

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
PERMANENT RATE REVENUE REQUIREMENT

| | |
|---|------------------------|
| Average Rate Base per Staff (Att A; Sch 2; Col 6) | \$ 27,058 |
| Rate of Return (Att A; Sch 1a) | <u>6.00%</u> |
| Operating Income Requirement | 1,622 |
| Adjusted Net Operating Income per Staff (Att A; Sch 3; Col 6) | <u>12,625</u> |
| Revenue Deficiency / (Surplus) Before Income Taxes | (11,003) |
| Divided by Tax Factor (Att A; Sch 1b) | <u>100.00%</u> |
| Revenue Deficiency / (Surplus) | (11,003) |
| Pro-forma Test Year Water Sales per Company (Att A; Sch 3; Col 6) | <u>23,825</u> |
| Revenue Requirement from Water Sales per Staff | 12,822 |
| Less: Adjusted Test Year Water Sales (Att A; Sch 3; Col's 1 & 4) | <u>(10,490)</u> |
| Increase / (Decrease) in Revenue Requirement from Water Sales | <u><u>\$ 2,332</u></u> |
| Percent Increase / (Decrease) in Revenue Requirement from Water Sales | <u><u>22.23%</u></u> |

[illegible]

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
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> |

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
PERMANENT RATE AVERAGE RATE BASE

| | (1) Year End Average Per Company | (2) Pro-forma Adjustments Per Company | (3) Pro-forma Rate Base Per Company | (4) Staff Adjustments (Att A; Sch 2a) | (5) Adj # | (6) Pro-forma Rate Base Per Staff |
|---|---|--|--|--|--------------|--|
| <u>Plant in Service</u> | | | | | | |
| Plant in Service | \$ 45,634 | \$ 151,000 | \$ 196,634 | \$ (155,648) | 1 - 2 | \$ 40,986 |
| Less: Accumulated Depreciation | (18,831) | (3,709) | (22,540) | 6,679 | 3 - 4 | (15,861) |
| Net Plant in Service | 26,803 | 147,291 | 174,094 | (148,968) | | 25,126 |
| Contributions in Aid of Construction (CIAC) | - | (75,500) | (75,500) | 75,500 | 5 | - |
| Accumulated Amortization of CIAC | - | 1,855 | 1,855 | (1,855) | 6 | - |
| Net Contributions in Aid of Construction | - | (73,645) | (73,645) | 73,645 | | - |
| Net Plant in Rate Base | 26,803 | 73,646 | 100,449 | (75,323) | | 25,126 |
| <u>Working Capital</u> | | | | | | |
| Cash Working Capital | 1,944 | - | 1,944 | (45) | 7 | 1,899 |
| Prepaid Expenses | 83 | 83 | 166 | (133) | 8 - 9 | 33 |
| Unamortized Deferred Expenses | - | - | - | | | - |
| Accrued Utility Revenue | - | - | - | | | - |
| Total Working Capital in Rate Base | 2,027 | 83 | 2,110 | (177) | | 1,933 |
| Total Average Rate Base | \$ 28,830 | \$ 73,729 | \$ 102,559 | \$ (75,501) | | \$ 27,058 |

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE AVERAGE RATE BASE

Adj#

Proforma Adjustments to Plant in Service:

Plant in Service

| | | |
|---|--|---------------------|
| 1 | To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 2; Col 2). | \$ (151,000) |
| 2 | To adjust test year average plant in service to amount computed by Staff (Att A; Sch 2b; Col 8) | <u>(4,648)</u> |
| | Total Adjustments - Plant in Service | <u>\$ (155,648)</u> |

Accumulated Depreciation

| | | |
|---|--|-----------------|
| 3 | To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 2; Col 2). | \$ 3,709 |
| 4 | To adjust test year average accumulated depreciation to amount computed by Staff (Att A; Sch 2b; Col 8). | <u>2,970</u> |
| | Total Adjustments - Accumulated Depreciation | <u>\$ 6,679</u> |

Contributions in Aid of Construction (CIAC)

| | | |
|---|--|------------------|
| 5 | To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 2; Col 2). | <u>\$ 75,500</u> |
|---|--|------------------|

Accumulated Amortization - CIAC

| | | |
|---|--|-------------------|
| 6 | To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 2; Col 2). | <u>\$ (1,855)</u> |
|---|--|-------------------|

Proforma Adjustments to Working Capital:

Cash Working Capital

| | | |
|---|--|----------------|
| 7 | To adjust Co's cash working capital component to amount calculated per Staff (Att A; Sch 2b; Col 8). | <u>\$ (45)</u> |
|---|--|----------------|

Prepaid Expenses

| | | |
|---|---|-----------------|
| 8 | To eliminate Co's pro-forma adj to reflect year-end balance in rate base (Att A; Sch 2; Col 2). | \$ (83) |
| 9 | To adjust test year average prepaid expense to amount computed by Staff (Att A; Sch 2b; Col 8) | <u>(50)</u> |
| | Total Adjustments - Prepaid Expenses | <u>\$ (133)</u> |

| | |
|-------------------------------------|---------------------------|
| Net Rate Base Adjustments per Staff | <u><u>\$ (75,501)</u></u> |
|-------------------------------------|---------------------------|

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
CONVERSION OF RATE BASE COMPONENTS FROM YEAR-END AVERAGE TO 5-QUARTER AVERAGE

