

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
REVENUE REQUIREMENT**

Rate Base (Schedule 2)	\$ 2,333,649
Rate of Return (Schedule 1a)	x <u>8.08%</u>
Operating Income Requirement	188,536
Less: Proforma Test Year Operating Income (Schedule 3)	<u>(318,065)</u>
Revenue Deficiency / (Surplus) Before Taxes	(129,528)
Tax Factor (Schedule 1b)	+ <u>100.00%</u>
Revenue Deficiency / (Surplus)	(129,528)
Add: Annual Water Revenues from General Customers Proposed by Company (Schedule 3)	1,078,091
Add: Staff Adjustments to Test Year Water Revenues from General Customers	<u>(19,046)</u>
Annual Water Revenues from General Customers Proposed by Staff	929,517
Less: Adjusted Test Year Water Revenues from General Customers	(a) <u>(784,397)</u>
Proposed Increase in Annual Water Revenues from General Customers	<u>\$ 145,120</u>
Percent Increase in Annual Water Revenues from General Customers	<u>18.50%</u>

(a) Calculation of Adjusted Test Year Revenues from General Customers:

Co's Reported Test Year Revenues from General Customers	\$ 766,032
Additional Revenues from DW 08-070-Step 3 (See Sch 3a; Adj # 24)	25,224
Staff Adjustment for Unearned Revenues (Sch 3a; Adj # 25)	(7,714)
Staff Adjustment for Unbilled Usage by Officers (Sch 3a; Adj # 26)	855
Adjusted Test Year Water Revenues from General Customers	<u>\$ 784,397</u>

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
WEIGHTED AVERAGE COST OF CAPITAL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Capital Structure					Cost of Debt						
	Balance 12/31/09	Co Pro-forma Adjustments	Staff Pro-forma Adjustments	Adjusted Balance	Percent	Annual Interest	Annual Debt Expense	Co Pro-forma Adjustments	Staff Pro-forma Adjustments	Total Annual Cost of Debt	Cost Rate	Weighted Average Cost
Long-term Debt (Schedule 1a):												
Previously Approved Debt	\$ 777,323	\$ -	\$ -	\$ 777,323	42.21%	\$ 58,719	\$ 1,788	\$ (5,815)	\$ -	\$ 54,692	7.04%	2.97%
Unapproved Debt	87,861	-	-	87,861	4.77%	5,183	-	(1,262)	-	3,921	4.46%	0.21%
NH Department of Corrections	103,880	(103,880)	-	-	0.00%	-	-	-	-	-	0.00%	0.00%
Shareholder Loans	190,855	-	(190,855) (a)	-	0.00%	18,331	-	277	(18,608) (a)	-	0.00%	0.00%
Total Long-term Debt	1,159,919	(103,880)	(190,855)	865,184	46.99%	\$ 82,233	\$ 1,788	\$ (6,800)	\$ (18,808)	\$ 58,613		3.18%
Common Equity @ 9.75%:												
Common Stock	10,000	-	-	10,000	0.54%							
Additional Paid-in Capital	942,080	192,000	(192,000) (b)	942,080	51.16%							
Capital Stock Expense	(16,565)	-	-	(16,565)	-0.90%							
Retained Earnings	(93,370)	-	-	(93,370)	-5.07%							
Total Common Equity @ 9.75%	842,145	192,000	(192,000)	842,145	45.74%						9.75%	4.46%
Common Equity @ 6.00%:												
Additional Paid-in Capital	-	-	134,028 (c)	134,028	7.28%						6.00%	0.44%
Total Capitalization	\$ 2,002,064	\$ 88,120	\$ (248,829)	\$ 1,841,355	100.00%							8.08%

(a) To reflect proposed conversion of Shareholder Loan to Additional Paid-in Capital per Co's filing in DW 11-021.

(b) To reflect elimination of Additional Paid-in Capital relative to Co's proposed 2010 plant additions.

(c) Co's Shareholder Loan converted to Additional Paid-in Capital:

Balance of Shareholder Loan @ 12/31/09 (Schedule 1a)	\$ 190,855
Less: Pension / Health Ins Payments to Shareholders during test year (Per Co's response to Staff 3-12)	(56,829)
	<u>\$ 134,026</u>

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
CALCULATION OF COST OF DEBT

Description	Date of Issue	Date of Maturity	Interest Rate	(1) Balance 01/01/09	(2) Additions	(3) Reductions	(4) Balance 12/31/09	(5) Co's Pro-forma Adj's	(6) Pro-forma Balance Per Co	(7) Staff Pro-forma Adj's	(8) Pro-forma Balance Per Staff	(9) Interest Expense	(10) Debt Expense	(11) Total Debt Cost	(12) Co's Pro-forma Adj's	(13) Pro-forma Balance Per Co	(14) Staff Pro-forma Adj's	(15) Pro-forma Balance Per Staff	(16) Total Cost Rate
Previously Approved Debt:																			
TD Bank - 5 (Refinance)	01/13/04	01/13/14	6.09%	\$ 388,656	\$ -	\$ (28,839)	\$ 359,817	\$ -	\$ 359,817	\$ -	\$ 359,817	\$ 23,919	\$ 732	\$ 24,651	\$ (2,006)	\$ 22,645	\$ -	\$ 22,645	6.29%
TD Bank - 6 (Construction)	01/13/04	01/13/14	7.47%	327,480	-	(19,799)	307,681	-	307,681	-	307,681	24,720	360	25,080	(1,735)	23,345	-	23,345	7.59%
TD Bank - 7 (System Purchase)	12/29/04	12/29/14	7.29%	118,517	-	(8,702)	109,815	-	109,815	-	109,815	10,080	696	10,776	(2,074)	8,702	-	8,702	7.92%
				<u>834,663</u>	<u>-</u>	<u>(57,340)</u>	<u>777,323</u>	<u>-</u>	<u>777,323</u>	<u>-</u>	<u>777,323</u>	<u>58,719</u>	<u>1,788</u>	<u>60,507</u>	<u>(5,815)</u>	<u>54,692</u>	<u>-</u>	<u>54,692</u>	<u>7.04%</u>
Unapproved Debt:																			
Citizens (07 Sierra)	07/16/07	07/16/14	8.49%	10,260	-	(2,561)	7,699	-	7,699	-	7,699	802	-	802	(148)	654	-	654	8.49%
Laconia Savings Bank (06 Sierra)	08/14/06	07/14/11	7.49%	22,957	-	(22,957)	-	-	-	-	-	665	-	665	(665)	-	-	-	0.00%
GEHL Finance (Mustang Excavator)	08/02/04	09/02/09	3.00%	2,930	-	(2,930)	-	-	-	-	-	(29)	-	(29)	29	-	-	-	0.00%
Key Equipment (Meter Reader)	01/02/07	03/02/09	13.00%	873	-	(873)	-	-	-	-	-	137	-	137	(137)	-	-	-	0.00%
Santander (07 Silverado)	11/17/07	12/31/13	6.39%	26,921	-	(5,935)	20,986	-	20,986	-	20,986	1,880	-	1,880	(539)	1,341	-	1,341	6.39%
St. Mary's Bank (08 Chevy Colorado)	05/28/08	07/12/13	5.75%	16,486	-	(3,305)	13,181	-	13,181	-	13,181	862	-	862	(104)	758	-	758	5.75%
Bank of America (Copier)	06/04/08	06/04/12	5.20%	5,037	-	(1,347)	3,690	-	3,690	-	3,690	230	-	230	(38)	192	-	192	5.20%
St. Mary's Bank (08 Chevy Colorado)	05/31/09	08/14/13	5.90%	-	18,865	(2,323)	16,542	-	16,542	-	16,542	636	-	636	340	976	-	976	5.90%
GEHL Finance (Mustang Excavator)	11/13/09	11/13/14	0.00%	-	26,200	(437)	25,763	-	25,763	-	25,763	-	-	-	-	-	-	-	0.00%
				<u>85,464</u>	<u>45,065</u>	<u>(42,668)</u>	<u>87,861</u>	<u>-</u>	<u>87,861</u>	<u>-</u>	<u>87,861</u>	<u>5,183</u>	<u>-</u>	<u>5,183</u>	<u>(1,262)</u>	<u>3,921</u>	<u>-</u>	<u>3,921</u>	<u>4.46%</u>
NH Department of Corrections	10/07/09	10/31/12	0.00%	-	110,000	(6,120)	103,880	(103,880)	-	-	-	-	-	-	-	-	-	-	0.00%
Loan from Shareholders			9.75%	138,739	52,116	-	190,855	-	190,855	(190,855) (a)	-	18,331	-	18,331	277	18,608	(18,608) (a)	-	0.00%
				<u>\$1,058,866</u>	<u>\$ 207,181</u>	<u>\$ (106,128)</u>	<u>\$1,159,919</u>	<u>\$ (103,880)</u>	<u>\$1,056,039</u>	<u>\$ (190,855)</u>	<u>\$ 865,184</u>	<u>\$ 82,233</u>	<u>\$ 1,788</u>	<u>\$ 84,021</u>	<u>\$ (6,800)</u>	<u>\$ 77,221</u>	<u>\$ (18,608)</u>	<u>\$ 58,613</u>	<u>6.77%</u>

(a) To reflect proposed conversion of Shareholder Loan to Additional Paid-in Capital per Co's filing in DW 11-021

