Monthly Billing) x	12.33%	
		Dept. Proposed Perm Rate Cash Working Capital	\$ 211,433	
		Company Proposed Proforma Amount -	\$ 295,133	
<b>Total Adjustments - Cash Working Capital</b>				<b>\$ (83,699) \$ (83,699)</b>
<b>22</b>	To adjust for Misc. Deferred Debits and remove the remaining book value of assets retired due to SNHRWP from Deferred Debits. See Bates 086 - Co. Adj # 38, and Sch. 3c			
		Woodland Pond	(11,614)	
		Jeese Page	(79,270)	
			(90,884)	\$ (90,884)
<b>23</b>	To adjust for ADIT - Asset to 2019 year end See Bates 086 - Co. Adj # 40, and Energy 4-56 *Company filing did not include the \$647 adjustment in Rate Base but the adjustment was listed.			
			(1,395,041)	
			(647)	
			(1,395,688)	\$ (1,395,688)
	ADIT - Liability			\$ -
<b>Total Adjustments - Net Working Capital</b>				<b>\$ (1,486,572)</b>

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
CALCULATION OF RATE BASE

	For the Month Ended												13-Month Average	Co. Proposed Rate Base	Adjustments per Settlement	Rate Base per Settlement	
	12/31/18	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19					12/31/19
<b>Net Utility Plant in Rate Base</b>																	
Total Utility Plant	\$ 17,409,617	\$ 17,416,668	\$ 17,417,968	\$ 17,421,362	\$ 17,427,161	\$ 17,444,336	\$ 17,447,337	\$ 17,497,247	\$ 17,523,671	\$ 17,789,129	\$ 17,790,704	\$ 17,792,253	\$ 17,801,797	\$ 17,552,250	\$ 26,004,518	\$ (8,348,066)	\$ 17,656,452
Less: Accumulated Depreciation	(6,976,995)	(7,020,896)	(7,065,746)	(7,108,290)	(7,105,789)	(7,189,514)	(7,223,565)	(7,260,575)	(7,293,199)	(7,231,133)	(7,276,258)	(7,321,308)	(7,375,714)	(7,188,383)	(7,549,561)	231,958	(7,317,603)
Net Utility Plant in Service	10,432,622	10,395,772	10,352,222	10,313,072	10,321,372	10,254,822	10,223,772	10,236,672	10,230,472	10,557,996	10,514,446	10,470,945	10,426,083	10,363,867	18,454,957	(8,116,108)	10,338,849
Less: Contributions in Aid of Construction	(9,109,850)	(9,109,651)	(9,109,651)	(9,229,976)	(9,229,800)	(9,228,920)	(9,228,653)	(9,228,596)	(9,224,910)	(9,223,980)	(9,222,980)	(9,415,095)	(9,239,980)	(9,215,542)	(14,294,385)	5,167,402	(9,126,983)
Add: Accumulated Amortization - CIAC	3,659,188	3,677,489	3,695,989	3,714,489	3,732,813	3,750,433	3,768,666	3,787,109	3,801,923	3,818,199	3,835,699	3,854,199	3,873,534	3,766,902	3,972,189	(154,996)	3,817,193
Net Utility Plant in Rate Base	\$ 4,981,960	\$ 4,963,610	\$ 4,938,560	\$ 4,797,585	\$ 4,824,385	\$ 4,776,335	\$ 4,763,785	\$ 4,795,185	\$ 4,807,485	\$ 5,152,215	\$ 5,127,165	\$ 4,910,049	\$ 5,059,637	\$ 4,915,227	\$ 8,132,761	\$ (3,103,702)	\$ 5,029,059
<b>Net Working Capital in Rate Base</b>																	
Cash Working Capital:																	
12-Month O&M Expenses														\$ 1,745,684	\$ 2,393,614	\$ -	\$ 1,714,789
Cash Working Capital % (45 days / 365 days)														12.33%	12.33%		12.33%
Cash Working Capital														215,243	295,133	(83,699)	211,433
Materials and Supplies	82,237	95,736	99,211	98,951	117,902	115,438	91,442	87,467	66,191	41,028	45,331	43,305	37,237	78,575	37,237	-	37,237
Miscellaneous Deferred Debits	75,603	75,378	75,150	74,925	74,697	74,472	74,244	74,019	73,791	73,213	72,809	72,408	72,005	74,055	162,889	(90,884)	72,005
Accumulated Deferred Income Taxes - Assets	12,004	11,896	11,789	11,681	11,573	11,465	11,358	11,250	11,142	11,034	10,927	10,819	10,711	11,358	1,405,752	(1,395,041)	10,711
Accumulated Deferred Income Taxes - Liabilities	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(56,578)	(67,854)	(57,445)	(67,854)	-	(67,854)
Net Working Capital in Rate Base	113,266	126,432	129,572	128,979	147,594	144,797	120,466	116,158	94,546	68,697	72,489	69,954	267,342	106,543	1,833,157	(1,569,624)	263,532
<b>TOTAL RATE BASE</b>	<b>\$ 5,095,226</b>	<b>\$ 5,090,042</b>	<b>\$ 5,068,132</b>	<b>\$ 4,926,564</b>	<b>\$ 4,971,979</b>	<b>\$ 4,921,132</b>	<b>\$ 4,884,251</b>	<b>\$ 4,911,343</b>	<b>\$ 4,902,031</b>	<b>\$ 5,220,912</b>	<b>\$ 5,199,654</b>	<b>\$ 4,980,003</b>	<b>\$ 5,326,979</b>	<b>\$ 5,021,770</b>	<b>\$ 9,965,918</b>	<b>\$ (4,673,326)</b>	<b>\$ 5,292,591</b>

Hampstead Area Water Company

Attachment A  
Permanent Rates  
Schedule 3c

Miscellaneous Deferred Debits

Line No.	Account Title (a)	Approval (b)	December 2018 Balance (c)	January 2019 Balance (d)	February 2019 Balance (c)	March 2019 Balance (e)	April 2019 Balance (f)	May 2019 Balance (g)	June 2019 Balance (h)	July 2019 Balance (i)	August 2019 Balance (j)	September 2019 Balance (k)	October 2019 Balance (l)	November 2019 Balance (m)	December 2019 Balance (n)	Actual 13 Month Avg Bal (o)	2019 Co. Proforma Adjustments (p)	2019 Co. Proforma Balance (q)
1	Dearborn Well	DW 08-065	11,604	11,513	11,421	11,330	11,238	11,147	11,055	10,964	10,872	10,781	10,689	10,598	10,507	11,055	(548)	10,507
2	Bryant Wood Well	DW 08-065	4,506	4,471	4,435	4,400	4,364	4,329	4,293	4,258	4,222	4,187	4,151	4,116	4,080	4,293	(213)	4,080
3	Rainbow Ridge Extension	DW 10-241	11,751	11,681	11,611	11,541	11,471	11,401	11,331	11,261	11,191	11,121	11,051	10,981	10,911	11,331	(420)	10,911
4	Little River Purchase	DW 13-323	5,394	5,365	5,335	5,306	5,276	5,247	5,217	5,188	5,158	5,129	5,099	5,070	5,040	5,217	(177)	5,040
5	Village Drive Well replacement	DW 12-170	20,230	20,230	20,230	20,230	20,230	20,230	20,230	20,230	20,230	20,061	19,977	19,893	19,809	20,139	(330)	19,809
6	Eastwood Well replacement	DW 12-170	22,118	22,118	22,118	22,118	22,118	22,118	22,118	22,118	22,118	21,934	21,842	21,750	21,658	22,019	(361)	21,658
7	Total Miscellaneous Deferred Debits		\$ 75,603	\$ 75,378	\$ 75,150	\$ 74,925	\$ 74,697	\$ 74,472	\$ 74,244	\$ 74,019	\$ 73,791	\$ 73,213	\$ 72,809	\$ 72,408	\$ 72,005	\$ 74,055	\$ (2,050)	\$ 72,005
8	Woodland Pond	DW 20-117															11,614	11,614
9	Jesse Page	DW 20-117															79,270	79,270
																	\$ 88,834	\$ 162,889

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
CALCULATION OF EXCESS CAPACITY ADJUSTMENTS**

**Calculation of Excess Capacity Plant and Depreciation / Amortization**

	<u>Unadjusted</u>	<u>Autumn Hills Adjustment</u>	<u>Adjusted</u>
Plant in Service	\$ 163,912	\$ (143,423)	\$ 20,489
Accumulated Depreciation	(88,893)	77,781	(11,112)
Net Plant in Service	<u>75,019</u>	<u>(65,642)</u>	<u>9,377</u>
CIAC	(129,139)	112,997	(16,142)
Accum Amort - CIAC	66,108	(57,845)	8,263
Net CIAC	<u>(63,031)</u>	<u>55,152</u>	<u>(7,879)</u>
<b>Net Plant in Rate Base</b>	<u>\$ 11,988</u>	<u>\$ (10,490)</u>	<u>\$ 1,498</u>
Annual Depreciation Expense	\$ 3,278	\$ (2,868)	\$ 410
Annual Amortization Expense - CIAC	(2,796)	2,447	(349)
<b>Net Depreciation Expense</b>	<u>\$ 482</u>	<u>\$ (421)</u>	<u>\$ 61</u>

**Calculation of Excess Capacity Percentage:**

	<u>Full Build-out (Dept. 4-53)</u>	<u>Actual Customers (Dept. 4-53)</u>	<u>Excess Capacity Customers @ 12/31/19</u>	<u>Excess Capacity Percentage</u>
Autumn Hills	32	4	28 *	87.50%

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
OPERATING INCOME STATEMENT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<b>Company Filing Net Operating Income</b>			<b>Proposed Permanent Rates Net Operating Income</b>				
	<b>Test-Year Actual Average</b>	<b>Company Pro-forma Adjust's</b>	<b>Pro-forma Test Year Total</b>	<b>Pro-forma Adjust's per Settlement (Sch. 4a)</b>	<b>Adj #</b>	<b>Pro-forma Operating Income</b>	<b>Revenue Deficiency (Surplus) (Sch. 1)</b>	<b>Operating Income Requirement (Sch. 1)</b>
<b>Operating Revenue:</b>								
Water Sales Revenue*	2,022,963	1,523,330	3,546,293	(1,304,130)	<b>24-27</b>	2,242,163	298,319	2,540,482
Other Operating Revenue**	302,465	-	302,465	(184,530)	<b>28</b>	117,935		117,935
<b>Total Operating Revenues</b>	<b>\$ 2,325,428</b>	<b>\$ 1,523,330</b>	<b>\$ 3,848,758</b>	<b>\$ (1,488,660)</b>		<b>\$ 2,360,098</b>	<b>\$ 298,319</b>	<b>\$ 2,658,417</b>
<b>Operating Expenses:</b>								
<b>Operation &amp; Maintenance Expenses:</b>								
Source of Supply	35,719	513,761	549,480	(513,761)	<b>29-31</b>	35,719		35,719
Pumping Expenses	390,948	(32,390)	358,558	15,245	<b>32-33</b>	373,803		373,803
Water Treatment Expenses	187,684	-	187,684	-		187,684		187,684
Transmission & Distribution Expenses	167,677	-	167,677	(38,145)	<b>34</b>	129,532		129,532
Customer Accounts Expenses	150,569	-	150,569	(19,341)	<b>35</b>	131,228		131,228
Administrative & General Expenses	813,087	166,559	979,646	(122,823)	<b>36-41</b>	856,823		856,823
<b>Total Operation &amp; Maintenance Expenses</b>	<b>1,745,684</b>	<b>647,930</b>	<b>2,393,614</b>	<b>(678,825)</b>		<b>1,714,789</b>	<b>-</b>	<b>1,714,789</b>
Depreciation Expense	557,503	328,024	885,527	(311,222)	<b>42-46</b>	574,305		574,305
Amortization Expense - CIAC	(221,541)	(192,799)	(414,340)	196,750	<b>47-50</b>	(217,590)		(217,590)
Amortization Expense - Other	3,681	-	3,681	-		3,681		3,681
Taxes Other Than Income	146,846	79,313	226,159	(79,562)	<b>51</b>	146,597		146,597
<b>Total Operating Expenses</b>	<b>2,232,173</b>	<b>862,468</b>	<b>3,094,641</b>	<b>(872,859)</b>		<b>2,221,782</b>	<b>-</b>	<b>2,221,782</b>
<b>Net Operating Income before Income Taxes:</b>	<b>93,255</b>	<b>660,862</b>	<b>754,117</b>	<b>(615,801)</b>		<b>138,316</b>	<b>298,319</b>	<b>436,635</b>
<b>Income Taxes:</b>								
Income Taxes	15,577	184,409	199,986	(172,205)	<b>52-55</b>	27,781	80,794	108,575
<b>Total Income Taxes</b>	<b>15,577</b>	<b>184,409</b>	<b>199,986</b>	<b>(172,205)</b>		<b>27,781</b>	<b>80,794</b>	<b>108,575</b>
<b>NET OPERATING INCOME</b>	<b>\$ 77,678</b>	<b>\$ 476,453</b>	<b>\$ 554,131</b>	<b>\$ (443,596)</b>		<b>\$ 110,535</b>	<b>\$ 217,525</b>	<b>\$ 328,060</b>

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

**Adj #**

**Operating Revenue**

24	To decrease Operating Revenue per the Company's Pro-forma adjustment regarding the sale of water to Plaistow that did <b>not</b> take place in 2019 and is <b>not</b> estimated to begin until at least 2022 per Energy 2-31 and Bates 075 - Co. Adj # 1.	\$ (175,180)									
25	To decrease Operating Revenue per the Company's Pro-forma adjustment regarding the additional revenue needed in order the for the Company to earn its rate of return on additional plant that is the subject of this rate case and Bates 075 - Co. Adj # 2.	\$ (1,348,150)									
25a	To increase Operating Revenue to include the two fire hydrants located in Danville which provided Danville at least the capability to fill their fire trucks. Tariff states \$200 per hydrant + \$2,000 Availability Fee per town. See Energy 1-10, TS 1-1, 1-2, 1-3, and 2-2 and Town of Danville Request for Intervenor Status filed 3/23/2021, Tab #24 on the PUC web site.	<table border="0" style="margin-left: auto;"> <tr><td>\$</td><td>400</td><td></td></tr> <tr><td>+</td><td>\$ 2,000</td><td></td></tr> <tr><td>\$</td><td>2,400</td><td>\$ 2,400</td></tr> </table>	\$	400		+	\$ 2,000		\$	2,400	\$ 2,400
\$	400										
+	\$ 2,000										
\$	2,400	\$ 2,400									
26	To increase Operating Revenue to include the additional 1,084, 2" Private Fire Protection customers at 2019 Tariff rates. Per Bates 154, Energy 2-4, 3-1, TS 3-4, Steele 3-4 and Tariff page 37.	<table border="0" style="margin-left: auto;"> <tr><td></td><td>1,084</td><td></td></tr> <tr><td>x</td><td>\$ 200</td><td></td></tr> <tr><td>\$</td><td>216,800</td><td>\$ 216,800</td></tr> </table>		1,084		x	\$ 200		\$	216,800	\$ 216,800
	1,084										
x	\$ 200										
\$	216,800	\$ 216,800									

**Total Adjustments - Operating Revenue**

**\$ (1,304,130)**

**Other Revenue**

28	To decrease Other Revenue for Rate Recovery Fees authorized in Docket No. DW 17-118 The Co. reported Rate Recovery Revenue of \$191,206, but was only authorized to collect \$184,530. See Audit Report - pg 33 - Revenue	<table border="0" style="margin-left: auto;"> <tr><td>Order No. 26,185</td><td>\$ 36,436</td><td></td></tr> <tr><td>Order No. 26,185</td><td>\$ 118,261</td><td></td></tr> <tr><td>Order No. 26,248</td><td>\$ 29,833</td><td></td></tr> <tr><td>\$</td><td>184,530</td><td>\$ (184,530)</td></tr> </table>	Order No. 26,185	\$ 36,436		Order No. 26,185	\$ 118,261		Order No. 26,248	\$ 29,833		\$	184,530	\$ (184,530)
Order No. 26,185	\$ 36,436													
Order No. 26,185	\$ 118,261													
Order No. 26,248	\$ 29,833													
\$	184,530	\$ (184,530)												

**Total Adjustmtns to Other Revenue**

**\$ (184,530)**

**Operating Expenses**

**Source of Supply**

29	<b>Purchased Water</b> 2019 Test Year Actual Company Adjustment 2019 Test Year Proforma To decrease test year expenses for the purchase of 250,000 gallons from MWW that did not take place in 2019. See Bates 075 - Co. Adj # 3, and Energy 3-10	<table border="0" style="margin-left: auto;"> <tr><td>Gallons per Day (GPD)</td><td>\$ 250,000</td><td>\$ -</td></tr> <tr><td>Gallons to Cubic Feet ÷</td><td>\$ 748</td><td>\$ 372,075</td></tr> <tr><td>CCF per day</td><td>\$ 334</td><td>\$ 372,075</td></tr> <tr><td>CCF Cost x</td><td>\$ 3.05</td><td>\$ (372,075)</td></tr> <tr><td>Days per year x</td><td>\$ 365</td><td></td></tr> <tr><td>\$</td><td>372,075</td><td></td></tr> </table>	Gallons per Day (GPD)	\$ 250,000	\$ -	Gallons to Cubic Feet ÷	\$ 748	\$ 372,075	CCF per day	\$ 334	\$ 372,075	CCF Cost x	\$ 3.05	\$ (372,075)	Days per year x	\$ 365		\$	372,075	
Gallons per Day (GPD)	\$ 250,000	\$ -																		
Gallons to Cubic Feet ÷	\$ 748	\$ 372,075																		
CCF per day	\$ 334	\$ 372,075																		
CCF Cost x	\$ 3.05	\$ (372,075)																		
Days per year x	\$ 365																			
\$	372,075																			
30	<b>Purchased Water</b> 2019 Test Year Actual Company Adjustment 2019 Test Year Proforma To decrease test year expenses for the purchase of 100,000 gallons for Plaistow from MWW that did not take place in 2019 and is not estimated to take place until 2022. See Bates 075 - Co. Adj # 4, and Energy 2-31 and 3-10	<table border="0" style="margin-left: auto;"> <tr><td>Gallons per Day (GPD)</td><td>\$ 100,000</td><td>\$ -</td></tr> <tr><td>Gallons to Cubic Feet ÷</td><td>\$ 748</td><td>\$ 148,830</td></tr> <tr><td>CCF per day</td><td>\$ 134</td><td>\$ 148,830</td></tr> <tr><td>CCF Cost x</td><td>\$ 3.05</td><td>\$ (148,830)</td></tr> <tr><td>Days per year x</td><td>\$ 365</td><td></td></tr> <tr><td>\$</td><td>148,830</td><td></td></tr> </table>	Gallons per Day (GPD)	\$ 100,000	\$ -	Gallons to Cubic Feet ÷	\$ 748	\$ 148,830	CCF per day	\$ 134	\$ 148,830	CCF Cost x	\$ 3.05	\$ (148,830)	Days per year x	\$ 365		\$	148,830	
Gallons per Day (GPD)	\$ 100,000	\$ -																		
Gallons to Cubic Feet ÷	\$ 748	\$ 148,830																		
CCF per day	\$ 134	\$ 148,830																		
CCF Cost x	\$ 3.05	\$ (148,830)																		
Days per year x	\$ 365																			
\$	148,830																			
31	<b>Well Expenses</b> 2019 Test Year Actual Company Adjustment 2019 Test Year Proforma To reverse proforma adjustment of reduction in test year well expenses due to anticipated 20% reduction due to SNHRWIP that did not take place in 2019. See Bates 075 - Co. Adj # 5	<table border="0" style="margin-left: auto;"> <tr><td></td><td></td><td>\$ 35,720</td></tr> <tr><td></td><td></td><td>\$ (7,144)</td></tr> <tr><td></td><td></td><td>\$ 28,576</td></tr> <tr><td></td><td></td><td>\$ 7,144</td></tr> </table>			\$ 35,720			\$ (7,144)			\$ 28,576			\$ 7,144						
		\$ 35,720																		
		\$ (7,144)																		
		\$ 28,576																		
		\$ 7,144																		

