

2022 Financing with CoBank - Paradise Shores Well Project

Balance Sheet

Assets and Other Debits

Line No. (a)	Account Title (Number) (b)	2021 Year End Balance (c)	Adjustments (d)	2022 Proformed Year End Balance (e)
UTILITY PLANT				
1	Utility Plant (101-106)	\$ 7,360,544	\$ 862,080	\$ 8,222,624
2	Less: Accumulated Depr. and Amort. (108-110)	\$ 2,389,156	\$ 15,506	\$ 2,404,662
3	Net Plant	\$ 4,971,388	\$ 846,574	\$ 5,817,962
4	Utility Plant Acquisition Adj. (Net) (114-115)	(57,888)		(57,888)
5	Total Net Utility Plant	\$ 4,913,500	\$ 846,574	\$ 5,760,074
OTHER PROPERTY AND INVESTMENTS				
6	Nonutility Property (121)			
7	Less: Accumulated Depr. and Amort. (122)			
8	Net Nonutility Property			
9	Investment in Associated Companies (123)			
11	Utility Investments (124)			
12	Other Investments	16,454		16,454
13	Special Funds(126-128)			
14	Total Other Property & Investments	\$ 16,454		\$ 16,454
CURRENT AND ACCRUED ASSETS				
16	Cash (131)	352,330	(10,702)	341,628
17	Special Deposits (132)			
18	Other Special Deposits (133)			
19	Working Funds (134)			
20	Temporary Cash Investments (135)			
21	Accounts and Notes Receivable-Net (141-144)	148,452		148,452
22	Accounts Receivable from Assoc. Co. (145)	14,539		14,539
23	Notes Receivable from Assoc. Co. (146)			
24	Materials and Supplies (151-153)	42,303		42,303
25	Stores Expense (161)			
26	Prepayments-Other (162)	23,303		23,303
27	Prepaid Taxes (163)	17,214		17,214
28	Interest and Dividends Receivable (171)			
29	Rents Receivable (172)			
30	Accrued Utility Revenues (173)			
31	Misc. Current and Accrued Assets (174)			
32	Total Current and Accrued Assets	\$ 598,141	\$ (10,702)	\$ 587,439
DEFERRED DEBITS				
32	Unamortized Debt Discount & Expense (181)	33,077	19,546	52,623
33	Extraordinary Property Losses (182)			
34	Prelim. Survey & Investigation Charges (183)			
35	Clearing Accounts (184)			
36	Temporary Facilities (185)			
37	Miscellaneous Deferred Debits (186)	227,017		227,017
38	Research & Development Expenditures (187)			
39	Accumulated Deferred Income Taxes (190)			
40	Total Deferred Debits	\$ 260,094	\$ 19,546	\$ 279,640
TOTAL ASSETS AND OTHER DEBITS		\$ 5,788,189	\$ 855,418	\$ 6,643,607

2022 Financing with CoBank - Paradise Shores Well Project

Balance Sheet

Equity Capital and Liabilities

Line No. (a)	Account Title (Number) (b)	2021 Year End Balance (c)	Adjustments (f)	2022 Proformed Year End Balance (g)
EQUITY CAPITAL				
1	Common Stock Issued (201)	\$ 10,000		\$ 10,000
2	Preferred Stock Issued (204)			
3	Capital Stock Subscribed (202,205)			
4	Stock Liability for Conversion (203, 206)			
5	Premium on Capital Stock (207)			
6	Installments Received On Capital Stock (208)			
7	Other Paid-In Capital (209,211)	1,127,646		1,127,646
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)	4		4
10	Retained Earnings (214-215)	2,100,435	14,452	2,114,887
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	\$ 3,238,085	\$ 14,452	\$ 3,252,537
LONG TERM DEBT				
13	Bonds (221)	1,307,279	840,966	2,148,245
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	51,714		51,714
17	Total Long-Term Debt	\$ 1,358,993	\$ 840,966	\$ 2,199,959
CURRENT AND ACCRUED LIABILITIES				
18	Accounts Payable (231)	33,708		33,708
19	Notes Payable (232)	1,504		1,504
20	Accounts Payable to Associated Co. (233)			
21	Notes Payable to Associated Co. (234)			
22	Customer Deposits (235)			-
23	Accrued Taxes (236)	(42,627)		(42,627)
24	Accrued Interest (237)			-
25	Accrued Dividends (238)			
26	Matured Long-Term Debt (239)			
27	Matured Interest (240)			
28	Misc. Current and Accrued Liabilities (241)			-
29	Total Current and Accrued Liabilities	\$ (7,415)	\$ -	\$ (7,415)
DEFERRED CREDITS				
30	Unamortized Premium on Debt (251)			
31	Advances for Construction (252)			
32	Other Deferred Credits (253)			
33	Accumulated Deferred Investment Tax Credits (255)			
34	Accumulated Deferred Income Taxes:			
35	Accelerated Amortization (281)			
36	Liberalized Depreciation (282)	674,345		674,345
37	Other (283)			
38	Total Deferred Credits	\$ 674,345	\$ -	\$ 674,345
OPERATING RESERVES				
39	Property Insurance Reserve (261)			
40	Injuries and Damages Reserve (262)			
41	Pensions and Benefits Reserves (263)			
42	Miscellaneous Operating Reserves (265)			
43	Total Operating Reserves			
CONTRIBUTIONS IN AID OF CONSTRUCTION				
44	Contributions In Aid of Construction (271)	899,678		899,678
45	Accumulated Amortization of C.I.A.C. (272)	375,497		375,497
46	Total Net C.I.A.C.	\$ 524,181	\$ -	\$ 524,181
46	TOTAL EQUITY CAPITAL AND LIABILITIES	\$ 5,788,189	\$ 855,418	\$ 6,643,607