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
EFFECTIVE TAX FACTOR**

Taxable Income	100.00%
Less: NH Business Profits Tax	<u>0.00%</u>
Federal Taxable Income	100.00%
Federal Income Tax Rate	<u>0.00%</u>
Effective Federal Income Tax Rate	0.00%
Add: NH Business Profits Tax	<u>0.00%</u>
Effective Tax Rate	<u><u>0.00%</u></u>
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	<u>0.00%</u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>100.00%</u></u>
Tax Multiplier	<u><u>0.00000</u></u>

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
RATE BASE

	(1) Test Year Average Per Company Filing	(2) Company Adjustments	(3) Per Company Filing	(4) Staff Proforma Adjustments (Sch 2a)	(5) Staff Adjustment # (Sch 2a)	(6) Proforma Rate Base
<u>Plant in Service</u>						
Utility Plant in Service	\$ 4,197,106	\$ 263,888	\$ 4,460,994	\$ (295,824)	1 - 4	\$ 4,165,170
Less: Accumulated Depreciation	<u>(1,123,042)</u>	<u>(67,096)</u>	<u>(1,190,138)</u>	<u>44,790</u>	5 - 9	<u>(1,145,348)</u>
Net Plant in Service	3,074,064	196,792	3,270,856	(251,035)		3,019,821
Less: Acquisition Adjustment	(254,025)	-	(254,025)			(254,025)
Add: Accumulated Amortization of Acquisition Adjustment	141,338	2,172	143,510	(1,254)	10 - 12	142,256
Less: Contributions in Aid of Construction (CIAC)	(849,099)	-	(849,099)	(3,846)	13	(852,945)
Add: Accumulated Amortization of CIAC	<u>156,075</u>	<u>8,455</u>	<u>164,530</u>	<u>(8,780)</u>	14 - 15	<u>155,750</u>
Net Plant in Rate Base	<u>2,268,353</u>	<u>207,419</u>	<u>2,475,772</u>	<u>(264,915)</u>		<u>2,210,857</u>
<u>Working Capital</u>						
Cash Working Capital	164,872	376	165,248	(29,742)	16	135,506
Materials and Supplies	59,350	(14,217)	45,133	16,523	17 - 19	61,656
Prepaid Expenses	31,791	(3,862)	27,929	4,655	20 - 21	32,584
Customer Deposits	-	-	-	(1,442)	23	(1,442)
Deferred Taxes	<u>(105,511)</u>	<u>-</u>	<u>(105,511)</u>			<u>(105,511)</u>
Total Working Capital	<u>150,502</u>	<u>(17,703)</u>	<u>132,799</u>	<u>(10,007)</u>		<u>122,792</u>
Rate Base	<u>\$ 2,418,855</u>	<u>\$ 189,716</u>	<u>\$ 2,608,571</u>	<u>\$ (274,922)</u>		<u>\$ 2,333,649</u>

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO RATE BASE**

Adj#

Proforma Adjustments to Plant in Service:

Plant in Service

1	To adjust Plant in Service rate base component from year-end avg to 13-month avg (Sch 2b).		\$ (12,513)
2	To reverse Co's Rate Base Adj # 1 in order to reflect the test year average of Plant in Service in rate base.		(71,889)
3	To reverse Co's Rate Base Adj # 2 in order to remove proposed 2010 plant additions from test year rate base.		(192,000)
4	To adjust DW 08-070 - Step 3 Plant in Service (Sch 2c):		
	2008 Plant Additions per Staff:	\$ 137,176	
	Less: 2008 Plant Additions per Company:	<u>(145,217)</u>	(8,041)
	2009 Plant Additions per Staff:	77,214	
	Less: 2009 Plant Additions per Company	<u>(99,976)</u>	
	Total Adjustment - 2009	(22,762)	
	To adjust to test year average	+ 2	<u>(11,381)</u>
			(19,422)
	Total Adjustments - Plant in Service		\$ (295,824)

Accumulated Depreciation

5	To adjust Accumulated Depreciation rate base component from year-end avg to 13-month avg (Sch 2b).		\$ (18,396)
6	To reverse Co's Rate Base Adj # 3 in order to reflect the test year average of Accumulated Depreciation in rate base.		57,169
7	To modify Co's Rate Base Adj # 4 in order to reflect a test year average:		
	Co's Rate Base Adj # 3 for additional half-year of Depreciation Expense	\$ 6,293	
	To adjust to test year average	+ 2	<u>3,147</u>
8	To reverse Co's Rate Base Adj # 5 in order to remove accumulated depreciation on proposed 2010 plant additions from test year rate base.		3,634
9	To adjust DW 08-070 - Step 3 Accumulated Depreciation (Sch 2c):		
	2008 Accumulated Depreciation per Staff:	\$ (1,923)	
	Less: 2008 Accumulated Depreciation per Company:	<u>1,664</u>	(258)
	2009 Accumulated Depreciation per Staff:	(5,458)	
	Less: 2009 Accumulated Depreciation per Company	<u>4,447</u>	
	Total Adjustment - 2009	(1,011)	
	To adjust to test year average	+ 2	<u>(505)</u>
			(764)
	Total Adjustments - Accumulated Depreciation		\$ 44,790

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO RATE BASE**

Adj#

Accumulated Amortization of Acquisition Adjustment

10	To adjust Accumulated Amortization of Acquisition Adjustment rate base component from year-end avg to 13-month avg (Sch 2b).	\$ (446)
11	To reverse Co's Rate Base Adj # 6 in order to reflect the test year average of Accumulated Amortization of Acquisition Adjustment in rate base.	(2,172)
12	To correct Accumulated Amortization of Acquisition Adjustment per Staff Audit Issue # 5.	<u>1,364</u>
Total Adjustments - Accumulated Amortization of Acquisition Adjustment		<u>\$ (1,254)</u>

Contributions in Aid of Construction (CIAC)

13	To adjust Contributions in Aid of Construction rate base component from year-end avg to 13-month avg (Sch 2b).	<u>\$ (3,846)</u>
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Accumulated Amortization of CIAC

14	To adjust Accumulated Amortization of CIAC rate base component from year-end avg to 13-month avg (Sch 2b).	\$ (324)
15	To reverse Co's Rate Base Adj # 11 in order to reflect the test year average of Accumulated Amortization of CIAC in rate base.	<u>(8,456)</u>
Total Adjustments - Accumulated Amortization of CIAC		<u>\$ (8,780)</u>

Proforma Adjustments to Working Capital:

Cash Working Capital

16	To adjust Cash Working Capital to amount computed by Staff (Sch 2b):	
	Adjusted Cash Working Capital computed by Staff (Sch 2b)	\$ 135,506
	Less: Amount per Company Filing (See Sch 2; Col 1)	<u>(165,248) \$ (29,742)</u>

Materials and Supplies

17	To adjust Materials and Supplies rate base component from year-end avg to 13-month avg (Sch 2b).	\$ 12,806
18	To reflect prior year inventory adjustments in 13-month rate base average for Materials and Supplies:	
	Inventory Adj per Co Filing (Sch 1B; Pg 2 of 3; Adj # 8)	\$ (11,375)
	Factor used to reflect Adj's in 13-month average rate base (12 mos + 13 mos)	x <u>0.9231</u> (10,500)
19	To reverse Co's Rate Base Adj # 8 in order to reflect the test year average of Materials and Supplies in rate base.	<u>14,217</u>
Total Adjustments - Materials & Supplies		<u>\$ 16,523</u>

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO RATE BASE**

Adj#

Prepaid Expenses

20	To adjust Prepaid Expenses rate base component from year-end avg to 13-month avg (Sch 2b).	\$	1,936
21	To reverse Co's Rate Base Adj # 9 in order to reflect the test year average of Prepaid Expenses in rate base.		1,575
22	To modify Co's Rate Base Adj # 10 in order to reflect a test year average: Co's Rate Base Adj # 10 for completion of amortization expense To adjust to test year average	\$	2,287
		+	2
			<u>1,144</u>
	Total Adjustments - Prepaid Expenses	\$	<u>4,655</u>

Customer Deposits

23	To record 13-month avg for Customer Deposits rate base component (Sch 2b).	\$	<u>(1,442)</u>
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NET RATE BASE ADJUSTMENTS PER STAFF **\$ (274,922)**

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
COMPUTATION OF RATE BASE COMPONENTS – 13-MONTH AVERAGE

Calculation of 13-Month Average Rate Base (Based on Co's response to Staff 2-12):