**Total Proforma Adjustments to Source of Supply**

**\$ (513,761)**

**Pumping Expenses**

32	<b>Purchased Power-</b> Account 623 2019 Test Year Actual Company Adjustment 2019 Test Year Proforma To reverse proforma adjustment of test year purchased power expense which reflected an anticipated reduction due to SNHRWIP that did not take place in 2019. See Bates 075 - Co. Adj # 6	<table border="0" style="margin-left: auto;"> <tr><td></td><td></td><td>\$ 219,181</td></tr> <tr><td></td><td></td><td>\$ (32,390)</td></tr> <tr><td></td><td></td><td>\$ 186,791</td></tr> <tr><td></td><td></td><td>\$ 32,390</td></tr> </table>			\$ 219,181			\$ (32,390)			\$ 186,791			\$ 32,390						
		\$ 219,181																		
		\$ (32,390)																		
		\$ 186,791																		
		\$ 32,390																		
33	<b>Pumping Expense-</b> Accounts 624 through 633 2019 Test Year Actual Company Adjustment 2019 Test Year Proforma To normalize test year pumping expenses for 3-year average of 2017, 2018 & 2019.	<table border="0" style="margin-left: auto;"> <tr><td>2017</td><td>\$ 106,603</td><td>\$ 171,768</td></tr> <tr><td>2018 +</td><td>\$ 185,499</td><td>\$ -</td></tr> <tr><td>2019 +</td><td>\$ 171,767</td><td>\$ 171,768</td></tr> <tr><td>/ Average</td><td>\$ 154,623</td><td>\$ (17,145)</td></tr> <tr><td>-</td><td>\$ 171,768</td><td></td></tr> <tr><td>\$</td><td>(17,145)</td><td></td></tr> </table>	2017	\$ 106,603	\$ 171,768	2018 +	\$ 185,499	\$ -	2019 +	\$ 171,767	\$ 171,768	/ Average	\$ 154,623	\$ (17,145)	-	\$ 171,768		\$	(17,145)	
2017	\$ 106,603	\$ 171,768																		
2018 +	\$ 185,499	\$ -																		
2019 +	\$ 171,767	\$ 171,768																		
/ Average	\$ 154,623	\$ (17,145)																		
-	\$ 171,768																			
\$	(17,145)																			

**Total Proforma Adjustments to Pumping Expenses**

**\$ 15,245**

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

**Water Treatment Expenses**

Treatment Expenses (Filters)

2019 Test Year Actual		\$	174,184
Company Adjustment		\$	-
2019 Test Year Proforma		\$	174,184
Dept. Adjustment		\$	-

**Total Proforma Adjustments to Water Treatment Expenses**

**\$ -**

**Transmission and Distribution Expenses**

34 2019 Test Year Actual	2017	\$	83,991	\$	167,677
Company Adjustment	2018 +	\$	136,927	\$	-
2019 Test Year Proforma	2019 +	\$	167,677	\$	167,677
To normalize test year T&D expenses to 3-year average of 2017, 2018, & 2019.	/ Average	\$	129,532	\$	(38,145)
			167,677		
		\$	(38,145)		

**Total Proforma Adjustments to Transmission and Distribution Expenses**

**\$ (38,145)**

**Customer Accounts Expenses**

35 2019 Test Year Actual	2017	\$	113,121	\$	150,569
Company Adjustment	2018 +	\$	129,994	\$	-
2019 Test Year Proforma	2019 +	\$	150,569	\$	150,569
To normalize Customer expenses to 3-year average of 2017, 2018, & 2019.	/ Average	\$	131,228	\$	(19,341)
			150,569		
		\$	(19,341)		

**Total Proforma Adjustments to Customer Accounts Expenses**

**\$ (19,341)**

**Administration and General Expenses**

36 <u>Wages</u>					
2019 Test Year Actual				\$	376,432
Company Adjustment				\$	147,721
2019 Test Year Proforma	Co. Requested Adjustment	\$	147,721	\$	524,153
To decrease the Co. adjustment to 75% of amount requested	% of Adj. Agreed upon *		75%		
	Agreed upon Adj.	\$	110,791	\$	(36,930)
	Co. Requested Adjustment -	\$	(147,721)		
	Dept. Adjustment	\$	(36,930)		
37 <u>Payroll Taxes</u>					
2019 Test Year Actual				\$	28,797
Company Adjustment				\$	11,301
2019 Test Year Proforma	Co. Requested Adjustment	\$	11,301	\$	40,098
To decrease the Co. adjustment to 75% of amount requested	% of Adj. Agreed upon *		75%		
	Agreed upon Adj.	\$	8,476	\$	(2,825)
	Co. Requested Adjustment -	\$	(11,301)		
	Dept. Adjustment	\$	(2,825)		
38 <u>Benefits - 401k, Health Inc &amp; Life Ins</u>					
2019 Test Year Actual				\$	34,711
Company Adjustment				\$	22,862
2019 Test Year Proforma	Co. Requested Adjustment	\$	22,862	\$	57,573
To decrease Co. adjustment to 75% of amount requested	% of Adj. Agreed upon *		75%		
	Agreed upon Adj.	\$	17,147	\$	(5,716)
	Co. Requested Adjustment -	\$	(22,862)		
	Dept. Adjustment	\$	(5,716)		
39 <u>Regulatory Commission Expenses</u>					
2019 Test Year Actual				\$	76,106
Company Adjustment				\$	-
2019 Test Year Proforma				\$	76,106
To remove recognition of authorized Rate Case expenses from Account 928 in Docket No. DW 17-118 and pg. 48-49 of PUC Audit Report - Audit Issue #9.	Order No. 26,185	\$	36,436	\$	(68,806)
	Order No. 26,248 +	\$	29,833		
	Overstatement of Rate Case Expenses AI #9 +	\$	2,537		
		\$	68,806		
40 <u>Management Agreement</u> (recorded under Account 923 - Outside Services)					
2019 Test Year Actual				\$	169,153
Company Adjustment				\$	8,458
2019 Test Year Proforma				\$	177,611
See Energy 1-11				\$	-
41 <u>Outside Services</u> (Account 923)					
2019 Test Year Actual				\$	433,784
Company Adjustment				\$	(25,783)
2019 Test Year Proforma				\$	408,001
To increase Co. Adj. from \$25,783 to account for additional non-recurring expenses and then amortize that over 4 years rather than 3 years.	Legal, Acct & Internal Costs -	(43,197)		\$	(8,546)
See Energy 1-11, and Audit Issue # 9	EJ Callahan Tax Review -	(2,575)			
	Dept. Adjustment	(45,772)			
	/ 4 year Amort. Period ÷	(11,443)			
	= Dept. Adjustment	(34,329)			

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

Original Amount of Expenses	(38,675)
/ 3 year Amort. Period	(12,892)
= Co. Adjustment	(25,783)
Less Dept. Adjustment	(34,329)
= Additional Adjustment	8,546

**Total Proforma Adjustments to Administrative and General Expenses** **\$ (122,823)**

**Total Proforma Adjustments to Operating and Maintenance Expenses** **\$ (678,825)**

**Depreciation Expense**

42	2019 Test Year Actual	\$ 557,503
	Company Adjustment	\$ 19,670
	2019 Test Year Proforma	\$ 577,173
	No further adjustment as this relates to regular, non-SNHRWP, 2019 plant additions.	\$ -
43	2019 Test Year Actual Atkinson Tank	\$ -
	Company Adjustment	\$ 41,081
	2019 Test Year Proforma	\$ 41,081
	To remove depreciation expense for plant addition that was not used and useful until 2020.	\$ (41,081)
44	2019 Test Year Actual for SNHRWP	\$ -
	Company Adjustment	\$ 257,458
	2019 Test Year Proforma	\$ 257,458
	To remove depreciation expense for plant additions that were not used and useful until 2020.	\$ (257,458)
45	2019 Test Year Actual for Other Plant (Angle Pond and Dearborn Ridge).	\$ -
	Company Adjustment	\$ 9,815
	2019 Test Year Proforma	\$ 9,815
	To remove depreciation expense for plant additions that were not used and useful until 2020.	\$ (9,815)
46	To adjust for excess capacity at Autumn Hills See Sch. 3d	\$ (2,868)
<b>Total Adjustments to Depreciation Expense</b>		<b>\$ (311,222)</b>

**Amortization of CIAC**

47	2019 Test Year Actual	\$ (221,541)
	Company Adjustment	\$ 1,504
	2019 Test Year Proforma	\$ (220,037)
		\$ -
48	2019 Test Year Actual Atkinson Tank	\$ -
	Company Adjustment	\$ (21,978)
	2019 Test Year Proforma	\$ (21,978)
	To remove amortization expense for plant addition that was not used and useful until 2020	\$ 21,978
49	2019 Test Year Actual for SNHRWIP	\$ -
	Company Adjustment	\$ (172,325)
	2019 Test Year Proforma	\$ (172,325)
	To remove depreciation expense for plant addition that was not used and useful until 2020	\$ 172,325
50	Dept. Adjustment for excess capacity at Autumn Hills See Sch. 3d	\$ 2,447
<b>Total Adjustments to Amortization of CIAC</b>		<b>\$ 196,750</b>

**Amortization Expense - Other**

	2019 Test Year Actual	\$ 3,597
	Company Adjustment	\$ -
	2019 Test Year Proforma	\$ 3,597
	Subsequent Adjustment: N/A see PUC Audit Report pg 23.	\$ -
<b>Total Adjustments to Amortization Expense - Other</b>		<b>\$ -</b>

**Taxes other than Income**

51	2019 Test Year Actual	\$ 146,846
	Company Adjustment	\$ 79,313
	2019 Test Year Proforma	\$ 226,159
	To reverse Company addition to property taxes for plant additions that were not used and useful at 12/31/2019.	\$ (79,562)
	As well as the penalty for late filing of State Utility Tax payments. See Audit Issue # 10, and Co. filing Sch. 3D, 3E & 3F on Bates 088, 91, & 092.	
	Atkinson Tank	\$ (17,945)
	SNHRWP +	\$ (58,547)
	Other Plant +	\$ (2,820)
	Late Filing Penalty +	\$ (250)
		\$ (79,562)

DW 20-117  
 HAMPSTEAD AREA WATER COMPANY, INC.  
 PERMANENT RATES  
 PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

**Total Adjustments to Taxes Other than Income** **\$ (79,562)**

Income Taxes

State Business Taxes

52	2019 Test Year Actual	\$ 3,032
	Company Adjustment	<u>\$ 35,005</u>
	2019 Test Year Proforma	\$ 38,037
	To remove State taxes associated with SNH Plant that was not used and useful in 2019. See Sch. 4b	\$ (35,005)

Federal Income Taxes

53	2019 Test Year Actual	\$ -
	Company Adjustment	<u>\$ 95,749</u>
	2019 Test Year Proforma	\$ 95,749
	To remove Federal Income Taxes associated with plant that was not used and useful in 2019. See Sch. 4b	\$ (95,749)

54 Combined State and Federal Taxes

Increase Combined State and Federal Income Taxes relative to the net increase in operating expenses. See Sch. 4b	\$ 12,204
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Provision for Deferred Taxes

55	2019 Test Year Actual	\$ 3,032
	Company Adjustment	<u>\$ 53,655</u>
	2019 Test Year Proforma	\$ 56,687
	To remove the expected 2020 deferred taxes due to timing difference associated with the receipt of CIAC on the Atkinson Tank and SNHRWP plant additions. 2020 is outside the test-year of 2019.	\$ (53,655)

**Total Adjustments to Taxes other than Income and Income Taxes** **\$ (172,205)**

**Total Proforma Adjustment to Operating Expenses** **\$ (1,045,064)**

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
PERMANENT RATES  
CALCLATION OF INCOME TAX ADJUSTMENT

	<u>Company</u>	<u>Energy</u>	<u>Difference</u>
Net Adjustments to Net Operating Income before Taxes	660,862	(615,801)	\$ 45,061
Additional Income subject to State and Federal Taxes			45,061
Company's Combined Effective Tax Rate (State & Federal)			<u>27.08%</u>
Additional State and Federal Taxes			\$ 12,204

**DW 20-117  
 HAMPSTEAD AREA WATER COMPANY, INC.  
 PERMANENT RATES  
 EFFECTIVE TAX FACTOR**

	<u>Permanent Rates</u>	<u>Step Adjustment</u>
Taxable Income	100.00%	100.00%
Less: NH Business Profits Tax	<u>7.70%</u>	<u>7.70%</u>
Federal Taxable Income	92.30%	92.30%
Federal Income Tax Rate	<u>21.00%</u>	<u>21.00%</u>
Effective Federal Income Tax Rate	19.38%	19.38%
Add: NH Business Profits Tax	<u>7.70%</u>	<u>7.70%</u>
Effective Tax Rate	<u><u>27.08%</u></u>	<u><u>27.08%</u></u>
Percent of Income Available if No Tax	100.00%	100.00%
Effective Tax Rate	<u>27.08%</u>	<u>27.08%</u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>72.92%</u></u>	<u><u>72.92%</u></u>
Tax Multiplier	<u><u>0.37142</u></u>	<u><u>0.37142</u></u>

Attachment B

(Step I Adjustment)

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
FIRST STEP ADJUSTMENT: 2020 PROJECTS  
CALCULATION OF STEP ADJUSTMENT

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Account	Atkinson Tank (Step 1 - Sch 3a)	Other Plant (Step 1 - Sch 3b)	West Side Dr. (Step 1 - Sch. 3c)	MSDC Fee (Step 1 - Sch. 3c)	Total	Adj #	
Additions / (Retirements)	\$ 1,597,603	\$ 290,882	\$ 1,314,140	\$ 892,500	\$ 4,095,125	56-59, 67	
Less: Accumulated Dep./ Amort. (1 Full Year)	(40,106)	(9,815)	(86,688)	(22,885)	(159,493)	60-62, 70	
Less: CIAC**	(1,004,917)	-	(1,302,918)	-	(2,307,835)	63-64	
Add: Accumulated Amort. of CIAC (1 Full Year)	40,106	-	85,948	-	126,053	65-66	
Add: CIAC Tax	272,132	-	352,830	-	624,962	68-69	
Less: Accumulated Amort. of CIAC Tax (1 Full Year)	(9,071)	-	(11,761)	-	(20,832)	71-72	
Net Changes to Rate Base from Plant Additions	855,746	281,067	351,551	869,615	2,357,980		
Cash working Capital:							
Net Increase in O&M Expenses	81,385						
Net Increase in Cash Working Capital	x 12.33%						
	\$ 10,035				\$ 10,035	73	
Total change to Rate Base					\$ 2,368,015		
Rate of Return (Step 1 - Sch. 2)					4.50%	74-76	
<b>Increase in Net Operating Income Requirement</b>					<b>\$ 106,660</b>		
Less: Revenue from New Customers	-	-	-	-	(50,524)	77	
Add: Net Increase/ (Decrease) to O&M Expense	-	-	-	-	81,385	78-80	
Add: Annual Depreciation Expense	40,106	9,815	86,688	-	136,608	81-83	
Less: Annual Amortization of CIAC	(25,227)	-	(85,948)	-	(111,175)	84-85	
Add: Amortization of Other	9,071	-	11,761	22,885	43,717	86-88	
Add: Annual Property Tax Expense	17,780	3,198	14,323	-	35,301	89-91	
Add: Additional income taxes*					16,477	92	
<b>Increase / (Decrease) in Net Operating Income</b>	<b>\$ 41,730</b>	<b>\$ 13,012</b>	<b>\$ 26,824</b>	<b>\$ 22,885</b>	<b>\$ 258,450</b>		
<b>Step Increase</b>					<b>\$ 258,450</b>		
<b>Proforma Test Year Water Sales Revenues</b> (Attachment A, Sch. 4, Col. 8)					<b>\$ 2,540,482</b>		
<b>% Increase in Annual Water Revenues</b>					<b>11.53%</b>		

\*Additional income taxes are a result of the additional equity associated with the Step 1 Rate Base additions.