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|----------------------------------|-----------|-----------|-----------|-----------|-----------------------------------|------------------------------------|--|---------------------------------|
| | Quarter Ending Balance Per Staff | | | | | 5-Quarter Average Per Staff | Year End Average Per Company | To Adjust Rate Base to 5-Quarter Avg | Adjustment # (Att A, Sch 2a) |
| | 10/31/08 | 01/31/09 | 04/30/09 | 07/31/09 | 10/31/09 | | | | |
| Plant in Service (Att A; Sch 2c) | \$ 40,899 | \$ 40,899 | \$ 40,899 | \$ 41,117 | \$ 41,117 | \$ 40,986 | 45,634 | \$ (4,648) | 2 |
| Accumulated Depreciation (Att A, Sch 2c) | (15,219) | (15,539) | (15,859) | (16,182) | (16,504) | (15,861) | (18,831) | 2,970 | 4 |
| Contributions in Aid of Construction (CIAC) | - | - | - | - | - | - | - | - | |
| Accumulated Amortization - CIAC | - | - | - | - | - | - | - | - | |
| Cash Working Capital | | | | | | (a) 1,899 | 1,944 | (45) | 7 |
| Prepaid Expenses | - | - | - | - | 166 | 33 | 83 | (50) | 9 |
| Unamortized Deferred Expenses | - | - | - | - | - | - | - | - | |
| Accrued Utility Revenue | - | - | - | - | - | - | - | - | |
| Total Average Rate Base | | | | | | <u>\$ 27,058</u> | <u>\$ 28,830</u> | <u>\$ (1,772)</u> | |

(a) Adjustment of Co's Cash Working Capital Component:

| | |
|--|-----------------|
| Test Year O & M Expenses per Staff (Att A; Sch 3, Col 6) | \$ 9,244 |
| Cash Working Capital % (75 days / 365 days) | <u>20.55%</u> |
| Adjusted Cash Working Capital Component per Staff | <u>\$ 1,899</u> |