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Net Plant in Service			Net Acquisition Adjustment			Net Contributions in Aid of Construction						
	Plant in Service	Accumulated Depreciation	Net	Acquisition Adjustment	Accumulated Amortization	Net	CIAC	Accumulated Amortization	Net	Materials & Supplies	Prepaid Expenses	Customer Deposits	Deferred Taxes
12/31/08	\$ 4,125,217	\$ (1,065,873)	\$ 3,059,344	\$ (254,025)	\$ 139,168	\$ (114,859)	\$ (849,099)	\$ 147,619	\$ (701,480)	\$ 73,587	\$ 33,365	\$ (362)	\$ (105,511)
01/31/09	4,138,572	(1,078,823)	3,059,949	(254,025)	139,166	(114,859)	(849,099)	148,502	(700,597)	70,704	30,775	(362)	(105,511)
02/28/09	4,147,086	(1,091,855)	3,055,231	(254,025)	139,495	(114,530)	(854,099)	149,940	(704,159)	67,629	32,072	(362)	(105,511)
03/31/09	4,158,944	(1,105,087)	3,053,857	(254,025)	139,824	(114,201)	(854,099)	151,378	(702,721)	64,400	28,222	(1,012)	(105,511)
04/30/09	4,179,503	(1,118,319)	3,061,184	(254,025)	140,153	(113,872)	(854,099)	152,816	(701,283)	83,613	27,878	(1,712)	(105,511)
05/31/09	4,184,095	(1,131,551)	3,052,544	(254,025)	140,482	(113,543)	(854,099)	154,254	(699,845)	82,004	33,165	(1,712)	(105,511)
06/30/09	4,192,174	(1,144,783)	3,047,391	(254,025)	140,811	(113,214)	(854,099)	155,692	(698,407)	84,792	33,272	(2,062)	(105,511)
07/31/09	4,198,593	(1,158,015)	3,040,578	(254,025)	141,140	(112,885)	(854,099)	157,130	(696,969)	81,403	33,378	(2,082)	(105,511)
08/31/09	4,202,146	(1,171,247)	3,030,899	(254,025)	141,469	(112,556)	(854,099)	158,568	(695,531)	76,248	33,890	(2,082)	(105,511)
09/30/09	4,198,635	(1,184,479)	3,014,156	(254,025)	141,798	(112,227)	(854,099)	160,006	(694,093)	76,249	40,576	(2,082)	(105,511)
10/31/09	4,200,738	(1,197,711)	3,003,027	(254,025)	142,127	(111,898)	(854,099)	161,444	(692,655)	88,263	40,868	(2,082)	(105,511)
11/30/09	4,205,008	(1,210,943)	2,994,065	(254,025)	142,456	(111,569)	(854,099)	162,882	(691,217)	84,018	40,974	(1,812)	(105,511)
12/31/09	4,288,994	(1,180,211)	3,088,783	(254,025)	143,510	(110,515)	(849,098)	164,530	(684,568)	45,132	30,216	(1,106)	(105,511)
13-Month Total	\$ 54,399,705	\$ (14,838,697)	\$ 39,561,008	\$ (3,302,325)	\$ 1,831,597	\$ (1,470,728)	\$ (11,088,286)	\$ 2,024,761	\$ (9,063,525)	\$ 936,022	\$ 438,451	\$ (18,750)	\$ (1,371,643)
13-Month Average	\$ 4,184,593	\$ (1,141,438)	\$ 3,043,154	\$ (254,025)	\$ 140,892	\$ (113,133)	\$ (852,945)	\$ 155,751	\$ (697,194)	\$ 72,156	\$ 33,727	\$ (1,442)	\$ (105,511)
Less: Year-end Avg per Co (See Sch 2; Col 1)	(4,197,106)	1,123,042	(3,074,064)	254,025	(141,338)	112,887	849,099	(156,075)	693,024	(59,350)	(31,791)	-	105,511
Pro-forma Adjustments Staff Adjustment #	\$ (12,513) 1	\$ (18,398) 5	\$ (30,910)	\$ -	\$ (446) 10	\$ (446)	\$ (3,846) 13	\$ (324) 14	\$ (4,170)	\$ 12,806 17	\$ 1,936 20	\$ (1,442) 23	\$ -

Calculation of Cash Working Capital:

Proforma Test Year O & M Expenses (Sch 3)	\$ 753,672
Less: O & M Expense for Tamworth	\$ (753,672) X 101 + 1,616 = (47,105)
O & M Exp's for Systems that Bill in Arrears	706,568
75 Days / 365 Days	X 20.55%
Cash Working Capital for Systems that Bill in Arrears	\$ 145,185
O & M Expense for Tamworth	(47,105)
75 Days / 365 Days	X 20.55%
Cash Working Capital for System that Bills in Advance	(9,679)
Net Cash Working Capital	\$ 135,506

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
ANALYSIS OF DW 08-070 STEP 3 PLANT ADDITIONS and DEPRECIATION

	PER COMPANY						PER STAFF					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Cost	Rate	Annual Deprec	2008 Deprec	2009 Deprec	Total Accum Deprec	Cost	Rate	Annual Deprec	2008 Deprec	2009 Deprec	Total Accum Deprec
Hidden Valley:												
Structures - 2008	\$ 13,547	2.00%	\$ 271	\$ 135	\$ 271	\$ 406	\$ 18,258 (a)	2.50%	\$ 456	\$ 228	\$ 456	\$ 685
Structures - 2009	9,088	2.00%	182	-	91	91	9,088	2.50%	227	-	114	114
	<u>22,635</u>		<u>453</u>	<u>135</u>	<u>362</u>	<u>497</u>	<u>27,346</u>		<u>684</u>	<u>228</u>	<u>570</u>	<u>798</u>
Wells - 2008	40,517	2.00%	810	405	405	810	40,517	3.33%	1,349	675	1,349	2,024
Pumps - 2008	3,472	10.00%	347	174	347	521	3,224 (b)	10.00%	322	161	322	484
Pumps - 2009	10,000	10.00%	1,000	-	500	500	10,000	10.00%	1,000	-	500	500
	<u>13,472</u>		<u>1,347</u>	<u>174</u>	<u>847</u>	<u>1,021</u>	<u>13,224</u>		<u>1,322</u>	<u>161</u>	<u>822</u>	<u>984</u>
Distribution Reservoirs - 2008	791	2.50%	20	10	20	30	791	2.22%	18	9	18	26
Mains - 2008	47,733	2.00%	955	477	955	1,432	46,666 (b)	2.00%	933	467	933	1,400
Meters - 2009	2,575	5.00%	129	-	64	64	2,575	5.00%	129	-	64	64
Other - 2009	1,085	5.00%	54	-	27	27	1,085	5.00%	54	-	27	27
Total - Hidden Valley	<u>128,808</u>		<u>3,768</u>	<u>1,201</u>	<u>2,680</u>	<u>3,882</u>	<u>132,204</u>		<u>4,489</u>	<u>1,539</u>	<u>3,784</u>	<u>5,324</u>
Gunstock Glen:												
Structures - 2008	36,868	2.00%	737	369	737	1,106	26,218 (b)	2.50%	655	328	655	983
Structures - 2009	4,049	2.00%	81	-	40	40	4,049	2.50%	101	-	51	51
	<u>40,917</u>		<u>818</u>	<u>369</u>	<u>778</u>	<u>1,147</u>	<u>30,267</u>		<u>757</u>	<u>328</u>	<u>706</u>	<u>1,034</u>
Pumps - 2008	1,784	10.00%	178	89	89	178	997 (c)	10.00%	100	50	100	150
Pumps - 2009	4,086	10.00%	409	-	204	204	7,939 (a)	10.00%	794	-	397	397
	<u>5,870</u>		<u>587</u>	<u>89</u>	<u>294</u>	<u>383</u>	<u>8,936</u>		<u>894</u>	<u>50</u>	<u>497</u>	<u>547</u>
Distribution Reservoirs - 2008	505	2.00%	10	5	5	10	505	2.22%	11	6	11	17
Distribution Reservoirs - 2009	293	2.00%	6	-	3	3	293	2.22%	7	-	3	3
	<u>798</u>		<u>16</u>	<u>5</u>	<u>8</u>	<u>13</u>	<u>798</u>		<u>18</u>	<u>6</u>	<u>14</u>	<u>20</u>
Mains - 2009	37,189	2.00%	744	-	372	372	28,079 (b)	2.00%	562	-	281	281
Total - Gunstock Glen	<u>84,774</u>		<u>2,185</u>	<u>463</u>	<u>1,451</u>	<u>1,914</u>	<u>68,080</u>		<u>2,230</u>	<u>383</u>	<u>1,498</u>	<u>1,881</u>
Brake Hill:												
Structures - 2009	31,611	2.00%	632	-	316	316	14,106 (d)	2.50%	363	-	176	176
Grand Total	<u>\$245,193</u>		<u>\$ 6,565</u>	<u>\$ 1,664</u>	<u>\$ 4,447</u>	<u>\$ 6,112</u>	<u>\$214,390</u>		<u>\$ 7,071</u>	<u>\$ 1,923</u>	<u>\$ 5,458</u>	<u>\$ 7,381</u>
Summary By Year:												
2008 Plant Additions	\$145,217		\$ 3,329	\$ 1,664	\$ 2,829	\$ 4,494	\$137,176		\$ 3,845	\$ 1,923	\$ 3,845	\$ 5,768
2009 Plant Additions	99,976		3,236	-	1,618	1,618	77,214		3,228	-	1,613	1,613
Totals	<u>\$245,193</u>		<u>\$ 6,565</u>	<u>\$ 1,664</u>	<u>\$ 4,447</u>	<u>\$ 6,112</u>	<u>\$214,390</u>		<u>\$ 7,071</u>	<u>\$ 1,923</u>	<u>\$ 5,458</u>	<u>\$ 7,381</u>

(a) Retired plant netted against cost of additions were added back to cost of asset. (Based on Company's response to OCA DR 4-5 in DW 08-070)
(b) Unsubstantiated costs per the 09/22/10 NHPUC Staff Audit Report in DW 08-070 were eliminated.
(c) Unsubstantiated cost per the Company's response to Staff DR 3-5 in DW 08-070 was eliminated.
(d) Asset not included in Step 3 in DW 08-070. However, included in rate base for purposes of temporary rates less unsubstantiated costs per the 09/22/10 NHPUC Staff Audit Report.