\* = Net Change to Rate Base \* Tax Gross up Factor on Step 1 RoR - Sch. 2

\*See Step 1 RoR - Sch.2

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
STEP ADJUSTMENT  
RATE OF RETURN**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
(a) Calculation of Rate of Return for Step 1 projects	<b>Adj #</b>	<b>Amount</b>	<b>Weighted Average</b>	<b>Interest Rate</b>	<b>Annual Interest</b>	<b>Annual Amortization of Finance Cost</b>	<b>Total Annual Cost of Debt</b>	<b>Annual Cost Rate</b>	<b>Weighted Average Rate</b>
DES Loan (Atkinson Tank + Atk Tank CIAC Tax)		\$ 883,214		3.38%	\$ 29,853	\$ -	\$ 29,853	3.38%	
DES Loan (Westside Drive CIAC Tax)		352,830		2.96%	10,444	-	10,444	2.96%	
<b>Additional Debt</b>	<b>74-75</b>	<b>\$ 1,236,044</b>	80.5%		<b>\$ 40,296</b>	<b>\$ -</b>	<b>\$ 40,296</b>	<b>3.26%</b>	2.62%
<b>Additional Equity</b>	<b>76</b>	<b>\$ 300,000</b>	19.5%					<b>9.63%</b>	1.88%
<b>Total</b>		<b>\$ 1,536,044</b>	100.0%						<b>4.50%</b>

(c) Weighted Tax Effect Due to Additional Equity to Company

	Weighted Cost	Tax Multiplier	Pre-Tax Cost	Tax Gross-Up
Additional Debt	2.62%	x 1.00	2.62%	0.00%
Additional Equity	1.88%	x 1.37	2.58%	0.70%
Total	4.50%		5.20%	0.70%

(d) Calculation of Tax Multiplier and Effective Tax Rate

Taxable Income	100.00%	Income Available to FIT	100.00%
Less NHBPT	-7.70%	Less Effective Tax Rate	27.08%
Fed. Taxable Income	92.30%	Diviser for Rev Req.	72.92%
Fed. Tax Rate	21.00%		
Effective FIT Rate	19.38%	Effective Tax rate	27.08%
Add NHBPT	7.70%	Diviser	72.92%
Effective Tax Rate	27.08%	Tax Multiplier for Equity	37.14%

SETTLEMENT 0039  
DW 20-117

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
FIRST STEP ADJUSTMENT: 2020 PROJECTS  
PRO-FORMA LONG-TERM DEBT

GL Acct. #	Date of Note	Lender	Original Amount	NHPUC Docket #	NHPUC Order #	Date of Order	Purpose	Term	Interest Rate	Current Interest Rate	Actual Loan Balances				Actual Interest Expense				Actual Finance Costs					Pro-forma Total Cost of Debt				
											Actual Balance @ 12/31/19	Company Debt Adjustment	Debt Adj per Settlement	Excess Capacity Adjustment*	Site 1 Adjusted Balance	Pro-forma Interest Expense	Company Interest Adjustment	Interest Adj per Settlement	Excess Capacity Adjustment*	Adjusted Interest Expense	2019 Amortized Finance Costs	Company Finance Cost Adjustment	Finance Cost Adj per Settlement	Excess Capacity Adjustment*	Adjusted Amortized Finance Costs	Total Annual Debt Cost	2019 Cost Rate	
232.02	03/13/19	Pentucket Bank	1,000,000	DW 18-147	26.218	02/01/19	Line of Credit	Demand	Prime	4.75%	450,000	-	-	-	450,000	11,525	-	-	-	11,525	-	-	-	-	-	11,525	2.96%	
232.05	07/27/20	NHDES	856,578	DW 18-138	26.230	03/29/19	Atkinson / SNH Tank**	30	3.38%	3.38%	-	-	883,214	-	-	29,853	-	29,853	-	-	-	-	-	-	29,853	3.38%		
232.06	09/06/05	NHDES	1,315,291	DW 04-132	24.437	02/25/05	SRF Loan; Tank	20	3.352%	3.352%	643,586	-	-	643,586	22,672	-	-	-	22,672	-	-	-	-	-	22,672	3.52%		
232.08	03/31/06	Aquarius Properties	24,000	DW 06-016	24.608	03/24/06	Autumn Hills	20	P+2.25%	5.50%	12,034	-	-	12,034	965	-	-	-	965	-	-	-	-	-	965	8.02%		
232.11	06/24/09	NH DES	1,058,347	DW 08-088	24.937	02/06/09	Hampstead / Atkinson Core Interconnect	20	2.864%	2.864%	681,790	-	-	681,790	20,302	-	-	-	20,302	-	-	-	-	-	20,302	2.98%		
232.12	11/18/16	Ford Motor Credit	38,174	DW 16-826	25,968	11/17/16	2016 F-250	5	4.89%	4.89%	15,786	-	-	15,786	900	-	-	-	900	-	-	-	-	-	900	5.70%		
232.13	06/26/12	Shibco Realty Two, LLC	12,000	DW 07-133	24.831	03/14/08	Coopers Grove	-	0.00%	0.00%	3,000	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
232.14	10/08/18	Ford Motor Credit	41,500	DW 18-121	26.173	09/12/18	2016 F-250	5	4.90%	4.90%	32,895	-	-	32,895	1,857	-	-	-	1,857	-	-	-	-	-	1,857	5.65%		
232.16	08/02/13	NHDES	255,000	DW 11-226	25,526	06/21/13	Service Line Replacements	20	3.10%	3.10%	203,430	-	-	203,430	6,494	-	-	-	6,494	-	-	-	-	-	6,494	3.19%		
232.18	10/28/14	Hillcrest Estates	34,000	DW 14-319	25,757	01/16/15	Snow's Brook, Plaistow	-	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
232.19	09/15/16	Pentucket Bank	2,167,000	DW 16-654	25,930	07/29/16	Refinancing TD Bank loans	15	3.25%	3.25%	1,780,905	-	-	1,780,905	60,895	-	-	-	60,895	-	-	-	-	-	60,895	3.42%		
232.xx	TBD	NHDES	1,204,815	DW 19-147	26.407	09/28/20	SNH CIAC Additions	30	2.96%	2.96%	-	-	352,830	-	-	10,444	-	10,444	-	-	-	-	-	-	10,444	2.96%		
Totals - Non-affiliated Companies			8,006,705								3,823,426	-	1,236,044	-	5,059,470	125,610	-	40,296	-	165,906	-	-	-	-	-	165,906	3.28%	
Rounding																												
<b>Total Notes to Non-affiliated Companies</b>			<b>8,006,705</b>								<b>3,823,426</b>	<b>-</b>	<b>1,236,044</b>	<b>-</b>	<b>5,059,470</b>	<b>125,610</b>	<b>-</b>	<b>40,296</b>	<b>-</b>	<b>165,906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,906</b>	<b>3.28%</b>	
Amortize financing costs - 3rd Parties																4,249	-	40,296	-	4,249						4,249		
																129,859	-	-	-	170,155						170,155		
<b>TOTAL NOTES PAYABLE</b>			<b>\$ 8,006,705</b>								<b>\$ 3,823,426</b>	<b>\$ -</b>	<b>\$ 1,236,044</b>	<b>\$ -</b>	<b>\$ 5,059,470</b>	<b>\$ 129,859</b>	<b>\$ -</b>	<b>\$ 40,296</b>	<b>\$ -</b>	<b>\$ 170,155</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 170,155</b>	<b>3.36%</b>	

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
FIRST STEP ADJUSTMENT: 2020 PROJECTS  
PRO-FORMA ADJUSTMENTS TO RATE OF RETURN**

**Adj #**

**Debt**

<b>74</b>	*To add back the NH DES Loan for the Atkinson Tank (Loan includes Plant & CIAC Tax)	Actual DES Loan	\$ 875,084	
		Acrued Interest	\$ 8,130	
			\$ 883,214	\$ 883,214
	*To add back NH DES Loan to cover Westside Drive Booster CIAC Tax			\$ 352,830
	<b>Total Pro-forma Adjustments to Long-term Debt</b>			<b>\$ 1,236,044</b>

**Interest**

<b>75</b>	To add back the annual intrerest associated with the DES Atkinson Tank Loan			\$ 29,853
	To add back the annual intrerest associated with the DES CIAC Tax Loan			\$ 10,444
	<b>Total Pro-forma Adjustmwnnts to Long-term Debt Interest Expense</b>			<b>\$ 40,296</b>

**Equity**

<b>76</b>	To add back equity for "Additonal Paid in Capital" contribution that was made in 2020 Per Bates 035 & 2020 PUC Annual Report Sch. F-1			\$ 300,000
	<b>Total Pro-forma Adjustments to Equity</b>			<b>\$ 300,000</b>

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
FIRST STEP ADJUSTMENT: 2020 PROJECTS  
PRO-FORMA ADJUSTMENTS TO RATE BASE**

**Adj #**

**Pro-forma Adjustments to Net Utility Plant in Rate Base:**

Utility Plant

56	To add Atkinson Tank: In-service date of May 2020. See Energy 4-68, 5-21, and Step 1 - Sch. 3a	\$ 1,597,603
57	To add Other Plant Additions (Dearborn Ridge and Angle Pond): In-service date of 2020. See Energy 5-7, Company Filing Bates 092, and Step 1 - Sch. 3b	\$ 290,882
58	N/A	\$ -
59	To add the West Side Drive Booster Station: In-service date of Oct. 2020 See Step 1 SNH Plant - Sc. 3c	\$ 1,314,140

<b>Total Adjustments - Utility Plant in Service</b>	<b>\$ 3,202,625</b>
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Accumulated Depreciation of Utility Plant

60	To reduce Atkinson Tank by full year of depreciation expense See Energy 5-21 and Step 1 - Sch. 3a	\$ (40,106)
61	To reduce Other Plant Additions by full year of depreciation expense See Step 1 - Sch. 3b	\$ (9,815)
62	To reduce West Side Drive Booster Station by full year of depreciation expense See Step 1 SNH Plant - Sch. 3c	\$ (86,688)

<b>Total Adjustment - Accumulated Depreciation</b>	<b>\$ (136,608)</b>
--	---------------------

CIAC

63	To add CIAC for Atkinson Tank See Energy 5-21 and Step 1 - Sch. 3a	\$ (1,004,917)
64	To add CIAC for West Side Drive Booster Station See Step 1 SNH CIAC - Sch. 3c	\$ (1,302,918)

<b>Total Adjustments - CIAC</b>	<b>\$ (2,307,835)</b>
---------------------------------	-----------------------

Accumulated Amortization of CIAC

65	To add full year of Amortization of CIAC for Atkinson Tank See Energy 5-21 and Step 1 - Sch. 3a	\$ 25,227
66	To add full year of Amortization of CIAC for West Side Drive Booster Station See Step 1 SNH CIAC - Sch. 3c	\$ 85,948

<b>Total Adjustments - Amortization of CIAC</b>	<b>\$ 111,175</b>
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Accumulated Amortization of Other

70	To add full year of amortization of MSDC Fee See Step 1 - Sch. 3d	\$ 892,500	
		2.56%	
		22,885	22,885
71	To add full year of amortization of Atk Tank CIAC Tax Loan. Amort. Period is 30 years. See Step 1 - Sch. 3a	\$ 272,132	
		3.33%	
		9,071	9,071
72	To add full year of amortization of West Side Drive Booster CIAC Tax Loan. Amort. Period is 30 years. See Step 1 - Sch. 3c	\$ 352,830	
		3.33%	
		11,761	11,761

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
FIRST STEP ADJUSTMENT: 2020 PROJECTS  
PRO-FORMA ADJUSTMENTS TO RATE BASE**

**Adj #**

	<b>Total Adjustments - Amortization of Other</b>	<b>\$ 43,717</b>
	<u>Net Working Capital in Rate Base:</u>	
	<u>Cash Working Capital</u>	
<b>73</b>	To adjust Cash Working Capital for pro-forma adj's to O&M Expenses: See Step 1 - Sch.1	<b>\$ 10,035</b>
	<b>Total Adjustments - Cash Working Capital</b>	
<b>67</b>	To adjust Misc. Deferred Debits for the MSDC Fee See Step 1 - Sch. 3d	<b>\$ 892,500</b>
<b>68</b>	To adjust Misc. Deferred Debits for the Deferred Tax associated with the Atkinson Tank See Step 1 Sch. 3a	<b>\$ 272,132</b>
<b>69</b>	To adjust Misc. Deferred Debits for the Deferred Tax associated with the Westside Drive Booster See Step 1 - Sch. 3c	<b>\$ 352,830</b>
	<b>Total Adjustments - Working Capital</b>	<b>\$ 1,517,462</b>

Hampstead Area Water Company

Attachment B

Step 1

Schedule 3a

Atkinson Tank

Revised by Company 9/7/2021

Per Energy 5-21

Adjusted to remove CIAC Tax Allocation  
from Plant, and utilize CIAC Tax rate of .2708.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Plant / Depreciation Expense / Accumulated Depreciation</b>							
		Costs	CIAC Tax allocated to Plant	Adjusted Costs	Depr Rate	Annual Depr Expense	Accum Depr
303	Tank Easement	\$ 50,000	\$ -	\$ 50,000	2.00%	\$ 1,000	\$ 500
311	Generator	6,300	-	6,300	10.00%	630	315
311	REPCO Control Panel	11,259	-	11,259	10.00%	1,126	563
311	Pumping Material	43,481	-	43,481	10.00%	4,348	2,174
330	Flow Meter	3,994	-	3,994	2.22%	89	44
330	Solarbee Gridbee Electric Mixer	20,200	-	20,200	2.22%	448	224
330	1 Million Gallon Concrete Tank	799,800	-	799,800	2.22%	17,756	8,878
330	Tank	662,569	-	662,569	2.22%	14,709	7,355
	Total	\$ 1,597,603	\$ -	\$ 1,597,603		\$ 40,106	\$ 20,053

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>CIAC / Amortization Expense / Accumulated Amortization</b>							
		CIAC			Amort Rate	Annual Amort of CIAC	Accum Amort of CIAC
303	Tank Easement	\$ 31,450			2.00%	\$ 629	\$ 315
311	Generator	3,963			10.00%	396	198
311	REPCO Control Panel	7,082			10.00%	708	354
311	Pumping Material	27,350			10.00%	2,735	1,367
330	Flow Meter	2,512			2.22%	56	28
330	Solarbee Gridbee Electric Mixer	12,706			2.22%	282	141
330	1 Million Gallon Concrete Tank	503,088			2.22%	11,169	5,584
330	Tank	416,767			2.22%	9,252	4,626
	Total	\$ 1,004,917				\$ 25,227	\$ 12,614

Note: 62.9% per Grant Agreement.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Calculation of CIAC Tax</b>							
		CIAC			CIAC Tax Rate	CIAC Tax C x D	Annual** CIAC Tax Amortization
303	Tank Easement	\$ 31,450			27.08%	\$ 8,517	
311	Generator	3,963			27.08%	1,073	
311	REPCO Control Panel	7,082			27.08%	1,918	
311	Pumping Material	27,350			27.08%	7,406	
330	Flow Meter	2,512			27.08%	680	
330	Solarbee Gridbee Electric Mixer	12,706			27.08%	3,441	
330	1 Million Gallon Concrete Tank	503,088			27.08%	136,236	
330	Tank	416,767			27.08%	112,861	
	Total	\$ 1,004,917				\$ 272,132	\$ 9,071

State Utility Property Taxes and Town of Atkinson Property Taxes

State Utility Property Taxes

Total Increase in Plant	\$ 1,597,603
Total Increase in Accum Depr & Amort	20,053
Net Total Increase in Plant	\$ 1,577,550
Total Increase in Plant per Thousands	\$ 1,578
Tax Value as % of Net Book Value	49.35%
State Utility Property Tax Rate	\$ 6.60
Total Increase in State Utility Property Taxes	\$ 5,138

Town of Atkinson Property Taxes

Total Increase in Plant	\$ 1,597,603
Total Increase in Accum Depr & Amort	20,053
Net Total Increase in Plant	\$ 1,577,550
Total Increase in Plant per Thousands	\$ 1,578
Tax Value as % of Net Book Value	49.35%
Town of Atkinson Property Tax Rate	\$ 16.24
Total Increase in Town of Atkinson Property Taxes	\$ 12,642

**Total State Utility and Town of Atkinson Property Taxes \$ 17,780**

NHDRA Assessed value as of 4/1/20	\$ 6,158,500
Net Plant at 12/31/19*	\$ 12,479,945
Percent of assessed value to net plant	49.35%

\*2019 HAWC PUC Annual Report Sch. F-1, Line 3

\*\*CIAC Tax amortization period is 30 years to match the DES loan used to pay the tax.

