

EASTMAN SEWER COMPANY, INC.

Petition for Financial Approval and Permanent and Temporary Proceeding

STIPULATION AGREEMENT ON PERMANENT RATES

I. PARTIES AND SCOPE OF THE STIPULATION

A. This Stipulation is entered into by Eastman Sewer Company, Inc. (ESC) and the Staff of the New Hampshire Public Utilities Commission (Staff), representing all of the full participants in this docket.

B. This Stipulation constitutes ESC's and Staff's recommendation to the Commission with respect to permanent rates in this docket.

C. Under this Stipulation, ESC and Staff agree to this joint submission to the Commission as resolution of the issues specified herein only.

D. This Stipulation shall not be deemed an admission by ESC or Staff that any allegation or contention in this proceeding by ESC or Staff, other than those specifically agreed to herein, is true and valid. This Stipulation shall not be deemed to foreclose any party from taking any position in any future proceeding.

E. ESC and Staff agree that all supporting documentation should be admitted as full exhibits for the purpose of consideration of this Stipulation, and be given whatever weight the Commission deems appropriate.

II. STIPULATED TERMS

A. Permanent Rates – ESC and Staff agree and recommend the Commission grant ESC should be granted an increase of \$27,299, or 24.41%, in its adjusted test year revenues of

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Permanent Rate Stipulation

\$111,841 in order to produce a total revenue requirement of \$139,140. This amount was calculated using a stipulated rate base of \$78,700 and provides for an overall rate of return of 9.75%. ESC's capital structure is currently 100% equity. Staff and ESC stipulate that this revenue requirement represents a reasonable compromise of all issues relating to the revenue requirement pending before the Commission for the purpose of setting permanent rates, including cost of capital, capital structure, *pro forma* adjustments, and operating expenses. As the sums expressed above are the result of compromise and settlement between Staff and ESC, they are liquidations of all adjusted net operating income requirement and revenue requirement issues. Staff and ESC agree that the revenue requirement recommended to the Commission in this Stipulation results in permanent rates for ESC's customers that are just and reasonable.

B. Specific Adjustments – Staff and ESC agree to the adjustments to rate base, revenues and expenses, and income taxes as set forth on the schedules attached as Attachment A to this Stipulation.

C. Reconciliation with Temporary Rates – Staff and ESC agree that ESC shall reconcile the permanent rates approved in this docket, pursuant to RSA 378:29, with the temporary rates now in effect as approved by the Commission in its Order No. 24,927. Upon receipt of the Commission's order with respect to permanent rates, ESC agrees to calculate its temporary rate recoupment and submit that analysis to Staff for its review. ESC and Staff expect to submit a joint recommendation to the Commission for the recoupment, and may combine that recoupment with a request for recovery of reasonable rate case expenses. If Staff and ESC cannot agree on a joint recommendation, each party will submit to the Commission its own recommendation.

D. Step Adjustment for Capital Additions – Staff and ESC agree and recommend the Commission grant one step adjustment to ESC’s rates. Staff and ESC believe this step adjustment is necessary due to the planned capital improvements that will be placed in service pursuant to Order No. 24,967 issued by the Commission in this docket. The total cost of the capital improvements is estimated to be \$344,534. Staff and ESC believe that failure to recognize these costs in ESC’s revenue requirement would have a detrimental impact on ESC’s rate of return.

In addition, ESC’s bank loan will include \$30,000 to repay short-term loans from ECA, also as contemplated by Order No. 24,967. Staff and ESC agree that, due to the unique circumstances of ESC’s ownership by the Eastman Community Association, a non-profit entity, and the fact that ESC has always been undercapitalized and is therefore highly unlikely to ever pay stock dividends, the annualized value of ESC’s principal and interest payments should be paid out of ESC’s existing capital reserve account. Therefore, Staff and ESC agree that the revenues from the step adjustment should equal the annualized principal and interest payments of the value of the loan, and be considered as dedicated to the capital reserve account. Staff and ESC agree that ESC should be authorized to withdraw its monthly loan payment from its capital reserve account without further authorization from the Commission.