DW 10-217
TIOGA RIVER WATER COMPANY, INC
TIOGA DIVISION
ANALYSIS OF FIXED PLANT AND DEPRECIATION

PLANT ACCOUNTS & ASSET DESCRIPTIONS

| | ACTUAL @ 10/31/09 | | | | ADJUSTMENTS @ 10/31/09 | | | | ADJUSTED @ 10/31/09 | | | |
|---|-------------------|---------|------|--------|--------------------------|-----------|-----------|----------|---------------------|---------|------|--------|
| | Fixed Plant | | | | Accumulated Depreciation | | | | Fixed Plant | | | |
| | Acq | Cost | Life | % | 10/31/08 | Additions | Disposals | 10/31/09 | Acq | Cost | Life | % |
| 303 Land & Land Rights | | | | | | | | | | | | |
| Land Improvements | 1989 | 1,005 | N/A | N/A | 0 | 0 | 0 | 0 | 1989 | 0 | N/A | N/A |
| 304 Structures & Improvements | | | | | | | | | | | | |
| Power & Pumping Station | 1982 | 2,110 | 40 | 2.50% | 1,341 | 47 | 0 | 1,388 | 1982 | 2,110 | 40 | 2.50% |
| (Power Board - Meg Starter) | 1997 | (230) | 40 | 2.50% | (230) | 0 | 0 | (230) | 1997 | (230) | 40 | 2.50% |
| | | 1,880 | | | 1,111 | 47 | 0 | 1,158 | | 1,880 | | |
| Power Board - Meg Starter | 1997 | 459 | 40 | 2.50% | 126 | 11 | 0 | 137 | 1997 | 459 | 40 | 2.50% |
| Tank | 1997 | 1,555 | 40 | 2.50% | 449 | 0 | 0 | 449 | 1997 | 1,555 | 40 | 2.50% |
| Tank | 2008 | (1,555) | 40 | 2.50% | (1,555) | 0 | 0 | (1,555) | 2008 | (1,555) | 40 | 2.50% |
| Sump Pump | 1997 | 758 | 40 | 2.50% | 219 | 19 | 0 | 238 | 1997 | 758 | 40 | 2.50% |
| | | 1,217 | | | (761) | 30 | 0 | (731) | | 1,217 | | |
| | | 3,097 | | | 350 | 77 | 0 | 427 | | 3,097 | | |
| 307 Wells & Springs | | | | | | | | | | | | |
| Well # 1 | 1982 | 2,371 | 40 | 2.50% | 1,596 | 59 | 0 | 1,655 | 1982 | 2,371 | 40 | 2.50% |
| Well # 2 (asset not in service) | 1989 | 4,735 | 40 | 2.50% | 2,312 | 119 | 0 | 2,431 | 1989 | (4,735) | 40 | 2.50% |
| | | 7,106 | | | 3,908 | 178 | 0 | 4,086 | | (4,735) | | |
| 311 Pumping Equipment | | | | | | | | | | | | |
| Electric Pumping Equipment | 1982 | 5,324 | 10 | 10.00% | 5,324 | 0 | 0 | 5,324 | 1982 | 5,324 | 10 | 10.00% |
| Pumping Equipment | 2004 | (950) | 10 | 10.00% | (950) | 0 | 0 | (950) | 2004 | (950) | 10 | 10.00% |
| | | 4,374 | | | 4,374 | 0 | 0 | 4,374 | | 4,374 | | |
| Well Pump | 1985 | 1,179 | 10 | 10.00% | 1,179 | 0 | 0 | 1,179 | 1985 | 1,179 | 10 | 10.00% |
| (Sump Pump) | 1997 | (378) | 10 | 10.00% | (378) | 0 | 0 | (378) | 1997 | (378) | 10 | 10.00% |
| (Well Pump) | 2002 | (801) | 10 | 10.00% | (801) | 0 | 0 | (801) | 2002 | (801) | 10 | 10.00% |
| | | 0 | | | 0 | 0 | 0 | 0 | | 0 | | |
| Well Pump | 1989 | 1,355 | 10 | 10.00% | 1,355 | 0 | 0 | 1,355 | 1989 | 1,355 | 10 | 10.00% |
| Well Pump/Motor | 2002 | 1,873 | 10 | 10.00% | 937 | 0 | 0 | 937 | 2002 | 1,873 | 10 | 10.00% |
| Well Pump/Motor | 2007 | (1,873) | 10 | 10.00% | (1,873) | 0 | 0 | (1,873) | 2007 | (1,873) | 10 | 10.00% |
| | | 0 | | | (937) | 0 | 0 | (937) | | (937) | | |
| Pumping Equipment | 2004 | 1,567 | 10 | 10.00% | 570 | 104 | 0 | 674 | 2004 | 1,567 | 10 | 10.00% |
| Pumping Equipment | 2006 | (548) | 10 | 10.00% | (548) | 0 | 0 | (548) | 2006 | (548) | 10 | 10.00% |
| | | 1,019 | | | 22 | 104 | 0 | 126 | | 1,019 | | |
| Pumping Equipment | 2006 | 500 | 10 | 10.00% | 125 | 50 | 0 | 175 | 2006 | 500 | 10 | 10.00% |
| Pumping Equipment | 2007 | 3,536 | 10 | 10.00% | 529 | 353 | 0 | 882 | 2007 | 3,536 | 10 | 10.00% |
| | | 10,784 | | | 5,860 | 507 | 0 | 6,367 | | 10,784 | | |
| 330 Distribution Reservoirs & Standpipes | | | | | | | | | | | | |
| Storage Tanks | 1982 | 4,194 | 50 | 2.00% | 2,083 | 68 | 0 | 2,151 | 1982 | 4,194 | 50 | 2.00% |
| (Tank) | 1997 | (777) | 50 | 2.00% | (777) | 0 | 0 | (777) | 1997 | (777) | 50 | 2.00% |
| | | 3,417 | | | 1,306 | 68 | 0 | 1,374 | | 3,417 | | |
| 2 Tanks | 2008 | 3,091 | 40 | 2.50% | 39 | 78 | 0 | 117 | 2008 | 3,091 | 40 | 2.50% |
| | | 6,508 | | | 1,345 | 146 | 0 | 1,491 | | 6,508 | | |
| 331 Transportation & Distribution Mains | | | | | | | | | | | | |
| Mains | 1982 | 7,502 | 50 | 2.00% | 4,050 | 150 | 0 | 4,200 | 1982 | 7,502 | 50 | 2.00% |
| Mains - Blow off valve (3) | 1999 | 2,485 | 50 | 2.00% | 475 | 59 | 0 | 525 | 1999 | 2,485 | 50 | 2.00% |
| | | 9,987 | | | 4,525 | 209 | 0 | 4,725 | | 9,987 | | |
| 333 Services | | | | | | | | | | | | |
| 3/4" Shut-offs | 1982 | 807 | 40 | 2.50% | 519 | 16 | 0 | 535 | 1982 | 807 | 40 | 2.50% |
| | 2003 | (217) | 40 | 2.50% | (217) | 0 | 0 | (217) | 2003 | (217) | 40 | 2.50% |
| | | 590 | | | 302 | 16 | 0 | 318 | | 590 | | |
| | 2003 | 869 | 40 | 2.50% | 121 | 20 | 0 | 141 | 2003 | 869 | 40 | 2.50% |
| | | 1,459 | | | 423 | 36 | 0 | 459 | | 1,459 | | |
| 334 Meters & Meter Installations | | | | | | | | | | | | |
| Meters (22) | 2000 | 5,767 | 22 | 4.50% | 2,190 | 260 | 0 | 2,450 | 2000 | 5,767 | 22 | 4.50% |
| Meters | 2006 | (524) | 22 | 4.50% | (524) | 0 | 0 | (524) | 2006 | (524) | 22 | 4.50% |
| | | 5,243 | | | 1,666 | 260 | 0 | 1,926 | | 5,243 | | |
| Meters | 2006 | 445 | 22 | 4.50% | 41 | 22 | 0 | 63 | 2006 | 445 | 22 | 4.50% |
| Meters (Audit Issue # 4) | 2009 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0 | 2009 | 218 | 22 | 4.50% |
| | | 5,688 | | | 1,707 | 282 | 0 | 1,989 | | 5,688 | | |
| | | 45,634 | | | 18,118 | 1,426 | 0 | 19,544 | | 45,634 | | |

a Disposed in 2010
b Per Co. Acct 304 = \$1,942. Difference of \$1,155. Equals two 1997 disposals
Acct 311 Sump Pump - \$378 and Acct 330 Tank - \$777 that are no longer
being accounted for by Co.

