

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Aquarion Water Company of New Hampshire

Docket No. DW 20-184

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into this 1st day of June, 2022, by and among Aquarion Water Company of New Hampshire (“Aquarion” or “Company”), the Department of Energy (“DOE”), the Office of the Consumer Advocate (“OCA”) and the Towns of Hampton and North Hampton (“Towns”) (together, “Settling Parties”). This Settlement Agreement resolves all issues to the reasonable satisfaction of the Settling Parties with respect to Aquarion’s petition to establish permanent rates in Docket No. DW 20-184.

SECTION 1. INTRODUCTION

1.1 On November 18, 2020, Aquarion filed with the New Hampshire Public Utilities Commission (“Commission”) a Notice of Intent to File Rate Schedules pursuant to N.H. Code Admin. Rules Puc 1604.05. On December 18, 2020, Aquarion filed its Petition for Temporary and Permanent Rates (“Petition”), including proposed tariffs and rate schedules, testimony, attachments and other information supporting the Petition. Aquarion’s filing was made in accordance with Commission Order No. 26,245, dated May 2, 2019, in Docket Nos. DW 18-161 and DW 18-054 requiring a full rate proceeding to be filed no later than 2020, utilizing the prior year as the test year. Aquarion’s Petition requested that the Commission grant: (1) a permanent increase in Aquarion’s rates effective with service rendered on or after February 1, 2021, designed to yield an increase of \$1,373,351 in annual revenue above the then total revenue of \$7,616,793; (2) temporary rates effective with service rendered on or after February 1, 2021, to be set at the

level of current rates for the duration of this proceeding pending the Commission's final determination on Aquarion's request for a permanent rate increase; (3) a step adjustment in rates designed to yield an increase of \$927,636 in annual revenue to recover costs associated with approximately \$5,840,981 of capital expenditures placed in service during 2020 and 2021, to be effective no earlier than February 1, 2021, and (4) two additional step adjustments for capital expenditures projected to be placed in service in 2022 and 2023, for a requested revenue requirement increase of \$725,434 and \$463,790 respectively. The Petition requested approval of a weighted cost of capital equal to 8.15 percent, comprised of a proposed 10.25 percent return on equity ("ROE") and a capital structure consisting of 43.85 percent long-term debt, 3.79 percent short-term debt, 0.01 percent preferred equity, and 52.36 percent common equity.

1.2 On December 11, 2020, the OCA filed a letter of participation in this docket pursuant to RSA 363:28.

1.3 On January 29, 2021, the Commission issued Order No. 26,449 suspending Aquarion's proposed water service tariff for temporary and permanent rate increases for 18 months pending further investigation and scheduling a prehearing conference for March 10, 2021.

1.4 The Commission received petitions for intervention in this docket by the Town of Hampton on March 3, 2021 and the Town of North Hampton on March 5, 2021. The petitions were granted by the Commission at the prehearing conference on March 10, 2021.

1.5 On June 9, 2021, the Commission held a hearing on temporary rates at which it considered a settlement agreement on temporary rates reached between Aquarion, the Town of Hampton, the Town of North Hampton, the OCA, and Commission Staff (now the DOE) participating in this

docket, in which the Settling Parties agreed that the Commission should grant Aquarion temporary rates at current rates for the pendency of the rate proceeding, effective for service rendered as of February 1, 2021. On June 21, 2021, the Commission issued Order No. 26,488 authorizing Aquarion to implement temporary rates at the level of current rates for service as proposed in the settlement agreement subject to reconciliation pursuant to RSA 378:29 at the conclusion of the permanent rate proceeding.

1.6 On December 14, 2021, the Company provided an update to its rate case filing, which reduced its proposed revenue deficiency to \$1,336,046.

1.7 The Commission approved a procedural schedule and amendments to the procedural schedule for adjudication of the Company's permanent rate request that included multiple rounds of discovery, technical sessions, settlement conferences, DOE and intervenor testimony, Company rebuttal testimony, and hearings.

1.8 Aquarion responded to five sets of discovery requests and three sets of technical session discovery requests from Commission Staff;¹ one set of discovery requests and one set of technical session discovery requests from the OCA; and four sets of discovery requests and one set of technical session discovery requests from the Towns. Pursuant to the procedural schedule, technical sessions were held on April 29, 2021, August 16, 2021, December 6, 2021, and January 12, 2022. The DOE, OCA and the Towns each filed testimony on March 2, 2022.

¹ As of July 1, 2021, the Commission Staff was reassigned to the Department of Energy. Counsel for the DOE filed a notice of appearance on July 9, 2021.

1.9 An additional technical session was held among the parties and intervenors on April 13, 2022.

1.10 In the weeks prior to and following the submission of testimony by the DOE, OCA and the Towns, the Settling Parties engaged in settlement discussions. Based upon these discussions, the Settling Parties agreed to the terms of this Settlement Agreement, subject to Commission approval. The Settling Parties recommend and request that the Commission approve this Settlement Agreement without modification.

SECTION 2. REVENUE REQUIREMENT

2.1 Aquarion's permanent rates shall be based on a total revenue decrease of \$305,227 reflecting expenses and plant investments through 2019, effective for service rendered on and after the dates the Commission issues orders approving both the permanent rate and Step 1 revenue requirements (See Appendix 3), to be reconciled back to February 1, 2021, the effective date of temporary rates, consistent with Order No. 26,488 (June 21, 2021) in this proceeding.²

2.2 The agreed-upon revenue decrease is a function of the net adjustments that have been made to the revenue requirement in order to reach settlement.

2.3 In setting this revenue requirement, the Settling Parties agree to the adjustments shown in Appendix 1.

2.4 Aquarion shall use whole life depreciation and the depreciation accrual rates shown in Appendix 2. The OCA agrees to the whole life method only for the purposes of this Settlement

² Based on Order No. 26,449 suspending rates for 18 months, the outside date for the Commission to render an order on permanent rates is July 31, 2022. The Commission stated therein that it "will endeavor to set rates as expeditiously as possible." Order No. 26,449 at 4.

Agreement and reserves the right to urge the Commission in other cases, for the Company or any other utility, to use an alternative method of depreciation.

2.5 Permanent rates and the step adjustment (as provided in Section 4 below) shall be effective upon approval of the step adjustment. Appendix 3 describes the process and timing for implementation of permanent rates, the temporary-to-permanent rate recoupment and the step adjustment, in addition to the Company's filings for rate case expense and property-tax reconciliation.

2.6 Consistent with Aquarion's representations to the Commission in DW 17-114, the agreed-upon revenue requirement includes the amortized recovery of merger-related transaction costs only to the extent of quantifiable net merger savings. The merger-related transaction costs eligible for recovery exclude recovery of any acquisition premium associated with the merger transaction in that docket. The parties agree that there shall be no recovery of any amount of acquisition premium. The merger costs are to be amortized over a period of 20 years.

2.7 It is explicitly understood and agreed among the Settling Parties that adjustments made to the revenue requirement for purposes of reaching settlement shall not establish precedent for future rate proceedings.

SECTION 3. COST OF CAPITAL

3.1 Aquarion shall be allowed a pre-tax, weighted average cost of capital ("WACC") of 7.54 percent and the components thereof are calculated as follows:

Weighted Cost of Capital Computation

	Percentage	Cost	Weighted Cost
Long-Term Debt	45.57%	5.68%	2.59%
Preferred Equity	0.01%	6.00%	0.00%
Common Equity	54.42%	9.10%	4.95%
WACC			7.54%

3.2 The WACC assumes an average cost of long-term debt at 5.68 percent, which the parties agree shall represent a cap on the cost of long-term debt until the next rate case, notwithstanding the results of the planned long-term debt issuance anticipated by the Company. The Settling Parties further agree that elimination of short-term debt in the capital structure is appropriate from a ratemaking perspective.

SECTION 4. STEP ADJUSTMENT

4.1 The Company shall be allowed one step adjustment (the “Step Adjustment” or “Step 1”). Step 1 shall reflect an increase to account for calendar year 2020 and 2021 plant-in-service and a known and measurable adjustment for wages, salaries, and benefits. This Step Adjustment reflects adjustments that have been made to the revenue requirement in order to reach settlement. The Step Adjustment shall be subject to the following conditions:

- (a) The Step Adjustment shall include only allowed non-revenue producing projects closed to plant in 2020 and 2021, which are placed in service, and used and useful, in the amount of \$12,094,580, net of a pending grant and accumulated depreciation, as shown in Appendix 4, and the 2021 known and measurable wages, salaries, and benefits increase as shown in Appendix 5.
- (b) The Step Adjustment results in an additional revenue increase not-to-exceed \$1,561,436.

- (c) Local property taxes shall not be included in the calculation and will be recovered through the Property Tax Adjustment Mechanism (“PTAM”) in Section 6 of this Settlement Agreement.
- (d) State utility property taxes for all projects listed in Appendix 4, calculated using the statutory tax rate in RSA 83-F:2, shall be included in the Step Adjustment calculation.
- (e) Depreciation expense should be calculated using the approved whole-life methodology.

4.2 For implementation of the Step Adjustment, Aquarion agrees to submit its filing to commence review of the Step 1 adjustment, including project documentation, within 14 days of execution of this Settlement Agreement. Aquarion reserves the right to request the Commission to issue a decision on the Step 1 adjustment on or before July 1, 2022, or as soon as possible thereafter, provided that the DOE Audit Division and the DOE Regulatory Division have completed their audit and review of the Step 1 adjustment filing. The filing shall include, at least, the following documentation and process steps:

- (a) The Company shall provide the amount of the investments to be included in the step increase (by project) and detailed project descriptions including the initial budget, the final cost, the treatment of any related retirements, and the date each project was booked to plant in-service.
- (b) For each project, Aquarion shall provide all Company project documents including, but not limited to, business cases, capital project expenditure applications, change order forms, project close out reports, and work orders.

- (c) The DOE, the OCA and/or the Towns may request additional information after reviewing the initial filing.
- (f) The Company shall propose a rate increase effective upon Commission approval of the Step Adjustment to recover additional revenues associated with the Step Adjustment not-to-exceed\$1,561,436.

4.3 The Step Adjustment shall be subject to DOE audit and reconciliation based on the results of the audit, and subject to final approval by the Commission.

4.4 Nothing in this Settlement Agreement shall preclude the DOE, the OCA and/or the Towns from contesting the prudence of individual investments requested for recovery within the Step Adjustment.

4.5 The Company shall not request recovery of any capital costs associated with plant placed in service after December 31, 2021, until the Company's next rate case filing or through the Water Infrastructure and Conservation Adjustment ("WICA") as described in Section 5.

SECTION 5. WATER INFRASTRUCTURE AND CONSERVATION ADJUSTMENT

5.1 Aquarion's existing WICA program, which was approved as a pilot program as part of its rate proceedings in Docket Nos. DW 08-098 and DW 12-085, shall continue in effect on a permanent basis. The program will operate on the same terms as currently authorized by the Commission subject only to the following modifications:

- (a) The time period for WICA additions shall be modified from the current schedule (October 1 through the following September 30) to match a calendar year (i.e., January 1 to December 31).

- (b) There shall be an increase in the costs related to the emergency reactive replacement of services, valves and hydrants from \$50,000 to \$75,000.
- (c) Property tax in the WICA shall include only state taxes on new plant additions. Local property taxes shall not be included in the calculation of the annual WICA adjustment and shall be recovered through the PTAM in Section 6 of this Settlement Agreement.
- (d) With each WICA filing, Aquarion shall include an ROE analysis as a basis for its decision to file the WICA petition, which will compare the Company's actual rate of return to its authorized WACC. If the Company exceeds the authorized WACC, a proposed 7.54 percent in this Settlement Agreement, by more than fifty basis points for any calendar year calculated under the cost of capital method using end of period balances, the Company shall not pursue a WICA adjustment for that year. The previously approved WICA surcharge, if applicable, will remain in effect until either the filing of its next WICA adjustment the following calendar year or the next base rate proceeding. If the Company has exceeded the fifty-basis point threshold in a given year, it may include its WICA eligible plant investments for recovery in a future WICA filing when it is next eligible to submit a WICA filing.
- (e) If the Settlement Agreement is approved, the Company will provide an interim budget filing for WICA eligible plant additions through December 31, 2022, for Commission approval. The interim filing will also include a proposed budget of 2023 WICA eligible plant additions for preliminary approval by the Commission.

- (f) The next WICA surcharge filing shall be submitted to the Commission on or about February 2023 requesting approval of WICA plant additions placed in service during 2022, approval of its 2023 budget for WICA eligible projects, preliminary approval of its 2024 budget for WICA eligible projects, and submission of its 2025 budget for informational purposes only.

SECTION 6. PROPERTY TAX ADJUSTMENT MECHANISM

6.1 Aquarion shall be authorized to implement a PTAM to allow it to request recovery or refund of local property tax expenses, as compared to the amount in base rates, of local property taxes paid in relation to the 2020 and 2021 property tax years and continuing annually thereafter. Consistent with RSA 72:8-e and f, property tax over- or under-recoveries as compared to the amount in base rates shall be adjusted annually through the PTAM. The amount included in base rates for local property tax expense is proposed to be \$494,861 as shown in Appendix 6.

6.2 The PTAM shall be a fully reconciling property tax adjustment mechanism except for the exclusion of State of New Hampshire utility property taxes. The State of New Hampshire utility property taxes levied on the Step 1 investments and WICA eligible projects shall be collected as part of the Step Adjustment and WICA revenue requirements as detailed in Sections 4 and 5 above, respectively.

6.3 On an annual basis beginning with the property tax year that commenced April 1, 2020, actual local property tax amounts from the property tax bills received during a calendar year³ shall be compared against the amount in base rates as of the March 31 end of each property tax year,

³ Property tax bills received during a calendar year cover the annual property tax year that begins on April 1 and runs through the following March 31.

and any variances will be reconciled through the PTAM. With respect to the initial year of reconciliation, local property tax bills received during calendar years 2020 and 2021 will be compared to the calculated amount in base rates through March 31, 2022. Reconciliation in subsequent years will be handled in a similar fashion. Annual property tax billed amounts shall be adjusted for any credits received due to abatement proceeds received for tax years preceding the test year. The PTAM shall reconcile and provide for recovery or credit for any over- or under-recoveries beginning with the April 1, 2020, through March 31, 2021, property tax year.

6.4 The Company agrees to submit its initial PTAM reconciliation filing within 30 days of the Commission's order approving the Step Adjustment. The filing will include a reconciliation of local property taxes paid in relation to the 2020 and 2021 property tax years to the \$494,861 of local property taxes anticipated to be authorized in base rates through the Commission's order approving the Settlement Agreement. The PTAM rate adjustment for that period shall be effective with service rendered on and after April 1, 2023. Filings covering subsequent property tax years shall be made on or before February 10 using property tax bills received during the prior calendar year for adjustments to rates effective April 1.

6.5 The rate will be calculated as a percentage to authorized revenue, excluding miscellaneous revenues, and applied to each customer's total charge for water service.

SECTION 7. WELL MONITORING OBLIGATION

7.1 Aquarion shall be authorized to modify the Eligible Well Monitoring Program from Docket No. DE 97-226 to go from monthly testing to quarterly testing.

SECTION 8. RATES AND RATE DESIGN

8.1 The Settling Parties agree that the revenue decrease applying to permanent rates, and the proposed not to exceed Step Adjustment, shall be allocated in accordance with the Company's revised cost of service study, which is included in Appendix 7. The OCA agrees to the cost of service for the purposes of this Settlement Agreement but reserves the right to urge the Commission in other cases, for the Company or any other utility, to adopt rate designs that include inclining block rates.

SECTION 9. RATE CASE EXPENSES AND TEMPORARY TO PERMANENT RATE RECOUPMENT

9.1 Subject to review and adjustment for the difference between estimated and actual expense by the DOE and other Settling Parties, Aquarion shall recover over one year \$428,675 in estimated rate case expenses to be filed pursuant to the proposed schedule set forth in Appendix 3. The Company agrees to submit its calculation of rate case expense and proposed surcharge within 30 days of the Commission's order approving this Settlement Agreement, including supporting documentation for review by the Settling Parties, subject to potential discovery, and subsequent approval by the Commission. The DOE, in concert with other Settling Parties, shall provide its recommendation for rate case expense recovery to the parties as soon as reasonably possible, and the Company shall be authorized to recover the approved rate case expenses after the implementation of the permanent rates and Step Adjustment as provided in Appendix 3.

9.2 The permanent rate decrease agreed to in Section 2.1 shall be effective for all service rendered on and after February 1, 2021.

9.3 The Company agrees to submit its temporary-to-permanent recoupment filing within 30 days of the Commission's order approving the Step Adjustment.

9.4 The difference between the revenues obtained from the rates prescribed in the temporary rate order, Order No. 26,488, and the revenues that would have been obtained under the rates designed to collect the approved revenue determined after review and approval of this Settlement Agreement, if applied during the period that the temporary rate order was in effect from February 1, 2021 to the time of issuance of a Commission Order approving the Step Adjustment, shall be returned to customers over a period of 12 months beginning with service rendered as of November 1, 2022.

SECTION 10. EFFECTIVE DATE

10.1 This Settlement Agreement is subject to and shall become effective upon Commission approval. The Settling Parties shall use best efforts to obtain Commission approval on or before July 29, 2022.

SECTION 11. GENERAL PROVISIONS

11.1 This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all provisions, without change or condition. If the Commission does not accept this Settlement Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Settlement Agreement, and any of the Settling Parties notify the Commission within five business days of their disagreement with any such changes, conditions, or findings, the Settlement Agreement shall be deemed to be withdrawn, in which event it shall be deemed to be null and void and without effect, shall not constitute any part of the record in this

proceeding, and shall not be relied on by the Settling Parties or by the Commission for any other purpose.

11.2 Under this Settlement Agreement, the Settling Parties agree to this joint submission to the Commission as a resolution of the issues specified herein only.

11.3 The Settling Parties agree that the Commission's approval of this Settlement Agreement shall not constitute continuing approval of, or precedent for, any particular principle or issue, but such acceptance does constitute a determination that the Settlement Agreement is lawful, proper and in the public interest.

11.4 This Settlement Agreement shall not be deemed an admission by any of the Settling Parties that any allegation or contention in this proceeding by any other party, other than those specifically agreed to herein, is true and valid. This Settlement Agreement shall not be construed to represent any concession by any Settling Party hereto regarding positions taken with respect to the Company's proposals in this docket, nor shall this Settlement Agreement be deemed to foreclose any Settling Party in the future from taking any position in any subsequent proceedings. The conditions agreed to in this Settlement Agreement are settlement positions that reflect a compromise of all issues in this proceeding.

11.5 The pre-filed testimony and supporting documentation previously provided in this proceeding are not expected to be subject to cross-examination by the Settling Parties, which would normally occur in a fully litigated case. The Settling Parties agree that all such pre-filed testimony and supporting documentation should be admitted as exhibits for the purpose of consideration of this Settlement Agreement, and be given whatever weight the Commission deems

appropriate. Consent by the Settling Parties to admit all such pre-filed testimony without challenge does not constitute agreement by any of the Settling Parties that the content of the pre-filed testimony is accurate or that the views of the witnesses should be assigned any particular weight by the Commission. The resolution of any specific issue in this Settlement Agreement does not indicate the Settling Parties' agreement to such resolution for purposes of any future proceedings, nor does the reference to any other document bind the Settling Parties to the contents of, or recommendations in, that document for purposes of any future proceeding. The Commission's approval of the recommendations in this Settlement Agreement shall not constitute a determination or precedent with regard to any terms, but rather shall constitute only a determination that the Settlement Agreement is lawful, proper and in the public interest.

11.6 The rights conferred and the obligations imposed on the Settling Parties by this Settlement Agreement shall be binding on or inure to the benefit of any successors in interest or assignees as if such successor or assignee was itself a signatory party. The Settling Parties agree to cooperate in advocating that this Settlement Agreement be approved by the Commission in its entirety and without modification.

11.7 The discussions that produced this Settlement Agreement have been conducted on the understanding that all offers of settlement and settlement discussions relating to this docket shall be confidential, shall not be admissible as evidence in this proceeding, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise. The content of these negotiations, including any documents prepared during such negotiations for the

purpose of reaching a settlement, shall be privileged and all offers of settlement shall be without prejudice to the position of any party presenting such offer.

11.8 This Settlement Agreement may be executed by facsimile, electronically, and in multiple counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on all Settling Parties.