2022 Financing with CoBank - Paradise Shores Well Project

Statement of Income

Line No. (a)	Account Title (Number) (b)	2021 Year End Balance (c)	Adjustments (e)	2022 Proformed Year End Balance (f)
	UTILITY OPERATING INCOME			
1	Operating Revenues(400)	\$ 1,580,411	\$ 95,904	\$ 1,676,315
2	Operating Expenses:			
3	Operating and Maintenance Expense (401)	975,650		975,650
4	Depreciation Expense (403)	237,616	15,506	253,122
5	Amortization of Contribution in Aid of Construction (405)	(17,535)		(17,535)
6	Amortization of Utility Plant Acquisition Adjustment (406)	(7,218)		(7,218)
7	Amortization Expense-Other (407)			
8	Taxes Other Than Income (408.1-408.13)	101,085	7,372	108,457
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	7,059		7,059
10	Total Operating Expenses	\$ 1,296,657	\$ 22,878	\$ 1,319,535
11	Net Operating Income (Loss)	283,754	73,026	356,780
12	Income From Utility Plant Leased to Others (413)			
13	Gains(Losses) From Disposition of Utility Property (414)			
14	Net Water Utility Operating Income	\$ 283,754	\$ 73,026	\$ 356,780
	OTHER INCOME AND DEDUCTIONS			
15	Revenues From Merchandising, Jobbing and Contract Work (415)	18,912		18,912
16	Costs and Expenses of Merchandising, Jobbing and Contract Work (416)	(7,300)		
17	Equity in Earnings of Subsidiary Companies (418)			
18	Interest and Dividend Income (419)	7,338		7,338
19	Allow. for funds Used During Construction (420)			
20	Nonutility Income (421)	82,300		
21	Gains (Losses) Form Disposition Nonutility Property (422)			
22	Miscellaneous Nonutility Expenses (426)	(2,770)		(2,770)
23	Total Other Income and Deductions	\$ 98,480	\$ -	\$ 98,480
	TAXES APPLICABLE TO OTHER INCOME			
24	Taxes Other Than Income (408.2)			
25	Income Taxes (409.2, 410.2, 411.2, 412.2, 412.3)			
26	Total Taxes Applicable To Other Income			
	INTEREST EXPENSE			
27	Interest Expense (427)	44,863	57,545	102,408
28	Amortization of Debt Discount & Expense (428)	1,828	1,029	2,857
29	Amortization of Premium on Debt (429)			
30	Total Interest Expense	\$ 46,691	\$ 58,574	\$ 105,265
31	Income Before Extraordinary Items	335,543	14,452	349,995
	EXTRAORDINARY ITEMS			
32	Extraordinary Income (433)			
33	Extraordinary Deductions (434)			
34	Income Taxes, Extraordinary Items (409.3)			
35	Net Extraordinary Items			
	NET INCOME (LOSS)	\$ 335,543	\$ 14,452	\$ 349,995