Staff and ESC estimate that this step adjustment will result in additional revenues to ESC of \$52,854, or an increase of an additional 47.26% in customer rates. Once ESC has completed the capital improvements that form the basis of the step adjustment, it will submit documentation of its costs to the Staff for review and audit. Staff and ESC expect to file a joint recommendation to the Commission for implementation of the step adjustment, but in the event Staff and ESC do

not agree, each party shall file its own separate recommendation for the Commission's consideration.

E. Step Adjustment Capital Additions as CIAC – Staff and ESC agree that the capital additions contemplated above should be fully offset by a like amount of Contributions in Aid of Construction (CIAC). Staff and ESC agree that this accounting includes booking completed capital additions to the appropriate Plant in Service accounts, with credits to cash using the proceeds of the bank loan. Staff and ESC agree that ESC will simultaneously establish a receivables account on its balance sheet, with an offsetting credit to CIAC, to recognize that the cash received from customers through the capital reserve account represents the contributed capital. Staff and ESC agree that this treatment is appropriate because the cash received from customers in the step adjustment as detailed in section D. above is the annualized principal and interest payments on the bank financing, rather than the traditional return on fixed capital plus depreciation expense.

F. Capital Reserve Fund – Staff and ESC agree and recommend that ESC's capital reserve fund be continued. The revenue requirement and resulting permanent rates provide the same \$10,008 as has been included in customer rates since the Commission's final order in Docket No. DR 90-170. Staff and ESC agree that ESC must continue to request specific authorization to withdraw capital reserve funds, with the exception of the loan principal and interest payments as detailed above. ESC agrees that it will continue to provide an annual accounting of the capital reserve fund with its Annual Report, and at any such other time as the Commission or its Staff requests.

G. Rate Case Expenses - Staff and ESC agree that ESC should be permitted to recover its reasonable rate case expenses for the temporary and permanent rate phases of this

proceeding and for rate case expenses incurred in filing for the step adjustment. Following the receipt of the Commission's order on permanent rates in this docket, ESC agrees to file documentation for its rate case expenses with Staff for its review. Staff and ESC expect to file a joint recommendation on rate case expenses, and may elect to combine recovery of rate case expenses with the temporary rate recoupment. If Staff and ESC are unable to agree on a joint recommendation, each party shall file its own separate recommendation for the Commission's consideration. At the time ESC files its step adjustment ESC shall also file documentation for the rate case expenses associated with the step adjustment filing for Staff's review. Staff and ESC expect to file a joint recommendation, and may recommend reasonable extension of the then-existing rate case expense surcharge to recover these costs. If Staff and ESC are unable to agree on a joint recommendation, each party shall file its own separate recommendation for the Commission's consideration.

III. MISCELLANEOUS

A. This Stipulation is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept the Stipulation in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Stipulation, and ESC or Staff is unable to agree with said changes, conditions or findings, the Stipulation shall be deemed to be withdrawn and shall not constitute any part of the record in this proceeding and shall not be used for any other purpose.

B. ESC and Staff agree that the Commission's acceptance of the Stipulation does not constitute continuing approval of, or precedent for, any particular issue in this proceeding or future proceedings, other than those specified herein.

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Permanent Rate Stipulation

C. This Stipulation may be executed in multiple counterparts, which together shall constitute one agreement.

IN WITNESS WHEREOF, the signatories below have executed this Stipulation, each being fully authorized to do so, as of the day indicated below.

EASTMAN SEWER COMPANY
By its Manager

Date: May 28, 2009

By: 

Brian Harding

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
By its Attorney,

Date: May 28, 2009

By: 

Marcia A.B. Thunberg, Esq.