*** Asset placed in service during the test year

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
PERMANENT RATE OPERATING INCOME STATEMENT

| | (1) Per Test Year | (2) Pro-forma Adjustments Per Company | (3) Adjusted Test Year Per Company | (4) Staff Adjustments (Att A; Sch 3a) | (5) Adj # | (6) Adjusted Test Year Per Staff | (7) Revenue Deficiency / (Surplus) | (8) Revenue Requirement |
|--|----------------------------|--|---|--|---------------|---|---|-------------------------------|
| Operating Revenues | | | | | | | | |
| Water Sales | \$ 10,490 | \$ 13,335 | \$ 23,825 | | | \$ 23,825 | \$ (11,003) | \$ 12,822 |
| Other Operating Revenues | - | - | - | | | - | - | - |
| Total Operating Revenues | <u>10,490</u> | <u>13,335</u> | <u>23,825</u> | <u>-</u> | | <u>23,825</u> | <u>(11,003)</u> | <u>12,822</u> |
| Operating Expenses | | | | | | | | |
| Operation & Maintenance Expenses: | | | | | | | | |
| Source of Supply Expenses | - | - | - | | | - | - | - |
| Pumping Expenses | 3,817 | - | 3,817 | (218) | 10 | 3,599 | | 3,599 |
| Water Treatment Expenses | 1,812 | - | 1,812 | | | 1,812 | | 1,812 |
| Transmission & Distribution Expenses | - | - | - | | | - | - | - |
| Customer Accounts Expenses | 495 | - | 495 | | | 495 | | 495 |
| Administrative & General Expenses | 3,338 | - | 3,338 | | | 3,338 | | 3,338 |
| Total Operation & Maintenance Expenses | <u>9,462</u> | <u>-</u> | <u>9,462</u> | <u>(218)</u> | | <u>9,244</u> | <u>-</u> | <u>9,244</u> |
| Depreciation Expense | 1,426 | 7,418 | 8,844 | (7,554) | 11 - 13 | 1,290 | | 1,290 |
| Amortization Expense - CIAC | - | (3,709) | (3,709) | 3,709 | 14 | - | | - |
| Amortization Expense - Other | - | - | - | | | - | | - |
| Taxes other than Income | 588 | 3,526 | 4,114 | (3,448) | 15 - 16 | 666 | | 666 |
| Total Operating Expenses | <u>11,476</u> | <u>7,235</u> | <u>18,711</u> | <u>(7,511)</u> | | <u>11,200</u> | <u>-</u> | <u>11,200</u> |
| Net Operating Income / (Loss) Before Income Taxes | (986) | 6,100 | 5,114 | 7,511 | | 12,625 | (11,003) | 1,622 |
| Income Taxes | - | - | - | - | Att A; Sch 3b | - | - | - |
| Net Operating Income (Loss) | <u>\$ (986)</u> | <u>\$ 6,100</u> | <u>\$ 5,114</u> | <u>\$ 7,511</u> | | <u>\$ 12,625</u> | <u>\$ (11,003)</u> | <u>\$ 1,622</u> |

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE OPERATING REVENUES AND EXPENSES

Adj #

Proforma Adjustments to Operating Expenses:

Pumping Expenses

- 10 To reclassify cost of meter replacement from expense to fixed plant per Audit Issue # 4. \$ (218)

Depreciation Expense

- 11 To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 3; Col 2) \$ (7,418)
- 12 To adjust test year depreciation expense to amount computed by Staff (Att A, Sch 2c) (141)
- 13 To increase annual depreciation expense for asset placed in service during the test year (See Att A; Sch 2c). 5

Total Adjustments - Depreciation Expense

\$ (7,554)Amortization Expense - CIAC

- 14 To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A, Sch 3, Col 2) \$ 3,709

Taxes Other than Income

- 15 To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att A; Sch 3, Col 2). \$ (3,526)

- 16 To reflect 2010 property tax assessment for test year pro-forma expense:

| | | | | | |
|---|----|---------|--------|----|-------|
| 2010 Town of Belmont Property Taxes (Staff DR 1-11) | | | | \$ | 498 |
| 2010 State Utility Property Tax - Tioga Division: | | | | | |
| 2010 Total Company State Utility Property Tax (Staff DR 1-11) | | \$ | 426 | | |
| Tioga Division Net Plant per 2009 Annual Report | \$ | 41,997 | | | |
| Total Company Net Plant per 2009 Annual Report | \$ | 106,463 | 39.45% | | 168 |
| 2010 Total Property Tax Expense - Tioga Division | | | | \$ | 666 |
| Less 2009 Total Property Tax Expense - Tioga Division | | | | | (588) |
| | | | | | 78 |

Total Adjustments - Taxes Other than Income

\$ (3,448)

Net Operating Expense Adjustments per Staff

\$ (7,511)

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE INCOME TAXES

INCOME TAXES

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

Operating Revenues:

| | | |
|--|----|---|
| Total Proforma Adjustments to Water Revenues | \$ | - |
|--|----|---|

Operating Expenses:

| | | |
|--|----|---------------------|
| Total Proforma Adjustments to Source of Supply Expenses | | - |
| Total Proforma Adjustments to Pumping Expenses | | 218 |
| Total Proforma Adjustments to Water Treatment Expenses | | - |
| Total Proforma Adjustments to Transmission & Distribution Expenses | | - |
| Total Proforma Adjustments to Customer Accounts Expenses | | - |
| Total Proforma Adjustments to Administrative & General Expenses | | - |
| Total Proforma Adjustments to Depreciation Expense | | 7,554 |
| Total Proforma Adjustments to Amortization Expense - CIAC | | (3,709) |
| Total Proforma Adjustments to Amortization Expense - Other | | - |
| Total Proforma Adjustments to Taxes other than Income | | 3,448 |
| | | <hr/> |
| Marginal Revenue (Expense) Subject to Income Taxes | | 7,511 |
| | | |
| Less: New Hampshire Business Profits Tax @ 0.0% | | - |
| | | <hr/> |
| Amount Subject to Federal Income Tax | | 7,511 |
| | | |
| Less: Federal Income Tax @ 0.0% | | - |
| | | <hr/> |
| Proforma Adjustments net of Income Taxes | \$ | <u><u>7,511</u></u> |

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STEP INCREASE

Increase in Net Income Requirement:

| | | |
|--|----|-----------------|
| 2010 Plant Additions (Att A; Sch 4a) | \$ | 134,084 |
| Less: Accumulated Depreciation (Att A; Sch 4a) | | (3,760) |
| Net 2010 Plant in Service | | <u>130,325</u> |
| 2010 Contributions in Aid of Construction (CIAC) (Att A; Sch 4a) | | (61,894) |
| Less: Accumulated Amortization of CIAC (Att A; Sch 4a) | | 1,735 |
| Net 2010 CIAC | | <u>(60,159)</u> |
| Net 2010 Plant in Rate Base | \$ | 70,166 |
| Annual Cost of Debt (Att A; Sch 4c) | | <u>3.221%</u> |
| Increase in Operating Income Requirement | \$ | <u>2,260</u> |