2022 Financing with CoBank - Paradise Shores Well Project

Capital Structure

Line No. (a)	Account Title (Number) (b)	12/31/2021 (c)	Proforma Adjustments (d)	Proformed 12/31/2022 (e)
EQUITY CAPITAL				
1	Common Stock Issued (201)	\$ 10,000		\$ 10,000
2	Preferred Stock Issued (204)			
3	Capital Stock Subscribed (202,205)			
4	Stock Liability for Conversion (203, 206)			
5	Premium on Capital Stock (207)			
6	Installments Received On Capital Stock (208)			
7	Other Paid-In Capital (209,211)	1,127,646		1,127,646
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)	4		4
10	Retained Earnings (214-215)	2,100,435	14,452	2,114,887
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	\$ 3,238,085	\$ 14,452	\$ 3,252,537
LONG TERM DEBT				
13	Bonds (221)	1,307,279	840,966	2,148,245
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	51,714		51,714
17	Total Long-Term Debt	\$ 1,358,993	\$ 840,966	\$ 2,199,959
	Total Capitalization	\$ 4,597,078	\$ 855,418	\$ 5,452,496

Capitalization Ratios

Line No.	Account Title (Number) (a)	12/31/2021	Proforma Adjustments	Proformed 12/31/2022
EQUITY CAPITAL				
1	Common Stock Issued (201)	0.22%		0.18%
2	Preferred Stock Issued (204)			
3	Capital Stock Subscribed (202,205)			
4	Stock Liability for Conversion (203, 206)			
5	Premium on Capital Stock (207)			
6	Installments Received On Capital Stock (208)			
7	Other Paid-In Capital (209,211)	24.53%		20.68%
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)	0.00%		0.00%
10	Retained Earnings (214-215)	45.69%	1.69%	38.79%
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	70.44%	1.69%	59.65%
LONG TERM DEBT				
13	Bonds (221)	28.44%	98.31%	39.40%
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	1.12%		0.95%
17	Total Long-Term Debt	29.56%	98.31%	40.35%
	Total Capitalization	100.00%	100.00%	100.00%

2022 Financing with CoBank - Paradise Shores Well Project

Journal Entries				Impact on NI
JE#1	Dr. Miscellaneous Deferred Debits	20,575		
	Cr. Cash		20,575	
	To record costs associated with financing (See SPS 10)			
JE#2	Dr. Cash	862,080		
	Cr. Other Long Term Debt		862,080	
	To record receipt of cash and additional LTD (See SPS 5)			
JE#3	Dr. Plant	862,080		
	Cr. Cash		862,080	
	To record replacement of plant (See SPS 7)			
JE#4	Dr. Accumulated Depreciation	-		
	Cr. PS Plant		-	
	To record retirement of plant			
JE#5	Dr. Depreciation Expenses	15,506		(15,506)
	Cr. Accumulated Depreciation		15,506	
	To record first year depreciation expense and related A/D			
JE#6	Dr. Amortization of Debt Expense	1,029		(1,029)
	Cr. Miscellaneous Deferred Debt		1,029	
	To record amortization of debt expense (See SPS-10)			
JE#7	Dr. Other Long Debt	21,114		
	Dr. Interest Expense	57,545		(57,545)
	Cr. Cash		78,659	
	To record first year repayment of principal and interest on \$862,080 of CoBank Note			
JE#8	Dr. Taxes other than Income	7,372		(7,372)
	Dr. Income Taxes	-		0
	Cr. Cash		7,372	
	To record increase in property taxes (See SPS 8)			
JE#9	Dr. Cash	95,904		
	Cr. Revenue		95,904	95,904
	To record increase in cash & revenue (See SPS-5)			
	Total Impact on Net Income			14,452
	Impact on Cash			
		957,984	968,686	(10,702)

2022 Financing with CoBank - Paradise Shores Well Project

Preliminary Calculation of Revenue Requirement

	PS Well Field
Plant Additions/Retirements:	
Plant Additions	
304 1,700' Access Road to Wells	\$ 108,000
304 1,700' Electrical Service	81,600
304 Pump Station Meter and Control Building	198,000
307 (2) Drilled Wells (Completed)	96,000
307 (2) Drilled Wells (To Be Completed)	144,000
311 Pumping Equipment	108,000
331 1,700' - 3" Water Main	126,480
Total	<u>\$ 862,080</u>
Plant Retirements	<u>0</u>
Net Additions/Retirements	\$862,080
Add: Accum Depr on Retired Plant	0
Less: Accum Depr on New Plant	<u>(15,506)</u>
Net Plant	\$846,574
Plus: Working Capital	<u>0</u>
Total Additional Rate Base	\$846,574
Rate of Return	<u>6.79%</u>
Returnn on Investment	<u>\$ 57,520</u>
Increase increase in Operating Expenses	
Decrease in Depreciation Expense on Retired Plant (1)	-
Increase in Depreciation Expense on New Plant	31,012
Taxes other than Income	7,372
Income Taxes	-
Total Increase in Operating Expenses	<u>\$ 38,384</u>
Increase in Revenue Required	<u>\$ 95,904</u>
2021 Total Sales of Water including POASI Sales	<u>\$ 1,607,140</u>
Percentage Increase Required	<u>5.97%</u>