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EASTMAN SEWER COMPANY, INC.
REVENUE REQUIREMENT

Rate Base (Sch 2)	\$ 78,700
Rate of Return (Sch 3)	<u>9.75%</u>
Operating Income Requirement	7,673
Proforma Operating Income (Sch 4)	<u>6,306</u>
Revenue Deficiency / (Surplus) Before Taxes	1,367
Divided by Tax Factor (Sch 5)	<u>77.78%</u>
Revenue Deficiency / (Surplus)	1,757
Annual Water Revenues Proposed by Company (Sch 4)	<u>137,383</u>
Annual Water Revenues Proposed by Staff	139,140
Less: Actual Test Year Water Revenues (Sch 4)	<u>(111,841)</u>
Increase in Annual Water Revenues	<u>\$ 27,299</u>
Percentage Increase in Annual Water Revenues	<u>24.41%</u>

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EASTMAN SEWER COMPANY, INC.
RATE BASE**

	Test Year Average (Per Co Filing)	Company Proforma Adjust's	Per Company Filing	Staff Proforma Adjust's (Sch 2a)	Staff Adj # (Sch 2a)	Proforma Rate Base (Per Staff)
<u>Plant in Service</u>						
Total Plant in Service	\$ 2,486,095	\$ 344,534	\$ 2,830,629	\$ (344,534)	1	\$ 2,486,095
Less: Accumulated Depreciation	(1,937,806)	(5,319)	(1,943,125)	5,319	2	(1,937,806)
Net Plant in Service	548,289	339,215	887,504	(339,215)		548,289
Less: Contributions in Aid of Construction (CIAC)	(2,404,890)	(344,534)	(2,749,424)	344,534	3	(2,404,890)
Add: Accumulated Amortization - CIAC	1,896,003	5,319	1,901,322	(5,319)	4	1,896,003
Net Plant in Rate Base	39,402	-	39,402	0		39,402
<u>Working Capital</u>						
Cash Working Capital	23,562	692	24,254	(10)	5	24,244
Prepayments	8,005	-	8,005	(4,177)	6 - 7	3,828
Miscellaneous Deferred Debits	-	-	-	15,042	8 - 9	15,042
Deferred Income Taxes	(3,264)	-	(3,264)	(552)	10	(3,816)
Net Working Capital	28,303	692	28,995	10,303		39,298
TOTAL RATE BASE	\$ 67,705	\$ 692	\$ 68,397	\$ 10,303		\$ 78,700

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EASTMAN SEWER COMPANY, INC.
STAFF PROFORMA ADJUSTMENTS TO RATE BASE

Adj #Plant in Service

- 1 To adjust Plant in Service to 5-quarter test year average (See Sch 2b). \$ (344,534)

Accumulated Depreciation

- 2 To adjust Accumulated Depreciation to 5-quarter test year average (See Sch 2b). \$ 5,319

Contributions in Aid of Construction (CIAC)

- 3 To adjust CIAC to 5-quarter test year average (See Sch 2b). \$ 344,534

Accumulated Amortization - CIAC

- 4 To adjust Accumulated Amortization - CIAC to 5-quarter test year average (See Sch 2b). \$ (5,319)

Cash Working Capital

- 5 To adjust Cash Working Capital for Staff O & M Expense Adj's per Sch 4:
- | | | |
|--------------------------------------------------------------|------------|---------|
| Total O&M Expense after Staff pro-forma adjustment per Sch 4 | \$ 117,989 | |
| Cash Working Capital % (75 days / 365 days) | 20.55% | |
| Cash Working Capital per Staff | 24,244 | |
| Less: Cash Working Capital per Co Filing | (24,254) | \$ (10) |

Prepayments

- 6 To adjust Prepayments to 5-quarter test year average (See Sch 2b). \$ (3,550)
- 7 To reclassify 5-quarter test year average of study retainer from Prepayments to Miscellaneous Deferred Debits (Per Staff Audit Find # 2):
- | | | |
|----------------------------------------------------|------------|-------|
| Retainer recorded during 4th quarter of test year: | \$ (3,134) | |
| 5-quarter test year average | / 5 | (627) |

Total Adjustments - Prepayments \$ (4,177)

Miscellaneous Deferred Debits

- 8 To record 5-quarter test year average for Miscellaneous Deferred Debits (See Sch 2b). \$ 14,415
- 9 To reclassify 5-quarter test year average of study retainer from Prepayments to Miscellaneous Deferred Debits (Per Staff Audit Find # 2):
- | | | |
|---------------------------------------------------|----------|-----|
| Retainer recorded during 4th quarter of test year | \$ 3,134 | |
| 5-quarter test year average | / 5 | 627 |