**Hampstead Area Water Company**

Attachment B  
Step 1  
Schedule 3b

**Other Plant**

Adjusted to match % DRA Book value to updated figures in Atk Tank of 5-21

**Plant / Depreciation Expense / Accumulated Depreciation**

		Depr Rate	Annual Depr Expense	Accum Depr
Angle Pond				
	<u>Costs</u>			
304	Pump House and Site Work	2.50%	\$ 514	\$ 257
307	Wells	3.33%	4,504	2,252
309	Supply Mains	2.00%	866	433
311	Pumping Equipment	10.00%	1,082	541
320	Treatment Equipment (filtrators, etc.)	3.60%	1,948	974
	<u>Total</u>		<u>\$ 8,913</u>	<u>\$ 4,457</u>
Dearborn Ridge				
307	Wells	3.33%	\$ 811	\$ 406
320	Treatment Equipment (filtrators, etc.)	3.60%	90	45
	<u>Total</u>		<u>\$ 901</u>	<u>\$ 451</u>
	<u>Total</u>		<u>\$ 9,815</u>	<u>\$ 4,907</u>

**State Utility Property Taxes and Town of Atkinson Property Taxes**

State Utility Property Taxes

Total Increase in Plant	\$ 290,882
Total Increase in Accum Depr & Amort	4,907
Net Total Increase in Plant	<u>\$285,975</u>
Total Increase in Plant per Thousands	\$285.97
Tax Value as % of Net Book Value	<b>49.35%</b>
State Utility Property Tax Rate	6.60
Total Increase in State Utility Property Taxes	<u>\$ 931</u>

Town of Atkinson Property Taxes

Total Increase in Plant	\$ 290,882
Total Increase in Accum Depr & Amort	4,907
Net Total Increase in Plant	\$285,975
Total Increase in Plant per Thousands	\$285.97
Tax Value as % of Net Book Value	49.35%
Town of Atkinson Property Tax Rate	<b>16.06</b>
Total Increase in Town of Atkinson Property Taxes	<u>\$ 2,266</u>

<b>Total State Utility and Town of Atkinson Property Taxes</b>	<b>\$ 3,198</b>
--	-----------------

NHDRA Assessed value as of 4/1/19	<b>\$6,158,500</b>
Net Plant at 12/31/19*	12,479,945
Percent of assessed value to net plant	49.35%

Hampstead Area Water Company

Attachment B  
Step 1  
Schedule 3c  
SPSt. Cyr  
11/2/2021

Westside Drive

Adjusted to remove CIAC Tax Allocation  
from Plant, and utilize CIAC Tax rate of .2708.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b><u>Plant / Depreciation Expense / Accumulated Depreciation</u></b>								
		Costs	CIAC Tax allocated to Plant	Adjusted Costs	Depr Rate	Annual Depr Expense		Accum Depr
303	Land Rights	\$ 23,026		\$ 23,026	5.00%	\$ 1,151		\$ 576
304	Structures - Pump Station and Site Work	580,996		580,996	2.50%	14,525		7,262
310	Power Generator Equipment	80,472		80,472	10.00%	8,047		4,024
311	Pumping Equipment	629,646		629,646	10.00%	62,965		31,482
	Total	\$ 1,314,140		\$ 1,314,140		\$ 86,688		\$ 43,344

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b><u>CIAC / Amortization Expense / Accumulated Amortization</u></b>								
		CIAC			Amort Rate	Annual Amort of CIAC		Accum Amort of CIAC
303	Land Rights	\$ 22,830		\$ 22,830	5.00%	\$ 1,142		\$ 571
304	Structures - Pump Station and Site Work	576,034		576,034	2.50%	14,401		7,200
310	Power Generator Equipment	79,784		79,784	10.00%	7,978		3,989
311	Pumping Equipment	624,270		624,270	10.00%	62,427		31,214
	Total	\$ 1,302,918		\$ 1,302,918		\$ 85,948		\$ 42,974

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b><u>Calculation of CIAC Tax</u></b>								
		CIAC		Comb Tax Rate		CIAC Tax CxD	Annual** CIAC Tax Amortization	
303	Land Rights	\$ 22,830		0.2708		\$ 6,182		
304	Structures - Pump Station and Site Work	576,034		0.2708		155,990		
310	Power Generator Equipment	79,784		0.2708		21,606		
311	Pumping Equipment	624,270		0.2708		169,052		
	Total	\$ 1,302,918		0.2708		\$ 352,830	\$ 11,761	

State Utility Property Taxes and Town of Atkinson Property Taxes

State Utility Property Taxes	
Total Increase in Plant	\$ 1,314,140
Total Increase in Accum Depr & Amort	43,344
Net Total Increase in Plant	\$ 1,270,796
Total Increase in Plant per Thousands	\$ 1,271
Tax Value as % of Net Book Value	49.35%
State Utility Property Tax Rate	\$ 6.60
Total Increase in State Utility Property Taxes	\$ 4,139

Town of Atkinson Property Taxes

Total Increase in Plant	\$ 1,314,140
Total Increase in Accum Depr & Amort	43,344
Net Total Increase in Plant	\$ 1,270,796
Total Increase in Plant per Thousands	\$ 1,271
Tax Value as % of Net Book Value	49.35%
Town of Atkinson Property Tax Rate	\$ 16.24
Total Increase in Town of Atkinson Property Taxes	\$ 10,184

Total State Utility and Town of Atkinson Property Taxes

	\$ 14,323
NHRA Assessed value as of 4/1/20	\$ 6,158,500
Net Plant at 12/31/19*	\$ 12,479,945
Percent of assessed value to net plant	49.35%

\*2019 HAWC PUC Annual Report, Sch. F-1, Line 3

\*\*CIAC Tax amortization period is 30 years to match the DES loan used to pay the tax.

**DW 20-117**  
**HAMPSTEAD AREA WATER COMPANY, INC.**  
**STEP ADJUSTMENT**  
**CALCULATION OF MSDC**

Manchester Water Works - MSDC

Original Cost	Amortization Rate	Annual Amortization
\$ 892,500	2.56%	\$ (22,885)

\*Contract expires 2058  
\*\*Contract signed by HAWC - 2019  
Contract length in years 39

1  
÷ 39  
Annual Amortization Rate 2.56%

\*See Energy 2-18, Final SIA, page 17 of 112, Article 3, #15, Term and Termination

\*\*See Energy 2-18, Final SIA, page 21 of 112, Signatory Pages

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
FIRST STEP ADJUSTMENT: 2020 PROJECTS  
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

<u>Operating Revenue</u>			
77	To increase Operating Revenue, net of Company's combined effective income tax rate, for additional customers per 2020 Annual Report. See Bates 159, Co. 2019 & 2020 Annual Reports Sch. A-6, and Step 1 New Cust. Rev. - Sch. 4a		
	<b>Total Adjustments - Operating Revenue</b>		<b>\$ 50,524</b>
 <u>Operating Expenses</u>			
<u>Source of Supply</u>			
78	<u>Purchased Water- Account 602</u> To add back Company proforma for cost to purchase annual allotment of water from MWW. The Company contracted to purchase 250,000 gallons per day, or 91,250,000 gallons per year. (250,000 / 748 x \$3.05 x 365) See Bates 075, and 2020 Annual Report Sch. S-2.	Gal. Purchased from MWW in 2020 29,655,000 Convert to CCF ÷ 748 39,646 Cost per CCF x \$ 3.05 Cost of 2020 Gallons \$ 120,919	\$ 120,919
79	<u>Well Expenses</u> To add back the Company's proforma adjustment of reduction in test year well expenses due to anticipated 20% reduction due to SNHRWIP. See Energy 2-10, and 3-4.		\$ (7,144)
	<b>Total Proforma Adjustments to Source of Supply</b>		<b>\$ 113,775</b>
 <u>Pumping Expenses</u>			
80	<u>Purchased Power- Account 623</u> To add back the Company's proforma adjustment of test year purchased power expense which reflected an anticipated reduction due to SNHRWIP See Energy 2-11, 3-5.		\$ (32,390)
	<b>Total Proforma Adjustments to Pumping Expenses</b>		<b>\$ (32,390)</b>
	<b>Total Proforma Adjustments to Operating and Maintenance Expenses</b>		<b>\$ 81,385</b>
 <u>Depreciation Expense</u>			
81	To add back full year of depreciation expense for Atk Tank. See Step 1 - Sch. 3a		\$ 40,106
82	To add back full year of depreciation expense for Other plant addition (Dearborn Ridge and Angle Pond Wells) See Step 1 - Sch. 3b		\$ 9,815
83	To add back full year of depreciation expense for West Side Drive Booster. See Step 1 - Sch. 3c		\$ 86,688
	<b>Total Adjustments to Depreciation Expense</b>		<b>\$ 136,608</b>
 <u>Amortization Expense - CIAC</u>			
84	To add back full year of amortization expense of CIAC for Atk Tank. See Step 1 - Sch. 3a		\$ (25,227)
85	To add back full year of amortization expense of CIAC for West Side Drive Booster. See Step 1 - Sch. 3c		\$ (85,948)
	<b>Total Adjustments to Amortization of CIAC</b>		<b>\$ (111,175)</b>
 <u>Amortization Expense - Other</u>			
86	To adjust for the amortization of the 250,000 GPD fee of \$892,500 over 39 years. See Energy 2-6, 3-2, and Energy 2-18 b - page 17 and page 98, and Step 1 - Sch. 3D		22,885
87	To adjust for the amortization of the CIAC Tax associated with the Atk Tank See Step 1 - Sch. 3a		9,071
88	To adjust for the amortization of the CIAC Tax associated with the West Side Drive Booster See Step 1 - Sch. 3c		11,761
	<b>Total Adjustments to Amortization Expense - Other</b>		<b>43,717</b>
 <u>Taxes other than Income</u>			
89	To add back the Co. amount of property taxes for the Atk Tank See Step 1 - Sch. 3a		\$ 17,780
90	To add back the Co. amount of property taxes for the 'Other Plant' See Step 1 - Sch. 3b		\$ 3,198
91	To add back the Co. amount of property taxes for the West Side Drive Booster See Step 1 - Sch. 3c		\$ 14,323
	<b>Total Adjustments to Taxes Other than Income</b>		<b>\$ 35,301</b>
 <u>Income Taxes</u>			
92	Combined State and Federal Income Taxes See Step 1 - Sch. 1		\$ 16,477

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
FIRST STEP ADJUSTMENT: 2020 PROJECTS  
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

Total Adjustments to Taxes other than Income and Income Taxes

\$ 16,477

Total Proforma Adjustment to Operating Expenses

\$ 202,314

**DW 20-117**  
**Hampstead Area Water Company, Inc.**  
**Step Adjustment**  
**Calculation of New Customer Revenue**

2019 Annual Report Customer Count		3,857	
2020 Annual Report Customer Count	-	3,994	
2020 Additional Customers		<u>(137)</u>	
Projected Water Sales After Permanent Rate Increase		\$ 2,540,482	
2020 Annual Report Customer Count	÷	<u>3,994</u>	
Average Projected Annual Revenue per Customer		\$ 636	
Months in a year	÷	<u>12</u>	
Average Projected Monthly Revenue per Customer		\$ 53	
2020 Additional Customers		137	
Monthly Revenue per Customer	*	<u>\$ 53</u>	
Additional Monthly Revenue		\$ 7,261	
Additional Monthly Revenue		\$ 7,261	
Months in a year	*	<u>\$ 12</u>	
Additional Annual Revenue		\$ 87,132	
Additional Annual Revenue		\$ 87,132	
Incremental Expenses - See Step 1 - Sch. 4b	-	<u>\$ 17,843</u>	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Company's Effective Tax Rate	x	<u>27.08%</u>	
Income Taxes on New Customer Revenue		\$ 18,766	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Income Taxes on New Customer Revenue	-	<u>\$ 18,766</u>	
After-tax New Customer Revenue		\$ 50,524	<b><u>\$ 50,524</u></b>

**HAWC**

Incremental Expenses to offset additional revenues associated with 2020 new customers

4.27%

	<u>12/31/19</u>	<u>Company</u>	<u>Department</u>
Metered Sales to Residential Customers	1,967,875	84,095	
Fire Protection Revenue	55,088		
Late Fees	38,074		
Other Water Revenue	73,185		
<b>Total Revenue</b>	<b><u>2,134,222</u></b>		
Net Depreciation & CIAC	339,643	\$ 3,905	\$ 3,905
Property Taxes	146,846	\$ 858	\$ -
Other Taxes	15,577		
Labor on Outside Jobs	30,462		
Well Expenses & Water Purchased	35,720	\$ 1,526	\$ 1,526
Power Purchased for Pumping	219,181	\$ 9,366	\$ 4,683
Pumping Expenses	171,768	\$ 7,340	\$ -
Chemicals	13,500	\$ 577	\$ 577
Treatment Expense (Filters)	174,184	\$ 7,444	\$ 3,722
Transm & Distribution Exp (Mains)	57,308	\$ 2,449	\$ -
Meter Expenses & Customer Installations	57,174	\$ 2,443	\$ -
Maintenance of Storage Tanks	1,935		
Maintenance of Services	44,691	\$ 1,910	\$ -
Maintenance of Hydrants	6,569		
Meter Reading Expenses	9,948	\$ 425	\$ 425
Customer Records & Collections	140,621	\$ 6,009	\$ 3,005
Uncollectable Accounts	0		
Administrative & General Salaries	29,746		
Office Supplies & Other Expenses	57,864		
Outside Services - Engineering	117,899		
Outside Services - Management Fees	169,153		
Outside Services - Accounting	85,650		
Outside Services - Legal	61,082		
Insurance Expense	44,136		
Employee Pensions & Benefits	78,931		
Franchise Requirements	5,840		
Misc General Expenses	4,277		
Misc Expenses - Vehicle Expenses	35,013		
General Rents	16,928		
<b>Total Expenses</b>	<b><u>2,171,643</u></b>	<b><u>\$ 44,253</u></b>	<b><u>\$ 17,843</u></b>
<b>Net Operating Income</b>	<b><u>(37,422)</u></b>		
Rate Case Recovery Fees	191,206		
Regulatory Commission Expenses	(76,106)		
Interest Expense	(129,880)		
Interest Income	235		
Misc Nonutility Expenses	0		
<b>Net Income (Loss)</b>	<b><u>(51,967)</u></b>		
<b>Meters</b>	570	137	78,090
<b>Annual Depr on 137 Meters</b>	78,090	5.00%	<b>3,905</b>

Attachment C

(Step II Adjustment)

SETTLEMENT 0052  
DW 20-117

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
SECOND STEP ADJUSTMENT: 2021 PROJECTS  
CALCULATION OF STEP ADJUSTMENT

Account	Shannon Road Water Main (Att. C, Sch. 3a)	H2 Base Project (Att. C, Sch. 3a)	H2 Meditation Project (Att. C, Sch. 3a)	Main St. PRV Project (Att. C, Sch. 3a)	Sawyer Tank Mixer Project (Att. C, Sch. 3a)	East Road Water Main (Att. C, Sch. 3a)	Retirements	Total	Adj #
Additions / (Retirements)	690,542	1,520,674	263,799	257,717	63,157	121,015	(90,884)	2,826,020	93-99
Less: Accumulated Dep./ Amort. (1 Full Year)	(13,811)	(63,927)	(10,095)	(6,405)	(2,274)	(2,420)	-	(98,932)	100-105
Less: CIAC	(690,542)	(1,520,674)	(263,799)	(257,717)	(63,157)	(121,015)	-	(2,916,904)	106-111
Add: Accumulated Amort. of CIAC (1 Full Year)	13,811	63,927	10,095	6,405	2,274	2,420	-	98,932	112-117
Add: CIAC Tax	53,172	117,092	20,313	19,844	4,863	9,318	-	224,602	118-123
Less: Accumulated Amort. of CIAC Tax (1 Full Year)	(1,772)	(3,903)	(677)	(661)	(162)	(311)	-	(7,487)	124-129
Net Changes to Rate Base from Plant Additions	\$ 51,399	\$ 113,189	\$ 19,635	\$ 19,183	\$ 4,701	\$ 9,008	\$ (90,884)	\$ 126,231	
Cash Working Capital:									
Net Increase in O&M Expenses	399,986								
x 12.33%	\$ 49,318								
Total Change to Rate Base								+ \$ 49,318	130
Rate of Return (Schedule 1a)								= \$ 175,549	
								x 3.38%	131-132
<b>Increase in Net Operating Income Requirement</b>								<b>\$ 5,934</b>	
Less: Revenue from Water for Resale	-	-	-	-	-	-	-	(175,180)	133
Less: Revenue from New Customers	-	-	-	-	-	-	-	(50,524)	134
Add: Net Increase/ (Decrease) to O&M Expense	-	-	-	-	-	-	-	399,986	135-136
Add: Annual Depreciation Expense	13,811	63,927	10,095	6,405	2,274	2,420	-	98,932	137-142
Less: Annual Amortization of CIAC	(13,811)	(63,927)	(10,095)	(6,405)	(2,274)	(2,420)	-	(98,932)	143-148
Add: Annual Amortization of CIAC Tax	1,772	3,903	677	661	162	311	-	7,487	149-154
Add: Annual Property Tax Expense	7,706	16,780	2,917	2,869	699	1,350	-	32,320	155-160
*=Net Change to Rate Base * Additional Equity Gross up Factor								-	
<b>Increase in Pre Income Tax Revenue Requirement</b>	<b>\$ 9,478</b>	<b>\$ 20,683</b>	<b>\$ 3,594</b>	<b>\$ 3,530</b>	<b>\$ 861</b>	<b>\$ 1,661</b>	<b>\$ -</b>	<b>\$ 220,023</b>	
<b>Step Increase</b>								<b>\$ 220,023</b>	
<b>Proforma Test Year Water Sales Revenues</b> (Attachment A, Sch. 4, Col. 8)								<b>\$ 2,540,482</b>	
<b>% Increase in Annual Water Revenues</b>								<b>9.81%</b>	

\*Additional income taxes are a result of the additional equity associated with the Step 2 Rate Base additions.  
\* = Net Change to Rate Base \* Tax Gross up Factor on Step 2 RoR - Sch. 2  
\*See Step 2 RoR - Sch.2

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
SECOND STEP ADJUSTMENT: 2021 PROJECTS  
RATE OF RETURN**

**(a) Calculation of Rate of Return for Step 1 projects**

	<u>Adj. #</u>	<u>Amount</u>	<u>Weighted Average</u>	<u>Interest Rate</u>	<u>Annual Interest</u>	<u>Annual Amortization of Finance Cost</u>	<u>Total Annual Cost of Debt</u>	<u>Annual Cost Rate</u>	<u>Weighted Average Rate</u>
DES Loan (CIAC Tax)	131-132	\$ 224,602		3.38%	\$ 7,592	\$ -	\$ 7,592	3.38%	
		-		0.00%	-	-	-	0.00%	
<b>Total New Debt Service</b>		<b>\$ 224,602</b>	100.0%		<b>\$ 7,592</b>	<b>\$ -</b>	<b>\$ 7,592</b>	<b>3.38%</b>	3.38%
<b>Additional Equity to Company</b>		<b>\$ -</b>	0.0%					<b>9.63%</b>	0.00%
<b>Total</b>		<b>\$ 224,602</b>	100.0%						<b>3.38%</b>

**(c) Weighted Tax Effect Due to Additional Equity to Company**

	<u>Weighted Cost</u>	<u>Tax Multiplier</u>	<u>Pre-Tax Cost</u>	<u>Tax Gross-Up</u>
Additional Debt	3.38%	x 1.00	3.38%	0.00%
Additional Equity	0.00%	x 1.37	0.00%	0.00%
Total	3.38%		3.38%	0.00%

**(d) Calculation of Tax Multiplier and Effective Tax Rate**

Taxable Income	100.00%	Income Available to FIT	100.00%
Less NHBPT	-7.70%	Less Effective Tax Rate	27.08%
Fed. Taxable Income	92.30%	Diviser for Rev Req.	72.92%
Fed. Tax Rate	21.00%		
Effective FIT Rate	19.38%	Effective Tax rate	27.08%
Add NHBPT	7.70%	Diviser	72.92%
Effective Tax Rate	27.08%	Tax Multiplier of Equity	37.14%