Net Increase in Operating Expenses:

| | | |
|--|----|----------------------|
| Net Increase in Depreciation Expense: | | |
| Annual Depreciation Expense - 2010 Plant Additions (Att A, Sch 4a) | \$ | 7,519 |
| Less: Annual Depreciation Expense - 2010 Plant Retirements (Att A; Sch 4a) | | <u>(306)</u> |
| | \$ | 7,213 |
| Annual Amortization of CIAC on 2010 CIAC Additions (Att A; Sch 4a) | | (3,471) |
| Net Increase in Property Tax Expense (Att A; Sch 4b) | | <u>1,945</u> |
| Net Increase in Operating Expenses | \$ | <u>5,687</u> |
| Step Increase in Revenue Requirement | \$ | 7,947 |
| Adjusted Test Year Water Sales (Att A; Sch 3; Col's 1 & 4) | \$ | <u>10,490</u> |
| Percent Increase / (Decrease) in Revenue Requirement from Water Sales | | <u><u>75.75%</u></u> |

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STEP INCREASE PLANT / CIAC ADDITIONS AND RETIREMENTS

2010 Plant Additions (a):

| Account | Amount | Depreciation Rate | Annual Depreciation | Accumulated Depreciation @ 10/31/10 | Net Plant in Service @ 10/31/10 |
|--------------------------------|-------------------|-------------------|---------------------|-------------------------------------|---------------------------------|
| 304: Structures & Improvements | \$ 67,382 | 2.50% | \$ 1,685 | \$ (842) | \$ 66,539 |
| 309: Supply Mains | 245 | 2.00% | 5 | (2) | 242 |
| 311: Pumping Equipment | 53,708 | 10.00% | 5,371 | (2,685) | 51,023 |
| 320: Treatment Equipment | 12,750 | 3.60% | 459 | (229) | 12,520 |
| | <u>\$ 134,084</u> | | <u>\$ 7,519</u> | <u>\$ (3,760)</u> | <u>\$ 130,325</u> |

2010 Plant Retirements (Att A; Sch 2c):

| Account | Amount | Depreciation Rate | Annual Depreciation | Accumulated Depreciation @ Retirement | Net Plant @ Retirement |
|---|--------------------|-------------------|---------------------|---------------------------------------|------------------------|
| 304: Structures & Improvements | \$ (3,097) | 2.50% | \$ (77) | \$ 441 | \$ (2,656) |
| 311: Pumping Equipment | (7,248) | 10.00% | (152) | 5,166 | (2,082) |
| 330: Distribution Reservoirs & Standpipes | (3,091) | 2.50% | (77) | 155 | (2,936) |
| | <u>\$ (13,436)</u> | | <u>\$ (306)</u> | <u>\$ 5,762</u> | <u>\$ (7,674)</u> |

2010 CIAC Additions (b):

| Account | Amount | Amortization Rate | Annual Amortization | Accumulated Amortization @ 10/31/10 | Net CIAC @ 10/31/10 |
|--------------------------------|--------------------|-------------------|---------------------|-------------------------------------|---------------------|
| 304: Structures & Improvements | \$ (31,104) | 2.50% | \$ (778) | \$ 389 | \$ (30,715) |
| 309: Supply Mains | (113) | 2.00% | (2) | 1 | (112) |
| 311: Pumping Equipment | (24,792) | 10.00% | (2,479) | 1,240 | (23,552) |
| 320: Treatment Equipment | (5,885) | 3.60% | (212) | 106 | (5,780) |
| | <u>\$ (61,894)</u> | | <u>\$ (3,471)</u> | <u>\$ 1,735</u> | <u>\$ (60,159)</u> |

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STEP INCREASE PLANT / CIAC ADDITIONS AND RETIREMENTS

(a) Includes allocation of Construction Interest as follows:

| | Cost of Construction | % | Allocation of Construction Interest | Total Cost |
|----------------------------------|-------------------------|----------------|---|-------------------|
| # 304: Structures & Improvements | \$ 65,812 | 27.98% | \$ 1,570 | \$ 67,382 |
| # 309: Supply Mains | 239 | 0.10% | 6 | 245 |
| # 311: Pumping Equipment | 52,457 | 22.30% | 1,251 | 53,708 |
| # 320: Treatment Equipment | 12,453 | 5.29% | 297 | 12,750 |
| Total Tioga Division | 130,961 | 55.67% | 3,123 | 134,084 |
| Total GVWD Division | 104,271 | 44.33% | 2,487 | 106,758 |
| Total Company | <u>\$ 235,232</u> | <u>100.00%</u> | <u>\$ 5,610</u> | <u>\$ 240,842</u> |

(b) Allocation of CIAC:

| | Cost of Construction | % | Allocation of Principal Forgiveness |
|----------------------------------|-------------------------|----------------|---|
| # 304: Structures & Improvements | \$ 65,812 | 50.25% | \$ (31,104) |
| # 309: Supply Mains | 239 | 0.18% | (113) |
| # 311: Pumping Equipment | 52,457 | 40.06% | (24,792) |
| # 320: Treatment Equipment | 12,453 | 9.51% | (5,885) |
| Total Tioga Division | <u>130,961</u> | <u>100.00%</u> | <u>\$ (61,894)</u> |