Total Adjustments - Miscellaneous Deferred Debits \$ 15,042

Deferred Income Taxes

- 10 To adjust Deferred Income Taxes to 5-quarter test year average (See Sch 2b). \$ (552)

Total Rate Base Pro-forma Adjustments

\$ ⁹ 10,303

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EASTMAN SEWER COMPANY, INC.
CALCULATION OF FIVE QUARTER AVERAGE
FOR BALANCE SHEET RATE BASE COMPONENTS

	For the Quarter Ended				5-Quarter Average	Per Company Filing	Adjustment
	12/31/06	03/31/07	06/30/07	09/30/07	12/31/07		
<u>Net Plant Components</u>							
Total Plant in Service	\$ 2,486,095	\$ 2,486,095	\$ 2,486,095	\$ 2,486,095	\$ 2,486,095	\$ 2,830,629	\$ (344,534)
Less: Accumulated Depreciation	(1,899,916)	(1,918,861)	(1,937,806)	(1,956,751)	(1,975,695)	(1,943,125)	5,319
Net Plant in Service	586,179	567,234	548,289	529,344	510,400	887,504	(339,215)
Less: Contributions in Aid of Construction	(2,404,890)	(2,404,890)	(2,404,890)	(2,404,890)	(2,404,890)	(2,749,424)	344,534
Add: Accumulated Amortization - CIAC	1,860,259	1,878,131	1,896,003	1,913,875	1,931,748	1,901,322	(5,319)
Net of Plant in Rate Base Components	\$ 41,548	\$ 40,475	\$ 39,402	\$ 38,329	\$ 37,258	\$ 39,402	\$ 0
<u>Working Capital Components</u>							
Prepayments	4,423	2,366	3,062	1,338	11,084	4,455	(3,550)
Miscellaneous Deferred Debits	14,046	14,046	14,046	14,046	15,890	14,415	14,415
Deferred Income Taxes	(4,184)	(4,184)	(4,184)	(4,184)	(2,344)	(3,264)	(552)
Net of Working Capital Components	\$ 14,285	\$ 12,228	\$ 12,924	\$ 11,200	\$ 24,630	\$ 15,053	\$ 10,312
Net Balance Sheet Rate Base Components	\$ 55,833	\$ 52,703	\$ 52,326	\$ 49,529	\$ 61,888	\$ 44,143	\$ 10,313

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EASTMAN SEWER COMPANY, INC.
WEIGHTED AVERAGE COST OF CAPITAL**

	<u>Capital Structure</u>		<u>Cost</u>	<u>Weighted</u>
	<u>Amount</u>	<u>Percent</u>	<u>Rate</u>	<u>Average</u>
				<u>Cost</u>
<u>Debt</u>				
Long-Term Debt	\$ -	0.00%	0.00%	0.00%
Short-Term Debt	-	0.00%	0.00%	0.00%
Total Debt	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Preferred Stock	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<u>Common Equity</u>				
Common Stock	8,000	7.48%		
Additional Paid in Capital	66,262	61.94%		
Retained Earnings	32,713	30.58%		
Total Common Equity	<u>106,975</u>	<u>100.00%</u>	<u>9.75%</u>	<u>9.75%</u>
Total Capitalization	<u>\$ 106,975</u>	<u>100.00%</u>		<u>9.75%</u>