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
SECOND STEP ADJUSTMENT: 2021 PROJECTS  
PRO-FORMA LONG-TERM DEBT

GL Acct. #	Date of Note	Lender	Original Amount	NHPUC Docket #	NHPUC Order #	Date of Order	Purpose	Term	Interest Rate	Current Interest Rate	Actual Loan Balances				Actual Interest Expense				Actual Finance Costs					Pro-forma Total Cost of Debt			
											Step 1 Adjusted Balance	Commanv Debt Adjustment	Debt Adj per Settlement	Excess Capacity Adjustment*	Step 2 Adjusted Balance	Proforma Interest Expense	Commanv Interest Adjustment	Interest Adj per Settlement	Excess Capacity Adjustment*	Adjusted Interest Expense	2019 Amortized Finance Costs	Commanv Finance Cost Adjustment	Finance Cost Adj per Settlement	Excess Capacity Adjustment*	Adjusted Amortized Finance Costs	Total Annual Debt Cost	2019 Cost Rate
232.02	03/13/19	Pentucket Bank	1,000,000	DW 19-147	26,218	02/01/19	Line of Credit	Demand	Prime	4.75%	450,000	-	-	-	450,000	11,525	-	-	-	11,525	-	-	-	-	-	11,525	2.56%
232.05	TBD	NHDES	up to 1,200,000	DW 19-147	26,407	09/28/20	Atkinson Tank	30	3.38%	3.38%	883,214	-	-	-	883,214	29,853	-	-	-	29,853	-	-	-	-	-	29,853	3.38%
232.06	09/06/05	NHDES	1,315,291	DW 04-132	24,437	02/25/05	SRF Loan: Tank	20	3.352%	3.352%	643,586	-	-	-	643,586	22,672	-	-	-	22,672	-	-	-	-	-	22,672	3.52%
232.08	03/31/06	Aquarius Properties	24,000	DW 06-016	24,608	03/24/06	Autumn Hills	20	P+2.25%	5.50%	12,034	-	-	-	12,034	965	-	-	-	965	-	-	-	-	-	965	8.02%
232.11	06/24/09	NH DES	1,058,347	DW 08-088	24,937	02/06/09	Hampstead / Atkinson Core Interconnect	20	2.864%	2.864%	681,790	-	-	-	681,790	20,302	-	-	-	20,302	-	-	-	-	-	20,302	2.98%
232.12	11/18/16	Ford Motor Credit	38,174	DW 16-826	25,968	11/17/16	2016 F-250	5	4.89%	4.89%	15,786	-	-	-	15,786	900	-	-	-	900	-	-	-	-	-	900	5.70%
232.13	06/26/12	Shribo Realty Two, LLC	12,000	DW 07-133	24,831	03/14/08	Coopers Grove	-	0.00%	0.00%	3,000	-	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	0.00%
232.14	10/08/18	Ford Motor Credit	41,500	DW 18-121	26,173	09/12/18	2016 F-250	5	4.90%	4.90%	32,895	-	-	-	32,895	1,857	-	-	-	1,857	-	-	-	-	-	1,857	5.65%
232.16	08/02/13	NHDES	255,000	DW 11-226	25,526	06/21/13	Service Line Replacements	20	3.10%	3.10%	203,430	-	-	-	203,430	6,494	-	-	-	6,494	-	-	-	-	-	6,494	3.19%
232.18	10/28/14	Hillcrest Estates	34,000	DW 14-319	25,757	01/16/15	Snow's Brook, Plaistow	-	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
232.19	09/15/16	Pentucket Bank	2,167,000	DW 16-654	25,930	07/29/16	Refinancing TD Bank loans	15	3.25%	3.25%	1,780,905	-	-	-	1,780,905	60,895	-	-	-	60,895	-	-	-	-	-	60,895	3.42%
232.xx	TBD	NHDES	1,204,815	DW 19-147	26,407	09/28/20	SNH CIAC Additions CIAC Tax	30	3.38%	3.38%	352,830	224,602	-	-	577,432	10,444	-	7,592	-	18,036	-	-	-	-	-	18,036	3.12%
Totals - Non-affiliated Companies			7,150,127								5,059,470	224,602	-	-	5,284,072	165,907	-	7,592	-	173,499	-	-	-	-	-	173,499	3.28%
Rounding											-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
<b>Total Notes to Non-affiliated Companies</b>			<b>7,150,127</b>								<b>5,059,470</b>	<b>224,602</b>	<b>-</b>	<b>-</b>	<b>5,284,072</b>	<b>165,907</b>	<b>-</b>	<b>7,592</b>	<b>-</b>	<b>173,499</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173,499</b>	<b>3.28%</b>
Amortize financing costs - 3rd Parties											4,249	-	-	-	4,249	170,156	-	7,592	-	177,748	-	-	-	-	-	177,748	
<b>TOTAL NOTES PAYABLE</b>			<b>\$ 7,150,127</b>								<b>\$ 5,059,470</b>	<b>\$ 224,602</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,284,072</b>	<b>\$ 170,156</b>	<b>\$ -</b>	<b>\$ 7,592</b>	<b>\$ -</b>	<b>\$ 177,748</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 177,748</b>	<b>3.36%</b>

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
SECOND STEP ADJUSTMENT: 2021 PROJECTS  
PRO-FORMA ADJUSTMENTS TO RATE OF RETURN**

**Adj #**

**Equity**

\$ -

**Total Pro-forma Adjustments to Equity**

**\$ -**

**Debt**

<b>131</b>	*To add back the Loan to cover the "7.7% SoNH BPT CIAC Tax" associated with SNHRWIP contributions.	\$ 224,602	\$ 224,602
	<b>Total Pro-forma Adjustments to Long-term Debt</b>		<b><u><u>\$ 224,602</u></u></b>

**Interest**

<b>132</b>	To add back the annual interest associated with loan to cover the "CIAC Tax" from SNHRWIP	\$ 7,592	\$ 7,592
	<b>Total Pro-forma Adjustments to Long-term Debt Interest Expense</b>		<b><u><u>\$ 7,592</u></u></b>

**DW 20-117  
 HAMPSTEAD AREA WATER COMPANY, INC.  
 SECOND STEP ADJUSTMENT: 2021 PROJECTS  
 PRO-FORMA ADJUSTMENTS TO RATE BASE**

**Adj #**

**Pro-forma Adjustments to Net Utility Plant in Rate Base:**

Utility Plant

<b>93</b>	To add Shannon Road Water Main project. In service date of 2021. See Step 2 - Sch. 3a - Col. 5	690,542
<b>94</b>	To add H2 Base project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 5	1,520,674
<b>95</b>	To add H2 Meditation project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 5	263,799
<b>96</b>	To add Main St. PRV project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 5	257,717
<b>97</b>	To add Sawyer Tank Mixer project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 5	63,157
<b>98</b>	To add East Road Water Main project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 5	121,015
<b>99</b>	To remove the Net Book Value (NBV) of pump stations retired due to SNHRWP. See Company Adjustment # 29, Bates 085 See Energy TS 4-10	(90,884)

**Total Adjustments - Utility Plant in Service**

**\$ 2,826,020**

Accumulated Depreciation

<b>100</b>	To reduce Shannon Road project by full year of depreciation expense. In service date of 2021. See Step 2 - Sch. 3a - Col. 7	(13,811)
<b>101</b>	To reduce H2 Base Project by full year of depreceiation expense. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7	(63,927)
<b>102</b>	To reduce H2 Meditation project by full year depreciation expense. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7	(10,095)
<b>103</b>	To reduce Main St. PRV project by full year of depreciation expense. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7	(6,405)
<b>104</b>	To reduce Sawyer Tank Mixer project by full year of depreciation expense. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7	(2,274)
<b>105</b>	To reduce East Road Water Main project by full year of depreciation expense. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7	(2,420)

**Total Adjustment - Accumulated Depreciation**

**\$ (98,932)**

CIAC

<b>106</b>	To add Shannon Road project CIAC. In service date of 2021. See Step 2 - Sch. 3b - Col. 5	(690,542)
<b>107</b>	To add H2 Base project CIAC. In-service date of 2021. See Step 2 - Sch. 3b - Col. 5	(1,520,674)
<b>108</b>	To add H2 Meditation project CIAC. In-service date of 2021. See Step 2 - Sch. 3b - Col. 5	(263,799)
<b>109</b>	To add Main St. PRV project CIAC. Amort. In-service date of 2021. See Step 2 - Sch. 3b - Col. 5	(257,717)
<b>110</b>	To add Sawyer Tank Mixer project CIAC. Amort. In-service date of 2021. See Step 2 - Sch. 3b - Col. 5	(63,157)

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
SECOND STEP ADJUSTMENT: 2021 PROJECTS  
PRO-FORMA ADJUSTMENTS TO RATE BASE**

**Adj #**

111 To add East Road Water Main project CIAC. Amort. In-service date of 2021. (121,015)  
See Step 2 - Sch. 3b - Col. 5

**Total Adjustments - CIAC**

**\$ (2,916,904)**

Amortization of CIAC

112 To reduce Shannon Road project CIAC. In service date of 2021. 13,811  
See Step 2 - Sch. 3b - Col. 7

113 To reduce H2 Base project CIAC. In-service date of 2021. 63,927  
See Step 2 - Sch. 3b - Col. 7

114 To reduce Meditation project CIAC. In-service date of 2021. 10,095  
See Step 2 - Sch. 3b - Col. 7

115 To reduce Main St. PRV project CIAC. Amort. In-service date of 2021. 6,405  
See Step 2 - Sch. 3b - Col. 7

116 To reduce Sawyer Tank Mixer project CIAC. Amort. In-service date of 2021. 2,274  
See Step 2 - Sch. 3b - Col. 7

117 To reduce East Road Water Main project CIAC. Amort. In-service date of 2021. 2,420  
See Step 2 - Sch. 3b - Col. 7

**Total Adjustments - Amortization of CIAC**

**\$ 98,932**

Amortization of Other

124 To add full year of amortization of Shannon Road CIAC Tax. Amort. Period is 30 years. \$ 53,172  
See Step 2 - Sch. 3c - Col. 7 x 3.33%  
(1,772) (1,772)

125 To add full year of amortization of H2 Base project CIAC Tax. Amort. Period is 30 years. \$ 117,092  
See Step 2 - Sch. 3c - Col. 7 x 3.33%  
(3,903) (3,903)

126 To add full year of amortization of Meditation project CIAC Tax. Amort. Period is 30 years. \$ (20,313)  
See Step 2 - Sch. 3c - Col. 7 x 3.33%  
(677) (677)

127 To add full year of amortization of Main St. PRV project CIAC Tax. Amort. Period is 30 years. \$ (19,844)  
See Step 2 - Sch. 3c - Col. 7 x 3.33%  
(661) (661)

128 To add full year of amortization of Sawyer Tank Mixer Project CIAC Tax. Amort. Period is 30 years. \$ (4,863)  
See Step 2 - Sch. 3c - Col. 7 x 3.33%  
(162) (162)

129 To add full year of amortization of East Road Water Main CIAC Tax. Amort. Period is 30 years. \$ (9,318)  
See Step 2 - Sch. 3c - Col. 7 x 3.33%  
(311) (311)

**Total Amortization of Other**

**\$ (7,487)**

Net Working Capital in Rate Base:

Cash working Capital

130 To adjust Cash Working Capital for pro-forma adj's to O&M Expenses:  
Increase to O&M Expenses per Settlement \$ 399,986  
Cash Working Capital Percentage (Monthly Billing) x 12.33%  
Proposed Step 2 Cash Working Capital per Settlement \$ 49,318 \$ 49,318

**Total Adjustments - Cash Working Capital**

**\$ 49,318**

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
SECOND STEP ADJUSTMENT: 2021 PROJECTS  
PRO-FORMA ADJUSTMENTS TO RATE BASE**

**Adj #**

<b>118</b>	To add Shannon Road project CIAC Tax. In service date of 2021. See Step 2 - Sch. 3c - Col. 5	53,172
<b>119</b>	To add H2 Base project CIAC Tax. In-service date of 2021. See Step 2 - Sch. 3c - Col. 5	117,092
<b>120</b>	To add Meditation project CIAC Tax. In-service date of 2021. See Step 2 - Sch. 3c - Col. 5	20,313
<b>121</b>	To add Main St. PRV project CIAC Tax. Amort. In-service date of 2021. See Step 2 - Sch. 3c - Col. 5	19,844
<b>122</b>	To add Sawyer Tank Mixer project CIAC Tax. Amort. In-service date of 2021. See Step 2 - Sch. 3c - Col. 5	4,863
<b>123</b>	To add East Road Water Main project CIAC Tax. Amort. In-service date of 2021. See Step 2 - Sch. 3c - Col. 5	9,318
<b>Total Adjustments - Net Working Capital</b>		<b>\$ 224,602</b>

Hampstead Area Water Company

Attachment C  
Step 2  
Schedule 3a

SNH Plant

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Plant / Depreciation Expense / Accumulated Depreciation							
PUC Acct. No.	Description	Costs	CIAC Tax allocated to Plant	Adjusted Costs	Depr. Rate	Annual Depreciation Expense	Accumulated Depreciation
Shannon Road Water Main							
331	Mains	\$ 690,542		\$ 690,542	2.00%	\$ 13,811	\$ 6,905
	Total	<u>\$ 690,542</u>		<u>\$ 690,542</u>		<u>\$ 13,811</u>	<u>\$ 6,905</u>
H2 Base Project							
304	Structures	\$ 510,642		\$ 510,642	2.50%	\$ 12,766	\$ 6,383
311	Pumping Equipment	231,244		231,244	10.00%	23,124	11,562
320	Treatment Equipment	778,788		778,788	3.60%	28,036	14,018
	Total	<u>\$ 1,520,674</u>		<u>\$ 1,520,674</u>		<u>\$ 63,927</u>	<u>\$ 31,963</u>
H2 CO Meditation							
304	Structures	\$ 217,129		\$ 217,129	2.50%	\$ 5,428	\$ 2,714
311	Pumping Equipment	46,670		46,670	10.00%	4,667	2,334
	Total	<u>\$ 263,799</u>		<u>\$ 263,799</u>		<u>\$ 10,095</u>	<u>\$ 5,048</u>
H2 CO Main ST. PRV							
304	Structures	\$ 250,217		\$ 250,217	2.50%	\$ 6,255	\$ 3,128
335	Hydrants	7,500		7,500	2.00%	150	75
	Total	<u>\$ 257,717</u>		<u>\$ 257,717</u>		<u>\$ 6,405</u>	<u>\$ 3,203</u>
H2 CO Sawyer Tank Mixer							
320	Treatment Equipment	\$ 63,157		\$ 63,157	3.60%	\$ 2,274	\$ 1,137
	Total	<u>\$ 63,157</u>		<u>\$ 63,157</u>		<u>\$ 2,274</u>	<u>\$ 1,137</u>
East Road Water Main							
331	T&D Mains	\$ 121,015		\$ 121,015	2.00%	\$ 2,420	\$ 1,210
	Total	<u>\$ 121,015</u>		<u>\$ 121,015</u>		<u>\$ 2,420</u>	<u>\$ 1,210</u>
	Total	<u>\$ 2,916,904</u>		<u>\$ 2,916,904</u>		<u>\$ 98,932</u>	<u>\$ 49,466</u>

SPSt. Cyr  
11/2/2021

Hampstead Area Water Company

Attachment C  
Step 2  
Schedule 3b

SNH Plant CIAC

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CIAC / Accumulated Amortization of CIAC / Amortization of CIAC							
PUC Acct. No.	Description	CIAC	CIAC Tax Allocated to Plant	Adjusted CIAC	Amort Rate	Annual Amort of CIAC	Accumulated Amortization of CIAC
Shannon Road Water Main							
331	Mains	\$ 690,542		\$ 690,542	2.00%	\$ 13,811	\$ 6,905
	Total	<u>\$ 690,542</u>		<u>\$ 690,542</u>		<u>\$ 13,811</u>	<u>\$ 6,905</u>
H2 Base Project							
304	Structures	\$ 510,642		\$ 510,642	2.50%	\$ 12,766	\$ 6,383
311	Pumping Equipment	231,244		231,244	10.00%	23,124	11,562
320	Treatment Equipment	778,788		778,788	3.60%	28,036	14,018
	Total	<u>\$ 1,520,674</u>		<u>\$ 1,520,674</u>		<u>\$ 63,927</u>	<u>\$ 31,963</u>
H2 CO Meditation							
304	Structures	\$ 217,129		\$ 217,129	2.50%	\$ 5,428	\$ 2,714
311	Pumping Equipment	46,670		46,670	10.00%	4,667	2,334
	Total	<u>\$ 263,799</u>		<u>\$ 263,799</u>		<u>\$ 10,095</u>	<u>\$ 5,048</u>
H2 CO Main ST. PRV							
304	Structures	\$ 250,217		\$ 250,217	2.50%	\$ 6,255	\$ 3,128
335	Hydrants	7,500		7,500	2.00%	150	75
	Total	<u>\$ 257,717</u>		<u>\$ 257,717</u>		<u>\$ 6,405</u>	<u>\$ 3,203</u>
H2 CO Sawyer Tank Mixer							
320	Treatment Equipment	\$ 63,157		\$ 63,157	3.60%	\$ 2,274	\$ 1,137
	Total	<u>\$ 63,157</u>		<u>\$ 63,157</u>		<u>\$ 2,274</u>	<u>\$ 1,137</u>
East Road Water Main							
331	T&D Mains	\$ 121,015		\$ 121,015	2.00%	\$ 2,420	\$ 1,210
	Total	<u>\$ 121,015</u>		<u>\$ 121,015</u>		<u>\$ 2,420</u>	<u>\$ 1,210</u>
	Total	<u>\$ 2,916,904</u>		<u>\$ 2,916,904</u>		<u>\$ 98,932</u>	<u>\$ 49,466</u>