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
 TIOGA RIVER WATER COMPANY, INC.
 TIOGA DIVISION
 STEP INCREASE PROPERTY TAX CALCULATION

Municipal Taxes - Town of Belmont:

Net Additions to Plant in 2010:

| | | | |
|--|----------------|----|---------|
| 2010 Net Plant Additions (Att A; Sch 4a) | \$ 130,325 | | |
| 2010 Net Plant Retirements (Att A; Sch 4a) | <u>(7,674)</u> | \$ | 122,651 |

Municipal Valuation Factor:

| | | | |
|---|--------------------|---|---------------|
| 2010 Municipal Valuation - Tioga Division (Staff DR 1-11) | \$ 26,600 | | |
| Net Utility Plant per 2009 Annual Report - Tioga Division | <u>÷ \$ 41,997</u> | x | <u>63.34%</u> |

| | | |
|---|----|--------|
| Estimated Municipal Valuation of Net Additions to Plant in 2010 | \$ | 77,684 |
|---|----|--------|

| | | |
|--|------|--------------|
| 2010 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-11) | x \$ | <u>18.71</u> |
|--|------|--------------|

| | | |
|---|----|--------------|
| Estimated Municipal Taxes on Net Additions to Plant in 2010 | \$ | <u>1,453</u> |
|---|----|--------------|

State Utility Property Taxes:

Net Additions to Plant in 2010:

| | | | |
|--|----------------|----|---------|
| 2010 Net Plant Additions (Att A; Sch 4a) | \$ 130,325 | | |
| 2010 Net Plant Retirements (Att A; Sch 4a) | <u>(7,674)</u> | \$ | 122,651 |

State Valuation Factor:

| | | | |
|--|---------------------|---|---------------|
| 2010 State Valuation - Total Company (Staff DR 1-11) | \$ 64,584 | | |
| Net Utility Plant per 2009 Annual Report - Total Company | <u>÷ \$ 106,463</u> | x | <u>60.66%</u> |

| | | |
|---|----|--------|
| Estimated State Valuation of Net Additions to Plant in 2010 | \$ | 74,404 |
|---|----|--------|

| | | |
|--|------|-------------|
| 2010 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-11) | x \$ | <u>6.60</u> |
|--|------|-------------|

| | | |
|---|----|------------|
| Estimated State Taxes on Net Additions to Plant in 2010 | \$ | <u>491</u> |
|---|----|------------|

| | | |
|---|----|---------------------|
| Net Increase in Property Tax Expense for Net Additions to Plant in 2010 | \$ | <u><u>1,945</u></u> |
|---|----|---------------------|

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
STEP INCREASE COST OF DEBT CALCULATION

| | Total Amount Borrowed | Anticipated Principal Forgiveness | Net Principal Amount Due | Percentage of Total | Anticipated Interest Rate | Annual Interest | Annual Amortization of Loan Cost | Total Annual Debt Expense | Annual Cost of Debt | Weighted Average Cost |
|--|-----------------------------|---|--------------------------------|------------------------|---------------------------------|--------------------|--|---------------------------------|---------------------------|-----------------------------|
| 2010 SRF Loan - Tioga (Per Company) | \$ 123,788 | \$ (61,894) | \$ 61,894 | 94.53% | 2.864% | \$ 1,773 | \$ 172 | \$ 1,945 | 3.142% | 2.97% |
| 2010 Gilford Well Co. Loan (Per Company) | 3,580 | - | 3,580 | 5.47% | 4.580% | 164 | - | 164 | 4.580% | 0.25% |
| Totals | <u>\$ 127,368</u> | <u>\$ (61,894)</u> | <u>\$ 65,474</u> | <u>100.00%</u> | | <u>\$ 1,937</u> | <u>\$ 172</u> | <u>\$ 2,109</u> | | <u>3.22%</u> |

| | |
|-------------------------------|---------------|
| Total Loan Cost (Per Company) | \$ 6,880 |
| Allocated to Tioga Division | 50.00% |
| Tioga Division's Loan Cost | \$ 3,440 |
| Amortization Period (Yrs) | 20 |
| Annual Amortization | <u>\$ 172</u> |

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
TIOGA DIVISION
CALCULATION OF CUSTOMER RATES

| | | |
|---|------------------|--------------------------|
| Adjusted Test Year Water Sales (Att A, Sch 3, Col's 1 & 4) | \$ 10,490 | |
| Proposed Increase in Revenue Requirement from Permanent Rates (Att A; Sch 1) | 2,332 | |
| Proposed Step Increase in Revenue Requirement (Att A; Sch 4) | 7,947 | |
| Total Proposed Revenue Requirement | <u>\$ 20,769</u> | |
| Current Fixed Charge per Quarter (per Tariff) | \$ 39.93 | per Customer per Quarter |
| Increase in Fixed Charge per Quarter | 20.07 | |
| Proposed Fixed Charge per Quarter | \$ 60.00 | per Customer per Quarter |
| Billing Periods per Year | x 4 | Billing Quarters |
| Proposed Fixed Charge per Year | \$ 240.00 | per Customer per Year |
| Number of Customers | x 22 | |
| Total Annual Revenue Derived from Fixed Charge | <u>\$ 5,280</u> | |
| Total Annual Revenue Derived from Consumption Charge (\$ 20,769 - \$ 5,280) | = | \$ 15,489 |
| CF Consumption for the fiscal year ended 10/31/09 | - | 131,178 CF |
| Proposed Consumption Charge (per CF) | <u>\$ 0.1181</u> | per CF |