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EASTMAN SEWER COMPANY, INC.
OPERATING INCOME STATEMENT

	Per Actual Test Year	Company Proforma Adjust's	Per Company Filing	Staff Proforma Adjust's (Sch 4a)	Staff Adj # (Sch 4a)	Proforma Operating Income (Per Staff)	Revenue Deficiency (Sch 1)	Operating Income Requirement (Per Staff)
Operating Revenues:								
Residential Flat Rate Revenue	\$ 109,060	\$ 24,907	\$ 133,967			\$ 133,967	\$ 1,714	\$ 135,681
Commercial Flat Rate Revenue	2,781	635	3,416			3,416	44	3,460
Total Usage Revenue	111,841	25,542	137,383	-		137,383	1,757	139,140
Other Sewer Revenue	469	107	576			576		576
Total Operating Revenues	112,310	25,649	137,959	-		137,959	1,757	139,716
Operating Expenses:								
Operation & Maintenance Expenses:								
Purchased Power Expense	21,895	-	21,895			21,895		21,895
Contracted Services Expense	74,595	8,366	82,961	(34)	11	82,927		82,927
Rents Expense	2,200	-	2,200			2,200		2,200
Insurance Expense	7,664	-	7,664			7,664		7,664
Regulatory Commission Expense	290	-	290			290		290
Miscellaneous Expense	8,013	(5,000)	3,013			3,013		3,013
Total Operation & Maintenance Expenses	114,657	3,366	118,023	(34)		117,989	-	117,989
Depreciation Expense								
Amortization of CIAC	75,779	-	75,779			75,779		75,779
Taxes Other Than Income Expense	(71,490)	-	(71,490)			(71,490)		(71,490)
	4,953	1,234	6,187	720	12	6,907		6,907
Total Operating Expenses	123,899	4,600	128,499	686		129,185	-	129,185
Net Operating Income before Income Taxes	(11,589)	21,049	9,460	(686)		8,774	1,757	10,531
Income Taxes:								
Federal Income Taxes	(1,080)	2,698	1,618	(94)	Sch 4b	1,524	149	1,673
State Income Taxes	(760)	1,762	1,002	(58)	Sch 4b	944	241	1,185
Total Income Taxes	(1,840)	4,460	2,620	(152)		2,468	391	2,858
NET OPERATING INCOME	\$ (9,749)	\$ 16,589	\$ 6,840	\$ (534)		\$ 6,306	\$ 1,367	\$ 7,673

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EASTMAN SEWER COMPANY, INC.
STAFF PRO-FORMA ADJUSTMENTS TO REVENUES AND EXPENSES

Adj #

Pro-forma Adjustments to Operating Expenses:

Contracted Services Expense

- 11 To adjust elimination of charges from Contracted Services Expense that pertain to the rate case (Based on Staff Audit Find # 7):

Elimination entry per Staff Audit Find # 7	\$ (1,950)	
Less: Elimination entry per Company Filing	1,916	\$ (34)

Taxes Other than Income Expense

- 12 To record Staff pro-forma adjustment for property tax expense (See Att B).

\$ 720

Total Operating Income Pro-forma Adjustments before Income Tax Effect

\$ (686)

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EASTMAN SEWER COMPANY, INC.
PROFORMA ADJUSTMENTS TO INCOME TAXES**

INCOME TAXES

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Operating Revenues:

Total Proforma Adjustments to Residential Flat Rate Revenue	\$	-
Total Proforma Adjustments to Commercial Flat Rate Revenue		-
Total Proforma Adjustments to Other Sewer Revenue		-

Operating Expenses:

Total Proforma Adjustments to Purchased Power Expense	-
Total Proforma Adjustments to Contracted Services Expense	34
Total Proforma Adjustments to Rents Expense	-
Total Proforma Adjustments to Insurance Expense	-
Total Proforma Adjustments to Regulatory Commission Expense	-
Total Proforma Adjustments to Miscellaneous Expense	-
Total Proforma Adjustments to Depreciation Expense	-
Total Proforma Adjustments to Amortization of CIAC	-
Total Proforma Adjustments to Taxes Other Than Income Expense	<u>(720)</u>
Marginal Revenue (Expense) Subject to Income Taxes	(686)
Less: New Hampshire Business Profits Tax @ 8.50%	<u>58</u>
Amount Subject to Federal Income Tax	(628)
Less: Federal Income Tax @ 15.00%	<u>94</u>
Proforma Adjustments to Operating Revenue/Expenses net of Income Taxes	<u><u>\$ (534)</u></u>

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EASTMAN SEWER COMPANY, INC.
EFFECTIVE TAX FACTOR

Taxable Income	100.00%
Less: NH Business Profits Tax	<u>8.50%</u>
Federal Taxable Income	91.50%
Federal Income Tax Rate	<u>15.00%</u>
Effective Federal Income Tax Rate	13.73%
Add: NH Business Profits Tax	<u>8.50%</u>
Effective Tax Rate	<u><u>22.23%</u></u>
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	<u>22.23%</u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>77.78%</u></u>
Tax Multiplier	<u><u>0.28576</u></u>