[signature page follows]

Aquarion Water Company of New Hampshire



Dated: June 1, 2022

By its Attorney, Jessica A. Chiavara

Department of Energy

Dated: June 1, 2022

/s/ Christopher Tuomala
By its Attorney, Christopher R. Tuomala

Office of the Consumer Advocate

Dated: June 1, 2022

/s/ Julianne M. Desmet
By its Attorney, Julianne M. Desmet

Town of Hampton



Dated: June 1, 2022

By its Attorney, Susan Aileen Lowry

Town of North Hampton



Dated: June 1, 2022

By its Attorney Justin C. Richardson

Table of Appendices

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Summary of Adjustments

				Requested		Settlement	
				ROE	10.25%	9.10%	
				Rate of Return	8.15%	7.54%	
				Revenue Conversion Factor	1.3714223	1.371422302	
				Rate Base	Operating Income	Revenue Deficiency (Sufficiency)	Revenue Deficiency (Sufficiency)
Line 1			Company's Request	\$ 36,091,050	\$ 1,940,736	\$ 1,373,351	\$ 1,373,351
2	Adjustment 1	1a	Proforma post test year plant	\$ (6,695,500)		(748,546)	(692,347)
3		1b	Proforma post test year plant - depreciation		138,254	(189,605)	(189,605)
4		1c	Proforma post test year plant - property taxes		100,949	(138,444)	(138,444)
5	Adjustment 18	18	Taxes impact of lower interest expenses on lower rate base		(47,416)	65,027	65,027
6			Proforma plant adjustment	\$ (6,695,500)	\$ 191,787	\$ (1,011,567)	\$ (955,368)
7							
8	Adjustment 14	14	Convert to Whole Life Depreciation Methodology	-	18,179	(24,931)	(24,931)
9	Adjustment 15	15	Amortization of Theoretical Depreciation Reserve Imbalance	-	(7,451)	10,218	10,218
10			Depreciation methodology impact	\$ -	\$ 10,728	\$ (14,713)	\$ (14,713)
11							
12	Adjustment 2	2	Cash Working Capital	(14,639)		\$ (1,637)	\$ (1,514)
13	Adjustment 3	3a	Audit Recommended Adjustments	(49,678)		(5,554)	(5,137)
14			Rate Base adjustments	\$ (64,317)	\$ -	\$ (7,191)	\$ (6,651)
15							
16							
17		3b	Audit Recommended Adjustments		\$ 11,571	\$ (15,869)	\$ (15,869)
18	Adjustment 4	4	Amortize Non-Recurring August 23, 2019, Boil Water Event		159,835	(219,201)	(219,201)
19	Adjustment 5	5	Remove Payroll Increase 12-Months Past End of Test Year		22,377	(30,689)	(30,689)
20	Adjustment 6	6	Transfer Financial Goal Incentive Compensation to Shareholders		3,969	(5,443)	(5,443)
21	Adjustment 7	7	Flow Through of Payroll Tax		1,949	(2,673)	(2,673)
22	Adjustment 8	8	Remove Increase 12-mo Beyond Test Year and Modify Benefits Overhead Ratio		10,029	(13,753)	(13,753)
23	Adjustment 9	9	Remove Supplemental Executive Retirement Plan Costs (SERP)		15,326	(21,018)	(21,018)
24	Adjustment 10	10	Sharing of D&O Liability Insurance		357	(490)	(490)
25	Adjustment 11	11	Normalize Legal Expenses		8,783	(12,045)	(12,045)
26	Adjustment 12	12	Remove Lobbying Expenses		1,154	(1,583)	(1,583)
27	Adjustment 13	13	Amortization of Expert Fees		4,999	(6,856)	(6,856)
28	Adjustment 16	16	Remove Customer Assistance Program		7,292	(10,000)	(10,000)
29	Adjustment 17	17	Eversource Aquarion Merger Costs Recovery Amortization		9,104	(12,485)	(12,485)
30		19	Shared facility flow through due to reduction of CS and IT labor cost		581	(797)	(797)
31			O&M adjustments	\$ -	\$ 257,325	\$ (352,902)	\$ (352,902)
32							
33			Impact of Recommended Cost of Capital				\$ (302,916)
34			SUBTOTAL ADJUSTMENTS [Line 6 + Line 10 + Line 14+ Line 31 + line 33]	\$ (6,759,817)	\$ 459,841	\$ (1,386,372)	\$ (1,632,549)
35							
36			SUBTOTAL (SUFFICIENCY) [Line 1 + Line 34]				\$ (259,198)
37							
38							
39							
40			Settlement offer				(46,029)
41			TOTAL SUFFICIENCY [Line 36 + Line 39 + Line 40]				\$ (305,227)
42							
43			Proforma revenue initial application				\$ 7,616,793
44			Settled revenue requirement				\$ 7,311,566
45			Rate impact				-4.01%
46							

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DW 20-184

Aquarion Water Company of New Hampshire, Inc.

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12	Schedule 3.6 Adjustment 6 Transfer Financial Goal Incentive Compensation to Shareholders
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16	Schedule 3.10 Adjustment 10 Sharing of D&O Liability Insurance
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20	Schedule 3.14 Adjustment 14 Convert to Whole Life Depreciation Methodology
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NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DW 20-184
Schedule 1

Aquarion Water Company of New Hampshire, Inc.

Twelve Months Ending December 31, 2019

Summary Comparison of Computation of Revenue Requirement and Revenue Deficiency

Line	Description	Application (A)	Recommended (B)	Adjustments (C)
1	Rate Base	\$ 36,091,050	\$ 29,331,233	\$ (6,759,817)
2	Rate of Return	8.1520%	7.54%	-0.61%
3	Return Requirement	2,942,142	2,211,575	(730,567)
4	Adjusted Net Operating Income	1,940,736	2,400,574	459,838
5	Deficiency	1,001,406	(188,999)	(1,190,406)
6	Income Tax Effect	371,945	(70,198)	(442,143)
7	Revenue Deficiency	\$ 1,373,351	\$ (259,197)	\$ (1,632,549)
8	Percent of Original Request		-18.87%	

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DW 20-184

Schedule 1.1

Aquarion Water Company of New Hampshire, Inc.

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Twelve Months Ending December 31, 2019

Revenue Requirements and Revenue Deficiency with Staff's Recommended Adjustments

Line	Description	Application (A)	Adjustments (B)	Recommended Total (C)
1	Rate Base			
2	Plant in Service	\$ 56,033,346	\$ (6,745,178)	\$ 49,288,168
3	Accumulated Depreciation & Amortization	(13,570,353)	-	(13,570,353)
4	Net Plant in Service	\$ 42,462,992	\$ (6,745,178)	\$ 35,717,815
5	Material and Supplies	\$ 163,416	\$ -	\$ 163,416
6	Prepayments	89,815	-	89,815
7	Deferred Tank Painting	17,710	-	17,710
8	Cash Working Capital	177,307	(14,639)	162,668
9	Customer Advances	(652,006)	-	(652,006)
10	Contributions in Aid of Construction	(2,431,613)	-	(2,431,613)
11	Reserve for Deferred Taxes	(3,736,572)	-	(3,736,572)
12	Total Rate Base	\$ 36,091,050	\$ (6,759,817)	\$ 29,331,233
13	Rate of Return	8.152000%		7.54%
14	Return Requirement	\$ 2,942,142	\$ (730,567)	\$ 2,211,575
15	Revenues			
16	Revenues–Water	7,394,866	-	7,394,866
17	Revenues–Other	221,927	-	221,927
18	Total Revenues	\$ 7,616,793	\$ -	\$ 7,616,793
19	Expenses			
20	Source of Supply	\$ 134,969	\$ (483)	\$ 134,486
21	Pumping	423,804	(4,727)	419,077
22	Treatment	191,797	(1,035)	190,762
23	Transmission & Distribution	551,823	(9,142)	542,681
24	Customer Accounting	398,833	(232,262)	166,571
25	Information Technology	182,338	(1,555)	180,783
26	Administrative & General	1,397,577	(100,983)	1,296,594
27	Depreciation and Amortization	1,310,407	(204,316)	1,106,091
28	Taxes Other	948,692	(141,116)	807,576
29	Other Income & Expenses	(48,686)	(38)	(48,724)
30	Current Income Tax–State	21,820	67,046	88,866
31	Current Income Tax–Federal	77,357	168,773	246,130
32	Deferred Income Tax–State	29,366	-	29,366
33	Deferred Income Tax–Federal	62,909	-	62,909
34	Income Tax Allocated to Non-Utility Inc/Exp	(6,949)	-	(6,949)
35	Total Operating Expenses	\$ 5,676,057	\$ (459,838)	\$ 5,216,219
36	Net Operating Income	\$ 1,940,736	\$ 459,838	\$ 2,400,574
37	Income Deficiency	\$ 1,001,407	\$ (1,190,406)	\$ (188,998)
38	Revenue Conversion Factor	1.37142230		1.37142230
39	Revenue Deficiency	\$ 1,373,351	\$ (1,632,549)	\$ (259,197)
			\$1.37142230	
40	Percent of Original Request			-18.87%

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Aquarion Water Company of New Hampshire, Inc.

Twelve Months Ending December 31, 2019
Computation of Gross Up for Income Taxes

Line	Description	Company (A)	Adjustment (B)	Adjusted Amount (C)
1	NH Tax Rate	7.70%		7.70%
2	Federal Statutory Tax rate	21.00%		21.00%
3	Federal Effective Tax rate (1-State rate*Federal rat	19.38%		19.38%
4	Total Composite Tax rate	27.08%		27.08%
5	Revenue Requirement Gross-Up Factor	72.92%		72.92%
6	Revenue Conversion Factor	1.371		1.371

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Schedule 2

Twelve Months Ending December 31, 2019

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Rate of Return Calculation

Line	Description	Capital Structure (A)	Cost % (B)	Weighted Cost % (C)
<u>Company Proposed Rate of Return</u>				
1	Long-Term Debt	43.85%	6.14%	2.69000%
2	Short-Term Debt	3.78%	2.42%	0.09150%
3	Preferred Equity	0.01%	6.00%	0.00000%
4	Common Equity	52.36%	10.25%	5.37000%
5	Total	<u>100.00%</u>		8.1520%
<u>Recommended Rate of Return</u>				
6	Long-Term Debt	45.57%	5.68%	2.5900%
7	Short-Term Debt	0.00%	0.00%	0.0000%
8	Preferred Equity	0.01%	6.00%	0.0000%
9	Common Equity	54.42%	9.10%	4.9500%
10	Total	<u>100.00%</u>		7.5400%

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Aquarion Water Company of New Hampshire, Inc.

Twelve Months Ending December 31, 2019

Impact of Recommended **Rate of Return** on Company's Revenue Deficiency

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended (C)
1	Total Rate Base	\$ 36,091,050		\$ 36,091,050
2	Rate of Return	8.15%	-0.61%	7.540%
3	Return Requirement	\$ 2,942,142	\$ (220,877)	\$ 2,721,265
4	Net Operating Income	\$ 1,940,736		\$ 1,940,736
5	Income Deficiency	\$ 1,001,406		\$ 780,529
6	Revenue Conversion Factor	1.37142		1.37142
7	Revenue Deficiency	\$ 1,373,351	\$ (302,916)	\$ 1,070,435

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Aquarion Water Company of New Hampshire, Inc.
Twelve Months Ending December 31, 2019
Ratemaking Adjustments

Line	Description	Company Application (A)	Adjustment 1 (B)	Adjustment 2 (C)	Adjustment 3 (D)	Adjustment 4 (E)	Adjustment 5 (F)	Adjustment 6 (G)	Adjustment 7 (H)	Adjustment 8 (H)	Adjustment 9 (H)	Adjustment 10 (I)	Adjustment Subtotal (J)
			Schedule 3.1	Schedule 3.2	Schedule 3.3	Schedule 3.4	Schedule 3.5	Schedule 3.6	Schedule 3.7	Schedule 3.8	Schedule 3.9	Schedule 3.10	
Reference Schedule													
1	Rate Base												
2	Plant in Service	\$ 56,033,346	\$ (6,695,500)		\$ (49,678)								\$ (6,745,178)
3	Accumulated Depreciation & Amortization	(13,570,353)											
4	Net Plant in Service	\$ 42,462,993	\$ (6,695,500)	\$ -	\$ (49,678)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,745,178)
5	Material and Supplies	\$ 163,416											\$ -
6	Prepayments	89,815											-
7	Deferred Tank Painting	17,710											-
8	Cash Working Capital	177,307		\$ (14,639)									(14,639)
9	Customer Advances	(652,006)											-
10	Contributions in Aid of Construction	(2,431,613)											-
11	Reserve for Deferred Taxes	(3,736,572)											-
12	Total Rate Base	\$ 36,091,050	\$ (6,695,500)	\$ (14,639)	\$ (49,678)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,759,817)
13	Rate of Return	8.15%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.540%
14	Return Requirement	\$ 2,942,142	\$ (504,841)	\$ (1,104)	\$ (3,746)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (509,690)
15	Revenues												
16	Revenues—Water	\$ 7,394,866											\$ -
17	Revenues—Other	221,927											-
18	Total Revenues	\$ 7,616,793	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Expenses												
20	Source of Supply	\$ 134,969					(483)						\$ (483)
21	Pumping	423,804					(4,727)						(4,727)
22	Treatment	191,797					(1,035)						(1,035)
23	Transmission & Distribution	551,823			\$ (900)		(8,242)						(9,142)
24	Customer Accounting	398,833				\$ (219,201)	(3,061)						(222,262)
25	Information Technology	182,338					(1,555)						(1,555)
26	Administrative & General	1,397,577			\$ (14,969)		(11,545)	\$ (5,443)		\$ (13,754)	\$ (21,018)	\$ (490)	(67,219)
27	Depreciation	1,310,407	\$ (189,605)										(189,605)
28	Taxes Other	948,692	(138,444)						(2,672)				(141,116)
29	Other Income & Expenses	(48,686)					(38)						(38)
30	Current Income Tax—State	21,820	25,260		1,222	16,878	2,363	419	206	1,059	1,618	38	49,063
31	Current Income Tax—Federal	77,357	63,586		3,076	42,488	5,948	1,055	517	2,666	4,074	95	123,505
32	Deferred Income Tax—State	29,366											-
33	Deferred Income Tax—Federal	62,909											-
34	Income Tax Allocated to Non-Utility Inc/Exp	(6,949)											-
35	Total Operating Expenses	\$ 5,676,057	\$ (239,203)	\$ -	\$ (11,571)	\$ (159,835)	\$ (22,375)	\$ (3,969)	\$ (1,949)	\$ (10,029)	\$ (15,326)	\$ (357)	\$ (464,614)
36	Net Operating Income	\$ 1,940,736	\$ 239,203	\$ -	\$ 11,571	\$ 159,835	\$ 22,375	\$ 3,969	\$ 1,949	\$ 10,029	\$ 15,326	\$ 357	\$ 464,614
37	Income Deficiency	\$ 1,001,407	\$ (744,044)	\$ (1,104)	\$ (15,317)	\$ (159,835)	\$ (22,375)	\$ (3,969)	\$ (1,949)	\$ (10,029)	\$ (15,326)	\$ (357)	\$ (974,304)
38	Revenue Conversion Factor	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142
39	Revenue Deficiency	\$ 1,373,351	\$ (1,020,398)	\$ (1,514)	\$ (21,006)	\$ (219,201)	\$ (30,685)	\$ (5,443)	\$ (2,673)	\$ (13,753)	\$ (21,018)	\$ (490)	\$ (1,336,182)
40	Percent of Total		74.3%	0.1%	1.5%	16.0%	2.2%	0.4%	0.2%	1.0%	1.5%	0.0%	

- Adjustment 1 Plant Adjustments
- Adjustment 2 Cash Working Capital
- Adjustment 3 Audit Recommended Adjustments
- Adjustment 4 Amortize Non-Recurring August 23, 2019, Boil Water Event
- Adjustment 5 Remove Payroll Increase 12-Months Past End of Test Year
- Adjustment 6 Transfer Financial Goal Incentive Compensation to Shareholders
- Adjustment 7 Flow Through of Payroll Tax
- Adjustment 8 Remove Increase 12-mo Beyond Test Year and Modify Benefits Overhead Ratio
- Adjustment 9 Remove Supplemental Executive Retirement Plan Costs (SERP)
- Adjustment 10 Sharing of D&O Liability Insurance

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

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Aquarion Water Company of New Hampshire, Inc.
Twelve Months Ending December 31, 2019
Ratemaking Adjustments

Shared facility flow through due to reduction of CS and IT labor cost

(in thousands)

Line	Description (A)	Carry Forward (B)	Adjustment 11 (C)	Adjustment 12 (D)	Adjustment 13 (E)	Adjustment 14 (F)	Adjustment 15 (G)	Adjustment 16 (G)	Adjustment 17 (G)	Adjustment 18 (G)	Adjustment 19 (H)	Adjustment Subtotal (J)	Approved Totals (K)
	Reference Schedule		Schedule 3.11	Schedule 3.12	Schedule 3.13	Schedule 3.14	Schedule 3.15	Schedule 3.16	Schedule 3.17	Schedule 3.18			
1	Rate Base												
2	Plant in Service	\$ (6,745,178)										\$ (6,745,178)	\$ 49,288,168
3	Accumulated Depreciation & Amortization	-										-	(13,570,353)
4	Net Plant in Service	(6,745,178)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(6,745,178)	\$ 35,717,815
5	Material and Supplies	\$ -											\$ 163,416
6	Prepayments	-										\$ -	89,815
7	Deferred Tank Painting	-										-	17,710
8	Cash Working Capital	(14,639)										(14,639)	162,668
9	Customer Advances	-										-	(652,006)
10	Contributions in Aid of Construction	-										-	(2,431,613)
11	Reserve for Deferred Taxes	-										-	(3,736,572)
12	Total Rate Base	\$ (6,759,817)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,759,817)	\$ 29,331,233
13	Rate of Return	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%
14	Return Requirement	\$ (509,690)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (730,567)	\$ 2,211,575
15	Revenues												
16	Revenues—Water	\$ -										\$ -	\$ 7,394,866
17	Revenues—Other	-										-	221,927
18	Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,616,793
19	Expenses												
20	Source of Supply	\$ (483)										\$ (483)	\$ 134,486
21	Pumping	(4,727)										(4,727)	419,077
22	Treatment	(1,035)										(1,035)	190,762
23	Transmission & Distribution	(9,142)										(9,142)	542,681
24	Customer Accounting	(222,262)						\$ (10,000)				(232,262)	166,571
25	Information Technology	(1,555)										(1,555)	180,783
26	Administrative & General	(67,219)	\$ (12,045)	\$ (1,583)	\$ (6,856)				\$ (12,484)		\$ (797)	(100,983)	1,296,594
27	Depreciation	(189,605)				\$ (24,930)	\$ 10,219		\$ -			(204,316)	1,106,091
28	Taxes Other	(141,116)										(141,116)	807,576
29	Other Income & Expenses	(38)										(38)	(48,724)
30	Current Income Tax—State	49,063		122	528	1,919	(787)	770	961	13,481	62	67,046	88,866
31	Current Income Tax—Federal	123,505	2,335	307	1,329	4,832	(1,981)	1,938	2,419	33,935	154	168,773	246,130
32	Deferred Income Tax—State	-										-	29,366
33	Deferred Income Tax—Federal	-										-	62,909
34	Income Tax Allocated to Non-Utility Inc/Exp	-										-	(6,949)
35	Total Operating Expenses	\$ (464,614)	\$ (8,783)	\$ (1,154)	\$ (4,999)	\$ (18,179)	\$ 7,451	\$ (7,292)	\$ (9,104)	\$ 47,416	\$ (581)	\$ (459,838)	\$ 5,216,219
36	Net Operating Income	\$ 464,614	\$ 8,783	\$ 1,154	\$ 4,999	\$ 18,179	\$ (7,451)	\$ 7,292	\$ 9,104	\$ (47,416)	\$ 581	\$ 459,838	\$ 2,400,574
37	Income Deficiency	\$ (974,304)	\$ (8,783)	\$ (1,154)	\$ (4,999)	\$ (18,179)	\$ 7,451	\$ (7,292)	\$ (9,104)	\$ 47,416	\$ (581)	\$ (1,190,406)	\$ (188,999)
38	Revenue Conversion Factor	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.371422302	1.37142
39	Revenue Deficiency	\$ (1,336,182)	\$ (12,045)	\$ (1,583)	\$ (6,856)	\$ (24,931)	\$ 10,218	\$ (10,000)	\$ (12,485)	\$ 65,027	\$ (797)	\$ (1,632,549)	\$ (259,198)
40	Percent of Total		0.9%	0.1%	0.5%	1.8%	-0.7%	0.7%	0.9%	-4.7%	0.1%		

Adjustment 11 Normalize Legal Expenses
Adjustment 12 Remove Lobbying Expenses
Adjustment 13 Amortization of Expert Fees
Adjustment 14 Convert to Whole Life Depreciation Methodology
Adjustment 15 Amortization of Theoretical Depreciation Reserve Imbalance
Adjustment 16 Remove Customer Assistance Program
Adjustment 17 Eversource Aquarion Merger Costs Recovery Amortization
Adjustment 18 Interest Synchronization

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

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Aquarion Water Company of New Hampshire, Inc.