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
OPERATING INCOME STATEMENT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Per Actual Test Year	Company Adjustments	Per Company Filing	Staff Pro-forma Adjustments (Sch 3a)	Staff Adjustment # (Sch 3a)	Pro-forma Test Year	Revenue Deficiency / (Surplus) (Sch 1)	Net Operating Income Requirement
Operating Revenues								
Sales of Water to General Customers	\$ 766,032	\$ 312,059	\$ 1,078,091	\$ (19,046)	24 - 26	\$ 1,059,045	\$ (129,528)	\$ 929,517
Sales of Water - Special Contract	131,831	(3,270)	128,561	(2,583)	27	125,978		125,978
Other Operating Revenues	93,101	(18,001)	75,100			75,100		75,100
Total Operating Revenues	990,964	290,788	1,281,752	(21,629)		1,260,123	(129,528)	1,130,595
Operating Expenses								
Operation & Maintenance Expense:								
Source of Supply Expenses	45,195	1,029	46,224	300	28	46,524		46,524
Pumping Expenses	77,405	-	77,405			77,405		77,405
Water Treatment Expenses	45,434	3,954	49,388			49,388		49,388
Transmission & Distribution Expenses	168,581	(11,375)	157,206	(230)	29	156,976		156,976
Customer Accounts Expenses	31,875	-	31,875			31,875		31,875
Administrative & General Expenses	433,805	5,969	439,774	(48,270)	30 - 38	391,504		391,504
Total Operation & Maintenance Expense	802,295	(423)	801,872	(48,200)		753,672	-	753,672
Depreciation Expense	165,259	13,561	178,820	(24,718)	39 - 41	154,102		154,102
Amortization of CIAC	(16,911)	-	(16,911)			(16,911)		(16,911)
Amortization of Acquisition Adjustment	(4,344)	-	(4,344)	(1,364)	42	(5,708)		(5,708)
Amortization Expense - Other	-	1,841	1,841	(1,841)	43	-		-
Payroll Taxes	17,191	2,255	19,446	2,488	44	21,934		21,934
Property Taxes	27,643	1,649	29,292	3,179	45	32,471		32,471
Total Operating Expenses	991,133	18,883	1,010,016	(70,456)		939,560	-	939,560
Net Operating Income (Loss) before Income Taxes	(169)	271,905	271,736	48,827		320,563	(129,528)	191,034
Income Taxes	2,370	47,158	49,528	(47,030)	Sch 3b	2,498	-	2,498
Net Operating Income (Loss)	\$ (2,539)	\$ 224,747	\$ 222,208	\$ 95,857		\$ 318,065	\$ (129,528)	\$ 188,536

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES**

<u>Adj #</u>			
Proforma Adjustments to Operating Revenues:			
<u>Sales of Water to General Customers</u>			
24	To modify Co's Operating Revenues Adj # 1 to reflect actual amount realized from DW 08-070 - Step 3: Additional revenues realized by Co in DW 08-070 - Step 3 (Order # 25,197) Less: Co's Operating Revenues Adj # 1 per filing (Sch 1A; Pg 1 of 1; Adj # 1)	\$ 25,224 <u>(37,411)</u>	\$ (12,187)
25	To adjust Co's test year revenues in order to properly reflect an unearned revenues adj per Co's response to Staff 3-5 and Staff-Tech 1-1.		(7,714)
26	To reflect additional revenues from unbilled usage by officers during the test year per Staff Audit Issue # 6 and Co's response to Staff 3-4.		<u>855</u>
	Total Adjustments - Sales of Water to General Customers		<u>\$ (19,046)</u>
<u>Sales of Water - Special Contract</u>			
27	To adjust revenues received by the Company under the Special Contract with POASI per Co's response to Staff 3-3: POASI rate calculation for 2010 per Co's response to Staff 3-3 Less: Co's pro-forma revenues from POASI per filing (see Sch 1A; Pg 1 of 1; Adj # 2)	\$ 125,978 <u>(128,561)</u>	\$ (2,583)
Proforma Adjustments to Operating Expenses:			
<u>Source of Supply Expenses</u>			
28	To increase purchased water expense for a prior period credit recorded during the test year per Staff Audit Issue # 7.		<u>\$ 300</u>
<u>Transmission & Distribution Expenses</u>			
29	To reduce Equipment Lease expense for an unsubstantiated equipment rental cost per Staff Audit Report.		<u>\$ (230)</u>
<u>Administrative & General Expenses</u>			
30	To modify Co's O&M Expense Adj # 1 per Sch 3ci: Test year wage adj per Staff (Sch 3ci; Col 9) Less: Co's O&M Expense Adj # 1 per filing (Sch 1B; Pg 1 of 3; Adj # 1)	\$ 9,922 <u>(10,490)</u>	\$ (568)
31	To adjust Co's O&M Expense Adj # 2 per Sch 3ci: Test year wage adj per Staff (Sch 3ci; Col 14) Less: Co's O&M Expense Adj # 2 per filing (Sch 1B; Pg 1 of 3; Adj # 2)	\$ 42,550 <u>(20,597)</u>	21,953
32	To adjust Co's O&M Expense Adj # 4 per Sch 3ciii: Test year health care expense adj per Staff (Sch 3ciii; Col 12) Less: Co's O&M Expense Adj # 4 per filing (Sch 1B; Pg 1 of 3; Adj # 4)	\$ 17,919 <u>(24,983)</u>	(7,064)

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES**

<u>Adj #</u>			
33	To eliminate pension payments to shareholders from test year operating expense per Staff 3-12.		(52,645)
34	To reduce Office Expense for prior period invoice recorded during the test year per Staff Audit Report.		(2,853)
35	To adjust Co's Outside Services - Accounting expenses:		
	Docket DW 07-105 costs deemed as non-recurring	\$ (1,365)	
	Overcharged accounting fees per Staff Audit Issue # 9	(1,040)	
	Docket DW 08-098 costs per Staff Audit Issue # 10	(827)	
	Unsubstantiated accounting fees per Staff Audit Report	<u>(681)</u>	(3,913)
36	To adjust Co's Outside Services - Legal expenses:		
	Docket DW 07-105 costs deemed as non- recurring	\$ (340)	
	General law expenses deemed relative to the Co's criminal case per Sch 3d.	<u>(1,480)</u>	(1,820)
37	To reduce Insurance Expense by amount of financing costs incurred during the test year per Staff Audit Issue # 11.		(1,136)
38	To reduce Regulatory Commission Expense for publication of notice pertaining to financing that was not pursued per Staff Audit Report.		<u>(224)</u>
	Total Adjustments - Administrative & General Expenses		<u>\$ (48,270)</u>
	<u>Depreciation Expense</u>		
39	To adjust depreciation expense for DW 08-070 - Step 3 Plant in Service (Sch 2c):		
	Annual Depreciation Expense computed by Staff:	\$ 7,071	
	Less: Annual Depreciation Expense computed by Co:	<u>(6,565)</u>	\$ 506
40	To eliminate depreciation expense for assets retired during the test year per Staff 2-7.		(17,956)
41	To eliminate Co's Depreciation Expense Adj # 13 relative to depreciation expense on 2010 plant additions.		<u>(7,268)</u>
	Total Adjustments - Depreciation Expense		<u>\$ (24,718)</u>
	<u>Amortization of Acquisition Adjustment</u>		
42	To correct Amortization of Acquisition Adjustment expense per Staff Audit Issue # 5.		<u>\$ (1,364)</u>
	<u>Amortization Expense - Other</u>		
43	To eliminate Co's Amortization Expense Adj # 14 for expenses relative to the amortization of capital expenses.		<u>\$ (1,841)</u>

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PRO-FORMA ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES

Adj #

Payroll Taxes

44	To modify Co's O&M Expense Adj # 3 per Sch 3cii:		
	Test year payroll tax adj per Staff (Sch 3cii; Col 13)	\$	4,743
	Less: Co's O&M Expense Adj # 3 per filing (Sch 1B; Pg 1 of 3; Adj # 1)	(2,255)	\$ 2,488
			<hr/>

Property Taxes

45	To adjust pro-forma property tax expense per Sch 3e.	\$	<hr/> 3,179
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NET OPERATING INCOME ADJUSTMENTS BEFORE INCOME TAXES PER STAFF			\$	<hr/><hr/>48,827
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**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
PROFORMA ADJUSTMENTS TO INCOME TAXES**