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EASTMAN SEWER COMPANY, INC.
REPORT OF PROPOSED RATE CHANGES**

Rate Class	Number of Customers	Authorized Present Revenue	Proposed Revenue	Proposed Revenue Change	Percentage Change
Residential	533	\$ 109,060	\$ 135,681	\$ 26,621	24.41%
Commercial	2	2,781	3,460	679	24.41%
Total Water Revenues	535	\$ 111,841	\$ 139,140	\$ 27,299	24.41%
Average Revenue per Residential Customer		\$ 204.62	\$ 254.56	\$ 49.94	24.41%
Capital Reserve Rate					
Total	535	\$ 10,008	\$ 62,862	\$ 52,854	528.12%
Average Revenue per Residential Customer		\$ 18.71	\$ 117.50	\$ 98.79	528.12%
Total Rate Change					
Total Average Revenue per Residential Customer		\$ 223.32	\$ 372.06	\$ 148.74	66.60%

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EASTMAN SEWER COMPANY, INC.
ANALYSIS OF PRO-FORMA PROPERTY TAX EXPENSE

	Tax Year: 2006			Tax Year: 2007			STAFF PRO-FORMA Tax Year: 2008		
	Value	Rate	Tax	Value	Rate	Tax	Value	Rate	Tax
Town of Grantham: 222-281-000 L/B Sewer Treatment Plant	\$ 366,666	\$ 10.76	\$ 1,973	\$ 366,666	\$ 11.85	\$ 2,172	\$ 366,666	\$ 13.36	\$ 2,449
Town of Springfield: 031-540-302 Brook Ridge Drive	13,400	12.13	81	13,400	14.00	94	13,400	15.64	105
State of New Hampshire:	375,297	6.60	2,477	404,118	6.60	2,667	659,568	6.60	4,353
Totals	\$ 755,363		\$ 4,531	\$ 784,184		\$ 4,933	\$ 1,039,634		\$ 6,907
Less: Test Year Property Tax Expense									(6,187)
Staff Pro-forma Adjustment for Property Tax Expense									\$ 720

(a) Per Co's response to Staff DR 1-6, municipal billings from the Towns of Grantham and Springfield are actually assessed to Eastman Community Association (ECA). However, Eastman Sewer has an agreement with ECA to pay one-half of property tax bills.

(b) Town of Springfield tax bills actually include the State Education Tax rate. However, for purposes of this schedule that portion of the overall tax rate has been eliminated.

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EASTMAN SEWER COMPANY, INC.
ANALYSIS OF LOAN PAYMENTS**

Loan Amount: \$ 374,534.00	Monthly Payment: \$4,404.52
Interest Rate: 5.50%	Annual Payment: \$ 52,854.22