Schedule 3.1

Adjustment 1

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Plant Adjustments

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
RATE BASE				
1	Plant in Service	\$ 6,695,500	\$ (6,695,500)	\$ -
2	Accumulated Depreciation & Amortization	-	-	-
3	Total Impact to Rate Base	\$ 6,695,500	\$ (6,695,500)	\$ -
EXPENSES				
4	Depreciation Expense	\$ 189,605	\$ (189,605)	\$ -
5	Property Taxes	138,444	(138,444)	-
6	Total Expense	\$ 328,049	\$ (328,049)	\$ -
7	NH Income Tax	7.70%	7.70%	7.70%
8	Effect on NH income tax expense	\$ (25,260)	\$ 25,260	\$ -
9	Federal Taxable	\$ 302,789	\$ (302,789)	\$ -
10	Federal Income Tax Rate	21%	21%	21%
11	Effect on Federal income tax expense	\$ (63,586)	\$ 63,586	\$ -
12	Total Taxes	\$ (88,846)	\$ 88,846	\$ -
13	Impact to Net Operating Income	\$ (239,203)	\$ 239,203	\$ -

Notes and Sources

	Plant	Annual Depreciation	# of Years	Accum Depr	Property Taxes	
Post Test Year Plant					20.68	Schedule 3.1 WP Page 3 of 3
Mill Road Water Treatment Facility	\$ 2,873,962		n/a	\$ -	\$ 59,425	Move to Step
Well 22 Water Supply	1,721,939		n/a	-	35,605	Move to Step
Mill Road Water Main Replacement	1,224,541		n/a	-	25,320	Move to Step
Locke Road Water Main Replacement	1,017,487		n/a	-	21,039	Move to Step
Subtotal	\$ 6,837,929			\$ -	\$ 141,389	Move to Step
Less Retirements	(142,429)				(2,945)	Move to Step
Total Post-Test-Year Plant	\$ 6,695,500			\$ -	\$ 138,444	Move to Step
Post Test Year Plant Depreciation (see WP)		\$ 189,605	n/a			
Totals	\$ 6,695,500	\$ 189,605	\$ -	\$ -	\$ 138,444	
		0.028318273				
WL with Proforma, DOE 4-8 Att 1	1,249,017					
WL without Profoma	1,059,412					
Pro forma plant at WL rate	189,605					

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

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Aquarion Water Company of New Hampshire, Inc.

Adjustment 1

Plant Adjustments Workpaper-Property Taxes

1	<u>Most Recent Property Tax Bills</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Property Tax</u>
2	Hampton			
3	Town Area	18,246,800	14.02	\$ 255,820
4	Precinct Area	6,102,000	14.97	91,347
5	Education Fund	189,500	16.01	3,034
6	North Hampton			
7	Town Area	7,670,300	14.58	111,833
8	Education Fund	50,000	16.68	834
9	Rye	1,903,800	8.04	15,307
10	Stratham	1,024,400	16.76	17,169
11	State of NH	34,197,200	6.60	225,702
12	<u>Proforma Additions</u>			
13	Hampton			
14	Town Area	219,461	14.02	\$ 3,077
15	North Hampton			
16	Town Area	-	14.58	-
17	State of NH	219,461	6.60	1,448
18				<u>\$ 725,570</u>
19		Test Year Expense		677,193
20		Pro Forma Adjustment		<u>\$ 48,377</u>
21	<u>Calculation of Composite Property Tax Rate</u>			
22	Towns	35,406,261	14.08	498,420
23	State of NH	34,416,661	6.60	227,150
24			20.68	

DEPRECIATION EXPENSE

Aquarion Water Company of New Hampshire, Inc.
Case No. DW 20-184

Test Year: Twelve Months Ended 12/31/19
Schedule No. 1R
Page 1 of 1

Line No.	Description	NH PUC ACCT	Test Year Plant	Pro Forma Additions	Retirements	Pro Forma Utility Plant	Present Annual Rate	Depreciation Amount	Proposed Annual Rate	Pro Forma Depreciation Amount
1										
2	Organization	101301	\$ 17,700			\$ 17,700	5.00%	\$ 885	5.00%	885
3	Miscellaneous Intangible Plant	101303	-			-	3.33%	-	-	-
4	Source Land and Land Rights	101310	635,643			635,643	0.00%	-	-	-
5	Source Structures and Improvements	101311	642,550			642,550	2.75%	17,670	2.25%	14,457
6	Collecting and Impounding Reservoirs	101312	-			-	0.00%	-	-	-
7	Wells and Springs	101314	3,140,638			3,140,638	3.50%	109,922	3.63%	114,005
8	Supply Mains	101316	137,490			137,490	1.20%	1,650	2.42%	3,327
9										
10	Other Water Source Plant	101317								
11	2008 and Prior		1,644,017			1,644,017	5.00%	82,201	4.33%	71,186
12	2009 and Subsequent		79,244			79,244	5.00%	3,962	5.00%	3,962
13			<u>1,723,261</u>			<u>1,723,261</u>		<u>86,163</u>		<u>75,148</u>
14										
15	Pumping Land and Land Rights	101320	-			-	0.00%	-	-	-
16	Pumping Structures and Improvements	101321	1,392,388			1,392,388	2.75%	38,291	1.62%	22,557
17	Electric Pumping Equipment	101325	907,573			907,573	3.43%	31,130	8.22%	74,603
18	Diesel Pumping Equipment	101326	-			-	3.50%	-	-	-
19	Other Pumping Equipment	101328	32,076			32,076	4.40%	1,411	7.91%	2,537
20	Treatment Structures and Improvements	101331	58,588			58,588	2.75%	1,611	3.16%	1,851
21	Treatment Equipment	101332	231,134			231,134	3.50%	8,090	6.68%	15,440
22	T&D Land and Land Rights	101340	314,551			314,551	0.00%	-	-	-
23	T&D Structures and Improvements	101341	32,894			32,894	2.75%	905	0.14%	46
24	Distribution Reservoirs and Standpipes	101342	2,708,344			2,708,344	2.00%	54,167	1.71%	46,313
25	Transmission and Distribution Mains	101343	26,634,035			26,634,035	1.20%	319,608	1.22%	324,935
26	Services	101345	5,731,679			5,731,679	1.85%	106,036	2.26%	129,536
27	Meters	101346	1,620,461			1,620,461	3.80%	61,578	9.94%	161,074
28	Meter Installations	101347	198,719			198,719	3.80%	7,551	2.24%	4,451
29	Hydrants	101348	709,986			709,986	2.40%	17,040	1.70%	12,070
30	Other T&D Plant	101349	178,436			178,436	5.00%	8,922	2.47%	4,407
31	General Structures and Improvements	101390	566,029			566,029	2.75%	15,566	5.12%	28,981
32										
33	Office Furniture and Equipment	101391								
34	Fully Accrued		4,413			4,413	7.46%	329	-	-
35	Amortized		2,237			2,237	7.46%	167	5.01%	112
36			<u>6,650</u>			<u>6,650</u>		<u>496</u>		<u>112</u>
37										
38	Computer Equipment - Hardware	101391H								
39	Fully Accrued		144,392			144,392	0.00%	-	-	-
40	Amortized		40,021			40,021	20.00%	8,004	20.00%	8,004
41			<u>184,413</u>			<u>184,413</u>	20.00%	<u>8,004</u>		<u>8,004</u>
42										
43	Computer Equipment - Software	101391S								
44	Fully Accrued		368,220			368,220	0.00%	-	-	-
45	Amortized		51,075			51,075	0.00%	-	20.00%	10,215
46			<u>419,295</u>			<u>419,295</u>	20.00%	<u>-</u>		<u>10,215</u>
47										
48	Transportation Equipment	101392	644,403			644,403	11.25%	72,495	0.99%	6,380
49	Stores Equipment	101393	331			331	5.00%	17	-	-
50										
51	Tools, Shop, and Garage Equipment	101394								
52	Fully Accrued		38,703			38,703	5.00%	1,935	-	-
53	Amortized		49,147			49,147	5.00%	2,457	5.00%	2,457
54			<u>87,849</u>			<u>87,849</u>		<u>4,392</u>		<u>2,457</u>
55										
56	Laboratory Equipment	101395	-			-	6.67%	-	-	-
57	Power Operated Equipment	101396	109,715			109,715	6.67%	7,318	1.82%	1,997
58	Communications Equipment	101397	51,553			51,553	10.00%	5,155	10.00%	5,155
59										
60	Miscellaneous Equipment	101398								
61	Fully Accrued		18,577			18,577	6.67%	1,239	-	-
62	Amortized		200,883			200,883	6.67%	13,399	6.67%	13,399
63			<u>219,461</u>			<u>219,461</u>		<u>14,638</u>		<u>13,399</u>
64										
65			<u>\$ 49,337,846</u>		<u>\$ -</u>	<u>\$ 49,337,846</u>		<u>\$ 1,000,711</u>		<u>\$ 1,084,342</u>
66										
67										
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Aquarion Water Company of New Hampshire, Inc.

Adjustment 2

Cash Working Capital

<u>Line</u>	<u>Description</u>	<u>Company Proposed (A)</u>	<u>Adjustment (B)</u>	<u>Adjusted Amount (C)</u>
1	Average Total O&M	\$ 3,194,723		
2	O&M Expenses Used in Revenue Requirement Calculation			
3	Source of Supply	\$ 134,969	\$ (483)	\$ 134,486
4	Pumping	423,804	(4,727)	419,077
5	Treatment	191,797	(1,035)	190,762
6	Transmission & Distribution	551,823	(9,142)	542,681
7	Customer Accounting	398,833	(232,262)	166,571
8	Information Technology	182,338	(1,555)	180,783
9	Administrative & General	1,397,577	(100,983)	1,296,594
10	Total O&M Expenses	\$ 3,281,141		\$ 2,930,954
11	Amount Used for Cash Working Capital Calculation	\$ 3,194,723		\$ 2,930,954
12	Rate	5.55%		5.55%
13	Total Cash Working Capital	\$ 177,307	\$ (14,639)	\$ 162,668
14	Impact to Rate Base	\$ 177,307	\$ (14,639)	\$ 162,668

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Aquarion Water Company of New Hampshire, Inc.
Adjustment 3

Audit Recommended Adjustments

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	<u>RATE BASE</u>			
2	<u>Audit Issue #3 Next Generation Strategies</u>			
3	101 Plant in Service	\$ 49,678	\$ (49,678)	\$ -
4	Total Impact to Rate Base	<u>\$ 49,678</u>	<u>\$ (49,678)</u>	<u>\$ -</u>
5	<u>EXPENSES</u>			
6	<u>Audit Issue #8</u>			
7	662202 Overdue 2018 Paper Ads	\$ 900	\$ (900)	\$ -
8	Boil Water Event			-
9	665002 Public Affairs Consulting	15,792		15,792
10	665003 Purchased water	3,293		3,293
11	903203 Customer Credits	179,160		179,160
12	921201 P-Card Charges Alcohol and Dessert	499	(499)	-
13	923201 Deloitte Error	2,567	(411)	2,156
14	923214 Environmental Champion Awards	14,059	(14,059)	-
15	Total Audit Issue #8	<u>\$ 216,270</u>	<u>\$ (15,869)</u>	<u>\$ 200,401</u>
16			<u> </u>	
17	Total	\$ 216,270	\$ (15,869)	\$ 200,401
18	NH Income Tax	7.70%		7.70%
19	Effect on NH income tax expense	<u>\$ (16,653)</u>	<u>\$ 1,222</u>	<u>\$ (15,431)</u>
20	Federal Taxable	\$ 199,617		\$ 184,970
21	Federal Income Tax Rate	21%		21%
22	Effect on Federal income tax expense	<u>\$ (41,920)</u>	<u>\$ 3,076</u>	<u>\$ (38,844)</u>
23	Total Taxes	<u>\$ (58,573)</u>	<u>\$ 4,298</u>	<u>\$ (54,275)</u>
24	Impact to Net Operating Income	<u>\$ (157,697)</u>	<u>\$ 11,571</u>	<u>\$ (146,126)</u>

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Aquarion Water Company of New Hampshire, Inc.

Schedule 3.4

Adjustment 4

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Amortize Non-Recurring August 23, 2019, Boil Water Event

<u>Line</u>	<u>Description</u>	<u>Company Proposed</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
		(A)	(B)	(C)
1	Customer Goodwill Credit	179,160	(179,160)	-
2	Outside Services	34,147		34,147
3	Monitoring of Wells	8,740		8,740
4	Office Supplies	5,162		5,162
5	Total Boil Water Event	227,209		48,049
	Amortization Period - Years	1.00	5.00	6.00
3	Annual Recovery	\$ 227,209	\$ (219,201)	\$ 8,008
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	\$ (17,495)	\$ 16,878	\$ (617)
6	Federal Taxable	\$ 209,714		\$ 7,391
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	\$ (44,040)	\$ 42,488	\$ (1,552)
9	Total Taxes	\$ (61,535)	\$ 59,366	\$ (2,169)
10	Impact to Net Operating Income	\$ (165,674)	\$ 159,835	\$ (5,839)

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Aquarion Water Company of New Hampshire, Inc.

Schedule 3.5

Adjustment 5

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Remove Payroll Increase 12-Months Past End of Test Year

Line	Description	Company Proposed			Adjustment (D)	Adjusted Amount (E)
		2020 (A)	Increase 2021 (B)	Proforma 2021 (C)		
1	AWC NH Employees					
2	Exempt - Non Union	\$ 128,141	\$ 3,844	\$ 131,985	\$ (3,844)	\$ 128,141
3	Non- Exempt Non-Union Wages	132,170	3,965	136,135	(3,965)	132,170
4	Union Employees	505,385	15,162	520,547	(15,162)	505,385
5	Base Wages	\$ 765,696	\$22,971	\$ 788,667	\$ (22,971)	\$ 765,696
6	Standby, OT, Shift Differential Wages	80,503	2,415	82,918	(2,415)	80,503
7	Total AWC NH Employees	\$ 846,199	\$25,386	\$ 871,585	\$ (25,386)	\$ 846,199
8	Percent Charged to Expense	89.1%	89.1%	89.1%	89.1%	89.1%
9	Pro Forma Wages Charged to Expense	\$ 753,963	\$22,619	\$ 776,582	\$ (22,619)	\$ 753,963
10	Service Company Employees					
11	Service Company Charged to Expense	\$ 132,850	\$ 3,986	\$ 136,836	(3,986)	\$ 132,850
12	Total Salaries and Wages	\$ 886,814	\$26,604	\$ 913,418	\$ (26,604)	\$ 886,814
13	AWC-CT Shared Customer Service/Collections					
14	AWC-CT Shared Customer Service/Collections Labor	\$ 2,508,468	\$75,254	\$ 2,583,722	(75,254)	\$ 2,508,468
15	% to AWC-NH	3.36%	3.36%	3.36%	3.36%	3.36%
16	Shared Labor to AWC-NH	\$ 84,303	\$ 2,529	\$ 86,832	\$ (2,529)	\$ 84,303
17	Shared Technology Costs					
18	IT Labor	\$ 1,169,537	\$35,086	\$ 1,204,623	(35,086)	\$ 1,169,537
19	% to AWC-NH	4.43%	4.43%	4.43%	4.43%	4.43%
20	Shared Labor to AWC-NH	\$ 51,826	\$ 1,555	\$ 53,381	\$ (1,555)	\$ 51,826
21	Total Wages and Salaries	\$ 1,022,943	\$30,688	\$ 1,053,631	\$ (30,688)	\$ 1,022,943
22	NH Income Tax			7.70%		7.70%
23	Effect on NH income tax expense			\$ (81,130)	\$ 2,363	\$ (78,767)
24	Federal Taxable			\$ 972,501		\$ 944,176
25	Federal Income Tax Rate			21%		21%
26	Effect on Federal income tax expense			\$ (204,225)	\$ 5,948	\$ (198,277)
27	Total Taxes			\$ (285,355)	\$ 8,311	\$ (277,044)
28	Impact to Net Operating Income			\$ (768,276)	\$ 22,377	\$ (745,899)

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Aquarion Water Company of New Hampshire, Inc.

Schedule 3.6

Adjustment 6

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Transfer Financial Goal Incentive Compensation to Shareholders

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Officer	\$ 10,781		\$ 10,781
2	Exempt, Non-Union	5,481		5,481
3	Non-Exempt, Non-Union	1,192		1,192
4	Total Incentive Compensation	\$ 17,454		\$ 17,454
5	Percent Charged to Expense	89.1%		89.1%
6	Total Incentive Compensation Charged to Expenses	\$ 15,552		\$ 15,552
7	Performance Measurements for Awards			
8	Financial	70%	-35%	35%
9	Operations	30%		30%
10	Incentive Compensation Awarded	100%		65%
11	Total Incentive Compensation	\$ 15,552	\$ (5,443)	\$ 10,108
12	NH Income Tax	7.70%		7.70%
13	Effect on NH income tax expense	\$ (1,197)	\$ 419	\$ (778)
14	Federal Taxable	\$ 14,355		\$ 9,330
15	Federal Income Tax Rate	21%		21%
16	Effect on Federal income tax expense	\$ (3,014)	\$ 1,055	\$ (1,959)
17	Total Taxes	\$ (4,211)	\$ 1,474	\$ (2,737)
18	Impact to Net Operating Income	\$ (11,341)	\$ 3,969	\$ (7,371)

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Adjustment 7

Schedule 3.7

Flow Through of Payroll Tax

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<u>Line</u>	<u>Description</u>		<u>Company Proposed (A)</u>	<u>Adjustment (B)</u>	<u>Adjusted Amount (C)</u>
1	<u>FICA</u>				
2	Proposed Wages		\$ 871,585	\$ (25,386)	\$ 846,199
3	Add Bonus		17,454		17,454
4	Medicare Tax Base		\$ 889,039		\$ 863,653
5	Wages over limit of \$137,700		-		-
6	Social Security Tax Base		\$ 889,039		\$ 863,653
7					
8	Social Security Rate	6.20%	\$ 55,120		\$ 53,546
9	Medicare Rate	1.45%	12,891		12,523
10	Pro Forma FICA Expense		\$ 68,011	\$ (1,942)	\$ 66,069
11	<u>Federal Unemployment</u>	11			
12	Employees	11			
13	Tax base	7,000			
14	Rate	6.00%	\$ 4,620		\$ 4,620
15	<u>State Unemployment</u>	11			
16	Employees	11			
17	Tax base	14,000			
18	Rate (NH)	0.80%	\$ 1,232		\$ 1,232
19	Subtotal Payroll Taxes		\$ 73,863	\$ (1,942)	\$ 71,921
20	% to Expense		89.1%		89.1%
21	Payroll Tax Expense		65,812	\$ (1,730)	64,082
22	<u>Service Company Payroll Taxes</u>				
23	Pro Forma Wages to Expense		\$ 136,836	\$ (3,986)	\$ 132,850
24	Customer service labor to expense		86,832	\$ (2,529)	84,303
25	IT labor to expense		53,381	\$ (1,555)	51,826
			\$ 277,049		\$ 268,980
26	Payroll Tax Rate		8.0%	-0.1%	7.89%
27	Service Company Payroll Taxes		22,164	\$ (941)	21,223
28	Payroll Taxes		<u>\$ 87,976</u>	<u>\$ (2,672)</u>	<u>\$ 85,304</u>
29	NH Income Tax		7.70%		7.70%
30	Effect on NH income tax expense		<u>\$ (6,774)</u>	<u>\$ 206</u>	<u>\$ (6,568)</u>
31	Federal Taxable		\$ 81,202		\$ 78,736
32	Federal Income Tax Rate		21%		21%
33	Effect on Federal income tax expense		<u>\$ (17,052)</u>	<u>\$ 517</u>	<u>\$ (16,535)</u>
34	Total Taxes		<u>\$ (23,826)</u>	<u>\$ 723</u>	<u>\$ (23,103)</u>
35	Impact to Net Operating Income		<u>\$ (64,150)</u>	<u>\$ 1,949</u>	<u>\$ (62,201)</u>

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Aquarion Water Company of New Hampshire, Inc.