SPSt. Cyr  
11/2/2021

Hampstead Area Water Company

Attachment C  
Step 2  
Schedule 3c

SNH Plant CIAC Tax

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CIAC Tax / Amortization of CIAC Tax / Accumulated Amortization of CIAC Tax							
PUC Acct. No.	Description	CIAC	Company Combined Tax rate	CIAC Tax	Amort Rate	Annual Amort of CIAC Tax	Accumulated Amortization of CIAC Tax
Shannon Road Water Main							
331	Mains	\$ 690,542	7.70%	\$ 53,172	3.33%	\$ 1,772	\$ 886
	Total	<u>\$ 690,542</u>		<u>\$ 53,172</u>		<u>\$ 1,772</u>	<u>\$ 886</u>
H2 Base Project							
304	Structures	\$ 510,642	7.70%	\$ 39,319	3.33%	\$ 1,311	\$ 655
311	Pumping Equipment	231,244	7.70%	\$ 17,806	3.33%	594	297
320	Treatment Equipment	778,788	7.70%	\$ 59,967	3.33%	1,999	999
	Total	<u>\$ 1,520,674</u>		<u>\$ 117,092</u>		<u>\$ 3,903</u>	<u>\$ 1,952</u>
H2 CO Meditation							
304	Structures	\$ 217,129	7.70%	\$ 16,719	3.33%	\$ 557	\$ 279
311	Pumping Equipment	46,670	7.70%	3,594	3.33%	120	60
	Total	<u>\$ 263,799</u>		<u>\$ 20,313</u>		<u>\$ 677</u>	<u>\$ 339</u>
H2 CO Main ST. PRV							
304	Structures	\$ 250,217	7.70%	\$ 19,267	3.33%	\$ 642	\$ 321
335	Hydrants	7,500	7.70%	578	3.33%	19	10
	Total	<u>\$ 257,717</u>		<u>\$ 19,844</u>		<u>\$ 661</u>	<u>\$ 331</u>
H2 CO Sawyer Tank Mixer							
320	Treatment Equipment	\$ 63,157	7.70%	\$ 4,863	3.33%	\$ 162	\$ 81
	Total	<u>\$ 63,157</u>		<u>\$ 4,863</u>		<u>\$ 162</u>	<u>\$ 81</u>
East Road Water Main							
331	T&D Mains	\$ 121,015	7.70%	\$ 9,318	3.33%	\$ 311	\$ 155
	Total	<u>\$ 121,015</u>		<u>\$ 9,318</u>		<u>\$ 311</u>	<u>\$ 155</u>
	Total	<u>\$ 2,916,904</u>	7.70%	<u>\$ 224,602</u>	3.33%	<u>\$ 7,487</u>	<u>\$ 3,743</u>

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Calculation of CIAC Tax by Plant Account Number							
		CIAC		Combined Tax Rate		CIAC Tax Cx D	
304	Structures - Pump Station and Site Work	\$ 977,988		0.077		\$ 75,305	
311	Pumping Equipment	277,914		0.077		21,399	
320	Treatment Equipment	841,945		0.077		64,830	
331	T&D Mains	811,557		0.077		62,490	
335	Hydrants	\$ 7,500		0.077		578	
	Total	<u>\$ 2,916,904</u>				<u>\$ 224,602</u>	

SPSt. Cyr  
11/2/2021

Hampstead Area Water Company

Attachment C

SNHRWIP

Step 2

Schedule 3d

Calculation of SNH Plant Property Taxes

	Shannon Road Water Main	H2 Base Project	H2 CO Meditation	H2 CO Main St. PRV	H2 CO Sawyer Tank Mixer	East Road Water Main	Total Projected Costs
Total Project Costs	\$ 690,542	\$ 1,520,674	\$ 263,799	\$ 257,717	\$ 63,157	\$ 121,015	\$ 2,916,904
Accumulated Depreciation	6,905	31,963	5,048	3,203	1,137	1,210	49,466
Net Plant	\$683,637	\$1,488,711	\$258,751	\$254,514	\$62,020	\$119,805	\$2,867,438
Thousand Dollars of Assessed Value	\$ 684	\$ 1,489	\$ 259	\$ 255	\$ 62	\$ 120	\$ 2,867
Tax Value as % of Net Book Value	49.35%	49.35%	49.35%	49.35%	49.35%	49.35%	49.35%
Combined State and Local Property Tax Rate	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84
State and Local Property Taxes	\$ 7,706	\$ 16,780	\$ 2,917	\$ 2,869	\$ 699	\$ 1,350	\$ 32,320

Combined State and Local Property Tax Rate:

State	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60
Atkinson	16.24	16.24	16.24	16.24	16.24	16.24	16.24
Total	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84	\$ 22.84

SPSt. Cyr  
11/2/2021

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
SECOND STEP ADJUSTMENT: 2021 PROJECTS  
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

Adj #

<u>Operating Revenue</u>			
133	To add back Company Proforma for Operating Revenue regarding sale of 100,000 gallons of water to Plaistow that is not scheduled to begin until 2022 per Dept. 2-31. See also bates 038.	\$	175,180
134	To add additional revenue from additional customers in 2021, net of income taxes See Step 2 - Sch. 4a	\$	50,524
<b>Total Adjustments - Operating Revenue</b>			<b>\$ 225,704</b>
<u>Operating Expenses</u>			
<u>Source of Supply</u>			
135	<u>Purchased Water- Account 602</u> To add back remaining portion of Company proforma for cost to purchase 250k gallons per day from MWW. (250,000 / 748 x \$3.05 x 365) See 2020 Annual Report Sch. S-2	Annual Cost \$ 372,075 Cost recovered in Step 1 - \$ (120,919) Remaining Cost for Step 2	\$ 251,156
136	<u>Purchased Water</u> To add back Company Proforma for the purchase of 100,000 gallons for Plaistow from MWW scheduled to begin in 2022 contingent upon purchases actually started. See Energy 2-31 and Bates 039.	Gallons per Day \$ 100,000 CCf Conversion ÷ \$ 748 \$ 134 Cost per CCF x \$ 3.05 Days in year x \$ 365	\$ 148,830
<b>Total Proforma Adjustments to Source of Supply</b>			<b>\$ 148,830</b>
<b>Total Proforma Adjustments to Operating and Maintenance Expenses</b>			<b>\$ 399,986</b>
<u>Depreciation Expense</u>			
137	To add Annual Depreciation Expense for Shannon Road project. In service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 13,811
138	To add Annual Depreciation Expense for H2 Base project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 63,927
139	To add Annual Depreciation Expense for H2 Co Meditation project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 10,095
140	To add Annual Depreciation Expense for Main St. PRV project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 6,405
141	To add Annual Depreciation Expense for Sawyer Tank Mixer project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 2,274
142	To add Annual Depreciation Expense for East Road Water Main project. In-service date of 2021. See Step 2 - Sch. 3a - Col. 7		\$ 2,420
<b>Total Adjustments to Depreciation Expense</b>			<b>\$ 98,932</b>
<u>Amortization of CIAC</u>			
143	To add Annual Amortization Expense for Shannon Road project. In service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (13,811)
144	To add Annual Amortization Expense for H2 Base project. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (63,927)
145	To add Annual Amortization Expense for H2 Co Meditation project. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (10,095)
146	To add Annual Amortization Expense for Main St. PRV project. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (6,405)
147	To add Annual Amortization Expense for Sawyer Tank Mixer project. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (2,274)
148	To add Annual Amortization Expense for East Road Water Main project. In-service date of 2021. See Step 2 - Sch. 3b - Col. 7		\$ (2,420)
<b>Total Adjustments to Amortization of CIAC</b>			<b>\$ (98,932)</b>
<u>Amortization of Other</u>			
149	To add Annual Amortization Expense for Shannon Road project. In service date of 2021. See Step 2 - Sch. 3c - Col. 7		\$ 1,772
150	To add Annual Amortization Expense for H2 Base project. In-service date of 2021. See Step 2 - Sch. 3c - Col. 7		\$ 3,903
151	To add Annual Amortization Expense for H2 Co Meditation project. In-service date of 2021. See Step 2 - Sch. 3c - Col. 7		\$ 677

DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
SECOND STEP ADJUSTMENT: 2021 PROJECTS  
PRO-FORMA ADJUSTMENTS TO NET OPERATING INCOME

**Adj #**

152	To add Annual Amortization Expense for Main St. PRV project. In-service date of 2021. See Step 2 - Sch. 3c - Col. 7	\$ 661
153	To add Annual Amortization Expense for Sawyer Tank Mixer project. In-service date of 2021. See Step 2 - Sch. 3c - Col. 7	\$ 162
154	To add Annual Amortization Expense for East Road Water Main project. In-service date of 2021. See Step 2 - Sch. 3c - Col. 7	\$ 311
<b>Total Adjustments to Amortization of Other</b>		<b>\$ 7,487</b>
<b><u>Taxes Other than Income</u></b>		
155	To add Annual Property Tax Expense for Shannon Road project. In service date of 2021. See Step 2 - Sch. 3d	\$ 7,706
156	To add Annual Property Tax Expense for H2 Base project. In-service date of 2021. See Step 2 - Sch. 3d	\$ 16,780
157	To add Annual Property Tax Expense for H2 Co Meditation project. In-service date of 2021. See Step 2 - Sch. 3d	\$ 2,917
158	To add Annual Property Tax Expense for Main St. PRV project. In-service date of 2021. See Step 2 - Sch. 3d	\$ 2,869
159	To add Annual Property Tax Expense for Sawyer Tank Mixer project. In-service date of 2021. See Step 2 - Sch. 3d	\$ 699
160	To add Annual Property Tax Expense for East Road Water Main project. In-service date of 2021. See Step 2 - Sch. 3d	\$ 1,350
<b>Total Adjustments to Taxes Other than Income</b>		<b>\$ 32,320</b>
<b><u>Income Taxes</u></b>		
<b><u>Combined State and Federal Income Taxes</u></b>		
See Step 2 - Sch. 1		\$ -
<b>Total Adjustments to Income Taxes</b>		<b>\$ -</b>
 <b>Total Proforma Adjustment to Operating Expenses</b>		<b>\$ 432,306</b>

**DW 20-117  
HAMPSTEAD AREA WATER COMPANY, INC.  
SECOND STEP ADJUSTMENT: 2021 PROJECTS  
CALCULATION OF NEW CUSTOMER REVENUE**

2019 Annual Report Customer Count		3,857	
2020 Annual Report Customer Count	-	3,994	
2020 Additional Customers		<u>(137)</u>	
Projected Water Sales After Permanent Rate Increase		\$ 2,540,482	
2020 Annual Report Customer Count	÷	<u>3,994</u>	
Average Projected Annual Revenue per Customer		\$ 636	
Months in a year	÷	<u>\$ 12</u>	
Average Projected Monthly Revenue per Customer		\$ 53	
2020 Additional Customers		137	
Monthly Revenue per Customer	*	<u>\$ 53</u>	
Additional Monthly Revenue		\$ 7,261	
Additional Monthly Revenue		\$ 7,261	
Months in a year	*	<u>\$ 12</u>	
Additional Annual Revenue		\$ 87,132	
Additional Annual Revenue		\$ 87,132	
Incremental Expenses - See Step 2 - Sch. 4b	-	<u>\$ 17,843</u>	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Company's Effective Tax Rate	x	<u>27.08%</u>	
Income Taxes on New Customer Revenue		\$ 18,766	
Pre-Tax Annual New Customer Revenue		\$ 69,289	
Income Taxes on New Customer Revenue	-	<u>\$ 18,766</u>	
After-tax New Customer Revenue		\$ 50,524	<b><u>\$ 50,524</u></b>

## HAWC

Incremental Expenses to offset additional revenues associated with 2020 new customers

4.27%

	<u>12/31/19</u>	<u>Company</u>	<u>Department</u>
Metered Sales to Residential Customers	1,967,875	84,095	
Fire Protection Revenue	55,088		
Late Fees	38,074		
Other Water Revenue	73,185		
<b>Total Revenue</b>	<b><u>2,134,222</u></b>		
Net Depreciation & CIAC	339,643	\$ 3,905	\$ 3,905
Property Taxes	146,846	\$ 858	\$ -
Other Taxes	15,577		
Labor on Outside Jobs	30,462		
Well Expenses & Water Purchased	35,720	\$ 1,526	\$ 1,526
Power Purchased for Pumping	219,181	\$ 9,366	\$ 4,683
Pumping Expenses	171,768	\$ 7,340	\$ -
Chemicals	13,500	\$ 577	\$ 577
Treatment Expense (Filters)	174,184	\$ 7,444	\$ 3,722
Transm & Distribution Exp (Mains)	57,308	\$ 2,449	\$ -
Meter Expenses & Customer Installations	57,174	\$ 2,443	\$ -
Maintenance of Storage Tanks	1,935		
Maintenance of Services	44,691	\$ 1,910	\$ -
Maintenance of Hydrants	6,569		
Meter Reading Expenses	9,948	\$ 425	\$ 425
Customer Records & Collections	140,621	\$ 6,009	\$ 3,005
Uncollectable Accounts	0		
Administrative & General Salaries	29,746		
Office Supplies & Other Expenses	57,864		
Outside Services - Engineering	117,899		
Outside Services - Management Fees	169,153		
Outside Services - Accounting	85,650		
Outside Services - Legal	61,082		
Insurance Expense	44,136		
Employee Pensions & Benefits	78,931		
Franchise Requirements	5,840		
Misc General Expenses	4,277		
Misc Expenses - Vehicle Expenses	35,013		
General Rents	16,928		
<b>Total Expenses</b>	<b><u>2,171,643</u></b>	<b><u>\$ 44,253</u></b>	<b><u>\$ 17,843</u></b>
<b>Net Operating Income</b>	<b><u>(37,422)</u></b>		
Rate Case Recovery Fees	191,206		
Regulatory Commission Expenses	(76,106)		
Interest Expense	(129,880)		
Interest Income	235		
Misc Nonutility Expenses	0		
<b>Net Income (Loss)</b>	<b><u>(51,967)</u></b>		
<b>Meters</b>	570	137	78,090
<b>Annual Depr on 137 Meters</b>	78,090	5.00%	<b>3,905</b>

SPSt. Cyr  
11/9/2021

Attachment D

(Updated Cost of Service Study)

# Hampstead Area Water Company

For the New Hampshire Public Utilities Commission

DW 20-117

## **Proposed Settlement - Fire Rates Smoothed**

Contact: Dave Fox, Manager

Tel: 774.243.0619

Email: [dfox@raftelis.com](mailto:dfox@raftelis.com)



**HAMPSTEAD AREA**  
WATER COMPANY, INC



**RAFTELIS**

Hampstead Area Water Company  
Summary of Rates and Revenues - Permanent, Step1, and Step 2

<b>User Charge Revenues</b>	<b>Permanent</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Permanent</b>	<b>Step 1</b>	<b>Step 2</b>
<b>Water Revenues</b>	<b><u>Rates</u></b>	<b><u>Rates</u></b>	<b><u>Rates</u></b>	<b><u>Revenue</u></b>	<b><u>Revenue</u></b>	<b><u>Revenue</u></b>
<b>Customer Charges</b>						
5/8"	\$ 11.92	\$ 12.89	\$ 14.44	\$ 541,406	\$ 585,464	\$ 655,865
1"	54.45	58.91	65.99	42,471	45,950	51,472
1 1/2"	107.61	116.42	130.42	2,583	2,794	3,130
2"	139.50	150.93	169.08	8,370	9,056	10,145
<i>Subtotal: Customer Charges</i>				\$ 594,830	\$ 643,263	\$ 720,612
<b>Volumetric Revenues</b>						
Residential - Tier 1	\$ 6.90	\$ 7.72	\$ 8.45	\$ 377,290	\$ 422,128	\$ 462,044
Residential - Tier 2	6.90	7.72	8.45	1,008,481	1,128,329	1,235,024
Non-Residential	6.90	7.72	8.45	288,323	322,588	353,092
<i>Subtotal: Volumetric Revenues</i>				\$ 1,674,095	\$ 1,873,045	\$ 2,050,159
<i>Total: Water Revenues</i>				\$ 2,268,925	\$ 2,516,309	\$ 2,770,771
<b>Fire Service Revenues</b>						
<b>Public Fire Protection</b>						
Per Hydrant	\$ 1,185	\$ 1,185	\$ 1,185	\$ 162,345	\$ 162,345	\$ 162,345
Annual Availability	-	-	-	-	-	-
<i>Subtotal: Public Fire Protection</i>				\$ 162,345	\$ 162,345	\$ 162,345
<b>Private Fire Protection</b>						
1 1/2"	\$ 2.49	\$ 2.49	\$ 2.49	\$ 30	\$ 30	\$ 30
2"	5.31	5.31	5.31	69,455	69,455	69,455
4"	32.87	32.87	32.87	3,156	3,156	3,156
6"	95.49	95.49	95.49	13,751	13,751	13,751
<i>Subtotal: Private Fire Protection</i>				\$ 86,391	\$ 86,391	\$ 86,391
<i>Total: Fire Service Revenues</i>				\$ 248,736	\$ 248,736	\$ 248,736
<b>Calculated User Charge Revenues</b>				<b>\$ 2,517,661</b>	<b>\$ 2,765,044</b>	<b>\$ 3,019,507</b>
Check Against Rate Year Retail Revenue Requirement				2,540,482	2,798,932	3,018,955
Difference				(22,821)	(33,887)	552
Difference (%)				-0.90%	-1.21%	0.02%

**PERMANENT**

Hampstead Area Water Company  
DW 20-117  
May 6, 2022  
Draft  
Page 1 of 10

Hampstead Area Water Company  
Comparison of Existing and Permanent Rates

<b>Rates</b>	<b>Existing</b>	<b>Permanent</b>	<b>Percent</b>
<b>Water Rates</b>	<b><u>Rates</u></b>	<b><u>Rates</u></b>	<b><u>Change</u></b>
<u>Customer Charges (Billed Monthly)</u>			
5/8"	\$ 10.00	\$ 11.92	19.2%
3/4"	\$ 20.00	27.87	39.4%
1"	30.00	54.45	81.5%
1 1/2"	60.00	107.61	79.4%
2"	100.00	139.50	39.5%
<u>Volumetric Charges</u>			
Per Ccf	\$ 6.11	\$ 6.90	12.9%
Residential - Tier 1	6.11	6.90	12.9%
Residential - Tier 2	6.11	6.90	12.9%
Non-Residential	6.11	6.90	12.9%
<b>Fire Rates</b>			
<u>Public Fire Protection (Billed Annually)</u>			
Per Hydrant	\$ 200.00	\$ 1,185.00	492.5%
Annual Availability	2,000.00	-	-100.0%
<u>Private Fire Protection (Billed Monthly)</u>			
1 1/2"	\$ 8.33	\$ 2.49	-70.1%
2"	16.67	5.31	-68.1%
3"	33.33	15.43	-53.7%
4"	50.00	32.87	-34.3%
6"	125.00	95.49	-23.6%