INCOME TAXES

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

Total pro-forma adjustments to Water Revenues - General Customers	\$ (19,046)
Total pro-forma adjustments to Water Revenues - Special Contract	(2,583)
Total pro-forma adjustments to Other Operating Revenues	-
Total pro-forma adjustments to Source of Supply Expense	(300)
Total pro-forma adjustments to Pumping Expense	-
Total pro-forma adjustments to Water Treatment Expense	-
Total pro-forma adjustments to Transmission & Distribution Expense	230
Total pro-forma adjustments to Customer Accounts Expense	-
Total pro-forma adjustments to Administrative & General Expense	48,270
Total pro-forma adjustments to Depreciation Expense	24,718
Total pro-forma adjustments to Amortization of CIAC	-
Total pro-forma adjustments to Amortization of Acquisition Adjustment	1,364
Total pro-forma adjustments to Amortization Expense - Other	1,841
Total pro-forma adjustments to Payroll Taxes	(2,488)
Total pro-forma adjustments to Property Taxes	<u>(3,179)</u>
Net Increase (Decrease) in Net Operating Income subject to State Income Tax	48,827
Less: New Hampshire Business Profits Tax @ 0.0%	<u>-</u>
Net Increase (Decrease) in Net Operating Income subject to Federal Income Tax	48,827
Federal Income Tax @ 0.0%	<u>-</u>
To eliminate Co's proforma adjustment relative to Income Taxes (Sch 3; Col 2)	<u>47,158</u>
To adjust Co's Pro-forma NHBET Tax:	
Pro-forma Wages per Sch 3ci, Col 13	\$ 274,440
Pro-forma Interest Expense per Sch 1ai; Col 15	<u>58,613</u>
Total	\$ <u>333,053</u>
NHBET Rate	0.75%
Pro-forma NHBET	\$ (2,498)
Less: Test year NHBET (Sch 3; Col 1)	<u>2,370</u>
	<u>(128)</u>
STAFF PRO-FORMA ADJUSTMENTS NET OF INCOME TAXES	<u><u>\$ 95,857</u></u>

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
ANALYSIS OF WAGE ADJUSTMENTS

Title	Employee #	Notes	(1) Actual Test-Year Ended 12/31/09				(5) Adjusted Test-Year Ended 12/31/09				(9) Revised Initial Test-Year Adjust (b)	(10) Proposed Pro-forma Test Year				(14) Revised Pro-forma Adjust (g)
			(2) Actual Hourly Wage	(3) Average Hourly Wage	(4) Total Hours	(6) Total Salary	(7) Actual Hourly Wage	(8) Average Hourly Wage	(9) Total Hours	(10) Total Salary		(11) Actual Hourly Wage (c)	(12) Average Hourly Wage (d)	(13) Total Hours (e)	(14) Total Salary (f)	
Officers																
President	1		N/A	N/A	N/A	\$ 33,063	N/A	N/A	N/A	\$ 33,063	\$ -	N/A	N/A	N/A	\$ 60,000	(c) \$ 26,937
Field Personnel																
Supervisor	2		\$ 15.00	\$ 16.13	1,951	31,471	\$ 15.00	\$ 16.13	2,601	41,961	10,490	\$ 17.00	\$ 18.28	2,552	46,659	4,698
General Field	3		15.00	15.59	2,289	35,675	15.00	15.59	2,289	35,675	-	16.00	16.62	2,246	37,335	1,660
General Field; Sampling Agent	4a	Terminated 07/15/10	13.00	13.27	2,123	28,173	13.00	13.27	2,123	28,173	-					
General Field; Sampling Agent	4b	Hired 08/31/10										14.00	14.29	2,083	29,768	1,585
General Field	5		14.00	14.28	2,103	30,036	14.00	14.28	2,103	30,036	-	14.00	14.28	2,063	29,469	(567)
Office Personnel																
Office Manager	6		14.50	16.34	2,199	35,929	14.50	16.34	2,199	35,929	-	17.00	19.16	2,158	41,329	5,400
Accounts Payable	7.1	Terminated 3/25/10	12.00	13.98	1,936	27,071	12.00	13.98	1,936	27,071	-					
Accounts Payable	7.2	Hired 04/30/10										13.50	15.73	1,899	29,880	2,809
Shareholders																
Total Wages					12,601	\$ 221,418			13,251	\$ 231,908	\$ 10,490			13,001	\$ 274,440	\$ 42,532
Less: Capitalized Wages						(6,789)				(7,357)	(568)				(7,757)	(400)
Less: Unaccounted						(418)				(418)	-				-	418
Total Wage Expense						\$ 214,211	(a)			\$ 224,133	\$ 9,922				\$ 266,683	\$ 42,550
Capitalized Wage %:																
Supervisor	2					31,471				41,961					46,659	
General Field	3					35,675				35,675					37,335	
General Field; Sampling Agent	4a					28,173				28,173					-	
General Field; Sampling Agent	4b					-				-					29,768	
General Field	5					30,036				30,036					29,469	
Total Field Worker Wages						125,355				135,845					143,231	
Capitalized Wages						6,789				7,357					(7,757)	
Capitalized Wage %						5.42%				5.42%					5.42%	

(a) Amount per Sch F-58 of 2009 Annual Report
(b) Column (9) = Column (8) - Column (4); also based on Co's response to Staff 3-7(e)
(c) Based on Co's response to Staff 2-2
(d) Column (11) = [Column (6) + Column (5)] x Column (10)
(e) Column (12) = [Column (7) + 53 weeks] x 52 weeks; also based on Co's response to Staff 3-9
(f) Column (13) = Column (11) x Column (12)
(g) Column (14) = Column (13) - Column (8)

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
ANALYSIS OF PAYROLL TAX ADJUSTMENTS

Title	Employee #	Notes	Actual Test-Year Ended 12/31/09				Adjusted Test-Year Ended 12/31/09				Proposed Pro-forma Test Year				Revised Pro-forma Adjust (b)
			(1) Soc Sec / Medicare @ 7.65%	(2) FUTA @.080% (\$7K Limit)	(3) SUTA @1.20% (\$8K Limit)	(4) Total Payroll Taxes	(5) Soc Sec / Medicare @ 7.65%	(6) FUTA @.080% (\$7K Limit)	(7) SUTA @1.20% (\$8K Limit)	(8) Total Payroll Taxes	(9) Soc Sec / Medicare @ 7.65%	(10) FUTA @.080% (\$7K Limit)	(11) SUTA @1.70% (\$10K Limit)	(12) Total Payroll Taxes	
Officers															
President	1		\$ 2,529	\$ 56	\$ 96	\$ 2,681	\$ 2,529	\$ 56	\$ 96	\$ 2,681	\$ 4,590	\$ 56	\$ 170	\$ 4,816	\$ 2,135
Field Personnel															
Supervisor	2		2,408	56	96	2,560	3,210	56	96	3,362	3,569	56	170	3,795	1,236
General Field	3		2,729	56	96	2,881	2,729	56	96	2,881	2,858	56	170	3,082	201
General Field; Sampling Agent	4a	Terminated 07/15/10	2,155	56	96	2,307	2,155	56	96	2,307					
General Field; Sampling Agent	4b	Hired 08/31/10									2,277	56	170	2,503	196
General Field	5		2,298	56	96	2,450	2,298	56	96	2,450	2,254	56	170	2,480	31
Office Personnel															
Office Manager	6		2,749	56	96	2,901	2,749	56	96	2,901	3,162	56	170	3,388	487
Accounts Payable	7.1	Terminated 3/25/10	2,071	56	96	2,223	2,071	56	96	2,223					
Accounts Payable	7.2	Hired 04/30/10									2,286	56	170	2,512	289
Shareholders															
Total Payroll Taxes			\$ 16,938	\$ 392	\$ 672	\$ 18,002	\$ 17,741	\$ 392	\$ 672	\$ 18,805	\$ 20,995	\$ 392	\$ 1,190	\$ 22,577	\$ 4,574
Less: Capitalized Payroll Taxes						(552)				(596)				(642)	(90)
Less: Unaccounted						(259)				(259)				-	259
Total Payroll Tax Expense						\$ 17,191 (a)				\$ 17,950				\$ 21,934	\$ 4,743
Capitalized Wage %:															
Supervisor	2					2,560				3,362				3,795	
General Field	3					2,681				2,881				3,082	
General Field; Sampling Agent	4a					2,307				2,307				-	
General Field; Sampling Agent	4b					-				-				2,503	
General Field	5					2,450				2,450				2,480	
Total Field Worker Wages						10,198				11,000				11,861	
Capitalized Wages						552				596				642	
Capitalized Wage %						5.42%				5.42%				5.42%	

(a) Amount per Sch F-50 of 2009 Annual Report
(b) Column (13) = Column (12) - Column (4)

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
ANALYSIS OF HEALTH BENEFIT ADJUSTMENT

Title	Employee #	Notes	Actual Test-Year Ended 12/31/09						Proposed Pro-forma Test Year				Revised Pro-forma Adjust (b)	
			Premiums: January - June			Premiums: July - December			Premiums: July - December			Total Health Benefit		
			Monthly Premium	Months Covered	Employer %	Monthly Premium	Months Covered	Employer %	Monthly Premium	Months Covered	Employer %	Total Health Benefit		
Officers														
President	1		\$ 486	-	50.00%	\$ 638	6	50.00%	\$ 1,913	\$ 540	12	100.00%	\$ 6,481	\$ 4,568
Field Personnel														
Supervisor	2		486	3	50.00%	469	6	50.00%	2,136	540	12	100.00%	6,481	4,345
General Field	3		486	6	50.00%	412	6	50.00%	2,694	540	12	100.00%	6,481	3,788
General Field; Sampling Agent	4a	Terminated 07/15/10	486	6	50.00%	412	6	50.00%	2,694					
General Field; Sampling Agent	4b	Hired 08/31/10								540	12	100.00%	6,481	3,788
General Field	5		486	-	50.00%	480	6	50.00%	1,440	540	12	100.00%	6,481	5,041
Office Personnel														
Office Manager	6		486	6	100.00%	412	6	100.00%	5,387	540	12	100.00%	6,481	1,094
Accounts Payable	7.1	Terminated 3/25/10	486	6	100.00%	412	6	100.00%	5,387					
Accounts Payable	7.2	Hired 04/30/10								540	12	100.00%	6,481	1,094
Shareholders			349	6	100.00%	349	6	100.00%	4,184	-	-	0.00%	-	(4,184)
Total Health Insurance									\$ 25,835				\$ 45,370	\$ 19,535
Less: Capitalized Health Insurance									-				(1,404)	(1,404)
Less: Unaccounted									212				-	(212)
Total Health Insurance Expense									\$ 26,047	(a)			\$ 43,966	\$ 17,919
Capitalized Wage %:														
Supervisor	2								2,136				6,481	
General Field	3								2,694				6,481	
General Field; Sampling Agent	4a								2,694				-	
General Field; Sampling Agent	4b								-				6,481	
General Field	5								1,440				6,481	
Total Field Worker Wages									8,964				25,926	
Capitalized Wages									485				1,404	
Capitalized Wage %									5.42%				5.42%	