Adjustment 8

Remove Increase 12-mo Beyond Test Year and Modify Benefits Overhead Ratio

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	NH Employees			
2	Employee Medical Costs	\$ 211,697	\$ (7,438)	\$ 204,259
3	401K	48,956	-	48,956
4	Auto Allowance	5,346	-	5,346
5	Life Insurance	2,732	(80)	2,652
6	Long-Term Disability	2,600	(76)	2,524
7	Total Employee Welfare - NH Employees	<u>271,331</u>	<u>(7,594)</u>	<u>263,737</u>
8	Service Company Benefits			
9	Pro Forma Wages to Expense	\$ 136,836	\$ (3,986)	\$ 132,850
10	Customer service labor to expense	86,832	(2,529)	84,303
11	IT labor to expense	53,381	(1,555)	51,826
12	Service Company Labor	<u>\$ 277,049</u>	<u>\$ (8,069)</u>	<u>\$ 268,980</u>
13	Benefits Overhead Rate	52.0%	-0.7%	51.3%
14	Service Company Benefits	<u>144,066</u>	<u>(6,160)</u>	<u>137,906</u>
15	Total Employee Welfare	\$ 415,397	\$ (13,754)	\$ 401,643
16	NH Income Tax	7.70%		7.70%
17	Effect on NH income tax expense	<u>\$ (31,986)</u>	\$ 1,059	<u>\$ (30,927)</u>
18	Federal Taxable	\$ 383,411		\$ 370,716
19	Federal Income Tax Rate	21%		21%
20	Effect on Federal income tax expense	<u>\$ (80,516)</u>	\$ 2,666	<u>\$ (77,850)</u>
21	Total Taxes	<u>\$ (112,502)</u>	<u>\$ 3,725</u>	<u>\$ (108,777)</u>
22	Impact to Net Operating Income	<u>\$ (302,895)</u>	<u>\$ 10,029</u>	<u>\$ (292,866)</u>

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Aquarion Water Company of New Hampshire, Inc.
Adjustment 8

Benefits Overhead Ratio Workpaper

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1		2018 Actual		
2	Payroll taxes	2,138,422		2,138,422
3	Fringe Benefits, Interdivision Allocation	(510,504)		(510,504)
4	Benefits, Recreational	38,373	(38,373)	-
5	Fringe Benefits Cleared	(2,558,501)		(2,558,501)
6	Pensions	2,958,144		2,958,144
7	Thrift Plan	1,059,818		1,059,818
8	Supplemental Pension Expense	16,568	(16,568)	-
9	FAS 106 Expense	104,388		104,388
10	Benefits - Medical Plan	6,793,550		6,793,550
11	Employee contribution medical plan	(773,317)		(773,317)
12	Social and Recreation	31,658	(31,658)	-
13	Auto Allowance	-		-
14	Death Benefit	82,500		82,500
15	Group Life Insurance	102,598		102,598
16	Long and Short Term Disability	62,248		62,248
17	Seminars and Conferences - Non-Labor	11,645		11,645
18	Benefits - Tuition Reimbursement	91,729		91,729
19	Compliance Training - Non-Labor	25,102		25,102
20	Non Compliance Training - Non-Labor	72,521		72,521
21	Service Awards	30,415		30,415
22	Misc. Expense	66,277		66,277
23	Medical Opt-Out	64,311		64,311
24	IT Training-AWC Emp	-		-
25	Pension Expense	2,295,362		2,295,362
26	OPEB Exp - Other Com	838,613		838,613
27	CY Deferral - MA	-		-
28	CY Deferral - MA	-		-
29	Amort-PY Deferral - MA	-		-
30	Amort-PY Deferral - MA	-		-
31	Cap Pension - Other	546,994		546,994
32	Cap Pension - Other	(546,994)		(546,994)
33	Wellness	3,686		3,686
34	Total 926's	10,907,184		10,820,585
35	Less 2018 Pension and OPEB	-		-
36	Add 2019 Pension and OPEB	-		-
37	Exclude Interdivisional Allocation	510,504		510,504
38	Add back fringes cleared	2,558,501		2,558,501
39	Less: Amortization of PSC-OPEB	-		-
40		13,976,189		13,889,590
41	Total wages	27,090,862		27,090,862
42	Total wages	27,090,862		27,090,862
43	Fringes as a percent of wages	51.59%		51.27%
44	Taxes as a percent of wages	7.89%		7.89%

Notes and Sources

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Schedule 3.9

Adjustment 9

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Remove Supplemental Executive Retirement Plan Costs (SERP)

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	SERP	\$ 21,018	\$ (21,018)	\$ -
2	NH Income Tax	7.70%		7.70%
3	Effect on NH income tax expense	\$ (1,618)	\$ 1,618	\$ -
4	Federal Taxable	\$ 19,400		\$ -
5	Federal Income Tax Rate	21%		21%
6	Effect on Federal income tax expense	\$ (4,074)	\$ 4,074	\$ -
7	Total Taxes	\$ (5,692)	\$ 5,692	\$ -
8	Impact to Net Operating Income	\$ (15,326)	\$ 15,326	\$ -

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Aquarion Water Company of New Hampshire, Inc.

Adjustment 10

Sharing of D&O Liability Insurance

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	D&O Insurance - Corporate Costs	\$ 22,395		\$ 22,395
2	Allocation Factor	4.38%		4.38%
3	D&O Insurance - AWC-NH Share	\$ 981		\$ 981
4	Allocation to Ratepayers	100%	-50%	50%
5	Total	\$ 981	\$ (490)	\$ 490
6	NH Income Tax	7.70%		7.70%
7	Effect on NH income tax expense	\$ (76)	\$ 38	\$ (38)
8	Federal Taxable	\$ 905		\$ 452
9	Federal Income Tax Rate	21%		21%
10	Effect on Federal income tax expense	\$ (190)	\$ 95	\$ (95)
11	Total Taxes	\$ (266)	\$ 133	\$ (133)
12	Impact to Net Operating Income	\$ (715)	\$ 357	\$ (357)

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Schedule 3.11

Aquarion Water Company of New Hampshire, Inc.

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Adjustment 11

Normalize Legal Expenses

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	NH WICA Legal Expense	\$ 9,680	\$ 750	\$ 10,430
2	General Legal Expenses 2019	27,776	(12,795)	14,981
3	Legal Fees	\$ 37,456	\$ (12,045)	\$ 25,411
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	\$ (2,884)	\$ 927	\$ (1,957)
6	Federal Taxable	\$ 34,572		\$ 23,454
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	\$ (7,260)	\$ 2,335	\$ (4,925)
9	Total Taxes	\$ (10,144)	\$ 3,262	\$ (6,882)
10	Impact to Net Operating Income	\$ (27,312)	\$ 8,783	\$ (18,529)

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Aquarion Water Company of New Hampshire, Inc.

Adjustment 12

Remove Lobbying Expenses

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	National Association of Water Companies-Lobbying	\$ 1,583	\$ (1,583)	\$ -
2	NH Income Tax	7.70%		7.70%
3	Effect on NH income tax expense	\$ (122)	\$ 122	\$ -
4	Federal Taxable	\$ 1,461		\$ -
5	Federal Income Tax Rate	21%		21%
6	Effect on Federal income tax expense	\$ (307)	\$ 307	\$ -
7	Total Taxes	\$ (429)	\$ 429	\$ -
8	Impact to Net Operating Income	\$ (1,154)	\$ 1,154	\$ -

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Aquarion Water Company of New Hampshire, Inc.

Schedule 3.13

Adjustment 13

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Amortization of Expert Fees

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Blue Ridge 2017 Tax Act Study	\$ 10,284		\$ 10,284
2	Amortization Period - Years	1.00	2.00	3.00
3	Annual Recovery	\$ 10,284	\$ (6,856)	\$ 3,428
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	<u>\$ (792)</u>	\$ 528	<u>\$ (264)</u>
6	Federal Taxable	\$ 9,492		\$ 3,164
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	<u>\$ (1,993)</u>	\$ 1,329	<u>\$ (664)</u>
9	Total Taxes	<u>\$ (2,785)</u>	<u>\$ 1,857</u>	<u>\$ (928)</u>
10	Impact to Net Operating Income	<u>\$ (7,499)</u>	<u>\$ 4,999</u>	<u>\$ (2,500)</u>

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Aquarion Water Company of New Hampshire, Inc.

Schedule 3.14

Adjustment 14

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Convert to Whole Life Depreciation Methodology

<u>Line</u>	<u>Description</u>	<u>Company Proposed (A)</u>	<u>Adjustment (B)</u>	<u>Adjusted Amount (C)</u>
1	Depreciation Expense-Remaining Life	\$ 1,084,342	\$ (1,084,342)	\$ -
2	Depreciation Expense-Whole Life		1,059,412	1,059,412
3	Total Depreciation	\$ 1,084,342	\$ (24,930)	1,059,412
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	<u>\$ (83,494)</u>	\$ 1,919	<u>\$ (81,575)</u>
6	Federal Taxable	\$ 1,000,848		\$ 977,837
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	<u>\$ (210,178)</u>	\$ 4,832	<u>\$ (205,346)</u>
9	Total Taxes	<u>\$ (293,672)</u>	<u>\$ 6,751</u>	<u>\$ (286,921)</u>
10	Impact to Net Operating Income	<u>\$ (790,670)</u>	<u>\$ 18,179</u>	<u>\$ (772,491)</u>

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Aquarion Water Company of New Hampshire, Inc.

Adjustment 15

Amortization of Theoretical Depreciation Reserve Imbalance

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Depreciation Reserve Imbalance			
2	Calculated Accrued Depreciation	\$ -	\$ 12,500,837	\$ 12,500,837
3	Book Depreciation Reserve		12,648,397	12,648,397
4	Reserve Imbalance	\$ -	\$ (147,560)	\$ (147,560)
5	Amortization Period - Years		10	10
6	Annual Recovery	\$ (24,975)	\$ 10,219	\$ (14,756)
7	Total Depreciation and Amortization	<u>\$ (24,975)</u>	<u>\$ 10,219</u>	<u>\$ (14,756)</u>
8	NH Income Tax	7.70%		7.70%
9	Effect on NH income tax expense	<u>\$ 1,923</u>	<u>\$ (787)</u>	<u>\$ 1,136</u>
10	Federal Taxable	\$ (23,052)		\$ (13,620)
11	Federal Income Tax Rate	21%		21%
12	Effect on Federal income tax expense	<u>\$ 4,841</u>	<u>\$ (1,981)</u>	<u>\$ 2,860</u>
13	Total Taxes	<u>\$ 6,764</u>	<u>\$ (2,768)</u>	<u>\$ 3,996</u>
14	Impact to Net Operating Income	<u>\$ 18,211</u>	<u>\$ (7,451)</u>	<u>\$ 10,760</u>

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

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Aquarion Water Company of New Hampshire, Inc.

Adjustment 16

Remove Customer Assistance Program

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Customer Assistance Program	\$ 10,000	\$ (10,000)	\$ -
2	NH Income Tax	7.70%		7.70%
3	Effect on NH income tax expense	\$ (770)	\$ 770	\$ -
4	Federal Taxable	\$ 9,230		\$ -
5	Federal Income Tax Rate	21%		21%
6	Effect on Federal income tax expense	\$ (1,938)	\$ 1,938	\$ -
7	Total Taxes	\$ (2,708)	\$ 2,708	\$ -
8	Impact to Net Operating Income	\$ (7,292)	\$ 7,292	\$ -

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

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Aquarion Water Company of New Hampshire, Inc.

Adjustment 17

Eversource Aquarion Merger Costs Recovery Amortization

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Investment Banker	\$ 3,016,667	\$ -	\$ 3,016,667
2	Legal Services	1,548,167	-	1,548,167
3	Other Outside Services	977,009	-	977,009
4	Application Approval Fees	125,000	-	125,000
5	Environmental Outside Services	27,177	-	27,177
6	Printing Services for Bill Inserts	9,486	-	9,486
7	Other Outside Services	3,238	-	3,238
8	Total Merger Transaction Cost	\$ 5,706,744		\$ 5,706,744
9	Allocation % for AWC NH	4.38%		4.38%
10	Cost allocated to AWC NH	\$ 249,671		\$ 249,671
11	Years to amortize	10.00	10	20.00
12	Amortization of Merger Costs Recovery	\$ 24,967	\$ (12,484)	\$ 12,484
13	NH Income Tax	7.70%		7.70%
14	Effect on NH income tax expense	\$ (1,922)	\$ 961	\$ (961)
15	Federal Taxable	\$ 23,045		\$ 11,523
16	Federal Income Tax Rate	21%		21%
17	Effect on Federal income tax expense	\$ (4,839)	\$ 2,419	\$ (2,420)
18	Total Taxes	\$ (6,761)	\$ 3,380	\$ (3,381)
19	Impact to Net Operating Income	\$ (18,206)	\$ 9,104	\$ (9,103)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

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Aquarion Water Company of New Hampshire, Inc.

Adjustment 18

Interest Synchronization

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Rate Base	\$ 36,091,050	(6,759,817)	29,331,233
2	Interest Component of Rate of Return	2.5900%		2.5900%
3	Interest Attributable to Rate Base	934,758		759,679
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	\$ (71,976)	\$ 13,481	\$ (58,495)
6	Federal Taxable	\$ 862,782		\$ 701,184
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	\$ (181,184)	\$ 33,935	\$ (147,249)
9	Total Taxes	\$ (253,160)	\$ 47,416	\$ (205,744)
10	Impact to Net Operating Income	\$ 253,160	\$ (47,416)	\$ 205,744
11	Weighted Cost			
12	Long-Term Debt	2.5900%		2.5900%
13	Short-Term Debt	0.0000%		0.0000%
14	Interest Component of Rate of Return	2.5900%		2.5900%

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DW 20-184

Aquarion Water Company of New Hampshire, Inc.

Schedule 3.19

Adjustment 19

Page 1 of 1

Shared facility flow through due to reduction of CS and IT labor cost

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Shared facility	\$ 46,737	\$ (797)	\$ 45,940
2	NH Income Tax	7.70%		7.70%
3	Effect on NH income tax expense	\$ (3,599)	\$ 62	\$ (3,537)
4	Federal Taxable	\$ 43,138		\$ 42,403
5	Federal Income Tax Rate	21%		21%
6	Effect on Federal income tax expense	\$ (9,059)	\$ 154	\$ (8,905)
7	Total Taxes	\$ (12,658)	\$ 216	\$ (12,442)
8	Impact to Net Operating Income	\$ (34,079)	\$ 581	\$ (33,498)

DEPRECIATION EXPENSE

Aquarion Water Company of New Hampshire, Inc.
Case No. DW 20-184

Test Year: Twelve Months Ended 12/31/19
Schedule No. 1R
Page 1 of 1

Line No.	Description	NH PUC ACCT	Test Year Plant	Pro Forma Additions	Retirements	Pro Forma Utility Plant	Present Annual Rate	Depreciation Amount	Proposed Annual Rate (WL)	Pro Forma Depreciation Amount
1										
2	Organization	101301	\$ 17,700			\$ 17,700	5.00%	\$ 885	5.00%	885
3	Miscellaneous Intangible Plant	101303	-			-	3.33%	-	-	-
4	Source Land and Land Rights	101310	635,643			635,643	0.00%	-	-	-
5	Source Structures and Improvements	101311	642,550			642,550	2.75%	17,670	2.50%	16,064
6	Collecting and Impounding Reservoirs	101312	-			-	0.00%	-	-	-
7	Wells and Springs	101314	3,140,638			3,140,638	3.50%	109,922	3.49%	109,608
8	Supply Mains	101316	137,490			137,490	1.20%	1,650	1.75%	2,406
9										
10	Other Water Source Plant	101317								
11	2008 and Prior		1,644,017			1,644,017	5.00%	82,201	4.33%	71,186
12	2009 and Subsequent		79,244			79,244	5.00%	3,962	5.00%	3,962
13			<u>1,723,261</u>			<u>1,723,261</u>		<u>86,163</u>		<u>75,148</u>
14										
15	Pumping Land and Land Rights	101320	-			-	0.00%	-	-	-
16	Pumping Structures and Improvements	101321	1,392,388			1,392,388	2.75%	38,291	2.50%	34,810
17	Electric Pumping Equipment	101325	907,573			907,573	3.43%	31,130	4.20%	38,118
18	Diesel Pumping Equipment	101326	-			-	3.50%	-	-	-
19	Other Pumping Equipment	101328	32,076			32,076	4.40%	1,411	4.20%	1,347
20	Treatment Structures and Improvements	101331	58,588			58,588	2.75%	1,611	2.50%	1,465
21	Treatment Equipment	101332	231,134			231,134	3.50%	8,090	4.00%	9,245
22	T&D Land and Land Rights	101340	314,551			314,551	0.00%	-	-	-
23	T&D Structures and Improvements	101341	32,894			32,894	2.75%	905	2.50%	822
24	Distribution Reservoirs and Standpipes	101342	2,708,344			2,708,344	2.00%	54,167	1.85%	50,104
25	Transmission and Distribution Mains	101343	26,634,035			26,634,035	1.20%	319,608	1.24%	330,262
26	Services	101345	5,731,679			5,731,679	1.85%	106,036	2.33%	133,548
27	Meters	101346	1,620,461			1,620,461	3.80%	61,578	6.34%	102,737
28	Meter Installations	101347	198,719			198,719	3.80%	7,551	2.22%	4,412
29	Hydrants	101348	709,986			709,986	2.40%	17,040	2.22%	15,762
30	Other T&D Plant	101349	178,436			178,436	5.00%	8,922	3.33%	5,942
31	General Structures and Improvements	101390	566,029			566,029	2.75%	15,566	3.33%	18,849
32										
33	Office Furniture and Equipment	101391								
34	Fully Accrued		4,413			4,413	7.46%	329	-	-
35	Amortized		2,237			2,237	7.46%	167	5.00%	112
36			<u>6,650</u>			<u>6,650</u>		<u>496</u>		<u>112</u>
37										
38	Computer Equipment - Hardware	101391H								
39	Fully Accrued		144,392			144,392	0.00%	-	-	-
40	Amortized		40,021			40,021	20.00%	8,004	20.00%	8,004
41			<u>184,413</u>			<u>184,413</u>	20.00%	<u>8,004</u>		<u>8,004</u>
42										
43	Computer Equipment - Software	101391S								
44	Fully Accrued		368,220			368,220	0.00%	-	-	-
45	Amortized		51,075			51,075	0.00%	-	20.00%	10,215
46			<u>419,295</u>			<u>419,295</u>	20.00%	<u>-</u>		<u>10,215</u>
47										
48	Transportation Equipment	101392	644,403			644,403	11.25%	72,495	9.50%	61,218
49	Stores Equipment	101393	331			331	5.00%	17	-	-
50										
51	Tools, Shop, and Garage Equipment	101394								
52	Fully Accrued		38,703			38,703	5.00%	1,935	-	-
53	Amortized		49,147			49,147	5.00%	2,457	5.00%	2,457
54			<u>87,849</u>			<u>87,849</u>		<u>4,392</u>		<u>2,457</u>
55										
56	Laboratory Equipment	101395	-			-	6.67%	-	-	-
57	Power Operated Equipment	101396	109,715			109,715	6.67%	7,318	6.67%	7,318
58	Communications Equipment	101397	51,553			51,553	10.00%	5,155	10.00%	5,155
59										
60	Miscellaneous Equipment	101398								
61	Fully Accrued		18,577			18,577	6.67%	1,239	-	-
62	Amortized		200,883			200,883	6.67%	13,399	6.67%	13,399
63			<u>219,461</u>			<u>219,461</u>		<u>14,638</u>		<u>13,399</u>
64										
65			<u>\$ 49,337,846</u>		<u>\$ -</u>	<u>\$ 49,337,846</u>		<u>\$ 1,000,711</u>		<u>\$ 1,059,412</u>
66										
67										
68										
69										
70										
71										
72										
73										

Effective Date of Permanent and Step I Rates

The Settling Parties recognize that the agreed-upon permanent rates will result in a decrease to current customer rates, a total of \$305,227. The Settling Parties further recognize that the agreed-upon Step I rates would result in a subsequent increase to customer rates of approximately \$1.56 million, if implemented separately from the permanent rate increase. The Settling Parties also recognize that approval of Step I rates could extend beyond the final hearing for permanent rates for the period of time that the Commission reviews the Company's Step I adjustment project documentation. The Company's proposed Step I adjustment will also be subject to audit by the Department of Energy Audit Staff.

As such, the Settling Parties agree that instead of implementing the rates on different effective dates, which would result in a rate decrease followed some time thereafter by a rate increase, the Settling Parties agree that the effective date for both the permanent rate decrease and Step I rate increase should be realized on the same date. This will aid in maintaining rate stabilization and avoid customer confusion. Thus, the net increase in the Company's revenue requirement will be approximately \$1.3 million (subject to final determination of the Step I amount) as of the date when both the permanent rate and the Step I revenue requirement adjustments have been approved by Order(s) of the Commission.

Temp-to-Perm Recoupment

The Settling Parties recognize that the Commission authorized temporary rates for the Company at its current rates, for service rendered as of February 1, 2021. *Aquarion Water Company of New Hampshire, Inc.*, Order No. 26,488 at 1 (26,488). As the Settling Parties agree that the permanent rate revenue requirement adjustment will be realized as a decrease in current customer rates, Aquarion customers will receive a credit for the difference between the current rates and the ultimately approved permanent rates.