Analysis of Proposed Rate Impact:

| | Current Rates | Proposed Rates |
|--|------------------|-------------------|
| Consumption Charge per CF | \$ 0.0525 | \$ 0.1181 |
| Average Annual Usage Per Customer (CF) | <u>5,962.64</u> | <u>5,962.64</u> |
| Average Annual Consumption Charge | \$ 313.04 | \$ 704.04 |
| Annual Fixed Charge per Customer | <u>\$ 159.72</u> | <u>\$ 240.00</u> |
| Total Annual Charge per Customer | <u>\$ 472.76</u> | <u>\$ 944.04</u> |
| Percentage Increase in Customer Rates | | <u>99.69%</u> |

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
PERMANENT RATE REVENUE REQUIREMENT

| | |
|---|-----------------|
| Average Rate Base per Staff (Att B; Sch 2; Col 6) | \$ 38,759 |
| Rate of Return (Att B; Sch 1a) | <u>5.03%</u> |
| Operating Income Requirement | 1,949 |
| Adjusted Net Operating Income per Staff (Att B; Sch 3; Col 6) | <u>13,995</u> |
| Revenue Deficiency / (Surplus) Before Income Taxes | (12,046) |
| Divided by Tax Factor (Att B; Sch 1b) | <u>100.00%</u> |
| Revenue Deficiency / (Surplus) | (12,046) |
| Pro-forma Test Year Water Sales per Company (Att B; Sch 3; Col 6) | <u>32,017</u> |
| Revenue Requirement from Water Sales per Staff | 19,971 |
| Less: Adjusted Test Year Water Sales (Att B; Sch 3; Col's 1 & 4) | <u>(12,722)</u> |
| Increase / (Decrease) in Revenue Requirement from Water Sales | <u>\$ 7,249</u> |
| Percent Increase / (Decrease) in Revenue Requirement from Water Sales | <u>56.98%</u> |

[illegible]

Record Request # 6

Attachment B

Schedule 1b

**DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
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> |

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
PERMANENT RATE AVERAGE RATE BASE

| | (1) Year End Average Per Company | (2) Pro-forma Adjustments Per Company | (3) Pro-forma Rate Base Per Company | (4) Staff Adjustments (Att B; Sch 2a) | (5) Adj # | (6) Pro-forma Rate Base Per Staff |
|---|---|--|--|--|--------------|--|
| <u>Plant in Service</u> | | | | | | |
| Plant in Service | \$ 81,826 | \$ 115,000 | \$ 196,826 | \$ (122,029) | 17 - 18 | \$ 74,797 |
| Less: Accumulated Depreciation | (22,367) | (4,288) | (26,655) | 4,228 | 19 - 20 | (22,427) |
| Net Plant in Service | 59,459 | 110,712 | 170,171 | (117,800) | | 52,371 |
| Contributions in Aid of Construction (CIAC) | (26,099) | (57,500) | (83,599) | 57,500 | 21 | (26,099) |
| Accumulated Amortization of CIAC | 5,699 | 2,144 | 7,843 | (1,575) | 22 - 23 | 6,268 |
| Net Contributions in Aid of Construction | (20,400) | (55,356) | (75,756) | 55,925 | | (19,831) |
| Net Plant in Rate Base | 39,059 | 55,356 | 94,415 | (61,875) | | 32,540 |
| <u>Working Capital</u> | | | | | | |
| Cash Working Capital | 3,536 | - | 3,536 | (518) | 24 | 3,018 |
| Prepaid Expenses | 136 | 136 | 272 | (218) | 25 - 26 | 54 |
| Unamortized Deferred Expenses | - | - | - | 3,147 | 27 | 3,147 |
| Accrued Utility Revenue | 503 | 504 | 1,007 | (1,007) | 28 - 29 | - |
| Total Working Capital in Rate Base | 4,175 | 640 | 4,815 | 1,404 | | 6,219 |
| Total Average Rate Base | \$ 43,234 | \$ 55,996 | \$ 99,230 | \$ (60,471) | | \$ 38,759 |

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE AVERAGE RATE BASE

Adj#

Proforma Adjustments to Plant in Service:

Plant in Service

| | | |
|----|--|---------------------|
| 17 | To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 2; Col 2). | \$ (115,000) |
| 18 | To adjust test year average plant in service to amount computed by Staff (Att B; Sch 2b; Col 8). | <u>(7,029)</u> |
| | Total Adjustments - Plant in Service | <u>\$ (122,029)</u> |

Accumulated Depreciation

| | | |
|----|--|-----------------|
| 19 | To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 2; Col 2). | \$ 4,288 |
| 20 | To adjust test year average accumulated depreciation to amount computed by Staff (Att B; Sch 2b; Col 8). | <u>(60)</u> |
| | Total Adjustments - Accumulated Depreciation | <u>\$ 4,228</u> |

Contributions in Aid of Construction (CIAC)

| | | |
|----|--|------------------|
| 21 | To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 2; Col 2). | <u>\$ 57,500</u> |
|----|--|------------------|

Accumulated Amortization - CIAC

| | | |
|----|--|-------------------|
| 22 | To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 2; Col 2). | \$ (2,144) |
| 23 | To Adjust Accumulated Amortization - CIAC to amount computed by Staff (Att B; Sch 2b; Col 8). | <u>569</u> |
| | Total Adjustments - Accumulated Amortization - CIAC | <u>\$ (1,575)</u> |

Proforma Adjustments to Working Capital:

Cash Working Capital

| | | |
|----|--|-----------------|
| 24 | To adjust Co's cash working capital component to amount calculated per Staff (Att B; Sch 2b; Col 8). | <u>\$ (518)</u> |
|----|--|-----------------|