(a) Amount per Co's response to Staff-Tech 1-2

(b) Column (12) = Column (11) - Column (7)

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
DISALLOWED RANSMEIER & SPELLMAN LEGAL EXPENSES**

<u>Invoice Date</u>	<u>Service Date</u>	<u>Attny</u>	<u>Description of Service Provided</u>	<u>Service Cost</u>
02/02/09	12/26/08	DJM	Read and review communication from Attorney Rosenberg regarding licensing issues and status of criminal matters.	\$ 120.00
	12/30/08	DJM	Email communication and telephone call from Attorney Rosenberg regarding possible resolution of criminal matter (); . . . communication from Attorney Rosenberg ().	\$ 160.00
	01/09/09	DJM	Telephone call from Attorney Rosenberg regarding PUC issues.	\$ 40.00
03/06/09	01/26/09	DJM	Communication regarding water operator's license.	\$ 40.00
	01/27/09	DJM	Communication from Attorney Rosenberg regarding water operators license and PUC issues.	\$ 60.00
	01/28/09	DJM	Communication from Attorney Rosenberg.	\$ 40.00
	02/11/09	DJM	Telephone call from Attorney Rosenberg	\$ 40.00
	02/12/09	DJM	Telephone call from Tom Mason, Jr.	\$ 40.00
	02/17/09	DJM	Communication regarding voluntary relinquishment of water operator's license of Tom Mason, Sr. (); communicaton from Attorney Rosenberg regarding status of relinquishment of license ().	\$ 80.00
	02/18/09	DJM	Communication from Attorney Rosenberg regarding insurance coverage.	\$ 40.00
	02/25/09	DJM	Communications to/from Attorney Rosenberg regarding conference call with insurance carrier ().	\$ 60.00
04/06/09	03/04/09	DJM	. . . Telephone conference with Attorney Rosenberg regarding telephone conference with insurance company ().	\$ 40.00

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
DISALLOWED RANSMEIER & SPELLMAN LEGAL EXPENSES**

<u>Invoice Date</u>	<u>Service Date</u>	<u>Attny</u>	<u>Description of Service Provided</u>	<u>Service Cost</u>
	03/05/09	DJM	prepare for conference call and related conference call with Attorney Rosenberg and insurance carrier regarding input in PUC case (); follow up with Attorney Rosenberg regarding same ().	\$ 220.00
	03/11/09	DJM	Review recovery schedule and communication from Attorney Rosenberg regarding insurance company coverage.	\$ 100.00
04/14/09	03/19/09	DJM	Communication from Attorney Rosenberg regarding insurance coverage.	\$ 40.00
05/05/09	04/13/09	DJM	Communication from Attorney Barnsley regarding status of Tom Mason Sr., license.	\$ 40.00
	04/15/09	DJM	Communication from Attorney Rosenberg regarding Tom Sr., operator license (); communication between Attorneys Barnsley and Rosenberg regarding Tom Sr's operator license ().	\$ 80.00
06/01/09	05/07/09	DJM	Communication from Attorney Rosenberg regarding water operator license of Tom Mason, Sr.	\$ 40.00
07/14/09	06/16/09	DJM	Communication from Attorney Rosenberg regarding water license.	\$ 40.00
	06/18/09	DJM	Communication from Attorney Rosenberg regarding water operators license.	\$ 40.00
08/05/09	07/02/09	DJM	Telephone call to Attorney Rosenberg.	\$ 40.00
	07/06/09	DJM	Telephone conference with Jim Rosenberg.	\$ 80.00
			Total Disallowed Legal Expenses	<u>\$ 1,480.00</u>

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
ANALYSIS OF 2010 MUNICIPAL AND STATE REAL ESTATE TAX

Water System	Taxing Entity	Identification #	2010 Municipal Property Taxes						State School Tax Assessed by Municipalities			Adjusted Property Tax - 2010
			1'st Issue		2'nd Issue		Total Taxes	State School Tax Rate per \$1,000	Assessment			
			Valuation	Rate	Billing	Valuation				Rate	Billing	
Far Echo	Moultonborough	888-888-000-000-003	47,000	5.39	127	47,000	5.80	146	273			\$ 273
Paradise Shores	Balmoral	072-092 083-100			50				50			50
		072-093 083-122			50			50			50	
		072-094 082-123			50			50			50	
		072-095 083-124			50			50			50	
		093-030 082-015			50			50			50	
	Moultonborough	888-888-000-000-002	43,200	5.39	116	43,200	5.80	134	251			251
		071-001-000-000-000	271,700	5.39	732	190,400	5.80	372	1,104			1,104
		072-095-000-000-000	227,300	5.39	613	342,000	5.80	1,371	1,984			1,984
		072-092-000-000-000	10,500	5.39	28	10,500	5.80	33	61			61
		072-093-000-000-000	10,500	5.39	28	10,500	5.80	33	61			61
072-094-000-000-000	10,500	5.39	28	10,500	5.80	33	61			61		
093-030-000-000-000	7,600	5.39	20	7,600	5.80	24	44			44		
West Point	Moultonborough	888-888-000-000-004	24,700	5.39	67	24,700	5.80	77	143			143
		272-030-000-000-000	48,900	5.39	132	48,900	5.80	152	284			284
Waterville Valley Gateway	Thornton	000011-000005-00000W	151,700	14.76	1,120	151,700	14.78	1,123	2,242			2,242
Hidden Valley	Tuftonboro	000070-000002-000038	82,900	6.64	275	60,800	6.24	104	379			379
		000070-000002-000039	62,200	6.64	207	45,600	6.24	78	285			285
		000070-000002-000048	51,000	6.64	169	37,000	6.24	62	231			231
		000070-000002-000049	40,800	6.64	135	43,900	6.24	138	274			274
	Hidden Valley POA	000070-000002-000038			250				250			250
		000070-000002-000039			250				250			250
		000070-000002-000048-4			250				250			250
		000070-000002-000048-9			250				250			250
Wentworth Cove	Laconia	166-358-20	71,300	15.72	560	128,200	17.32	1,660	2,220			2,220
Deer Run	Campton	02.01.500.0000	24,500	16.28	199	25,282	16.19	210	409			409
Woodland Grove	Conway	266-74	88,900	15.38	684	88,900	16.20	757	1,440			1,440
Echo Lake Woods	Conway	216-27	48,700	15.38	375	48,700	16.20	414	789			789
Brake Hill	Gilford	227-192.000	22,840	14.86	170	22,840	15.03	174	343			343
Tamworth	Tamworth	201-039-300	213,700	15.42	1,648	213,700	15.57	1,680	3,327			3,327

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
ANALYSIS OF 2010 MUNICIPAL AND STATE REAL ESTATE TAX

Water System	Taxing Entity	Identification #	2010 Municipal Property Taxes						State School Tax Assessed by Municipalities			Adjusted Property Tax - 2010
			1'st Issue		2'nd Issue		Total Taxes	Valuation	State School Tax Rate per \$1,000	Assessment		
			Valuation	Rate	Billing	Valuation					Rate	
Deer Cove	Ossipee	000044-999000-000UTL	3,400	13.84	24	3,400	15.67	30	53 ^	3,400 * 2.37 / 1,000 =	8	45
Lake Ossipee Village	Freedom	000034-000034-000000				193,700	8.73	1,691	1,691			1,691
Indian Mound	Ossipee	000073-999000-000UTL	33,500	12.84	215	45,300	13.82	411	626 ^	45,300 * 2.37 / 1,000 =	107	519
Gunstock Glen	Gilford	227-142.000	29,490	14.86	219	29,490	15.03	224	443			443
Administrative	Moultonborough	071-015-000-000-000	56,900	5.39	153	56,900	5.80	177	330			330
2010 Municipal Property Tax Assessment			\$ 1,683,730		\$ 9,294	\$ 1,930,712		\$ 11,305	\$ 20,599		\$ 115	\$ 20,483
Add. 2010 NH State Utility Property Tax												
State Valuation							\$ 1,816,401					
State Tax Rate per \$1,000							x \$ 6.60					
2010 State Utility Tax Assessment							+ \$ 1,000		11,988			11,988
Total 2010 Property Tax Assessment									\$ 32,587			\$ 32,471
Less: Co's Pro-forma Property Tax Expense (See Sch 3; Col 3)												(29,292)
Staff Pro-forma Adjustment for Property Taxes												\$ 3,179

^ = Includes a State School Tax assessment by the municipality.