Per the section above, the Settling Parties agree, subject to Commission approval, that the effective date that the new permanent rates shall go into effect shall be the same date upon which the Commission issues its order approving the Step I adjustment. As such, the time period for the temp-to-perm recoupment shall also be from February 1, 2021 through the date of the Commission's order approving Step I rates. The Settling Parties further recognize that this time-period may extend beyond the 18-month tariff suspension period relative to the investigation of the Company's rate filing (July 29, 2022 per *Aquarion Water Company of New Hampshire, Inc.*, Order No. 26,449 (January 29, 2021)). The Settling Parties also agree that the temp-to-perm recoupment will apply solely to the permanent rate revenue requirement decrease, which will result in a credit to customers, and not the Step I increase and its resulting rate increase (which, if implemented, would result in a surcharge to customers).

The Company agrees to submit its filing to commence review of the Step I adjustment, including project documentation, within 14 days of execution and filing of this Settlement Agreement with the Commission. The Company reserves the right to request the Commission to issue an order on

the Step I adjustment on or before July 1, 2022, or as soon as possible thereafter, provided that the Department of Energy Audit Division and the Department of Energy Regulatory Division has completed its audit and review of the Step I adjustment filing.

The Company agrees to submit its calculation of rate case expense and proposed surcharge within 30 days of the Commission's order approving the Settlement Agreement.

The Company agrees to submit its temp-to-perm recoupment filing within 30 days of the Commission's order approving the Step I adjustment. The Settling Parties further agree that the resulting customer credits will be issued over a 12-month period.

The Company agrees to submit its property tax reconciliation mechanism filing within 30 days of the Commission's order approving the Step I adjustment. The filing will include a reconciliation of local property taxes paid in relation to the 2020 and 2021 property tax years to the amount of local property taxes reflected in the permanent rate revenue requirement. The Settling Parties agree that the property tax will be recovered through a surcharge, which will become effective no sooner than after the issuance of a Commission order approving the Step I adjustment.

Illustrative Table of Rate Timing

14 Days After Filing of Settlement Agreement (Company files Step I petition)

June – August 2022 (Audit and review undertaken of Step I petition)

July 2022 (Order issued regarding Settlement Agreement): Settlement Agreement/permanent rate decrease is approved, but not applied to customers

July 2022 (Company files calculation of rate case expense)

July- September 2022 (Review of rate case expense)

September 2022 (Order issued regarding Step I): Step I revenue requirement approved, as offset by permanent rate decrease; Aquarion authorized to start charging rates based on increased revenue requirement

(Company calculates customer credits from recoupment: February 1, 2021 to September 2022 (date of approval of Step I increase))

September 2022 (Company files temp to perm recoupment and property tax reconciliation)

September - October (Review of temp-perm recoupment and property tax reconciliation)

Fall 2022 (Order Issued for temp-to-perm/rate case expenses/property tax adjustment) Company begins to issue customer credits and recoupments for temp-perm, rate case expenses and property tax reconciliation. The temp-to-perm and rate case expense will be implemented over 12 month period

**Aquarion Water Company of New Hampshire
Step Adjustment Filing**

Docket No. 20-184

CALCULATION OF STEP ADJUSTMENT

Line	<u>Schedule Ref.</u>	
1		
2		\$ 12,878,964
3		(428,250)
4		(356,134)
5		
6		<u>\$ 12,094,580</u>
7		
8		<u>7.54%</u>
9		
10	Line 6 x Line 8	\$ 911,931
11		
12		
13		
14		
15		(a) (b) (c) (d)
16		Weighted Tax Pre tax Tax Gross Up
17		Cost Multiplier Cost Col (c) - Col (a)
18	Debt	2.59% 1.00 2.59% 0.00%
19	Equity	<u>4.95% 1.37 6.79% 1.84%</u>
20		
21		7.54% 9.38% 1.84%
22		
23	Total Eligible Investment (Line 6 above)	\$ 12,094,580
24		
25		
26	Income Tax Expense	Line 21 (d) x Line 23 222,540
27		
28	Depreciation Expense	Page 3, Line 29, Column F 309,418
29		
30	Property Tax Expense	Page 3, Line 29, Column I 73,105
31		
32	Revenue requirement for payroll increase and payroll benefits	
33	effective April 2021 per Settlement Agreement	Page 4, Line 6 44,442
34		
35	Total revenue requirement for step adjustment (Line 10 + Lines 26 through 32)	<u>\$ 1,561,436</u>
36		
37		
38	Total Approved water revenue per Docket 20-184	\$ 7,311,566
39	Exclude: Misc revenues	(227,665)
40	Revenues step adjustment to be applied against	<u>\$ 7,083,901</u>
41		
42	Step adjustment as % of allowed water revenue per perm rates (line 35 / line 40)	22.04%

**Aquarion Water Company of New Hampshire
Step Adjustment Filing
Non-Revenue Generating Plant Additions for Year 2020**

Docket No. 20-184

Line No.	A NH PUC Code	B Depr Rate	C Plant Description	D Total Capital Costs	E Total Retirements	F = (D-E) x B Depreciation Expense	G Accumulated Depreciation	H State Rate	I = (D - E - G)/1000*H Prop. Tax Expense	Depr Rate for 2020-2021
1	<u>2020 Additions</u>									
2										
3	303	0.00%	Source Land and Land Rights	\$ 193,875	\$ -	\$ -	\$ -	6.60	\$ 1,280	-
4	304	2.50%	Source Structures and Improvements	\$ 11,715	\$ 12,832	\$ (28)	\$ (46)	6.60	\$ (7)	2.75
5	307	3.49%	Wells and Springs	\$ 1,316,322	\$ 65,387	\$ 43,658	\$ 65,674	6.60	\$ 7,823	3.50
6	339	4.33%	Other Water Source Plant - 2008 and prior	\$ -	\$ 72,502	\$ (3,139)	\$ (5,438)	6.60	\$ (443)	5.00
7	339	5.00%	Other Water Source Plant - 2009 and subsequent	\$ 12,539	\$ -	\$ 627	\$ 940	6.60	\$ 77	5.00
8	304	2.50%	Pumping Structures and Improvements	\$ 11,850	\$ 15,092	\$ (81)	\$ (134)	6.60	\$ (21)	2.75
9	311	4.20%	Electric Pumping Equipment	\$ 85,946	\$ 70,957	\$ 630	\$ 771	6.60	\$ 94	3.43
10	304	2.50%	Treatment Structures and Improvements	\$ 851,538	\$ -	\$ 21,288	\$ 35,126	6.60	\$ 5,388	2.75
11	320	4.00%	Treatment Equipment	\$ 2,160,063	\$ 1,635	\$ 86,337	\$ 113,317	6.60	\$ 13,498	3.50
12	304	2.50%	T&D Structures and Improvements	\$ 8,731	\$ -	\$ 218	\$ 360	6.60	\$ 55	2.75
13	330	1.85%	Distribution Reservoirs and Standpipes	\$ 5,072	\$ -	\$ 94	\$ 152	6.60	\$ 32	2.00
14	331	1.24%	Transmission and Distribution Mains	\$ 3,689,335	\$ 142,429	\$ 43,982	\$ 63,844	6.60	\$ 22,988	1.20
15	333	2.33%	Services	\$ 172,742	\$ -	\$ 4,025	\$ 4,794	6.60	\$ 1,108	1.85
16	334	6.34%	Meters	\$ 88,278	\$ 191,153	\$ (6,522)	\$ (5,864)	6.60	\$ (640)	3.80
17	335	2.22%	Hydrants	\$ 8,100	\$ -	\$ 180	\$ 292	6.60	\$ 52	2.40
18	339	3.33%	Other T&D Plant	\$ -	\$ 3,741	\$ (125)	\$ (281)	6.60	\$ (23)	5.00
19	340	5.00%	Office Furniture and Equipment	\$ 2,316	\$ -	\$ 116	\$ 259	6.60	\$ 14	7.46
20	340	20.00%	Computer Equipment - Hardware	\$ 65,248	\$ 238	\$ 13,002	\$ 19,503	6.60	\$ 300	20.00
21	340	20.00%	Computer Equipment - Software	\$ 40,253	\$ -	\$ 8,051	\$ 12,076	6.60	\$ 186	20.00
22	341	9.50%	Transportation Equipment	\$ 43,022	\$ 28,945	\$ 1,337	\$ 2,375	6.60	\$ 77	11.25
23	343	5.00%	Tools, Shop, and Garage Equipment	\$ 1,344	\$ 9,893	\$ (427)	\$ (641)	6.60	\$ (52)	5.00
24	345	6.67%	Power Operated Equipment	\$ -	\$ -	\$ -	\$ -	6.60	\$ -	6.67
25	347	6.67%	Miscellaneous Equipment	\$ 83,560	\$ 1,635	\$ 5,464	\$ 8,197	6.60	\$ 487	6.67
26										
27				\$ 8,851,849	\$ 616,441	\$ 218,685	\$ 315,278		\$ 52,273	
28										

**Aquarion Water Company of New Hampshire
Step Adjustment Filing
Non-Revenue Generating Plant Additions for Year 2021**

Docket No. 20-184

Line No.	A NH PUC Acct	B Depr Rate	C Plant Description	D Total Capital Costs	E Retirements / Adjustments	F = (D-E) x B Depreciation Expense	G Accumulated Depreciation	H State Rate	I = (D - E - G)/1000*H Prop. Tax Expense	Depr Rate for 20
1	<u>2021 Additions</u>									
2										
3	303	0.00%	Source Land and Land Rights	\$ 1,940	\$ -	\$ -	\$ -	6.60	\$ 13	-
4	304	2.50%	Source Structures and Improvements	\$ -	\$ -	\$ -	\$ -	6.60	\$ -	2.75
5	307	3.49%	Wells and Springs	\$ 31,236	\$ 54,073	\$ (797)	\$ (400)	6.60	\$ (148)	3.50
6	339	4.33%	Other Water Source Plant - 2008 and prior	\$ -	\$ 14,520	\$ (629)	\$ (363)	6.60	\$ (93)	5.00
7	339	5.00%	Other Water Source Plant - 2009 and subsequent	\$ 9,223		\$ 461	\$ 231	6.60	\$ 59	5.00
8	304	2.50%	Pumping Structures and Improvements	\$ 57,173	\$ -	\$ 1,429	\$ 786	6.60	\$ 372	2.75
9	311	4.20%	Electric Pumping Equipment	\$ 55,389	\$ 70,377	\$ (630)	\$ (257)	6.60	\$ (97)	3.43
10	304	2.50%	Treatment Structures and Improvements	\$ 576,504	\$ 54,644	\$ 13,047	\$ 7,176	6.60	\$ 3,397	2.75
11	320	4.00%	Treatment Equipment	\$ 1,504,446	\$ 429,922	\$ 42,981	\$ 18,804	6.60	\$ 6,968	3.50
12	304	2.50%	T&D Structures and Improvements	\$ -	\$ -	\$ -	\$ -	6.60	\$ -	2.75
13	330	1.85%	Distribution Reservoirs and Standpipes	\$ 2,534	\$ -	\$ 47	\$ 25	6.60	\$ 17	2.00
14	331	1.24%	Transmission and Distribution Mains	\$ 1,467,348	\$ 143,569	\$ 16,415	\$ 7,943	6.60	\$ 8,685	1.20
15	333	2.33%	Services	\$ 80,884	\$ 50,997	\$ 696	\$ 276	6.60	\$ 195	1.85
16	334	6.34%	Meters	\$ 150,329	\$ -	\$ 9,531	\$ 2,856	6.60	\$ 973	3.80
17	335	2.22%	Hydrants	\$ 10,964	\$ 42,519	\$ (701)	\$ (379)	6.60	\$ (206)	2.40
18	339	3.33%	Other T&D Plant	\$ 5,290	\$ (42,519)	\$ 1,592	\$ 1,195	6.60	\$ 308	5.00
19	340	5.00%	Office Furniture and Equipment	\$ -	\$ -	\$ -	\$ -	6.60	\$ -	7.46
20	340	20.00%	Computer Equipment - Hardware	\$ 16,604	\$ -	\$ 3,321	\$ 1,660	6.60	\$ 99	20.00
21	340	20.00%	Computer Equipment - Software	\$ 23,620	\$ -	\$ 4,724	\$ 2,362	6.60	\$ 140	20.00
22	341	9.50%	Transportation Equipment	\$ 2,874	\$ 80,909	\$ (7,413)	\$ (4,389)	6.60	\$ (486)	11.25
23	343	5.00%	Tools, Shop, and Garage Equipment	\$ -	\$ -	\$ -	\$ -	6.60	\$ -	5.00
24	345	6.67%	Power Operated Equipment	\$ -	\$ 11,845	\$ (790)	\$ (395)	6.60	\$ (76)	6.67
25	347	6.67%	Miscellaneous Equipment	\$ 30,757	\$ (80,909)	\$ 7,448	\$ 3,724	6.60	\$ 712	6.67
26										
27				\$ 4,027,114	\$ 829,947	\$ 90,733	\$ 40,856		\$ 20,832	
28										
29										
30			TOTAL	\$ 12,878,964	\$ 1,446,388	\$ 309,418	\$ 356,134		\$ 73,105	

Aquarion Water Company of New Hampshire
Step Adjustment Filing

Docket No. 20-184

Employee wage, salary and benefit adjustment

Line		
1	Total Wages and Salaries	
2	Appendix 5 to Settlement Agreement, row 21	\$(30,688)
3		
4	Employee welfare	
5	Appendix 5 to Settlement Agreement, row 15	<u>\$(13,754)</u>
6		\$(44,442)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DW 20-184

Aquarion Water Company of New Hampshire, Inc.

Schedule 3.5

Adjustment 5

Page 1 of 1

Remove Payroll Increase 12-Months Past End of Test Year

Line	Description	Company Proposed			Adjustment (D)	Adjusted Amount (E)
		2020 (A)	Increase 2021 (B)	Proforma 2021 (C)		
1	AWC NH Employees					
2	Exempt - Non Union	\$ 128,141	\$ 3,844	\$ 131,985	\$ (3,844)	\$ 128,141
3	Non- Exempt Non-Union Wages	132,170	3,965	136,135	(3,965)	132,170
4	Union Employees	505,385	15,162	520,547	(15,162)	505,385
5	Base Wages	\$ 765,696	\$22,971	\$ 788,667	\$ (22,971)	\$ 765,696
6	Standby, OT, Shift Differential Wages	80,503	2,415	82,918	(2,415)	80,503
7	Total AWC NH Employees	\$ 846,199	\$25,386	\$ 871,585	\$ (25,386)	\$ 846,199
8	Percent Charged to Expense	89.1%	89.1%	89.1%	89.1%	89.1%
9	Pro Forma Wages Charged to Expense	\$ 753,963	\$22,619	\$ 776,582	\$ (22,619)	\$ 753,963
10	Service Company Employees					
11	Service Company Charged to Expense	\$ 132,850	\$ 3,986	\$ 136,836	(3,986)	\$ 132,850
12	Total Salaries and Wages	\$ 886,814	\$26,604	\$ 913,418	\$ (26,604)	\$ 886,814
13	AWC-CT Shared Customer Service/Collections					
14	AWC-CT Shared Customer Service/Collections Labor	\$ 2,508,468	\$75,254	\$ 2,583,722	(75,254)	\$ 2,508,468
15	% to AWC-NH	3.36%	3.36%	3.36%	3.36%	3.36%
16	Shared Labor to AWC-NH	\$ 84,303	\$ 2,529	\$ 86,832	\$ (2,529)	\$ 84,303
17	Shared Technology Costs					
18	IT Labor	\$ 1,169,537	\$35,086	\$ 1,204,623	(35,086)	\$ 1,169,537
19	% to AWC-NH	4.43%	4.43%	4.43%	4.43%	4.43%
20	Shared Labor to AWC-NH	\$ 51,826	\$ 1,555	\$ 53,381	\$ (1,555)	\$ 51,826
21	Total Wages and Salaries	\$ 1,022,943	\$30,688	\$ 1,053,631	\$ (30,688)	\$ 1,022,943

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DW 20-184
Schedule 3.8
Page 1 of 1

Aquarion Water Company of New Hampshire, Inc.

Adjustment 8

Remove Increase 12-mo Beyond Test Year and Modify Benefits Overhead Ratio

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	NH Employees			
2	Employee Medical Costs	\$ 211,697	\$ (7,438)	\$ 204,259
3	401K	48,956	-	48,956
4	Auto Allowance	5,346	-	5,346
5	Life Insurance	2,732	(80)	2,652
6	Long-Term Disability	2,600	(76)	2,524
7	Total Employee Welfare - NH Employees	271,331	(7,594)	263,737
8	Service Company Benefits			
9	Pro Forma Wages to Expense	\$ 136,836	\$ (3,986)	\$ 132,850
10	Customer service labor to expense	86,832	(2,529)	84,303
11	IT labor to expense	53,381	(1,555)	51,826
12	Service Company Labor	\$ 277,049	\$ (8,069)	\$ 268,980
13	Benefits Overhead Rate	52.0%	-0.7%	51.3%
14	Service Company Benefits	144,066	(6,160)	137,906
15	Total Employee Welfare	\$ 415,397	\$ (13,754)	\$ 401,643

Line	Description	Apr. 1, 2020 thru Mar. 31, 2021	Apr. 1, 2021 thru Mar. 31, 2022	Tax Years 2020 and 2021
1	Local Property Tax Allowed	\$ 494,861	\$ 494,861	\$ 989,723
2				
3	<u>Actual Taxes per Tax Year</u>			
4	Hampton	\$ 421,409	\$ 451,358	\$ 872,767
5	North Hampton	139,319	135,922	275,241
6	Rye	16,808	15,180	31,988
7	Stratham	15,969	15,070	31,039
8		\$ 593,505	\$ 617,530	\$ 1,211,035
9				
10	Local Property Tax Under/(Over) Recovery	\$ 98,644	\$ 122,669	\$ 221,313
11				
12	Total Approved water revenue per Docket 20-184			\$ 7,311,566
13	Step 1 revenue (to be incorporated into new base rates)			\$ 1,561,436
14	Exclude: Misc revenues			\$ (227,665)
15	Revenues property tax adjustment mechanism to be applied against			\$ 8,645,337
16	Property tax adjustment mechanism surcharge			2.56%

	Per Town's July Invoice			Per Town's December Invoice			Full Year Tax	Town Invoices			
	Assessed Value	Mill Rate	Calculated Tax \$	Assessed Value	Mill Rate	Calculated Tax \$		2020 1 st Installment	2020 2 nd Installment	Tax Year 2020	
Hampton	Town and county	18,436,300.00	6.86	63,237.00	22,488,100.00	6.81	89,907.00	153,144.00	127,910.00	182,709.00	310,619.00
	Precinct and county	6,102,000.00	7.81	23,828.00	7,494,800.00	7.31	30,959.00	54,787.00	45,674.00	62,476.00	108,150.00
	Town ed	24,538,300.00	7.16	87,847.00	29,982,900.00	7.12	125,631.00	213,478.00	1,517.00	1,502.00	3,019.00
	State ed	189,500.00	1.99	189.00	189,500.00	2.00	190.00	379.00			-
				175,101.00			246,687.00	421,788.00	175,101.00	246,687.00	421,788.00
State Ed			(189.00)	189,500.00	2.00	(190.00)	(379.00)	(189.00)	(190.00)	(379.00)	
			<u>174,912.00</u>			<u>246,497.00</u>	<u>421,409.00</u>	<u>174,912.00</u>	<u>246,497.00</u>	<u>421,409.00</u>	
N. Hampton	7 Mill Road	657,900.00	14.58	4,796.00	657,900.00	14.80	4,941.00	9,737.00	4,796.00	4,941.00	9,737.00
	Winnicut Road	218,000.00	14.58	1,589.00	218,000.00	14.80	1,637.00	3,226.00	1,589.00	1,637.00	3,226.00
	Winnicut Road - Rear	123,000.00	14.58	897.00	123,000.00	14.80	923.00	1,820.00	897.00	923.00	1,820.00
	Utility - Water	6,671,400.00	14.58	48,635.00	8,364,600.00	14.80	75,161.00	123,796.00	48,635.00	75,161.00	123,796.00
	Mill Road - Rear	2,000.00	16.68	17.00	2,000.00	16.91	17.00	34.00	17.00	17.00	34.00
	North Road - Rear	15,000.00	16.68	125.00	15,000.00	16.91	129.00	254.00	125.00	129.00	254.00
	Winnicut Road - Rear	33,000.00	16.68	275.00	33,000.00	16.91	283.00	558.00	275.00	283.00	558.00
				56,334.00			83,091.00	139,425.00	56,334.00	83,091.00	139,425.00
State Ed	50,000.00	(2.10)	(53.00)	50,000.00	(2.11)	(53.00)	(106.00)	(53.00)	(53.00)	(106.00)	
			<u>56,281.00</u>			<u>83,038.00</u>	<u>139,319.00</u>	<u>56,281.00</u>	<u>83,038.00</u>	<u>139,319.00</u>	
Rye	Town and County	1,903,800.00	4.06	3,864.72	2,114,200.00	4.07	4,740.07	8,604.79	7,653.28	9,154.61	16,807.89
	Town Ed	1,903,800.00	3.98	3,788.56	2,114,200.00	3.88	4,414.54	8,203.10			
			<u>7,653.28</u>			<u>9,154.61</u>	<u>16,807.89</u>	<u>7,653.28</u>	<u>9,154.61</u>	<u>16,807.89</u>	
Stratham	Town and County	1,024,400.00	4.18	2,141.00	931,700.00	3.92	1,511.00	3,652.00	8,584.00	7,385.00	15,969.00
	Town Ed	1,024,400.00	12.58	6,443.00	931,700.00	13.22	5,874.00	12,317.00			
			<u>8,584.00</u>			<u>7,385.00</u>	<u>15,969.00</u>	<u>8,584.00</u>	<u>7,385.00</u>	<u>15,969.00</u>	
			<u>247,430.28</u>			<u>346,074.61</u>	<u>593,504.89</u>	<u>247,430.28</u>	<u>346,074.61</u>	<u>593,504.89</u>	