Noted: Approximately 66% of the investment, revenue and expenses will be paid for by POASI.

2022 Financing with CoBank - Paradise Shores Well Project

Weighted Average Cost of Capital

<u>Financing</u>	<u>Amount</u>	<u>Percent</u>	<u>Interest Rate</u>	<u>Interest Expense</u>	<u>Amortization of Fin Costs</u>	<u>Total Interest</u>	<u>Cost Rate</u>	Weighted Average Cost of Capital
CoBank	<u>\$862,080</u>	<u>100.00%</u>	6.75%	\$57,545	\$1,029	\$58,574	6.79%	<u>6.79%</u>
Total Capitalization	<u>\$862,080</u>	<u>100.00%</u>						<u>6.79%</u>

SPSt. Cyr
12/16/2022

Lakes Region Water Co., Inc.

SPS 7

2022 Financing with CoBank - Paradise Shores Well Project

Plant / Accumulated Depreciation / Depreciation Expense

PUC Acct. No.	Description	Cost	Depr. Rate	Annual Cost	Accum Depr.	Net Utility Plant	Thousand Dollar of Assessed Value	Property Tax Value as % of Total Net Util Plant	Combined State & Local Prop Tax Rate	Total Property Taxes
<u>Paradise Shores Well Field</u>										
304	1,700' Access Road to Wells	\$ 108,000	2.50%	\$ 2,700	\$ 1,350	\$ 106,650	\$ 107	94.14%	\$ 9.25	\$ 929
304	1,700' Electrical Service	81,600	2.50%	2,040	1,020	80,580	81	94.14%	9.25	702
304	Pump Station Meter and Control Building	198,000	2.50%	4,950	2,475	195,525	196	94.14%	9.25	1,703
307	(2) Drilled Wells (Completed)	96,000	3.33%	3,197	1,598	94,402	94	94.14%	9.25	822
307	(2) Drilled Wells (To Be Completed)	144,000	3.33%	4,795	2,398	141,602	142	94.14%	9.25	1,233
311	Pumping Equipment	108,000	10.00%	10,800	5,400	102,600	103	94.14%	9.25	893
331	1,700' - 3" Water Main	126,480	2.00%	2,530	1,265	125,215	125	94.14%	9.25	1,090
	Total	<u>\$ 862,080</u>		<u>\$ 31,012</u>	<u>\$ 15,506</u>	<u>\$ 846,574</u>	<u>\$ 847</u>			<u>\$ 7,372</u>

Property Tax Value as Percentage of Net Book Value:

Assessed Value as of April 1, 2021 per NHDRA Valuation Summary

\$ 4,356,300

Total Net Utility Plant at 12/31/20

4,627,351

Property Tax Value as Percentage of Net Book Value:

94.14%

Combined State and Local Property Tax Rate:

State

\$ 6.60

Local

2.65

Total

\$ 9.25

SPSt. Cyr

12/16/2022

2022 Financing with CoBank - Paradise Shores Well Project

Total Costs of Projects	\$ 862,080
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Source of Funds:

CoBank	862,080
Total Source of Funds	\$ 862,080

Use of Funds:

2023 New Well Field at Paradise Shores	862,080
Total Use of Funds	\$ 862,080

SPSt. Cyr
12/16/2022

2022 Financing with CoBank - Paradise Shores Well Project**Estimated Financing Costs on portion of the CoBank Loan**

CoBank	\$ -
Stephen P. St. Cyr & Associates	7,500
NH Water Law	10,000
NHDOE Engineering Consultant	3,000
Carroll counting Registry of Deeds	75
Total Financing Costs	<u>\$ 20,575</u>
Life of Loan	<u>20 Yrs.</u>
Annual Amortization Expense	<u>\$ 1,029</u>

Note: Based on Financing costs incurred in DW 19-135.

SPSt. Cyr
12/16/2022