Month	P&I	Interest	Principal	Balance
				\$374,534.00
1	\$4,404.52	\$1,716.61	\$2,687.90	\$371,846.10
2	\$4,404.52	\$1,704.29	\$2,700.22	\$369,145.87
3	\$4,404.52	\$1,691.92	\$2,712.60	\$366,433.27
4	\$4,404.52	\$1,679.49	\$2,725.03	\$363,708.24
5	\$4,404.52	\$1,667.00	\$2,737.52	\$360,970.72
6	\$4,404.52	\$1,654.45	\$2,750.07	\$358,220.65
7	\$4,404.52	\$1,641.84	\$2,762.67	\$355,457.97
8	\$4,404.52	\$1,629.18	\$2,775.34	\$352,682.64
9	\$4,404.52	\$1,616.46	\$2,788.06	\$349,894.58
10	\$4,404.52	\$1,603.68	\$2,800.84	\$347,093.74
11	\$4,404.52	\$1,590.85	\$2,813.67	\$344,280.07
12	\$4,404.52	\$1,577.95	\$2,826.57	\$341,453.50
13	\$4,404.52	\$1,565.00	\$2,839.52	\$338,613.98
14	\$4,404.52	\$1,551.98	\$2,852.54	\$335,761.44
15	\$4,404.52	\$1,538.91	\$2,865.61	\$332,895.83
16	\$4,404.52	\$1,525.77	\$2,878.75	\$330,017.08
17	\$4,404.52	\$1,512.58	\$2,891.94	\$327,125.14
18	\$4,404.52	\$1,499.32	\$2,905.20	\$324,219.95
19	\$4,404.52	\$1,486.01	\$2,918.51	\$321,301.44
20	\$4,404.52	\$1,472.63	\$2,931.89	\$318,369.55
21	\$4,404.52	\$1,459.19	\$2,945.32	\$315,424.22
22	\$4,404.52	\$1,445.69	\$2,958.82	\$312,465.40
23	\$4,404.52	\$1,432.13	\$2,972.39	\$309,493.01
24	\$4,404.52	\$1,418.51	\$2,986.01	\$306,507.01
25	\$4,404.52	\$1,404.82	\$2,999.69	\$303,507.31
26	\$4,404.52	\$1,391.08	\$3,013.44	\$300,493.87
27	\$4,404.52	\$1,377.26	\$3,027.26	\$297,466.61
28	\$4,404.52	\$1,363.39	\$3,041.13	\$294,425.48
29	\$4,404.52	\$1,349.45	\$3,055.07	\$291,370.41
30	\$4,404.52	\$1,335.45	\$3,069.07	\$288,301.34
31	\$4,404.52	\$1,321.38	\$3,083.14	\$285,218.20
32	\$4,404.52	\$1,307.25	\$3,097.27	\$282,120.94
33	\$4,404.52	\$1,293.05	\$3,111.46	\$279,009.47
34	\$4,404.52	\$1,278.79	\$3,125.73	\$275,883.75
35	\$4,404.52	\$1,264.47	\$3,140.05	\$272,743.69
36	\$4,404.52	\$1,250.08	\$3,154.44	\$269,589.25
37	\$4,404.52	\$1,235.62	\$3,168.90	\$266,420.35
38	\$4,404.52	\$1,221.09	\$3,183.43	\$263,236.92
39	\$4,404.52	\$1,206.50	\$3,198.02	\$260,038.91
40	\$4,404.52	\$1,191.84	\$3,212.67	\$256,826.23
41	\$4,404.52	\$1,177.12	\$3,227.40	\$253,598.84
42	\$4,404.52	\$1,162.33	\$3,242.19	\$250,356.64
43	\$4,404.52	\$1,147.47	\$3,257.05	\$247,099.59
44	\$4,404.52	\$1,132.54	\$3,271.98	\$243,827.62
45	\$4,404.52	\$1,117.54	\$3,286.98	\$240,540.64
46	\$4,404.52	\$1,102.48	\$3,302.04	\$237,238.60
47	\$4,404.52	\$1,087.34	\$3,317.18	\$233,921.42
48	\$4,404.52	\$1,072.14	\$3,332.38	\$230,589.04
49	\$4,404.52	\$1,056.87	\$3,347.65	\$227,241.39
50	\$4,404.52	\$1,041.52	\$3,363.00	\$223,878.40
51	\$4,404.52	\$1,026.11	\$3,378.41	\$220,499.99
52	\$4,404.52	\$1,010.62	\$3,393.89	\$217,106.09
53	\$4,404.52	\$ 995.07	\$3,409.45	\$213,696.64
54	\$4,404.52	\$ 979.44	\$3,425.08	\$210,271.57