		Per Town's July Invoice			Per Town's December Invoice			Full Year Tax	Town Invoices		
		Assessed Value	Mill Rate	Calculated Tax \$	Assessed Value	Mill Rate	Calculated Tax \$		2021 1 st Installment	2021 2 nd Installment	Tax Year 2021
Hampton	Town and County	22,488,100.00	6.81	76,572.00	24,062,000.00	6.80	87,050.00	163,622.00	155,310.00	176,518.00	331,828.00
	Precinct and County	7,494,800.00	7.31	27,393.00	7,957,500.00	7.59	33,004.00	60,397.00	54,075.00	62,821.00	116,896.00
	Town Ed	29,982,900.00	7.12	106,739.00	32,019,500.00	7.10	120,599.00	227,338.00	1,510.00	1,492.00	3,002.00
	State Ed	189,500.00	2.00	190.00	189,500.00	1.94	178.00	368.00			-
					210,894.00		240,831.00	451,725.00	210,895.00	240,831.00	451,726.00
	State Ed			(190.00)	189,500.00	2.00	(178.00)	(368.00)	(190.00)	(178.00)	(368.00)
				<u>210,704.00</u>		<u>240,653.00</u>	<u>451,357.00</u>	<u>210,705.00</u>	<u>240,653.00</u>	<u>451,358.00</u>	
N. Hampton	7 Mill Road	700,000.00	14.80	5,180.00	700,000.00	14.60	5,040.00	10,220.00	5,180.00	5,040.00	10,220.00
	Winnicut Road	218,000.00	14.80	1,613.00	218,000.00	14.60	1,570.00	3,183.00	1,613.00	1,570.00	3,183.00
	Winnicut Road - Rear	123,000.00	14.80	910.00	123,000.00	14.60	886.00	1,796.00	910.00	886.00	1,796.00
	Utility - Water	8,364,600.00	14.80	61,898.00	8,218,600.00	14.60	58,094.00	119,992.00	61,898.00	58,094.00	119,992.00
	Mill Road - Rear	2,000.00	16.90	17.00	2,000.00	16.57	16.00	33.00	17.00	16.00	33.00
	North Road - Rear	15,000.00	16.90	127.00	15,000.00	16.57	122.00	249.00	127.00	122.00	249.00
	Winnicut Road - Rear	33,000.00	16.90	279.00	33,000.00	16.57	268.00	547.00	279.00	268.00	547.00
				70,024.00			65,996.00	136,020.00	70,024.00	65,996.00	136,020.00
	State Ed	50,000.00	(2.10)	(53.00)	50,000.00	(1.97)	(45.00)	(98.00)	(53.00)	(45.00)	(98.00)
			<u>69,971.00</u>			<u>65,951.00</u>	<u>135,922.00</u>	<u>69,971.00</u>	<u>65,951.00</u>	<u>135,922.00</u>	
Rye	Town and County	2,114,200.00	4.07	4,302.40	1,869,500.00	3.78	2,764.31	7,066.71	8,403.95	6,776.39	15,180.34
	Town Ed	2,114,200.00	3.88	4,101.55	1,869,500.00	4.34	4,012.08	8,113.63			
				<u>8,403.95</u>			<u>6,776.39</u>	<u>15,180.34</u>	<u>8,403.95</u>	<u>6,776.39</u>	<u>15,180.34</u>
Stratham	Town and County	931,700.00	3.92	1,826.00	900,800.00	3.97	1,750.00	3,576.00	7,985.00	7,085.00	15,070.00
	Town Ed	931,700.00	13.22	6,159.00	900,800.00	12.76	5,335.00	11,494.00			
				<u>7,985.00</u>			<u>7,085.00</u>	<u>15,070.00</u>	<u>7,985.00</u>	<u>7,085.00</u>	<u>15,070.00</u>
			<u>297,063.95</u>			<u>320,465.39</u>	<u>617,529.34</u>	<u>297,064.95</u>	<u>320,465.39</u>	<u>617,530.34</u>	

PROPERTY TAX EXPENSE

Aquarion Water Company of New Hampshire, Inc.
Case No. DW 20-184

Test Year: Twelve Months Ended 12/31/19
Schedule No. 1T
Page 1 of 1

Line No.		<u>Assessed Value</u>	<u>Tax Rate</u>	
1				
2				
3	<u>Most Recent Property Tax Bills</u>			
4				
5	Hampton			
6	Town Area	18,436,300	14.02	\$ 258,477
7	Precinct Area	6,102,000	14.97	91,347
8				
9				
10	North Hampton			
11	Town Area	7,720,300	14.58	112,562
12				
13				
14	Rye	1,903,800	8.04	15,307
15	Stratham	1,024,400	16.76	17,169
16				
17				
18				
19				
28				
29				\$ 494,861
30				
31				
32				
33				
34				
35				
36				
37				
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39				
40				

Aquarion Water Company of New Hampshire

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Aquarion Water Company of New Hampshire

FUNCTIONAL ALLOCATION TO CUSTOMER CLASSES

Function	Total	Residential	Commercial	Industrial	PA	Seasonal	Fire Service	
							Capacity	Hydrants
Base	\$ 2,350,334	\$ 1,575,922	\$ 584,975	\$ 4,372	\$ 50,932	\$ 110,583	\$ 23,598	\$ -
Extra Capacity:								
Maximum Day	\$ 734,131	\$ 372,938	\$ 92,258	\$ 690	\$ 8,031	\$ 43,607	\$ 216,605	\$ -
Peak Hour	\$ 2,047,747	\$ 749,373	\$ 208,624	\$ 1,720	\$ 18,327	\$ 78,879	\$ 990,802	\$ -
Customer:								
Meters / Services	\$ 1,548,717	\$ 1,162,838	\$ 219,840	\$ 1,022	\$ 21,248	\$ 143,767	\$ -	\$ -
Billing & Accounting	\$ 332,783	\$ 304,899	\$ 22,732	\$ 53	\$ 1,581	\$ 2,409	\$ 1,108	\$ -
Hydrants	\$ 76,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,611
Total	\$ 7,090,321	\$ 4,165,970	\$ 1,128,430	\$ 7,857	\$ 100,120	\$ 379,246	\$ 1,232,113	\$ 76,611

Aquarion Water Company of New Hampshire

ALLOCATION OF PRO FORMA REVENUE REQUIREMENT TO FUNCTIONAL CLASSIFICATIONS

Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
UTILITY OPERATING INCOME	\$ 2,103,572	31	\$ 693,553	\$ 108,613	\$ 974,105	\$ 311,988	\$ 1,317	\$ 13,995
OPERATION & MAINTENANCE	2,930,954	64	1,016,338	439,193	289,321	821,614	330,815	33,674
DEPRECIATION	1,106,091	71	333,180	121,452	359,507	274,009	-	17,943
PROPERTY TAXES	722,272	41	229,122	46,843	318,646	116,689	-	10,972
PAYROLL TAXES	85,304	62	31,675	22,175	1,797	18,849	10,808	-
INCOME TAX	363,373	31	119,805	18,762	168,268	53,893	227	2,418
TOTAL OPERATING REVENUE	\$ 7,311,566	21	\$ 2,423,673	\$ 757,038	\$ 2,111,644	\$ 1,597,042	\$ 343,167	\$ 79,002
LESS:								
Late fee revenues	(30,345)	21	(10,059)	(3,142)	(8,764)	(6,628)	(1,424)	(328)
Antenna rental income	(163,510)	21	(54,201)	(16,930)	(47,223)	(35,715)	(7,674)	(1,767)
Misc. charge	(27,389)	21	(9,079)	(2,836)	(7,910)	(5,983)	(1,286)	(296)
REVENUE FROM SALES	\$ 7,090,321	21	\$ 2,350,334	\$ 734,131	\$ 2,047,747	\$ 1,548,717	\$ 332,783	\$ 76,611
PERCENTS	100.00%	21	33.15%	10.35%	28.88%	21.84%	4.69%	1.08%

Aquarion Water Company of New Hampshire

ALLOCATION OF RATE BASE ELEMENTS TO FUNCTIONAL CLASSIFICATIONS

Description	Total Amount	Code	Base	Extra - Capacity		Meters and Services	Billing and Accounting	Hydrants
				Maximum Day	Peak Hour			
UTILITY PLANT	\$ 49,288,169	41	\$ 15,635,386	\$ 3,196,582	\$ 21,744,551	\$ 7,962,918	\$ -	\$ 748,731
ACCUMULATED DEPRECIATION	\$ (13,570,352)	51	\$ (3,888,635)	\$ (1,350,945)	\$ (4,991,669)	\$ (2,900,551)	\$ -	\$ (438,552)
CONTRIBUTIONS IN AID OF CONSTRUCTION	\$ (2,431,613)	3	\$ (900,670)	\$ -	\$ (1,530,944)	\$ -	\$ -	\$ -
ADVANCES	\$ (652,006)	3	\$ (241,503)	\$ -	\$ (410,503)	\$ -	\$ -	\$ -
MATERIALS & SUPPLIES	\$ 163,416	41	\$ 51,840	\$ 10,598	\$ 72,095	\$ 26,401	\$ -	\$ 2,482
DEFERRED TAXES	\$ (3,736,572)	51	\$ (1,070,729)	\$ (371,980)	\$ (1,374,447)	\$ (798,662)	\$ -	\$ (120,754)
CASH WORKING CAPITAL	\$ 162,668	64	\$ 56,407	\$ 24,375	\$ 16,057	\$ 45,600	\$ 18,360	\$ 1,869
PREPAYMENTS	\$ 89,815	41	\$ 28,491	\$ 5,825	\$ 39,624	\$ 14,510	\$ -	\$ 1,364
DEFERRED DEBITS (Tank Painting)	\$ 17,710	5	-	-	17,710	-	-	-
TOTALS	\$ 29,331,235	31	\$ 9,670,588	\$ 1,514,455	\$ 13,582,475	\$ 4,350,217	\$ 18,360	\$ 195,141
PERCENTS	100.00%	31	32.97%	5.16%	46.31%	14.83%	0.06%	0.67%

Schedule 4

Aquarion Water Company of New Hampshire

ALLOCATION OF UTILITY PLANT TO FUNCTIONAL CLASSIFICATIONS

Account No.	Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
					Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
301	<u>Intangible Plant</u> Organization	\$ 17,700	1	17,700	-	-	-	-	-
	<u>Source of Supply Plant</u>								
310	Land & Land Rights (Supply)	\$ 635,643	1	635,643	-	-	-	-	-
311	Structures & Improvements	\$ 642,550	2	377,948	264,602	-	-	-	-
314	Wells & Springs	\$ 3,140,638	2	1,847,323	1,293,315	-	-	-	-
316	Supply Mains	\$ 137,490	2	80,872	56,618	-	-	-	-
317	Other Water Source Plant	\$ 1,723,261	2	1,013,622	709,639	-	-	-	-
	<u>Pumping Plant</u>								
321	Structures & Improvements	\$ 1,392,388	4	515,699	360,990	515,699	-	-	-
325	Electric Pumping Equipment	\$ 907,573	4	336,138	235,297	336,138	-	-	-
328	Other Pumping Equipment	\$ 32,076	4	11,880	8,316	11,880	-	-	-
	<u>Water Treatment Plant</u>								
331	Structures & Improvements	\$ 58,588	2	34,462	24,127	-	-	-	-
332	Water Treatment Equipment	\$ 231,134	2	135,953	95,181	-	-	-	-
	<u>Transmission and Distribution Plant</u>								
340	Land & Land Rights (T & D)	\$ 314,551	5	-	-	314,551	-	-	-
341	Structures & Improvements	\$ 32,894	42	8,553	-	17,165	6,559	-	617
342	Distribution Reservoirs & Standpipes	\$ 2,708,344	5	-	-	2,708,344	-	-	-
343	Transmission & Distribution Mains	\$ 26,584,357	3	9,846,846	-	16,737,511	-	-	-
345	Services	\$ 5,731,679	6	-	-	-	5,731,679	-	-
346	Meters	\$ 1,620,461	6	-	-	-	1,620,461	-	-
347	Meter Installation	\$ 198,719	6	-	-	-	198,719	-	-
348	Hydrants	\$ 709,986	8	-	-	-	-	-	709,986
349	Other T & D Plant	\$ 178,436	42	46,399	-	93,112	35,580	-	3,345
	<u>General Plant</u>								
390	Structures & Improvements	\$ 566,029	41	179,558	36,710	249,716	91,447	-	8,598
391	Office Equipment Electronics	\$ 6,650	41	2,110	431	2,934	1,074	-	101
391H	Computer Hardware	\$ 184,413	41	58,500	11,960	81,358	29,793	-	2,801
391S	Computer Software	\$ 419,295	41	133,010	27,193	184,981	67,741	-	6,369
392	Transportation Equipment	\$ 644,403	41	204,420	41,793	284,293	104,109	-	9,789
393	Stores Equipment	\$ 331	41	105	21	146	53	-	5
394	Tools, Shop & Garage Equipment	\$ 87,849	41	27,868	5,697	38,757	14,193	-	1,335
396	Power Operated Equipment	\$ 109,715	41	34,804	7,116	48,403	17,725	-	1,667
397	Communications Equipment	\$ 51,553	41	16,354	3,343	22,744	8,329	-	783
398	Miscellaneous Equipment	\$ 219,461	41	69,618	14,233	96,820	35,456	-	3,334
	TOTALS	\$ 49,288,169	41	\$ 15,635,386	\$ 3,196,582	\$ 21,744,551	\$ 7,962,918	\$ -	\$ 748,731
	PERCENTS	100.00%	41	31.72%	6.49%	44.12%	16.16%	0.00%	1.52%

Schedule 5

Aquarion Water Company of New Hampshire

ALLOCATION OF ACCUMULATED DEPRECIATION TO FUNCTIONAL CLASSIFICATIONS

Account No.	Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
					Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
	<u>Intangible Plant</u>								
301	Organization	\$ 9,085	2	\$ 5,343.80	\$ 3,741.20	\$ -	\$ -	\$ -	\$ -
303	Miscellaneous Intangible Plant	\$ (15,221)	2	(8,952.99)	(6,268.01)	-	-	-	-
	<u>Source of Supply Plant</u>								
311	Structures & Improvements	\$ 236,615	2	139,177	97,438	-	-	-	-
314	Wells & Springs	\$ 1,092,889	2	642,837	450,052	-	-	-	-
316	Supply Mains	\$ 47,489	2	27,933	19,556	-	-	-	-
317	Other Water Source Plant	\$ 949,236	2	558,341	390,895	-	-	-	-
	<u>Pumping Plant</u>								
321	Structures & Improvements	\$ 818,385	4	303,106	212,174	303,106	-	-	-
325	Electric Pumping Equipment	\$ (2,091)	4	(774)	(542)	(774)	-	-	-
326	Diesel Pumping Equipment	\$ 5,202	4	1,927	1,349	1,927	-	-	-
328	Other Pumping Equipment	\$ 29,058	4	10,762	7,534	10,762	-	-	-
	<u>Water Treatment Plant</u>								
331	Structures & Improvements	\$ (56,160)	2	(33,033)	(23,127)	-	-	-	-
332	Water Treatment Equipment	\$ 73,919	2	43,479	30,440	-	-	-	-
	<u>Transmission and Distribution Plant</u>								
341	Structures & Improvements	\$ 31,234	52	6,162	-	14,570	9,123	-	1,379
342	Distribution Reservoirs & Standpipes	\$ 1,124,468	5	-	-	1,124,468	-	-	-
343	Transmission & Distribution Mains	\$ 4,566,802	3	1,691,543	-	2,875,259	-	-	-
345	Services	\$ 2,284,927	6	-	-	-	2,284,927	-	-
346	Meters	\$ 32,560	6	-	-	-	32,560	-	-
347	Meter Installation	\$ 187,135	6	-	-	-	187,135	-	-
348	Hydrants	\$ 378,689	8	-	-	-	-	-	378,689
349	Other T & D Plant	\$ 91,531	52	18,057	-	42,696	26,736	0	4,042
	<u>General Plant</u>								
390	Structures & Improvements	\$ 101,931	51	29,209	10,147	37,494	21,787	-	3,294
391	Office Equipment Electronics	\$ 13,811	51	3,958	1,375	5,080	2,952	-	446
391H	Computer Hardware	\$ 261,346	51	74,890	26,017	96,133	55,861	-	8,446
391S	Computer Software	\$ 430,887	51	123,472	42,895	158,496	92,099	-	13,925
392	Transportation Equipment	\$ 557,492	51	159,751	55,499	205,066	119,159	-	18,016
393	Stores Equipment	\$ 4,810	51	1,378	479	1,769	1,028	-	155
394	Tools, Shop & Garage Equipment	\$ 56,417	51	16,167	5,616	20,752	12,059	-	1,823
395	Laboratory Equipment	\$ (508)	51	(146)	(51)	(187)	(109)	-	(16)
396	Power Operated Equipment	\$ 97,089	51	27,821	9,665	35,713	20,752	-	3,138
397	Communications Equipment	\$ 68,257	51	19,559	6,795	25,107	14,589	-	2,206
398	Miscellaneous Equipment	\$ 93,068	51	26,669	9,265	34,234	19,893	-	3,008
	TOTALS	\$ 13,570,352	51	\$ 3,888,635	\$ 1,350,945	\$ 4,991,669	\$ 2,900,551	\$ -	\$ 438,552
	PERCENTS	100.00%	51	28.66%	9.96%	36.78%	21.37%	0.00%	3.23%

Aquarion Water Company of New Hampshire

ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES TO FUNCTIONAL CLASSIFICATIONS