PERMANENT

Hampstead Area Water Company  
DW 20-117  
February 11, 2022  
Draft  
Page 2 of 10

Hampstead Area Water Company  
Customer Impact Schedule - Existing to Permanent

Cons. (Ccf/Month)	Meter Size	Class	<u>Existing</u>			<u>Permanent</u>			<u>Change</u>	
			<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>\$</u>	<u>%</u>
3	5/8"	Residential	\$ 18.33	\$ 10.00	\$ 28.33	\$ 20.70	\$ 11.92	\$ 32.62	4.29	15.1%
5	5/8"	Residential	30.55	10.00	40.55	34.50	11.92	46.42	5.87	14.5%
10	5/8"	Residential	61.10	10.00	71.10	69.00	11.92	80.92	9.82	13.8%
25	1"	Residential	152.75	30.00	182.75	172.50	54.45	226.95	44.20	24.2%
50	1"	Residential	305.50	30.00	335.50	345.00	54.45	399.45	63.95	19.1%
50	1 1/2"	Non-Residential	305.50	60.00	365.50	345.00	107.61	452.61	87.11	23.8%
75	2"	Non-Residential	458.25	100.00	558.25	517.50	139.50	657.00	98.75	17.7%
150	2"	Non-Residential	916.50	100.00	1,016.50	1,035.00	139.50	1,174.50	158.00	15.5%
250	2"	Non-Residential	1,527.50	100.00	1,627.50	1,725.00	139.50	1,864.50	237.00	14.6%
500	2"	Non-Residential	3,055.00	100.00	3,155.00	3,450.00	139.50	3,589.50	434.50	13.8%

**PERMANENT**

Hampstead Area Water Company  
DW 20-117  
May 6, 2022  
Draft  
Page 3 of 10

Hampstead Area Water Company  
Revenue Proof - Existing & Permanent

<b>User Charge Revenues</b>			<b>Existing</b>	<b>Proposed</b>			<b>Existing</b>	<b>Proposed</b>
<b>Water Revenues</b>	<b>Units</b>		<b>Rates</b>	<b>Rates</b>	<b>Frequency</b>		<b>Revenue</b>	<b>Revenue</b>
<u>Customer Charges</u>								
5/8"	3,785	\$	10.00	\$	11.92	12	\$ 454,200	\$ 541,406
3/4"	-	\$	20.00	\$	27.87	12	-	-
1"	65		30.00		54.45	12	23,400	42,471
1 1/2"	2		60.00		107.61	12	1,440	2,583
2"	5		100.00		139.50	12	6,000	8,370
<i>Subtotal: Customer Charges</i>							\$ 485,040	\$ 594,830
<u>Volumetric Revenues</u>								
Residential - Tier 1	54,680	\$	6.11	\$	6.90		\$ 334,093	\$ 377,290
Residential - Tier 2	146,157		6.11		6.90		893,017	1,008,481
Non-Residential	41,786		6.11		6.90		255,313	288,323
<i>Subtotal: Volumetric Revenues</i>							\$ 1,482,423	\$ 1,674,095
<i>Total: Water Revenues</i>							\$ 1,967,463	\$ 2,268,925
 <b>Fire Service Revenues</b>								
<u>Public Fire Protection</u>								
Per Hydrant	137	\$	200	\$	1,185	1	\$ 27,400	\$ 162,345
Annual Availability	2		2,000		-	1	4,000	-
<i>Subtotal: Public Fire Protection</i>							\$ 31,400	\$ 162,345
<u>Private Fire Protection</u>								
1 1/2"	1	\$	8.33	\$	2.49	12	\$ 100	\$ 30
2"	1,090		16.67		5.31	12	218,000	69,455
3"	-		33.33		15.43	12	-	-
4"	8		50.00		32.87	12	4,800	3,156
6"	12		125.00		95.49	12	18,000	13,751
<i>Subtotal: Private Fire Protection</i>							\$ 240,900	\$ 86,391
<i>Total: Fire Service Revenues</i>							\$ 272,300	\$ 248,736
 <b>Calculated User Charge Revenues</b>							<b>\$ 2,239,763</b>	<b>\$ 2,517,661</b>
Check Against Rate Year Retail Revenue Requirement								2,540,482
Difference								(22,821)
Difference (%)								-0.90%

**STEP 1**

Hampstead Area Water Company  
DW 20-117  
May 6, 2022  
Draft  
Page 4 of 10

Hampstead Area Water Company  
Comparison of Permanent and Step 1 Rates

<b>Rates</b>	<b>Proposed Permanent</b>	<b>Proposed Step 1</b>	<b>Percent Change</b>
<b>Water Rates</b>			
<u>Customer Charges (Billed Monthly)</u>			
5/8"	\$ 11.92	\$ 12.89	8.1%
3/4"	27.87	30.15	8.2%
1"	54.45	58.91	8.2%
1 1/2"	107.61	116.42	8.2%
2"	139.50	150.93	8.2%
<u>Volumetric Charges</u>			
Per Ccf	\$ 6.90	\$ 7.72	11.9%
Residential - Tier 1	6.90	7.72	11.9%
Residential - Tier 2	6.90	7.72	11.9%
Non-Residential	6.90	7.72	11.9%
<b>Fire Rates</b>			
<u>Public Fire Protection (Billed Annually)</u>			
Per Hydrant	\$ 1,185.00	\$ 1,185.00	0.0%
Annual Availability	-	-	n/a
<u>Private Fire Protection (Billed Monthly)</u>			
1 1/2"	\$ 2.49	\$ 2.49	0.0%
2"	5.31	5.31	0.0%
3"	15.43	15.43	0.0%
4"	32.87	32.87	0.0%
6"	95.49	95.49	0.0%

STEP 1

Hampstead Area Water Company  
DW 20-117  
August 26, 2020  
Draft  
Page 5 of 10

Hampstead Area Water Company  
Customer Impact Schedule - Permanent to Step 1

Cons. (Ccf/Month)	Meter Size	Class	<u>Proposed Permanent</u>			<u>Proposed Step 1</u>			<u>Change</u>	
			<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>\$</u>	<u>%</u>
3	5/8"	Residential	\$ 20.70	\$ 11.92	\$ 32.62	\$ 23.16	\$ 12.89	\$ 36.05	3.43	10.5%
5	5/8"	Residential	34.50	11.92	46.42	38.60	12.89	51.49	5.07	10.9%
10	5/8"	Residential	69.00	11.92	80.92	77.20	12.89	90.09	9.17	11.3%
25	1"	Residential	172.50	54.45	226.95	193.00	58.91	251.91	24.96	11.0%
50	1"	Residential	345.00	54.45	399.45	386.00	58.91	444.91	45.46	11.4%
50	1 1/2"	Non-Residential	345.00	107.61	452.61	386.00	116.42	502.42	49.81	11.0%
75	2"	Non-Residential	517.50	139.50	657.00	579.00	150.93	729.93	72.93	11.1%
150	2"	Non-Residential	1,035.00	139.50	1,174.50	1,158.00	150.93	1,308.93	134.43	11.4%
250	2"	Non-Residential	1,725.00	139.50	1,864.50	1,930.00	150.93	2,080.93	216.43	11.6%
500	2"	Non-Residential	3,450.00	139.50	3,589.50	3,860.00	150.93	4,010.93	421.43	11.7%

STEP 1

Hampstead Area Water Company  
DW 20-117  
May 6, 2022  
Draft  
Page 6 of 10

Hampstead Area Water Company  
Revenue Proof - Permanent & Step 1

<b>User Charge Revenues</b>		<b>Permanent</b>	<b>Step 1</b>		<b>Proposed Perm.</b>	<b>Proposed Step 1</b>
<b>Water Revenues</b>	<b>Units</b>	<b>Rates</b>	<b>Rates</b>	<b>Frequency</b>	<b>Revenue</b>	<b>Revenue</b>
<u>Customer Charges</u>						
5/8"	3,785	\$ 11.92	\$ 12.89	12	\$ 541,406	\$ 585,464
3/4"	-	27.87	30.15	12	-	-
1"	65	54.45	58.91	12	42,471	45,950
1 1/2"	2	107.61	116.42	12	2,583	2,794
2"	5	139.50	150.93	12	8,370	9,056
<i>Subtotal: Customer Charges</i>					\$ 594,830	\$ 643,263
<u>Volumetric Revenues</u>						
Residential - Tier 1	54,680	\$ 6.90	\$ 7.72		\$ 377,290	\$ 422,128
Residential - Tier 2	146,157	6.90	7.72		1,008,481	1,128,329
Non-Residential	41,786	6.90	7.72		288,323	322,588
<i>Subtotal: Volumetric Revenues</i>					\$ 1,674,095	\$ 1,873,045
<i>Total: Water Revenues</i>					\$ 2,268,925	\$ 2,516,309
<u>Fire Service Revenues</u>						
<u>Public Fire Protection</u>						
Per Hydrant	137	\$ 1,185	\$ 1,185	1	\$ 162,345	\$ 162,345
Annual Availability	2	-	-	1	-	-
<i>Subtotal: Public Fire Protection</i>					\$ 162,345	\$ 162,345
<u>Private Fire Protection</u>						
1 1/2"	1	\$ 2.49	\$ 2.49	12	\$ 30	\$ 30
2"	1,090	5.31	5.31	12	69,455	69,455
3"	-	15.43	15.43	12	-	-
4"	8	32.87	32.87	12	3,156	3,156
6"	12	95.49	95.49	12	13,751	13,751
<i>Subtotal: Private Fire Protection</i>					\$ 86,391	\$ 86,391
<i>Total: Fire Service Revenues</i>					\$ 248,736	\$ 248,736
<b>Calculated User Charge Revenues</b>					<b>\$ 2,517,661</b>	<b>\$ 2,765,044</b>
Check Against Rate Year Retail Revenue Requirement						2,798,932
Difference						(33,887)
Difference (%)						-1.21%

**STEP 2**

Hampstead Area Water Company  
DW 20-117  
May 6, 2022  
Draft  
Page 7 of 10

Hampstead Area Water Company  
Comparison of Step 1 and Step 2 Rates

<b>Rates</b>	<b>Proposed Step 1</b>	<b>Proposed Step 2</b>	<b>Percent Change</b>
<b>Water Rates</b>			
<u>Customer Charges (Billed Monthly)</u>			
5/8"	\$ 12.89	\$ 14.44	12.0%
3/4"	30.15	33.77	12.0%
1"	58.91	65.99	12.0%
1 1/2"	116.42	130.42	12.0%
2"	150.93	169.08	12.0%
<u>Volumetric Charges</u>			
Per Ccf	\$ 7.72	\$ 8.45	9.5%
Residential - Tier 1	7.72	8.45	9.5%
Residential - Tier 2	7.72	8.45	9.5%
Non-Residential	7.72	8.45	9.5%
<b>Fire Rates</b>			
<u>Public Fire Protection (Billed Annually)</u>			
Per Hydrant	\$ 1,185.00	\$ 1,185.00	0.0%
Annual Availability	-	-	n/a
<u>Private Fire Protection (Billed Monthly)</u>			
1 1/2"	\$ 2.49	\$ 2.49	0.0%
2"	5.31	5.31	0.0%
3"	15.43	15.43	0.0%
4"	32.87	32.87	0.0%
6"	95.49	95.49	0.0%

STEP 2

Hampstead Area Water Company  
DW 20-117  
May 6, 2022  
Draft  
Page 8 of 10

Hampstead Area Water Company  
Customer Impact Schedule - Step 1 to Step 2

<u>Cons. (Ccf/Month)</u>	<u>Meter Size</u>	<u>Class</u>	<u>Proposed Step 1</u>			<u>Proposed Step 2</u>			<u>Change</u>	
			<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>Volumetric Charge</u>	<u>Monthly Cust. Charge</u>	<u>Monthly Total Bill</u>	<u>\$</u>	<u>%</u>
3	5/8"	Residential	\$ 23.16	\$ 12.89	\$ 36.05	\$ 25.35	\$ 14.44	\$ 39.79	3.74	10.4%
5	5/8"	Residential	38.60	12.89	51.49	42.25	14.44	56.69	5.20	10.1%
10	5/8"	Residential	77.20	12.89	90.09	84.50	14.44	98.94	8.85	9.8%
25	1"	Residential	193.00	58.91	251.91	211.25	65.99	277.24	25.33	10.1%
50	1"	Residential	386.00	58.91	444.91	422.50	65.99	488.49	43.58	9.8%
50	1 1/2"	Non-Residential	386.00	116.42	502.42	422.50	130.42	552.92	50.50	10.1%
75	2"	Non-Residential	579.00	150.93	729.93	633.75	169.08	802.83	72.90	10.0%
150	2"	Non-Residential	1,158.00	150.93	1,308.93	1,267.50	169.08	1,436.58	127.65	9.8%
250	2"	Non-Residential	1,930.00	150.93	2,080.93	2,112.50	169.08	2,281.58	200.65	9.6%
500	2"	Non-Residential	3,860.00	150.93	4,010.93	4,225.00	169.08	4,394.08	383.15	9.6%

STEP 2

Hampstead Area Water Company  
DW 20-117  
May 6, 2022  
Draft  
Page 9 of 10

Hampstead Area Water Company  
Revenue Proof - Step 1 & Step 2

<b>User Charge Revenues</b>	<b>Units</b>	<b>Step 1 Rates</b>	<b>Step 2 Rates</b>	<b>Frequency</b>	<b>Proposed Step 1 Revenue</b>	<b>Proposed Step 2 Revenue</b>
<b>Water Revenues</b>						
<u>Customer Charges</u>						
5/8"	3,785	\$ 12.89	\$ 14.44	12	\$ 585,464	\$ 655,865
3/4"	-	30.15	33.77	12	-	-
1"	65	58.91	65.99	12	45,950	51,472
1 1/2"	2	116.42	130.42	12	2,794	3,130
2"	5	150.93	169.08	12	9,056	10,145
<i>Subtotal: Customer Charges</i>					\$ 643,263	\$ 720,612
<u>Volumetric Revenues</u>						
Residential - Tier 1	54,680	\$ 7.72	\$ 8.45		\$ 422,128	\$ 462,044
Residential - Tier 2	146,157	7.72	8.45		1,128,329	1,235,024
Non-Residential	41,786	7.72	8.45		322,588	353,092
<i>Subtotal: Volumetric Revenues</i>					\$ 1,873,045	\$ 2,050,159
<i>Total: Water Revenues</i>					\$ 2,516,309	\$ 2,770,771
<b>Fire Service Revenues</b>						
<u>Public Fire Protection</u>						
Per Hydrant	137	\$ 1,185	\$ 1,185	1	\$ 162,345	\$ 162,345
Annual Availability	2	-	-	1	-	-
<i>Subtotal: Public Fire Protection</i>					\$ 162,345	\$ 162,345
<u>Private Fire Protection</u>						
1 1/2"	1	\$ 2.49	\$ 2.49	12	\$ 30	\$ 30
2"	1,090	5.31	5.31	12	69,455	69,455
3"	-	15.43	15.43		-	-
4"	8	32.87	32.87	12	3,156	3,156
6"	12	95.49	95.49	12	13,751	13,751
<i>Subtotal: Private Fire Protection</i>					\$ 86,391	\$ 86,391
<i>Total: Fire Service Revenues</i>					\$ 248,736	\$ 248,736
<b>Calculated User Charge Revenues</b>					<b>\$ 2,765,044</b>	<b>\$ 3,019,507</b>
Check Against Rate Year Retail Revenue Requirement						3,018,955
Difference						552
Difference (%)						0.02%
						Difference Due to Rounding
						Difference Due to Rounding

Attachment E

(Proposed Permanent Rate Tariff and Municipal Fire Protection Tariff Language)

TERMS & CONDITIONS, con't

**NHPUC NO. 3 - WATER**

**HAMPSTEAD AREA WATER COMPANY**

**TARIFF**

**FOR**

**WATER SERVICE**

**IN**

**THE STATE OF NEW HAMPSHIRE**

Dated: ~~April 11, 2017~~ November 24, 2020

Effective: ~~April 30, 2017~~

Authorized by Docket No. DW ~~16-85120-117~~

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

Christine Lewis Morse

Title: Vice President

\_\_\_\_\_ Dated: ~~April 6, 2017~~

GENERAL SERVICE - METERED

RATE SCHEDULE –GM

AVAILABILITY: This schedule is available to all metered water service in the Company’s following franchise areas:

Atkinson:	Atkinson Core System (Walnut Ridge), Dearborn Ridge
Chester:	Oak Hill, Lincoln Lane
Danville:	Colby Pond
East Kingston:	Cricket Hill/Maplevale
Fremont	Black Rocks Village
Town of Hampstead:	Hampstead Core System
Kingston:	Lamplighter Estates, Coopers Grove, Kings Landing
Newton	Sargent Woods
Nottingham:	Camelot Court
Plaistow:	Rainbow Ridge, Little River Village, Snow’s Brook
Salem:	Lancaster Farm, Tisdale Trailer Park
Sandown:	Stoneford, Autumn Hills, Mills Woods, Waterford Village, Fairfield Estates, Wells Village, Kelley Green
Sandown/Fremont:	Cornerstone Estates
Strafford	Bow Lake Estates

CHARACTER OF SERVICE:

The Company will make every effort to maintain normal pressures but shall not be liable for the failure of either the supply 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. Outdoor use may be restricted.

RATES: Water Rates (Monthly Rate)

i. 3/8 inch meter	<del>\$10.00</del> <u>11.92</u>
ii. 3/4 inch meter	<del>\$20.00</del> <u>27.87</u>
iii. 1 inch meter	<del>\$30.00</del> <u>54.45</u>
iv. 1 1/2 inch meter	<del>\$60.00</del> <u>107.61</u>
v. 2 inch meter	<del>\$100.00</del> <u>139.50</u>

All Consumption - ~~\$6.11~~6.90 per 100 cubic feet

TERMS OF PAYMENT:

Bills under this rate are net and will be rendered monthly and are due and payable upon presentation. All accounts more than twenty five (25) days past due will be assessed a late fee of Ten Dollars (\$10.00) per month at the discretion of the Company.