DW 08-086
EASTMAN SEWER COMPANY, INC.
ANALYSIS OF LOAN PAYMENTS

Loan Amount:
\$ 374,534.00

Monthly Payment:
\$4,404.52

Interest Rate:
5.50%

Annual Payment:
\$ 52,854.22

Month	P&I	Interest	Principal	Balance
55	\$4,404.52	\$ 963.74	\$3,440.77	\$206,830.79
56	\$4,404.52	\$ 947.97	\$3,456.54	\$203,374.25
57	\$4,404.52	\$ 932.13	\$3,472.39	\$199,901.86
58	\$4,404.52	\$ 916.22	\$3,488.30	\$196,413.56
59	\$4,404.52	\$ 900.23	\$3,504.29	\$192,909.27
60	\$4,404.52	\$ 884.17	\$3,520.35	\$189,388.92
61	\$4,404.52	\$ 868.03	\$3,536.49	\$185,852.43
62	\$4,404.52	\$ 851.82	\$3,552.70	\$182,299.74
63	\$4,404.52	\$ 835.54	\$3,568.98	\$178,730.76
64	\$4,404.52	\$ 819.18	\$3,585.34	\$175,145.42
65	\$4,404.52	\$ 802.75	\$3,601.77	\$171,543.66
66	\$4,404.52	\$ 786.24	\$3,618.28	\$167,925.38
67	\$4,404.52	\$ 769.66	\$3,634.86	\$164,290.52
68	\$4,404.52	\$ 753.00	\$3,651.52	\$160,639.00
69	\$4,404.52	\$ 736.26	\$3,668.26	\$156,970.74
70	\$4,404.52	\$ 719.45	\$3,685.07	\$153,285.67
71	\$4,404.52	\$ 702.56	\$3,701.96	\$149,583.71
72	\$4,404.52	\$ 685.59	\$3,718.93	\$145,864.79
73	\$4,404.52	\$ 668.55	\$3,735.97	\$142,128.81
74	\$4,404.52	\$ 651.42	\$3,753.10	\$138,375.72
75	\$4,404.52	\$ 634.22	\$3,770.30	\$134,605.42
76	\$4,404.52	\$ 616.94	\$3,787.58	\$130,817.84
77	\$4,404.52	\$ 599.58	\$3,804.94	\$127,012.91
78	\$4,404.52	\$ 582.14	\$3,822.38	\$123,190.53
79	\$4,404.52	\$ 564.62	\$3,839.90	\$119,350.64
80	\$4,404.52	\$ 547.02	\$3,857.49	\$115,493.14
81	\$4,404.52	\$ 529.34	\$3,875.18	\$111,617.97
82	\$4,404.52	\$ 511.58	\$3,892.94	\$107,725.03
83	\$4,404.52	\$ 493.74	\$3,910.78	\$103,814.25
84	\$4,404.52	\$ 475.82	\$3,928.70	\$ 99,885.55
85	\$4,404.52	\$ 457.81	\$3,946.71	\$ 95,938.84
86	\$4,404.52	\$ 439.72	\$3,964.80	\$ 91,974.04
87	\$4,404.52	\$ 421.55	\$3,982.97	\$ 87,991.07
88	\$4,404.52	\$ 403.29	\$4,001.23	\$ 83,989.84
89	\$4,404.52	\$ 384.95	\$4,019.57	\$ 79,970.28
90	\$4,404.52	\$ 366.53	\$4,037.99	\$ 75,932.29
91	\$4,404.52	\$ 348.02	\$4,056.50	\$ 71,875.79
92	\$4,404.52	\$ 329.43	\$4,075.09	\$ 67,800.70
93	\$4,404.52	\$ 310.75	\$4,093.77	\$ 63,706.94
94	\$4,404.52	\$ 291.99	\$4,112.53	\$ 59,594.41
95	\$4,404.52	\$ 273.14	\$4,131.38	\$ 55,463.03
96	\$4,404.52	\$ 254.21	\$4,150.31	\$ 51,312.72
97	\$4,404.52	\$ 235.18	\$4,169.34	\$ 47,143.38
98	\$4,404.52	\$ 216.07	\$4,188.44	\$ 42,954.94
99	\$4,404.52	\$ 196.88	\$4,207.64	\$ 38,747.30
100	\$4,404.52	\$ 177.59	\$4,226.93	\$ 34,520.37
101	\$4,404.52	\$ 158.22	\$4,246.30	\$ 30,274.07
102	\$4,404.52	\$ 138.76	\$4,265.76	\$ 26,008.31
103	\$4,404.52	\$ 119.20	\$4,285.31	\$ 21,722.99
104	\$4,404.52	\$ 99.56	\$4,304.96	\$ 17,418.04
105	\$4,404.52	\$ 79.83	\$4,324.69	\$ 13,093.35
106	\$4,404.52	\$ 60.01	\$4,344.51	\$ 8,748.84
107	\$4,404.52	\$ 40.10	\$4,364.42	\$ 4,384.42
108	\$4,404.52	\$ 20.10	\$4,384.42	\$ 0.00