Account No.	Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
					Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
	<u>Source of Supply</u>								
601	Operation Labor & Expenses - Labor	\$ 126	2	74	52	-	-	-	-
603	Merchandise Expenses	\$ 70,268	2	41,332	28,936	-	-	-	-
604	Rent Expense	\$ 22,650	2	13,323	9,327	-	-	-	-
611	Maint of Structures & Improvemt	\$ 706	2	415	291	-	-	-	-
612	Maint of Supply Eqmt	\$ 35,594	2	20,937	14,658	-	-	-	-
614	Maint. Of Wells & Springs	\$ 5,141	2	3,024	2,117	-	-	-	-
	<u>Pumping</u>								
620	Supervision & Engineering - Labor	\$ 919	4	340	238	340	-	-	-
623	Power Purchased for Pumping	\$ 232,482	1	232,482	-	-	-	-	-
624	Pumping Labor and Expenses	\$ 134,799	4	49,926	34,948	49,926	-	-	-
626	Misc Expenses	\$ 11,656	4	4,317	3,022	4,317	-	-	-
631	Maint of Structures & Improvemt	\$ 16,228	4	6,010	4,207	6,010	-	-	-
632	Maint of Power Production Eqmt	\$ 8,041	4	2,978	2,085	2,978	-	-	-
633	Maint of Pumping Equipmt	\$ 14,950	4	5,537	3,876	5,537	-	-	-
	<u>Treatment</u>								
640	Supervision & Engineering - Labor	\$ 4,603	2	2,708	1,896	-	-	-	-
641	Chemicals	\$ 57,619	1	57,619	-	-	-	-	-
642	Treatment Labor and Expenses	\$ 84,175	2	49,512	34,663	-	-	-	-
643	Misc. Expense	\$ 12,658	2	7,445	5,212	-	-	-	-
651	Maint of Structures & Improvemt	\$ 5,364	2	3,155	2,209	-	-	-	-
652	Maint of Treatment Eqmt	\$ 26,342	2	15,494	10,848	-	-	-	-
	<u>Transmission & Distribution</u>								
662	T&D Lines Expense	\$ 34,770	3	12,879	-	21,891	-	-	-
663	Meter Expense	\$ 37,596	6	-	-	-	37,596	-	-
664	Customer Installations Expense	\$ 31,236	6	-	-	-	31,236	-	-
665	Misc Expenses	\$ 104,726	61	14,010	-	24,281	61,663	-	4,771
670	Maint Supervision & Engineering	\$ 600	61	80	-	139	353	-	27
671	Maint of Structures & Improvemt	\$ 58,108	61	7,774	-	13,473	34,215	-	2,647
672	Maint of Storage	\$ 1,431	5	-	-	1,431	-	-	-
673	Maint of Mains	\$ 81,099	3	30,039	-	51,060	-	-	-
675	Maint of Services	\$ 138,423	6	-	-	-	138,423	-	-
676	Maint of Meters	\$ 19,234	6	-	-	-	19,234	-	-
677	Maint of Hydrants	\$ 14,614	8	-	-	-	-	-	14,614
678	Maint of Other T&D	\$ 20,843	61	2,788	-	4,833	12,273	-	949
	<u>Customer Accounting</u>								
902	Meter Reading	\$ 17,910	7	-	-	-	-	17,910	-
903	Records and Collection	\$ 39,492	7	-	-	-	-	39,492	-
904	Uncollectible Accounts	\$ 10,875	7	-	-	-	-	10,875	-
905	Allocated Customer Acct Expense	\$ 98,294	7	-	-	-	-	98,294	-
906	Information Technology	\$ 180,783	63	36,201	19,519	22,927	82,490	16,813	2,833
	<u>Administration & General</u>								
920	Administrative & General Salaries	\$ 417,642	62	155,077	108,569	8,799	92,285	52,914	-
921	Office Supplies & Expense	\$ 69,791	63	13,975	7,535	8,851	31,845	6,491	1,094
923	Outside Services	\$ 251,598	63	50,381	27,165	31,908	114,803	23,399	3,943
924	Insurance	\$ 1,226	63	245	132	155	559	114	19
925	Injuries & Damages	\$ 65,350	63	13,086	7,056	8,288	29,819	6,078	1,024
926	Employee Benefits	\$ 379,114	62	140,770	98,553	7,987	83,771	48,033	-
928	Regulatory Commission Exp	\$ 27,070	63	5,421	2,923	3,433	12,352	2,517	424
930	Misc General Expense	\$ 37,163	63	7,442	4,012	4,713	16,957	3,456	582
931	Rents	\$ 109,667	63	21,960	11,841	13,908	50,040	10,199	1,718
932	Maintenance of General Plant	\$ (62,025)	63	(12,420)	(6,697)	(7,866)	(28,302)	(5,768)	(972)
	SUBTOTAL	\$ 2,930,954	64	\$ 1,016,338	\$ 439,193	\$ 289,321	\$ 821,614	\$ 330,815	\$ 33,674
	PERCENTS	100.00%	64	34.68%	14.98%	9.87%	28.03%	11.29%	1.15%

Aquarion Water Company of New Hampshire

ALLOCATION OF DEPRECIATION EXPENSE TO FUNCTIONAL CLASSIFICATIONS

Account Number	Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
					Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
	<u>Intangible Plant</u>								
303	Miscellaneous Intangible Plant	\$ 885	2	\$ 521	\$ 364	\$ -	\$ -	\$ -	\$ -
	<u>Source of Supply Plant</u>								
311	Structures & Improvements	\$ 16,064	2	9,449	6,615	-	-	-	-
314	Wells & Springs	\$ 109,608	2	64,471	45,137	-	-	-	-
316	Supply Mains	\$ 2,406	2	1,415	991	-	-	-	-
317	Other Water Source Plant	\$ 75,148	2	44,202	30,946	-	-	-	-
	<u>Pumping Plant</u>								
321	Structures & Improvements	\$ 34,810	4	12,893	9,025	12,893	-	-	-
325	Electric Pumping Equipment	\$ 38,118	4	14,118	9,882	14,118	-	-	-
328	Other Pumping Equipment	\$ 1,347	4	499	349	499	-	-	-
	<u>Water Treatment Plant</u>								
331	Structures & Improvements	\$ 1,465	2	862	603	-	-	-	-
332	Water Treatment Equipment	\$ 9,245	2	5,438	3,807	-	-	-	-
	<u>Transmission & Distribution Plant</u>								
341	Structures & Improvements	\$ 823	72	171	-	350	284	-	19
342	Distribution Reservoirs & Standpipes	\$ 50,104	5	-	-	50,104	-	-	-
343	Transmission & Distribution Mains	\$ 391,696	3	145,084	-	246,612	-	-	-
345	Services	\$ 133,548	6	-	-	-	133,548	-	-
346	Meters	\$ 102,737	6	-	-	-	102,737	-	-
347	Meter Installation	\$ 4,412	6	-	-	-	4,412	-	-
348	Hydrants	\$ 15,762	8	-	-	-	-	-	15,762
349	Other T & D Plant	\$ 5,942	72	1,235	-	2,525	2,048	-	134
	<u>General Plant</u>								
390	Structures & Improvements	\$ 18,849	71	5,695	2,042	6,202	4,608	-	302
391	Office Equipment Electronics	\$ 112	71	34	12	37	27	-	2
391H	Computer Hardware	\$ 8,004	71	2,418	867	2,634	1,957	-	128
391S	Computer Software	\$ 10,215	71	3,086	1,107	3,361	2,497	-	164
392	Transportation Equipment	\$ 61,218	71	18,496	6,633	20,143	14,966	-	980
394	Tools, Shop & Garage Equipment	\$ 2,457	71	742	266	808	601	-	39
396	Power Operated Equipment	\$ 7,318	71	2,211	793	2,408	1,789	-	117
397	Communications Equipment	\$ 5,155	71	1,557	559	1,696	1,260	-	83
398	Miscellaneous Equipment	\$ 13,399	71	4,048	1,452	4,409	3,276	-	215
	Less: CIAC Amortization	\$ (14,756)	3	(5,466)	-	(9,290)	-	-	-
	TOTAL	\$ 1,106,091	71	\$ 333,180	\$ 121,452	\$ 359,507	\$ 274,009	\$ -	\$ 17,943
	PERCENTS	100.00%	71	30.12%	10.98%	32.50%	24.77%	0.00%	1.62%

Aquarion Water Company of New Hampshire

SUMMARY OF ALLOCATION FACTORS

Description	Code	Base	Extra - Capacity		Customer		Hydrants
			Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
BASE	1	1.000000					
BASE / MAXIMUM DAY	2	0.588200	0.411800				
BASE / PEAK HOUR	3	0.370400		0.629600			
BASE / MAXIMUM DAY / PEAK HOUR	4	0.370370	0.259259	0.370370			
PEAK HOUR	5			1.000000			
CUSTOMER - METERS & SERVICES	6				1.000000		
CUSTOMER - BILLING & ACCOUNTING	7					1.000000	
HYDRANTS	8						1.000000
TOTAL OPERATING REVENUE	21	0.331485	0.103540	0.288809	0.218427	0.046935	0.010805
RATE BASE	31	0.329703	0.051633	0.463072	0.148313	0.000626	0.006653
UTILITY PLANT IN SERVICE	41	0.317224	0.064855	0.441172	0.161558	0.000000	0.015191
UTILITY PLANT IN SERVICE - T&D OTHER	42	0.260030	0.000000	0.521822	0.199399	0.000000	0.018749
ACCUMULATED DEPRECIATION	51	0.286554	0.099551	0.367836	0.213742	0.000000	0.032317
ACCUMULATED DEPRECIATION - T&D OTHER	52	0.197274	0.000000	0.466463	0.292098	0.000000	0.044164
OPERATION & MAINTENANCE - T&D OTHER	61	0.133781	0.000000	0.231857	0.588808	0.000000	0.045554
LABOR	62	0.371314	0.259956	0.021068	0.220965	0.126697	0.000000
O&M - EXCL POWER, CHEM & PURCH WATER	63	0.200245	0.107969	0.126823	0.456294	0.093000	0.015670
TOTAL OPERATING EXPENSE	64	0.346760	0.149846	0.098712	0.280323	0.112869	0.011489
DEPRECIATION EXPENSE	71	0.301223	0.109802	0.325025	0.247728	0.000000	0.016222
DEPRECIATION EXPENSE - T&D OTHER	72	0.207780	0.000000	0.424937	0.344710	0.000000	0.022573

Aquarion Water Company of New Hampshire

EXPLANATION OF FUNCTIONAL ALLOCATION FACTORS

1 Applicable to items considered to be related to "Base" or average day system demands, and allocable to all customers. Allocated 100% to base.

2 Applicable to items considered to be related to meeting the maximum day system demands. The calculation of the factors is as follows:

	Ratio	%
Maximum Day Demand	1.70	100.00%
Average Day Demand	1.00	58.82%
Extra Capacity / Maximum Day:	0.70	41.18%

3 Applicable to mains, considered to be related to meeting the peak hour system demands. The calculation of the factors is as follows:

	Ratio	%
Peak Hour Demand	2.70	100.00%
Average Day Demand	1.00	37.04%
Extra Capacity/Peak Hour	1.70	62.96%

4 Applicable to pumping plant, considered to be related to meeting the max day and peak hour system demands. The calculation of the factors is as follows:

	Ratio	%
Peak Hour Demand	2.70	
Max Day Demand	1.70	
Excess Peak Hour over Max Day	1.00	37.04%
Extra Capacity / Maximum Day:	0.70	25.93%
Average Day Demand	1.00	37.04%

5 Applicable to items considered to be related entirely to meeting peak hour system demands. Allocated 100% to Extra-Capacity/Peak Hour.

6 Applicable to items considered to be related entirely to meters and services. Allocation 100% to "Meters and Services".

7 Applicable to items considered to be entirely related to customer billing and accounting. Allocated 100% to "Billing and Accounts".

8 Applicable to items considered to be related entirely to Company owned fire hydrants. Allocated 100% to "Hydrants".

21 Applicable to miscellaneous & sales for resale revenue. Factors are based on the overall weighted allocation of revenue requirement.

31 Applicable to items considered to be related to the Rate Base. Factors are based on the overall weighted allocation of all elements of the rate base.

Aquarion Water Company of New Hampshire

EXPLANATION OF FUNCTIONAL ALLOCATION FACTORS

- 41 Applicable to utility plant considered to be of an overhead nature, and related expenses. Factors are based on the overall weighted allocation of all items of utility plant, also applicable to property taxes, insurance.
- 42 Applicable to Other Transmission and Distribution plant. Factors are based on the overall weighted allocation of Storage, Mains, Meters, Services and Hydrant plant.
- 51 Resulting overall weighted factors for Accumulated Depreciation.
- 52 Applicable to Other Transmission and Distribution Accumulated Depreciation. Factors are based on the overall weighted allocation of Storage, Mains, Meters, Services and Hydrant Accumulated Depreciation.
- 61 Applicable to Other Transmission and Distribution Expense. Factors are based on the overall weighted allocation of Storage, Mains, Meters, Services and Hydrants expense.

Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour	Meters and Services	Billing and Accounting	
T&D - Storage, Mains, Meters Services & Hydrants								
TOTAL	\$ 320,808	61	\$ 42,918	\$ -	\$ 74,382	\$ 188,894	\$ -	\$ 14,614
PERCENT	100.00%		13.38%	0.00%	23.19%	58.88%	0.00%	4.56%

Aquarion Water Company of New Hampshire

EXPLANATION OF FUNCTIONAL ALLOCATION FACTORS

62 Applicable to employee benefit and labor administration and general expenses, considered to be of an overhead nature. Factors are based on the overall weighted allocation of all other labor expenses.

Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour	Meters & Services	Billing and Accounting	
TOTAL PERCENT	\$ 141,363 100.00%	62	\$ 52,490 37.13%	\$ 36,748 26.00%	\$ 2,978 2.11%	\$ 31,236 22.10%	\$ 17,910 12.67%	\$ - 0.00%

63 Applicable to operation and maintenance expenses considered to be of an overhead nature. Factors are based on the overall weighted allocation of all other operation and maintenance expenses except power, chemicals and purchased water.

Description	Total Amount	Code	Base	Extra - Capacity		Customer		Hydrants
				Maximum Day	Peak Hour	Meters & Services	Billing and Accounting	
TOTAL PERCENT	\$ 1,065,053 100%	63	\$ 213,271 20.02%	\$ 114,993 10.80%	\$ 135,073 12.68%	\$ 485,977 45.63%	\$ 99,049 9.30%	\$ 16,689 1.57%

64 Resulting overall weighted allocation of all operation and maintenance expenses. Applicable to cash working capital.

71 Resulting overall weighted factors for Depreciation Expense.

72 Applicable to Other Transmission and Distribution Depreciation Expense. Factors are based on the overall weighted allocation of Storage, Mains, Meters, Services and Hydrant Depreciation Expense.

Schedule 9

Aquarion Water Company of New Hampshire

SUMMARY OF SYSTEM WATER DEMANDS

Description	Factor	Quantity	Unit
Average Day	1.00	2.17	MGD
Maximum Day	1.70	3.68	MGD
Peak Hour	2.70	5.85	MGD
Fire Demand		4,000.00	GPM
Maximum Day Fire Use		0.960	MG
Max Day Plus Fire Demand		9.44	MGD
Less: Peak hour		3.60	MGD

Aquarion Water Company of New Hampshire

CUSTOMER CLASS ALLOCATION FACTORS

Customer Class	Base Average Consumption			Maximum Day				Peak Hour				Customer				
	Annual MG	MGD	%	Ratio	MGD	Extra MGD	%	Ratio	MGD	Extra MGD	%	Meters and Services		Billing and Accounting		
												Number of ERC's	%	Number of Bills	%	
METERED SERVICE:																
Residential	395.4	1.083	67.05	2.50	2.708	1.625	50.80	3.00	3.249	2.166	36.60	8,074.3	75.09	90,549	91.62	
Commercial	146.8	0.402	24.89	2.00	0.804	0.402	12.57	2.50	1.005	0.603	10.19	1,526.4	14.20	6,751	6.83	
Industrial	1.2	0.003	0.19	2.00	0.006	0.003	0.09	2.50	0.008	0.005	0.08	7.1	0.07	16	0.02	
Public Authority	12.7	0.035	2.17	2.00	0.070	0.035	1.09	2.50	0.088	0.053	0.90	147.5	1.37	469	0.48	
Seasonal	27.7	0.076	4.71	3.50	0.266	0.190	5.94	4.00	0.304	0.228	3.85	998.3	9.28	716	0.72	
Subtotal	583.6	1.599	99.00		3.854	2.255	70.50		4.654	3.055	51.61	10,753.6	100.00	98,501	99.67	
FIRE SERVICE		0.016	1.00		0.960	0.944	29.51		2.880	2.864	48.39		0.00	329	0.33	
Total		1.615	100.00		4.814	3.199	100.00		7.534	5.919	100.00	10,753.6	100.00	98,830	100.00	

Aquarion Water Company of New Hampshire

CALCULATION OF ERC's

Monthly	Factor	Monthly Billing															Total		
		Residential			Commercial			Industrial			Public Auth			Seasonal			Bills	Customers	ERCs
		Bills	Customers	ERCs	Bills	Customers	ERCs	Bills	Customers	ERCs	Bills	Customers	ERCs	Bills	Customers	ERCs			
5/8"	1.0	87,993.0	7,332.8	7,332.8	4,081.0	340.1	340.1	1.0	0.1	0.1	200.0	16.7	16.7				92,275.0	7,689.6	7,689.6
3/4"	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1"	2.5	1,927.0	160.6	401.5	1,112.0	92.7	231.7	-	-	-	60.0	5.0	12.5				3,099.0	258.3	645.6
1 1/2"	5.0	317.0	26.4	132.1	336.0	28.0	140.0	12.0	1.0	5.0	84.0	7.0	35.0				749.0	62.4	312.1
2"	8.0	312.0	26.0	208.0	1,222.0	101.8	814.7	3.0	0.3	2.0	125.0	10.4	83.3				1,662.0	138.5	1,108.0
3"	15.0	-	-	-	-	-	-	-	-	-	-	-	-				-	-	-
4"	22.6	-	-	-	-	-	-	-	-	-	-	-	-				-	-	-
6"	37.6	-	-	-	-	-	-	-	-	-	-	-	-				-	-	-
8"	75.0	-	-	-	-	-	-	-	-	-	-	-	-				-	-	-
10"	120.0	-	-	-	-	-	-	-	-	-	-	-	-				-	-	-
		90,549.0	7,545.8	8,074.3	6,751.0	562.6	1,526.4	16.0	1.3	7.1	469.0	39.1	147.5	716.0	716.0	998.3	97,785.0	8,148.8	9,755.3

Aquarion Water Company of New Hampshire

CALCULATION OF DESIGNED CUSTOMER CHARGE AND USAGE RATE

Customer Charge Cost Component	ERC's/Bills	Allocated Cost	Cost Per ERC/Bill	
Meters & Services	10,753.6	\$ 1,548,717	\$ 144.00	Annual
Billing & Accounting	98,501	331,674	\$ 3.37	Monthly
Total		\$ 1,880,391	\$ 15.37	Monthly

Customer Charge Design:

Size	Factors	Bills	SC ERC's	Metered Service \$ / ERC	Billing Acct'g \$ / Bill	Service Charge	Service Charge Revenues
Monthly							
5/8"	1.0	92,275	7,689.6	\$ 12.00	\$ 3.37	\$ 15.37	\$ 1,418,267
3/4"	1.5	-	-	\$ 18.00	\$ 3.37	\$ 21.37	\$ -
1"	2.5	3,099	645.6	\$ 30.00	\$ 3.37	\$ 33.37	\$ 103,414
1 1/2"	5.0	749	312.1	\$ 60.00	\$ 3.37	\$ 63.37	\$ 47,464
2"	8.0	1,662	1,108.0	\$ 96.00	\$ 3.37	\$ 99.37	\$ 165,153
Seasonal					\$ 3.37		
5/8"	15.0	683	853.8	\$ 180.00	\$ 3.37	\$ 183.37	\$ 125,242
3/4"	22.6	-	-	\$ 271.20	\$ 3.37	\$ 274.57	\$ -
1"	37.6	27	84.6	\$ 451.20	\$ 3.37	\$ 454.57	\$ 12,273
1 1/2"	75.0	-	-	\$ 900.00	\$ 3.37	\$ 903.37	\$ -
2"	120.0	6	60.0	\$ 1,440.00	\$ 3.37	\$ 1,443.37	\$ 8,660
Total		98,501	10,753.6				\$ 1,880,473

Usage Rate Design	Total	Residential	Commercial	Industrial	PA	Seasonal
Revenue Requirement	\$ 5,781,623	\$ 4,165,970	\$ 1,128,430	\$ 7,857	\$ 100,120	\$ 379,246
Service Charge Revenue	\$ (1,880,391)	\$ (1,467,737)	\$ (242,573)	\$ (1,075)	\$ (22,829)	\$ (146,177)
Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Needed From Usage Rates	\$ 3,901,233	\$ 2,698,233	\$ 885,857	\$ 6,782	\$ 77,290	\$ 233,070
All CCF except Sgl Fam Res)	235,878	18,701	196,168	1,584	16,933	2,492
Block 1	364,117	335,980				28,137
Block 2	180,169	173,836				6,333
Rate per CCF	780,164	528,517	196,168	1,584	16,933	36,962
SF-Res Block 1		\$ 4.936				\$ 6.305
SF-Res Block 2		\$ 4.936				\$ 6.305
Non-SF Res All Usage		\$ 4.936	\$ 4.936	\$ 4.936	\$ 4.936	\$ 6.305
Usage Revenue	\$ 3,901,281	\$ 2,608,632	\$ 968,211	\$ 7,818	\$ 83,575	\$ 233,045
All Other					\$ -	\$ -
Total Usage Revenue	\$ 3,901,281	\$ 2,608,632	\$ 968,211	\$ 7,818	\$ 83,575	\$ 233,045
SC Revenue	\$ 1,880,391	\$ 1,467,737	\$ 242,573	\$ 1,075	\$ 22,829	\$ 146,177
Other Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Designed Rate Revenue	\$ 5,781,672	\$ 4,076,369	\$ 1,210,783	\$ 8,893	\$ 106,404	\$ 379,222
Revenue Requirement	\$ 5,781,623	\$ 4,165,970	\$ 1,128,430	\$ 7,857	\$ 100,120	\$ 379,246
Difference	\$ 49	\$ (89,601)	\$ 82,354	\$ 1,036	\$ 6,284	\$ (24)
Percent	0.00%	-2.20%	6.80%	11.65%	5.91%	-0.01%