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
PERMANENT RATES
COMPUTATION OF RATES**

Proposed Annual Water Revenue from General Customers		\$ 929,517
Less: Annual Operating Revenue - WVG Community Pool		
Current Authorized Rate Per Tariff	\$ 1,166.40	
1 + Percentage Increase in Revenue Requirement	X 1.1850	(1,382.19)
Less: Annual Operating Revenue - Non-metered Customers		
Annual Water Revenue from General Customers less Annual Revenue - WVG Pool	\$ 928,134	
Total Consolidated Rate Customers (including Gunstock Glen)	+ 1,614	
Annual Revenue Requirement per Customer		\$ 575.05
Total Non-metered Customers (including Gunstock Glen)	X 574	\$ (330,080)
Annual Revenue Requirement Collected through Minimum Charge and Consumption Charge		\$ 598,054
Calculation of Metered Rate: $X + Y \times (28,368 \text{ ccf (a)} + 1,040 \text{ metered customers}) =$ (X = Minimum Charge; Y = Consumption Charge)	\$ 575.05	charge per customer
<u>Calculation of Proportion of Present Minimum Charge to Present Consumption Charge:</u> Present Annual Minimum Charge Per Tariff: (X)	\$ 373.23	
Present Annual Consumption Charge Per Tariff (per 100 cu ft): (Y)	+ \$ 3.92	
Proportion of Present Minimum Charge to Present Consumption Charge: (X + Y)	95.2	
<u>Calculation of Consumption Charge:</u>		
X + Y * 28,368 + 1,040 =	\$ 575.05	
Y * 95.2 + Y * 27.3 =	\$ 575.05	
Y * 122.5 =	\$ 575.05	
Y =	\$ 4.69	* 28,368 = \$ (133,180)
Annual Revenue Requirement Collected through Minimum Charge		\$ 464,874
<u>Calculation of Annual Minimum Charge:</u>		
X + Y * 28,368 + 1,040 =	\$ 575.05	
X + \$ 4.69 * 27.3 =	\$ 575.05	
X + \$ 128.06 =	\$ 575.05	
X =	\$ 446.99	* 1,040 = \$ (464,874)
Remainder of Annual Water Revenue from General Customers		\$ -

a Conversion of Metered Consumption from Gallons to CCF:

2009 Total Consumption by Metered Customers (Gallons)	32,887,000	Gallons
Less: 2009 Suissevale Metered Consumption (Gallons)	(11,666,000)	Gallons
2009 Consumption by Metered Customers subject to Step 3 (Gallons)	21,221,000	Gallons
Conversion Factor from Gallons to CCF (1 CCF = 748.051948 Gallons)	+ 748.05	Gallons
2009 Consumption by Metered Customers subject to Step 3 (CCF)	28,368	CCF

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
REVENUE REQUIREMENT**

	Calculation	Percentage Increase
2010 Additions to Rate Base (Schedule 5b)	\$ 97,405	
Rate of Return (Schedule 5a)	x 6.58%	
Additional Operating Income Requirement	6,412	
Add: Annual Depreciation Expense on 2010 Additions (Schedule 5b)	8,132	
Add: Net Additional Property Tax Expense on 2010 Additions (Schedule 5d)	520	
Less: Annual Depreciation Expense on Retired Plant (Schedule 5c)	(5,817)	
Revenue Deficiency Before Taxes	9,247	
Tax Factor (Schedule 1b)	+ 100.00%	
Step Adjustment in Revenues to General Customers	\$ 9,247	1.18%
Increase in Water Revenues from General Customers - Permanent Rates (Schedule 1)	145,120	18.50%
Adjusted Test Year Water Revenues from General Customers	(a) 784,397	
Combined Revenue Requirement from General Customers	\$ 938,764	19.68%
 <u>(a) Calculation of Adjusted Test Year Revenues from General Customers:</u>		
Co's Reported Test Year Revenues from General Customers	\$ 766,032	
Additional Revenues from DW 08-070-Step 3 (See Sch 3a; Adj # 24)	25,224	
Staff Adjustment for Unearned Revenues (Sch 3a; Adj # 25)	(7,714)	
Staff Adjustment for Unbilled Usage by Officers (Sch 3a; Adj # 26)	855	
Adjusted Test Year Water Revenues from General Customers	\$ 784,397	

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
RATE OF RETURN**

	<u>Amount</u>	<u>Cost Rate</u>	<u>Annual Interest</u>	<u>Annual Debt Cost</u>	<u>Total Annual Cost</u>	<u>Real Cost Rate</u>	<u>Weighted Average</u>	<u>Weighted Average Cost</u>
Ford Motor Credit	\$ 31,301	7.89%	\$ 2,470	\$ -	\$ 2,470	7.89%	30.85%	2.43%
Additional Paid-in Capital (a)	<u>70,170</u>	6.00%	<u>-</u>	<u>-</u>	<u>-</u>	6.00%	<u>69.15%</u>	<u>4.15%</u>
Total Financing	<u><u>\$ 101,471</u></u>		<u><u>\$ 2,470</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,470</u></u>		<u><u>100.00%</u></u>	<u><u>6.58%</u></u>

(a) Additional Paid-in Capital:

Total 2010 Plant Additions (Sch 5b)
Less: Ford Motor Credit Financing
Additional Paid-in Capital

\$ 101,471
<u>(31,301)</u>
<u><u>\$ 70,170</u></u>

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
2010 PLANT ADDITIONS

#	Description	Depreciation Rate	Far Echo Harbor	Paradise Shores	West Point	Waterville Valley Gateway	Hidden Valley	Wentworth Cove	Pendleton Cove	Woodland Grove	Echo Lake Woods	Brake Hill	Tamworth Water Works	175 Estates	Lake Ossipee Village	Indian Mound	General	Total
304	Structures and Improvements		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,642
307	Wells and Springs		-	-	7,780	-	-	-	-	-	-	-	-	-	-	-	-	7,780
311	Pumping Equipment		-	3,222	3,688	-	1,945	2,815	-	-	-	-	1,250	1,438	-	-	-	14,158
320	Water Treatment Equipment		-	-	-	-	-	-	-	-	-	-	-	-	5,362	-	-	5,362
331	Transmission and Distribution Mains		-	21,411	-	-	1,782	-	-	-	-	-	-	-	-	4,304	-	27,477
333	Services		565	-	-	-	-	-	-	-	-	870	-	855	-	162	-	2,452
334	Meters and Meter Installations		167	1,246	281	225	-	310	217	184	243	2,204	-	244	-	-	-	5,301
341	Transportation Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,301	37,301
2010 Total Plant Additions			\$ 732	\$ 25,879	\$ 11,727	\$ 225	\$ 3,707	\$ 4,567	\$ 217	\$ 184	\$ 243	\$ 3,074	\$ 1,250	\$ 2,537	\$ 5,362	\$ 4,466	\$ 37,301	\$ 101,471
2010 Accumulated Depreciation			(13)	(408)	(319)	(6)	(115)	(159)	(5)	(5)	(6)	(89)	(63)	(92)	(97)	(46)	(2,665)	(4,068)
2010 Net Plant in Service @ 12/31/10			\$ 719	\$ 25,473	\$ 11,408	\$ 219	\$ 3,592	\$ 4,408	\$ 212	\$ 179	\$ 237	\$ 3,005	\$ 1,188	\$ 2,445	\$ 5,265	\$ 4,420	\$ 34,636	\$ 97,405
Annual Depreciation Expense:																		
304	Structures and Improvements	2.50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41
307	Wells and Springs	3.30%	-	-	257	-	-	-	-	-	-	-	-	-	-	-	-	257
311	Pumping Equipment	10.00%	-	322	369	-	195	262	-	-	-	-	125	144	-	-	-	1,416
320	Water Treatment Equipment	3.60%	-	-	-	-	-	-	-	-	-	-	-	-	193	-	-	193
331	Transmission and Distribution Mains	2.00%	-	428	-	-	35	-	-	-	-	-	-	-	-	86	-	550
333	Services	3.30%	19	-	-	-	-	-	-	-	-	29	-	28	-	5	-	81
334	Meters and Meter Installations	5.00%	8	62	13	11	-	18	11	9	12	110	-	12	-	-	-	265
341	Transportation Equipment	14.29%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,330	5,330
Total Annual Depreciation Expense			\$ 27	\$ 813	\$ 638	\$ 11	\$ 230	\$ 318	\$ 11	\$ 9	\$ 12	\$ 139	\$ 125	\$ 184	\$ 193	\$ 91	\$ 5,330	\$ 8,132