Authorized by NH PUC Order # 26,153 in Docket DW 17-145 dated June 26, 2018, Order # 26,195 in Docket DW 17-118 dated November 29, 2018, Order # 26,301 in Docket DW 19-011 dated October 22, 2019, and Order # 26,381 in Docket 19-031 dated July 21, 2020

~~Issued~~Dated: ~~July 21, 2020~~November 24, 2020

Effective: ~~August 17,~~

Authorized by Docket No. DW ~~16-851~~20-117

Issued by: \_\_\_\_\_  
Christine Lewis Morse  
Title: Vice President

Dated: ~~April 6, 2017~~

NHPUC NO. 3 – WATER  
HAMPSTEAD AREA WATER CO., INC

~~Second-Third~~ Revised Page 35  
Superseding ~~First-Second~~ Page 35

MUNICIPAL FIRE PROTECTION SERVICE-ATKINSON

RATE SCHEDULE - GM

AVAILABILITY:

This schedule is available to all municipal fire service in the Company’s franchise area in the Atkinson Core System for the purposes of public safety, where such service is paid for from tax revenues by and of the Town of Atkinson:

CHARACTER OF SERVICE:

The Town shall notify the Company, either through its Fire Department, by receipt of Town approved Site Plans, or in writing showing an appropriate vote by the governing body of the Town stating where hydrants are to be placed that the Town requests. Such notification must be received by the Company before hydrant installation will begin. The Company will make every effort to maintain normal pressures at all times on the distribution system but shall not be held liable for the failure of either the supply or distribution division of its system to adequately furnish its normal quantity of water when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or the waste or unlawful use of water. The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized firefighting personnel for the control and extinguishment of any fire, or for any other use authorized by the Company.

~~The Town of Atkinson shall notify the Company, in writing, of an appropriate vote by the governing body of the city, town, village, or other political subdivision stating where hydrants are to be placed. Such notification must be received by the Company before the installation of any hydrant. The installation and maintenance of hydrants and the supplying of water through such hydrants is for the sole use of the authorized firefighting personnel for the control and extinguishment of any fire or for any other use authorized by the Company. Rendering of service under this schedule shall in no way be construed to hold the Company liable to furnish at any time or any specific point in its distribution system any minimum flow or pressure, either static or residual.~~

RATES:

Annual Hydrant Charge: ~~\$93,615.00~~ \$200.00 per annum ~~for each fire hydrant installed~~, payable in advance ~~for each hydrant installed~~ plus any additional State and Federal taxes on CIAC payments or the CIAC value created by the contribution of each fire hydrant.

~~Annual Availability Fee: \$2,000.00 per annum payable in advance in addition to the Annual Hydrant Charge.~~

TERMS OF PAYMENT:

Bills under this rate are net and will be rendered annually in October and are due and payable upon presentation.

SPECIAL PROVISIONS:

All hydrants, lead valves, branches and other appurtenances shall remain the property of the Company.

~~Authorized by Docket No. DW 16-851 dated April 6, 2017~~

Dated: ~~December 11, 2018~~ November 24, 2020

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

Christine Lewis Morse

Effective: ~~April 30, 2017~~ \_\_\_\_\_

Title: Vice President

Authorized by Docket No. DW ~~16-851~~ 20-117

Dated: ~~April 6, 2017~~

NHPUC NO. 3 – WATER  
HAMPSTEAD AREA WATER CO., INC

~~Original First Revised~~ Page 36  
~~Superseding Original~~ Page 36

MUNICIPAL FIRE PROTECTION SERVICE-HAMPSTEAD

RATE SCHEDULE - GM

AVAILABILITY:

This schedule is available to all municipal fire service in the Company’s franchise area in the Hampstead Core System for the purposes of public safety, where such service is paid for from tax revenues by and of the Town of Hampstead:

CHARACTER OF SERVICE:

The Town shall notify the Company, either through its Fire Department, by receipt of Town approved Site Plans, or in writing showing an appropriate vote by the governing body of the Town stating where hydrants are to be placed that the Town requests. Such notification must be received by the Company before hydrant installation will begin. The Company will make every effort to maintain normal pressures at all times on the distribution system but shall not be held liable for the failure of either the supply or distribution division of its system to adequately furnish its normal quantity of water when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or the waste or unlawful use of water. The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized firefighting personnel for the control and extinguishment of any fire, or for any other use authorized by the Company.

~~The Town of Hampstead shall notify the Company, in writing, of an appropriate vote by the governing body of the city, town, village, or other political subdivision stating where hydrants are to be placed. Such notification must be received by the Company before the installation of any hydrant. The installation and maintenance of hydrants and the supplying of water through such hydrants is for the sole use of the authorized firefighting personnel for the control and extinguishment of any fire or for any other use authorized by the Company. Rendering of service under this schedule shall in no way be construed to hold the Company liable to furnish at any time or any specific point in its distribution system any minimum flow or pressure, either static or residual.~~

RATES:

Annual Hydrant Charge: ~~\$200.00~~\$68,730.00 per annum ~~for each fire hydrant installed~~, payable in advance ~~for each hydrant installed~~, plus any additional State and Federal taxes on CIAC payments or the CIAC value created by the contribution of each fire hydrant.

~~Annual Availability Fee: \$2,000.00 per annum payable in advance in addition to the Annual Hydrant Charge.~~

TERMS OF PAYMENT:

Bills under this rate are net and will be rendered annually in October and are due and payable upon presentation.

SPECIAL PROVISIONS:

All hydrants, lead valves, branches and other appurtenances shall remain the property of the Company.

Dated: ~~April 11, 2017~~November 24, 2020

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

Christine Lewis Morse

Effective: April 30, 2017 \_\_\_\_\_

Title: Vice President

Authorized by Docket No. DW ~~16-851~~20-117

Dated: April 6, 2017

GENERAL PRIVATE FIRE PROTECTION SERVICE

Terms of Use for Hydrants in the Towns of Atkinson and Hampstead

Testing

- The company will test hydrants to establish baseline flow and notify the Town fire department when testing is scheduled so that they may observe. Hampstead Area Water Company (HAWC) will conduct the testing and document the findings.
- All hydrants on the system shall be tested and marked within the first year. Testing after the first year shall be made after any substantial improvement or impact on the system on the hydrants that will indicate the result of the impact. All new hydrants shall be tested for their fire flow capability. Other testing will follow AWWA recommendations.
- All testing will be done in accordance with the AWWA M17 standard. The testing will determine the amount of fire flow water available at 20 psi during peak demand times.
- Where feasible the company will design any transmission (main) line extensions to support a 1000 GPM fire flow.

Marking of hydrants:

- HAWC currently marks hydrants and agrees to work with the Town fire department to continue to do so.
- HAWC agrees to mark hydrants with a flag or other affixed device.
- Fire hydrant bonnets shall be color coded or otherwise marked with a Town fire department - approved system indicating the available flow capacity after a flow analysis is completed. The hydrant bonnet shall be painted in one of the colors listed below corresponding to its GPM.

(1) Light blue [1,500 GPM or greater]

(2) Green [1,000—1,499 GPM]

(3) Orange [500–999 GPM]

(4) Red [less than 500 GPM]

Clear Space Around Hydrants.

A 36 in. clear space shall be created around the circumference of newly installed fire hydrants except as otherwise required or approved by the Town fire department.

- A clear space of not less than 60 in. shall be created in front of each newly installed hydrant connection having a diameter greater than 2½ in.

Hydrants Out of Service.

- Where water supplies or fire hydrants are out of service for maintenance or repairs, a visible indicator shall be used to indicate that the hydrant is out of service.
- HAWC agrees to provide advance notice to the Town when it takes a hydrant off-line for more than 12 hours for maintenance.

Dated: November 24, 2020

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

Christine Lewis Morse

Effective: \_\_\_\_\_

Title: Vice President

Authorized by Docket No. DW 20-117 \_\_\_\_\_

Dated: \_\_\_\_\_

**Terms of Use for Hydrants in the Towns of Atkinson and Hampstead - continued**

**Additional details:**

- HAWC agrees to meet with the Town fire department to review training plans. Town fire department must provide 48-hour advance notice to HAWC for all training other than hydrant training at the fire station hydrant with minimal water flow. Training other than hydrant training at the fire station hydrant with minimal water flow can occur up to four times per year. All training will not occur during peak summer month usage.
- Training shall be limited to four times a year per department; this is outside of the training and testing of new hydrants or new buildings protected by water-based fire suppression systems. Town fire department will provide the company with at least 48 hours of notice for testing of new buildings protected by water-based fire suppression systems.
- HAWC shall always maintain a minimum useable amount of 250,000 gallons of fire protection water available in its water storage system in its core system.
- All maintenance shall be the responsibility of HAWC and in compliance with the hydrant manufacturer's specifications. Any time the Town fire department operates a hydrant they are required to pump down the hydrant and seat the valve properly and provide notice to HAWC as soon as possible for inspection.
- Any hydrant it installs installed for temporary non-fire protection purposes will have a 2.5" discharge port.
- HAWC shall bill for the hydrants annually in October for the coming year at rates approved by the Commission, and every October thereafter until a change in fire protection rates are approved by the Commission.
- No Town fire department operation shall be permitted that would likely cause contamination of the water system.
- Any failures of the public fire protection system where the water main must be shut down for repair the Company will notify the Town fire department as soon as possible.
- All hydrants within the system shall have a 4.5" NSTM and two 2.5" discharge ports with caps. Hydrants shall be installed to the current AWWA standard. All hydrants shall have operating nuts that turn in the same direction, subject to Puc 606.03(b) requirements.
- HAWC shall be responsible for maintaining the system in good repair and functional barring failures due to acts of God, accidents (e.g. car crashes into hydrant), and vandalism. HAWC shall not be responsible for damage or repairs due to negligence of the fire department. (e.g. failing to pump down fire hydrants after use).

Dated: November 24, 2020

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

Christine Lewis Morse

Effective: \_\_\_\_\_

Title: Vice President

Authorized by Docket No. DW 20-117

Dated: \_\_\_\_\_

**Terms of Use for Hydrants in the Towns of Atkinson and Hampstead - continued**

- HAWC shall provide copies of its emergency response plans to the town’s fire chief, for the limited use of emergency personnel only.
- HAWC shall file the annual hydrant inspection reports required by PUC rules and provide a copy to the town’s fire chief.
- The approving authority for the placement of new hydrants shall be the Town fire chief or their designee in cooperation with the Planning Board provided the fire chief or their designee signs the company form authorizing the hydrant placement and payment for the hydrant in accordance with the existing tariff prior to installation.
- Subject to Commission approval, these terms shall be incorporated into the company’s tariff.

Dated: November 24, 2020

Issued by:

Effective:

Christine Lewis Morse  
Title: Vice President

Authorized by Docket No. DW 20-117

Dated:

NHPUC NO. 3 – WATER  
HAMPSTEAD AREA WATER CO., INC.

~~Original First Revised~~ Page 37  
~~Superseding Original~~ Page 37

GENERAL PRIVATE FIRE PROTECTION SERVICE

RATE SCHEDULE - GM

AVAILABILITY:

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

Atkinson:	Atkinson Core System (Walnut Ridge), Dearborn Ridge
Chester:	Oak Hill, Lincoln Lane
Danville:	Colby Pond
East Kingston:	Cricket Hill/Maplevale
Fremont	Black Rocks Village
Town of Hampstead:	Hampstead Core System
Kingston:	Lamplighter Estates, Coopers Grove, Kings Landing
Newton	Sargent Woods
Nottingham:	Camelot Court
Plaistow:	Rainbow Ridge, Little River Village, Snow's Brook
Salem:	Lancaster Farm,
Sandown:	Stoneford, Autumn Hills, Mill Woods, Waterford Village, Fairfield Estates, <u>Kelley Green</u>
Sandown/Fremont:	Cornerstone Estates
<u>Strafford:</u>	<u>Bow Lake Estates</u>

CHARACTER OF SERVICE:

The Company shall be notified, in writing, of an appropriate vote by the governing body of the city, town, village, or other political subdivision stating where hydrants or fire protection water supply distribution pipes are to be placed. Such notification must be received by the Company before the installation. The installation and maintenance of hydrants and the supplying of water through such hydrants is for the sole use of the authorized firefighting personnel for the control and extinguishment of any fire or for any other use authorized by the Company. Rending of service under this schedule shall in no way be construed to hold the Company liable to furnish at any time or any specific point in its distribution system any minimum flow or pressure, either static or residual.

RATES:

Fire Protection Rate – System-Wide

Private Fire Service (~~Annual~~Monthly Fee)

i. 1 ½ diameter pipe	<del>\$100.00</del> <u>2.49</u>
ii. 2 inch diameter pipe	<del>\$200.00</del> <u>5.31</u>
iii. 3 inch diameter pipe	<del>\$400.00</del> <u>15.43</u>
iv. 4 inch diameter pipe	<del>\$600.00</del> <u>32.87</u>
v. 6 inch diameter pipe	<del>\$1,500.00</del> <u>95.49</u>

Dated: ~~April 11, 2017~~November 24, 2020

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

Christine Lewis Morse

Effective: ~~April 30, 2017~~ \_\_\_\_\_

Title: Vice President

Authorized by Docket No. DW ~~16-851~~20-117

Dated: ~~April 6, 2017~~

NHPUC NO. 3 – WATER  
HAMPSTEAD AREA WATER CO., INC. \_\_\_\_\_

~~Original~~ First revised Page 38  
Superseding Original Page 38

TERMS OF PAYMENT:

Bills under this rate are net and will be rendered ~~quarterly~~ monthly and are due and payable upon presentation.

SPECIAL PROVISIONS:

All hydrants, lead valves, distribution pipes, branches, and other appurtenances up to the shut off valve service shall remain the property of the Company.

H:\Legal\HAWC\Tariff\Current Tariff\HAWC Tariff current as of 9-10-2020.docx

Dated: ~~April 11, 2017~~ November 24, 2020

Effective: ~~April 30, 2017~~

Authorized by Docket No. DW ~~16-85120-117~~

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

Christine Lewis Morse

Title: Vice President

Dated: ~~April 6, 2017~~

Attachment F

(Municipal Fire Service Agreements)

## **Terms of Use for Hydrants in the Towns of Atkinson and Hampstead**

### ***Testing***

- The company will test hydrants to establish baseline flow and notify the Town fire department when testing is scheduled so that they may observe. Hampstead Area Water Company (HAWC) will conduct the testing and document the findings.
- All hydrants on the system shall be tested and marked within the first year. Testing after the first year shall be made after any substantial improvement or impact on the system on the hydrants that will indicate the result of the impact. All new hydrants shall be tested for their fire flow capability. Other testing will follow AWWA recommendations.
- All testing will be done in accordance with the AWWA M17 standard. The testing will determine the amount of fire flow water available at 20 psi during peak demand times.
- Where feasible the company will design any transmission (main) line extensions to support a 1000 GPM fire flow.

### ***Marking of hydrants:***

- HAWC currently marks hydrants and agrees to work with the Town fire department to continue to do so.
- HAWC agrees to mark hydrants with a flag or other affixed device.
- Fire hydrant bonnets shall be color coded or otherwise marked with a Town fire department - approved system indicating the available flow capacity after a flow analysis is completed. The hydrant bonnet shall be painted in one of the colors listed below corresponding to its GPM.

- (1) Light blue [1,500 GPM or greater]
- (2) Green [1,000—1,499 GPM]
- (3) Orange [500–999 GPM]
- (4) Red [less than 500 GPM]

### ***Clear Space Around Hydrants.***

A 36 in. clear space shall be created around the circumference of newly installed fire hydrants except as otherwise required or approved by the Town fire department.

- A clear space of not less than 60 in. shall be created in front of each newly installed hydrant connection having a diameter greater than 2<sup>1</sup>/<sub>2</sub> in.

*Hydrants Out of Service.*

- Where water supplies or fire hydrants are out of service for maintenance or repairs, a visible indicator shall be used to indicate that the hydrant is out of service.
- HAWC agrees to provide advance notice to the Town when it takes a hydrant off-line for more than 12 hours for maintenance.

*Additional details:*

- HAWC agrees to meet with the Town fire department to review training plans. Town fire department must provide 48-hour advance notice to HAWC for all training other than hydrant training at the fire station hydrant with minimal water flow. Training other than hydrant training at the fire station hydrant with minimal water flow can occur up to four times per year. All training will not occur during peak summer month usage.
- Training shall be limited to four times a year per department; this is outside of the training and testing of new hydrants or new buildings protected by water-based fire suppression systems. Town fire department will provide the company with at least 48 hours of notice for testing of new buildings protected by water-based fire suppression systems.
- HAWC shall always maintain a minimum useable amount of 250,000 gallons of fire protection water available in its water storage system in its core system.
- All maintenance shall be the responsibility of HAWC and in compliance with the hydrant manufacturer's specifications. Any time the Town fire department operates a hydrant they are required to pump down the hydrant and seat the valve properly and provide notice to HAWC as soon as possible for inspection.
- Any hydrant it installs installed for temporary non-fire protection purposes will have a 2.5" discharge port.
- HAWC shall bill for the hydrants annually in October for the coming year at rates approved by the Commission, and every October thereafter until a change in fire protection rates are approved by the Commission.
- No Town fire department operation shall be permitted that would likely cause contamination of the water system.
- Any failures of the public fire protection system where the water main must be shut down for repair the Company will notify the Town fire department as soon as possible.

- All hydrants within the system shall have a 4.5” NSTM and two 2.5” discharge ports with caps. Hydrants shall be installed to the current AWWA standard. All hydrants shall have operating nuts that turn in the same direction, subject to Puc 606.03(b) requirements.
- HAWC shall be responsible for maintaining the system in good repair and functional barring failures due to acts of God, accidents (e.g. car crashes into hydrant), and vandalism. HAWC shall not be responsible for damage or repairs due to negligence of the fire department. (e.g. failing to pump down fire hydrants after use).
- HAWC shall provide copies of its emergency response plans to the town’s fire chief, for the limited use of emergency personnel only.
- HAWC shall file the annual hydrant inspection reports required by PUC rules and provide a copy to the town’s fire chief.
- The approving authority for the placement of new hydrants shall be the Town fire chief or their designee in cooperation with the Planning Board provided the fire chief or their designee signs the company form authorizing the hydrant placement and payment for the hydrant in accordance with the existing tariff prior to installation.
- Subject to Commission approval, these terms shall be incorporated into the company’s tariff.