Schedule 13

Aquarion Water Company of New Hampshire

ALLOCATION OF FIRE TO PUBLIC AND PRIVATE

Capacity Allocation:

Description	Units	Capacity Ratio	Weighted Unit	Allocated Cost	Unit Cost
Private Fire Hydrant	0	1.000	-	\$ -	
Private Fire Service					
3" or smaller	96	0.25	24.0	40,372	\$ 420.54
4"	74	0.40	29.6	49,792	\$ 672.86
6"	137	1.00	137.0	230,456	\$ 1,682.16
8"	19	1.80	34.2	57,530	\$ 3,027.89
10"	0	2.80	-	-	
12"	3	4.00	12.0	20,186	\$ 6,728.67
Public Fire Demands	495	1.000	495.0	832,670	\$ 1,682.16
Total Capacity			731.8	\$ 1,231,005	

Summary:

Fire Allocation Description	Public	Private	Total
Capacity	\$ 832,670	\$ 398,336	\$ 1,231,005
Billing Hydrants	13 76,611	1,095	1,108 76,611
Total	\$ 909,294	\$ 399,431	\$ 1,308,725

Aquarion Water Company of New Hampshire

DESIGN OF FIRE RATES

Private

Description	Hydrants		Bills		Capacity	Total Rate
	Units	Rate	Units	Rate	Rate	
Private Fire Hydrant	495		0	\$ 3.33	\$ -	\$ 3.33
Private Fire Service:						
3" or smaller			96	3.33	420.54	\$ 423.87
4"			74	3.33	672.86	\$ 676.19
6"			137	3.33	1,682.16	\$ 1,685.49
8"			19	3.33	3,027.89	\$ 3,031.22
10"			0	3.33	4,710.02	\$ 4,713.35
12"			3	3.33	6,728.60	\$ 6,731.93
Total			329			

Public

Description	Units	Rate	Amount
Revenue Required			\$ 909,294
Individually Billed Hydrants	495	\$ 1,836.96	\$ -
Total Annual Public Charge			\$ 909,294

Aquarion Water Company of New Hampshire

DETAILED BILL ANALYSIS - PROPOSED RATES

Revenue From Rates	Proposed	Residential		Commercial		Industrial		Public Authority		Seasonal		Total	
		Service Charge	Rate	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue
Monthly	5/8"	\$ 15.37	87,993	\$ 1,352,452.41	4,081	\$ 62,724.97	1	\$ 15.37	200	\$ 3,074.00	-	92,275	\$ 1,418,266.75
	3/4"	\$ 21.37	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	-	\$ -
	1"	\$ 33.37	1,927	\$ 64,303.99	1,112	\$ 37,107.44	-	\$ -	60	\$ 2,002.20	-	3,099	\$ 103,413.63
	1 1/2"	\$ 63.37	317	\$ 20,088.29	336	\$ 21,292.32	12	\$ 760.44	84	\$ 5,323.08	-	749	\$ 47,464.13
	2"	\$ 99.37	312	\$ 31,003.44	1,222	\$ 121,430.14	3	\$ 298.11	125	\$ 12,421.25	-	1,662	\$ 165,152.94
Seasonal	5/8"	\$ 183.37	-	\$ -	-	\$ -	-	\$ -	-	\$ -	683	\$ 125,241.71	683 \$ 125,241.71
	3/4"	\$ 274.57	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	- \$ -
	1"	\$ 454.57	-	\$ -	-	\$ -	-	\$ -	-	\$ -	27	\$ 12,273.39	27 \$ 12,273.39
	1 1/2"	\$ 903.37	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	- \$ -
	2"	\$ 1,443.37	-	\$ -	-	\$ -	-	\$ -	-	\$ -	6	\$ 8,660.22	6 \$ 8,660.22
Subtotal SC			90,549	\$ 1,467,848.13	6,751	\$ 242,554.87	16	\$ 1,073.92	469	\$ 22,820.53	716	\$ 146,175.32	98,501 \$ 1,880,472.77
<u>Residential Usage</u>	CCF												
Monthly - Single Family	0-6 ccf Usage	\$ 4.936	335,980.0	\$ 1,658,269.70								335,980.0	\$ 1,658,269.70
	Over 6 ccf	\$ 4.936	173,836.0	\$ 858,054.50								173,836.0	\$ 858,054.50
Monthly - Multi Family	All Usage	\$ 4.936	18,701.0	\$ 92,308.14								18,701.0	\$ 92,308.14
<u>Commercial Usage</u>													
Monthly	All Usage	\$ 4.936			196,168.0	\$ 968,210.76						196,168.0	\$ 968,210.76
<u>Industrial Usage</u>													
Monthly	All Usage	\$ 4.936					1,584.0	\$ 7,818.02				1,584.0	\$ 7,818.02
<u>Public Authority Usage</u>													
Monthly	All Usage	\$ 4.936							16,933.0	\$ 83,574.86		16,933.0	\$ 83,574.86
<u>Seasonal Residential Usage</u>													
Monthly	0-6 ccf Usage	\$ 6.305									9,698.0	\$ 61,145.89	9,698.0 \$ 61,145.89
	Over 6 ccf	\$ 6.305									6,333.0	\$ 39,929.57	6,333.0 \$ 39,929.57
Monthly - Multi Family	All Usage	\$ 6.305									2,492.0	\$ 15,712.06	2,492.0 \$ 15,712.06
<u>Seasonal Non-Residential Usage</u>													
Monthly	All Usage	\$ 6.305									18,439.0	\$ 116,257.90	18,439.0 \$ 116,257.90
Subtotal Usage			528,517.0	\$ 2,608,632.33	196,168.0	\$ 968,210.76	1,584.0	\$ 7,818.02	16,933.0	\$ 83,574.86	36,962.0	\$ 233,045.41	780,164.0 \$ 3,901,281.38
Total				\$ 4,076,480.46		\$ 1,210,765.63		\$ 8,891.94		\$ 106,395.39		\$ 379,220.73	\$ 5,781,754.15

Aquarion Water Company of New Hampshire

DETAILED BILL ANALYSIS - PRESENT RATES
Excludes WICA

Revenue Present Rates

Present

Service Charge	Rate	Residential		Commercial		Industrial		Public Authority		Seasonal		Total	
		Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue
Monthly													
5/8"	\$ 15.60	87,993	\$ 1,372,690.80	4,081	\$ 63,663.60	1	\$ 15.60	200	\$ 3,120.00			92,275	\$ 1,439,490.00
3/4"	\$ 23.40	-	\$ -	-	\$ -	-	\$ -	-	\$ -			-	\$ -
1"	\$ 39.01	1,927	\$ 75,172.27	1,112	\$ 43,379.12	-	\$ -	60	\$ 2,340.60			3,099	\$ 120,891.99
1 1/2"	\$ 78.05	317	\$ 24,741.85	336	\$ 26,224.80	12	\$ 936.60	84	\$ 6,556.20			749	\$ 58,459.45
2"	\$ 124.87	312	\$ 38,959.44	1,222	\$ 152,591.14	3	\$ 374.61	125	\$ 15,608.75			1,662	\$ 207,533.94
Seasonal													
5/8"	\$ 234.00									683	\$ 159,822.00	683	\$ 159,822.00
3/4"	\$ 351.00									-	\$ -	-	\$ -
1"	\$ 585.15									27	\$ 15,799.05	27	\$ 15,799.05
1 1/2"	\$ 1,170.75									-	\$ -	-	\$ -
2"	\$ 1,873.05									6	\$ 11,238.30	6	\$ 11,238.30
Subtotal SC		90,549	\$ 1,511,564.36	6,751	\$ 285,858.66	16	\$ 1,326.81	469	\$ 27,625.55	716	\$ 186,859.35	98,501	\$ 2,013,234.73
<u>Residential Usage</u>	CCF												
Monthly All Usage	\$ 4.536	528,517.0	\$ 2,397,353.11									528,517.0	\$ 2,397,353.11
<u>Commercial Usage</u>													
Monthly All Usage	\$ 4.536			196,168.0	\$ 889,818.05							196,168.0	\$ 889,818.05
<u>Industrial Usage</u>													
Monthly All Usage	\$ 4.536					1,584.0	\$ 7,185.02					1,584.0	\$ 7,185.02
<u>Public Authority Usage</u>													
Monthly All Usage	\$ 4.536							16,933.0	\$ 76,808.09			16,933.0	\$ 76,808.09
<u>Seasonal</u>													
Monthly All Usage	\$ 5.619									36,961.0	\$ 207,683.86	36,961.0	\$ 207,683.86
Subtotal Usage		528,517.0	\$ 2,397,353.11	196,168.0	\$ 889,818.05	1,584.0	\$ 7,185.02	16,933.0	\$ 76,808.09	36,961.0	\$ 207,683.86	780,163.0	\$ 3,578,848.13
Total			\$ 3,908,917.47		\$ 1,175,676.71		\$ 8,511.83		\$ 104,433.64		\$ 394,543.21		\$ 5,592,082.86

Aquarion Water Company of New Hampshire

COMPARISON OF PRESENT AND PROPOSED RATES AND REVENUES

Description	Bills/Usage	WICA		7.5%		Percent Increase	
		Present, incl WICA	Proposed	Rates	Revenue		Rates
Service Charge:							
Monthly	5/8"	92,275	\$ 16.77	\$ 1,547,452	\$ 15.37	\$ 1,418,267	-8.3%
	3/4"	-	\$ 25.16	\$ -	\$ 21.37	\$ -	-15.0%
	1"	3,099	\$ 41.94	\$ 129,959	\$ 33.37	\$ 103,414	-20.4%
	1 1/2"	749	\$ 83.90	\$ 62,844	\$ 63.37	\$ 47,464	-24.5%
	2"	1,662	\$ 134.24	\$ 223,099	\$ 99.37	\$ 165,153	-26.0%
Seasonal	5/8"	683	\$ 251.55	\$ 171,809	\$ 183.37	\$ 125,242	-27.1%
	3/4"	-	\$ 377.33	\$ -	\$ 274.57	\$ -	-27.2%
	1"	27	\$ 629.04	\$ 16,984	\$ 454.57	\$ 12,273	-27.7%
	1 1/2"	-	\$ 1,258.56	\$ -	\$ 903.37	\$ -	-28.2%
	2"	6	\$ 2,013.53	\$ 12,081	\$ 1,443.37	\$ 8,660	-28.3%
Subtotal SC		98,501		\$ 2,164,227		\$ 1,880,473	-13.1%
Residential Usage							
	ccf						
Monthly - Single Family	0-6 ccf Usage	335,980	\$ 4.876	\$ 2,577,155	\$ 4.936	\$ 1,658,270	1.2%
	Over 6 ccf	173,836	\$ 4.876	N/A	\$ 4.936	\$ 858,054	
Monthly - Multi Family	All Usage	18,701	\$ 4.876	N/A	\$ 4.936	\$ 92,308	
Commercial Usage							
Monthly	All Usage	196,168	\$ 4.876	\$ 956,554	\$ 4.936	\$ 968,211	1.2%
Industrial Usage							
Monthly	All Usage	1,584	\$ 4.876	\$ 7,724	\$ 4.936	\$ 7,818	1.2%
Public Authority Usage							
Monthly	All Usage	16,933	\$ 4.876	\$ 82,569	\$ 4.936	\$ 83,575	1.2%
Seasonal Residential Usage							
Monthly	0-6 ccf Usage	9,698	\$ 6.040	\$ 111,880.75	\$ 6.305	\$ 61,146	4.4%
	Over 6 ccf	6,333	\$ 6.040	N/A	\$ 6.305	\$ 39,930	
Monthly - Multi Family	All Usage	2,492	\$ 6.040	N/A	\$ 6.305	\$ 15,712	
Seasonal Non-Residential Usage							
Monthly	All Usage	18,439	\$ 6.040	\$ 111,379	\$ 6.305	\$ 116,258	4.4%
Subtotal UC		780,164		\$ 3,847,262		\$ 3,901,281	1.4%
Total GMS				\$ 6,011,489		\$ 5,781,754	-3.8%
Private Services							
	3"	96	\$ 474.20	\$ 45,524	\$ 423.87	\$ 40,691	-10.6%
	4"	74	\$ 808.06	\$ 59,796	\$ 676.19	\$ 50,038	-16.3%
	6"	137	\$ 1,927.78	\$ 264,105	\$ 1,685.49	\$ 230,912	-12.6%
	8"	19	\$ 3,427.79	\$ 65,128	\$ 3,031.22	\$ 57,593	-11.6%
	10"	-	\$ 5,357.50	\$ -	\$ 4,713.35	\$ -	-12.0%
	12"	3	\$ 7,569.33	\$ 22,708	\$ 6,731.93	\$ 20,196	-11.1%
Total Private		329		\$ 457,261		\$ 399,430	-12.6%
Public Fire Charge		495	\$ 1,870.94		\$ 1,836.96		
Annual Public Charge By System							
Hampton		280		\$ 523,863		\$ 514,349	-1.8%
North Hampton		149		\$ 278,770		\$ 273,707	-1.8%
Rye Beach		24		\$ 44,903		\$ 44,087	-1.8%
Jenness Beach		42		\$ 78,580		\$ 77,152	-1.8%
Total Public Fire		495		\$ 926,116		\$ 909,295	-1.8%
Total Fire				\$ 1,383,377		\$ 1,308,725	-5.4%
Total Revenue From Rates				\$ 7,394,866		\$ 7,090,479	-4.1%
Other Revenue				\$ 221,879		\$ 221,244	-0.3%
				\$ 7,616,745		\$ 7,311,723	-4.0%

Aquarion Water Company of New Hampshire

TYPICAL BILL COMPARISON

		Size	Usage	Present	WICA	Proposed	Increase
Residential Sgle-Fam	Monthly	5/8"				7.5%	
			6	\$ 42.82	\$ 46.03	\$ 44.98	-2%
			10	\$ 60.96	\$ 65.53	\$ 64.73	-1%
			25	\$ 129.00	\$ 138.68	\$ 138.77	0%
Multi-Fam	Monthly	5/8"					
			6	\$ 42.82	\$ 46.03	\$ 44.99	-2%
			10	\$ 60.96	\$ 65.53	\$ 64.73	-1%
			25	\$ 129.00	\$ 138.68	\$ 138.77	0%
Commercial	Monthly	5/8"					
			25	\$ 129.00	\$ 138.68	\$ 138.76	0%
			50	\$ 242.40	\$ 260.58	\$ 262.15	1%
			100	\$ 469.20	\$ 504.39	\$ 508.93	1%
Industrial	Monthly	2"					
			25	\$ 238.27	\$ 256.14	\$ 222.76	-13%
			50	\$ 351.67	\$ 378.05	\$ 346.15	-8%
			100	\$ 578.47	\$ 621.86	\$ 592.93	-5%
Public Authority	Monthly	2"					
			25	\$ 238.27	\$ 256.14	\$ 222.76	-13%
			50	\$ 351.67	\$ 378.05	\$ 346.15	-8%
			100	\$ 578.47	\$ 621.86	\$ 592.93	-5%
Res. Seasonal Sgle-Fam	Avg 7 Mo. Seasonal	5/8"					
			42	\$ 470.00	\$ 505.25	\$ 448.18	-11%
			70	\$ 627.33	\$ 674.38	\$ 624.72	-7%
			175	\$ 1,217.33	\$ 1,308.62	\$ 1,286.75	-2%
			350	\$ 2,200.65	\$ 2,365.70	\$ 2,390.12	1%
Multi-Fam	Avg 7 Mo. Seasonal	5/8"					
			42	\$ 470.00	\$ 505.25	\$ 448.18	-11%
			70	\$ 627.33	\$ 674.38	\$ 624.72	-7%
			175	\$ 1,217.33	\$ 1,308.62	\$ 1,286.75	-2%
			350	\$ 2,200.65	\$ 2,365.70	\$ 2,390.12	1%
Non-Res. Seasonal	Avg 7 Mo. Seasonal	5/8"					
			42	\$ 470.00	\$ 505.25	\$ 448.18	-11%
			70	\$ 627.33	\$ 674.38	\$ 624.72	-7%
			175	\$ 1,217.33	\$ 1,308.62	\$ 1,286.75	-2%
			350	\$ 2,200.65	\$ 2,365.70	\$ 2,390.12	1%

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	Aquarion Water Company of New Hampshire														
2															
3	BILL ANALYSIS														
4	Company's Existing Rate Per Current Rate Study														
5															
6															
7				Residential		Commercial		Industrial		Public Authority		Seasonal		Total	
8		Service Charge	Rate	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue
9	Monthly	5/8"	\$ 15.60	87,993	\$ 1,372,690.80	4,081	\$ 63,663.60	1	\$ 15.60	200	\$ 3,120.00			92,275	\$ 1,439,490.00
10		3/4"	\$ 23.40	-	\$ -	-	\$ -	-	\$ -	-	\$ -			-	\$ -
11		1"	\$ 39.01	1,927	\$ 75,172.27	1,112	\$ 43,379.12	-	\$ -	60	\$ 2,340.60			3,099	\$ 120,891.99
12		1 1/2"	\$ 78.05	317	\$ 24,741.85	336	\$ 26,224.80	12	\$ 936.60	84	\$ 6,556.20			749	\$ 58,459.45
13		2"	\$ 124.87	312	\$ 38,959.44	1,222	\$ 152,591.14	3	\$ 374.61	125	\$ 15,608.75			1,662	\$ 207,533.94
14															
15	Seasonal	5/8"	\$ 234.00									683	\$ 159,822.00	683	\$ 159,822.00
16		3/4"	\$ 351.00									-	\$ -	-	\$ -
17		1"	\$ 585.15									27	\$ 15,799.05	27	\$ 15,799.05
18		1 1/2"	\$ 1,170.75									-	\$ -	-	\$ -
19		2"	\$ 1,873.05									6	\$ 11,238.30	6	\$ 11,238.30
20	Subtotal SC			90,549	\$ 1,511,564.36	6,751	\$ 285,858.66	16	\$ 1,326.81	469	\$ 27,625.55	716	\$ 186,859.35	98,501	\$ 2,013,234.73
21															
22	<u>Residential Usage</u>	CCF													
23	Monthly	All Usage	\$ 4.536	528,517.0	\$ 2,397,353.11									528,517	\$ 2,397,353.11
24															
25	<u>Commercial Usage</u>													-	\$ -
26	Monthly	All Usage	\$ 4.536			196,168	\$ 889,818.05							196,168	\$ 889,818.05
27	<u>Industrial Usage</u>													-	\$ -
28	Monthly	All Usage	\$ 4.536					1,584.0	\$ 7,185.02					1,584	\$ 7,185.02
29	<u>Public Authority Usage</u>													-	\$ -
30	Monthly	All Usage	\$ 4.536							16,933.0	\$ 76,808.09			16,933	\$ 76,808.09
31	<u>Seasonal</u>													-	\$ -
32	Monthly	All Usage	\$ 5.619									36,961.0	\$ 207,683.86	36,961	\$ 207,683.86
33	Subtotal Usage			528,517.0	\$ 2,397,353.11	196,168.0	\$ 889,818.05	1,584.0	\$ 7,185.02	16,933.0	\$ 76,808.09	36,961.0	\$ 207,683.86	780,163.0	\$ 3,578,848.13
34															
35		GMS Total			\$ 3,908,917.47		\$ 1,175,676.71		\$ 8,511.83		\$ 104,433.64		\$ 394,543.21		\$ 5,592,082.86
36															
37	Public Fire		Annual Rate	Hydrants											Revenue
38	Hampton		\$ 1,740.41	280											\$ 487,314.80
39	North Hampton		\$ 1,740.41	149											\$ 259,321.09
40	Rye Beach		\$ 1,740.41	24											\$ 41,769.84
41	Jenness Beach		\$ 1,740.41	42											\$ 73,097.22
42				495											\$ 861,502.95
43	Private Fire														
44		3"	\$ 441.12	96											\$ 42,347.52
45		4"	\$ 751.68	74											\$ 55,624.32
46		6"	\$ 1,793.28	137											\$ 245,679.36
47		8"	\$ 3,188.64	19											\$ 60,584.16
48		10"	\$ 4,983.72	0											\$ -
49		12"	\$ 7,041.24	3											\$ 21,123.72
50				329											\$ 425,359.08
51															
52		Fire Service													\$ 1,286,862.03
53															
54		WICA Surcharge	7.50%												\$ 515,920.87
55															
56															
57														Late Payments	\$ 30,980.00
58														Turn on Charges	\$ 33,305.00
59														Antenna Leases	\$ 163,510.00
60														Other	\$ (5,916.00)
61														Miscellaneous Revenues	\$ 221,879.00
62															
63	TOTAL OPERATING REVENUES														\$ 7,616,744.76
64															