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
2010 PLANT RETIREMENTS

#	Description	Depreciation Rate	Far Echo Harbor	Paradise Shores	West Point	Waterville Valley Gateway	Hidden Valley	Wentworth Cove	Pendleton Cove	Woodland Grove	Echo Lake Woods	Brake Hill	Tamworth Water Works	175 Estates	Lake Ossipee Village	Indian Mound	General	Total	
304	Structures and Improvements		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
307	Wells and Springs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
311	Pumping Equipment		-	3,818	1,268	-	1,329	3,271	-	-	-	-	-	1,802	-	-	-	-	11,488
320	Water Treatment Equipment		-	-	-	-	-	-	-	-	-	-	-	-	1,816	-	-	-	1,816
331	Transmission and Distribution Mains		-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
333	Services		189	-	-	-	-	-	-	-	-	-	-	-	-	-	637	-	828
334	Meters and Meter Installations		71	-	-	160	-	431	105	89	-	-	-	-	-	-	-	-	856
341	Transportation Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,619	27,619
Total Plant Retired			\$ 260	\$ 8,818	\$ 1,268	\$ 160	\$ 1,329	\$ 3,702	\$ 105	\$ 89	\$ -	\$ -	\$ -	\$ 1,802	\$ 1,816	\$ 637	\$ 27,619	\$ 47,605	
Accumulated Depreciation @ Retirement			(191)	(5,979)	(1,268)	(160)	(1,063)	(3,702)	(60)	(80)	-	-	-	(493)	(999)	(301)	(27,619)	(41,915)	
Net Plant Retired			\$ 69	\$ 2,839	\$ -	\$ -	\$ 266	\$ -	\$ 45	\$ 9	\$ -	\$ -	\$ -	\$ 1,309	\$ 817	\$ 336	\$ -	\$ 5,690	
Accumulated Depreciation @ Retirement:																			
304	Structures and Improvements		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
307	Wells and Springs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
311	Pumping Equipment		-	(2,291)	(1,268)	-	(1,063)	(3,271)	-	-	-	-	-	(493)	-	-	-	-	(8,386)
320	Water Treatment Equipment		-	-	-	-	-	-	-	-	-	-	-	-	(999)	-	-	-	(999)
331	Transmission and Distribution Mains		-	(3,688)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,688)
333	Services		(120)	-	-	-	-	-	-	-	-	-	-	-	-	-	(301)	-	(421)
334	Meters and Meter Installations		(71)	-	-	(160)	-	(431)	(60)	(80)	-	-	-	-	-	-	-	-	(802)
341	Transportation Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,619)	(27,619)
Accumulated Depreciation @ Retirement			\$ (181)	\$ (5,979)	\$ (1,268)	\$ (160)	\$ (1,063)	\$ (3,702)	\$ (60)	\$ (80)	\$ -	\$ -	\$ -	\$ (493)	\$ (999)	\$ (301)	\$ (27,619)	\$ (41,915)	
2009 Depreciation Expense:																			
304	Structures and Improvements	2.50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
307	Wells and Springs	3.30%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
311	Pumping Equipment	10.00%	-	382	-	-	133	-	-	-	-	-	-	180	-	-	-	-	695
320	Water Treatment Equipment	3.60%	-	-	-	-	-	-	-	-	-	-	-	-	182	-	-	-	182
331	Transmission and Distribution Mains	2.00%	-	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100
333	Services	3.30%	6	-	-	-	-	-	-	-	-	-	-	-	-	-	16	-	22
334	Meters and Meter Installations	5.00%	-	-	-	8	-	-	3	4	-	-	-	-	-	-	-	-	15
341	Transportation Equipment	14.29%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,803	4,803
Total Annual Depreciation Expense			\$ 6	\$ 482	\$ -	\$ 8	\$ 133	\$ -	\$ 3	\$ 4	\$ -	\$ -	\$ -	\$ 180	\$ 182	\$ 16	\$ 4,803	\$ 5,817	

DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
PROPERTY TAX ANALYSIS

#	Description	Far Echo Harbor	Paradise Shores	West Point	Waterville Valley Gateway	Hidden Valley	Wentworth Cove	Pendleton Cove	Woodland Grove	Echo Lake Woods	Brake Hill	Tamworth Water Works	175 Estates	Lake Osagee Village	Indian Mound	Total
	2010 Net Plant Additions	\$ 719	\$ 25,473	\$ 11,408	\$ 219	\$ 3,592	\$ 4,408	\$ 212	\$ 179	\$ 237	\$ 3,005	\$ 1,188	\$ 2,445	\$ 5,265	\$ 4,420	\$ 62,769
	2010 Net Plant Retirements	(69)	(2,839)	-	-	(266)	-	(45)	(9)	-	-	-	(1,308)	(817)	(336)	(5,690)
	Net Change in Plant in Service	\$ 650	\$ 22,634	\$ 11,408	\$ 219	\$ 3,326	\$ 4,408	\$ 167	\$ 170	\$ 237	\$ 3,005	\$ 1,188	\$ 1,138	\$ 4,448	\$ 4,084	\$ 57,079
	Assessment Factor (a)	60.85%	60.85%	60.85%	60.85%	60.85%	60.85%	60.85%	60.85%	60.85%	60.85%	60.85%	60.85%	60.85%	60.85%	60.85%
	Estimated Net Valuation for Assessment of Property Taxes	\$ 395	\$ 13,772	\$ 6,941	\$ 133	\$ 2,024	\$ 2,682	\$ 101	\$ 104	\$ 144	\$ 1,828	\$ 723	\$ 691	\$ 2,707	\$ 2,485	\$ 34,731
	State Tax Rate (\$6.60 per \$1,000)	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660	\$ 0.00660
	Municipal Tax Rate (\$xx.xx per \$1,000)	0.00580	0.00580	0.00580	0.01478	0.00624	0.01732	0.01732	0.01620	0.01620	0.01503	0.01557	0.01478	0.00873	0.01145	0.00836
	Combined Tax Rate	\$ 0.01240	\$ 0.01240	\$ 0.01240	\$ 0.02138	\$ 0.01284	\$ 0.02392	\$ 0.02392	\$ 0.02280	\$ 0.02280	\$ 0.02163	\$ 0.02217	\$ 0.02138	\$ 0.01533	\$ 0.01805	\$ 0.01496
	Estimated Property Tax Expense	\$ 5	\$ 171	\$ 86	\$ 3	\$ 26	\$ 64	\$ 2	\$ 2	\$ 3	\$ 40	\$ 16	\$ 15	\$ 41	\$ 45	\$ 520

(a) Assessment Factor:

Determination of Taxable Plant (2009 Annual Report):	Cost	Accumulated Depreciation	Net Book Value
Intangible Plant	\$ 27,694	\$ (17,818)	\$ 9,876
Source of Supply and Pumping Plant	1,311,688	(301,832)	1,009,854
Water Treatment Plant	38,444	(18,356)	20,088
Transmission and Distribution Plant	2,385,502	(552,526)	1,832,976
General Plant	505,688	(289,679)	215,989
Construction Work in Progress	77,095	-	77,095
Materials and Supplies	45,133	-	45,133
Total Plant	4,391,222	(1,180,211)	3,211,011
Less: Intangible and General Plant	(533,362)	307,497	(225,865)
Taxable Plant	\$ 3,857,860	\$ (872,714)	\$ 2,985,146
State Tax Valuation - 2010			\$ 1,816,401
State Valuation as a Percentage of Taxable Net Book Value			60.85%

**DW 10-141 and DW 11-021
LAKES REGION WATER COMPANY, INC.
STEP ADJUSTMENT
COMPUTATION OF RATES**

Proposed Annual Water Revenue from General Customers		\$ 938,764
Less: Annual Operating Revenue - WVG Community Pool		
Current Authorized Rate Per Tariff	\$ 1,166.40	
1 + Percentage Increase in Revenue Requirement	X 1.1968	(1,395.94)
Less: Annual Operating Revenue - Non-metered Customers		
Annual Water Revenue from General Customers less Annual Revenue - WVG Pool	\$ 937,368	
Total Consolidated Rate Customers (including Gunstock Glen)	+ 1,614	
Annual Revenue Requirement per Customer		\$ 580.77
Total Non-metered Customers (including Gunstock Glen)	X 574	\$ (333,364)
Annual Revenue Requirement Collected through Minimum Charge and Consumption Charge		\$ 604,004
Calculation of Metered Rate: X + Y*(28,368 ccf (a) + 1,040 metered customers) = (X = Minimum Charge; Y = Consumption Charge)	\$ 580.77	charge per customer
<u>Calculation of Proportion of Present Minimum Charge to Present Consumption Charge:</u> Present Annual Minimum Charge Per Tariff: (X)	\$ 373.23	
Present Annual Consumption Charge Per Tariff (per 100 cu ft): (Y)	+ \$ 3.92	
Proportion of Present Minimum Charge to Present Consumption Charge: (X + Y)	95.2	
<u>Calculation of Consumption Charge:</u>		
X + Y * 28,368 + 1,040 = \$ 580.77		
Y * 95.2 + Y * 27.3 = \$ 580.77		
Y * 122.5 = \$ 580.77		
Y = \$ 4.74 * 28,368 = \$ (134,505)		
Annual Revenue Requirement Collected through Minimum Charge		\$ 469,499
<u>Calculation of Annual Minimum Charge:</u>		
X + Y * 28,368 + 1,040 = \$ 580.77		
X + \$ 4.74 * 27.3 = \$ 580.77		
X + \$ 129.33 = \$ 580.77		
X = \$ 451.44 * 1,040 = \$ (469,499)		
Remainder of Annual Water Revenue from General Customers		\$ -

a Conversion of Metered Consumption from Gallons to CCF:

2009 Total Consumption by Metered Customers (Gallons)	32,887,000	Gallons
Less: 2009 Suissevale Metered Consumption (Gallons)	(11,666,000)	Gallons
2009 Consumption by Metered Customers subject to Step 3 (Gallons)	21,221,000	Gallons
Conversion Factor from Gallons to CCF (1 CCF = 748.051948 Gallons)	+ 748.05	Gallons
2009 Consumption by Metered Customers subject to Step 3 (CCF)	28,368	CCF