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE AVERAGE RATE BASE

Adj#

Prepaid Expenses

| | | |
|----|---|-----------------|
| 25 | To eliminate Co's pro-forma adj to reflect year-end balance in rate base (Att B; Sch 2; Col 2). | \$ (136) |
| 26 | To adjust test year average prepaid expense to amount computed by Staff (Att B; Sch 2b; Col 8). | <u>(82)</u> |
| | Total Adjustments - Prepaid Expenses | <u>\$ (218)</u> |

Unamortized Deferred Debits

| | | |
|----|---|-----------------|
| 27 | To record unamortized portion of expenses deemed by the Audit Report as non-recurring (Att B; Sch 2b; Col 8). | <u>\$ 3,147</u> |
|----|---|-----------------|

Accrued Utility Revenue

| | | |
|----|---|-------------------|
| 28 | To eliminate Co's pro-forma adj to reflect year-end balance in rate base (Att B; Sch 2; Col 2). | \$ (504) |
| 29 | To adjust test year average accrued utility revenue to amount computed by Staff (Att B; Sch 2b; Col 8). | <u>(503)</u> |
| | Total Adjustments - Accrued Utility Revenue | <u>\$ (1,007)</u> |

| | | |
|-------------------------------------|--|---------------------------|
| Net Rate Base Adjustments per Staff | | <u><u>\$ (60,471)</u></u> |
|-------------------------------------|--|---------------------------|

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
CONVERSION OF RATE BASE COMPONENTS FROM YEAR-END AVERAGE TO 5-QUARTER AVERAGE

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|----------------------------------|-----------|-----------|-----------|-----------|-----------------------------------|------------------------------------|--|---------------------------------|
| | Quarter Ending Balance Per Staff | | | | | 5-Quarter Average Per Staff | Year-End Average Per Company | To Adjust Rate Base to 5-Quarter Avg | Adjustment # (Att B; Sch 2a) |
| | 10/31/08 | 01/31/09 | 04/30/09 | 07/31/09 | 10/31/09 | | | | |
| Plant in Service (Att B; Sch 2c) | \$ 74,306 | \$ 74,306 | \$ 75,125 | \$ 75,125 | \$ 75,125 | \$ 74,797 | 81,826 | \$ (7,029) | 18 |
| Accumulated Depreciation (Att B; Sch 2c) | (20,534) | (21,472) | (22,424) | (23,376) | (24,328) | (22,427) | (22,367) | (60) | 20 |
| Contributions in Aid of Construction (CIAC) (Att B; Sch 2c) | (26,099) | (26,099) | (26,099) | (26,099) | (26,099) | (26,099) | (26,099) | - | |
| Accumulated Amortization - CIAC (Att B; Sch 2c) | 5,559 | 5,914 | 6,268 | 6,623 | 6,977 | 6,268 | 5,699 | 569 | 23 |
| Cash Working Capital | | | | | | (a) 3,018 | 3,536 | (518) | 24 |
| Prepaid Expenses | - | - | - | - | 272 | 54 | 136 | (82) | 26 |
| Unamortized Deferred Debits | 3,776 | 3,461 | 3,147 | 2,832 | 2,518 | 3,147 | - | 3,147 | 27 |
| Accrued Utility Revenue | - | - | - | - | - | - | 503 | (503) | 29 |
| Total Average Rate Base | | | | | | <u>\$ 38,759</u> | <u>\$ 43,234</u> | <u>\$ (4,475)</u> | |

(a) Adjustment of Co's Cash Working Capital Component:

| | |
|--|-----------------|
| Test Year O & M Expenses per Staff (Att B, Sch 3; Col 6) | \$ 14,688 |
| Cash Working Capital % (75 days / 365 days) | <u>20.55%</u> |
| Adjusted Cash Working Capital Component per Staff | <u>\$ 3,018</u> |

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
ANALYSIS OF FIXED PLANT AND DEPRECIATION

PLANT ACCOUNTS & ASSET DESCRIPTIONS

| | ACTUAL @ 10/31/09 | | | | | | | | ADJUSTMENTS @ 10/31/09 | | | | | | | | ADJUSTED @ 10/31/09 | | | | | | | |
|---|-------------------|---------|------|--------|--------------------------|-----------|-----------|----------|------------------------|---------|------|--------|--------------------------|-----------|-----------|----------|---------------------|---------|------|--------|--------------------------|-----------|-----------|----------|
| | Fixed Plant | | | | Accumulated Depreciation | | | | Fixed Plant | | | | Accumulated Depreciation | | | | Fixed Plant | | | | Accumulated Depreciation | | | |
| | Acq | Cost | Life | % | 10/31/08 | Additions | Disposals | 10/31/09 | Acq | Cost | Life | % | 10/31/08 | Additions | Disposals | 10/31/09 | Acq | Cost | Life | % | 10/31/08 | Additions | Disposals | 10/31/09 |
| 304 Structures and Improvements | | | | | | | | | | | | | | | | | | | | | | | | |
| Structures | 2007 | 4,318 | 40 | 2.50% | 108 | 54 | 0 | 162 | 2007 | (1,099) | 40 | 2.50% | 13 | 26 | 0 | 39 | 2007 | 3,219 | 40 | 2.50% | 121 | 80 | 0 | 201 |
| 307 Wells & Springs | | | | | | | | | | | | | | | | | | | | | | | | |
| We | 1997 | 1,140 | 5 | 20.00% | 1,140 | 0 | 0 | 1,140 | 1997 | 0 | 5 | 20.00% | 0 | 0 | 0 | 0 | 1997 | 1,140 | 5 | 20.00% | 1,140 | 0 | 0 | 1,140 |
| Well | 2002 | 660 | 8 | 12.12% | 560 | 80 | 0 | 640 | 2002 | 0 | 30 | 3.30% | (418) | (58) | 0 | (477) | 2002 | 660 | 30 | 3.30% | 142 | 22 | 0 | 163 |
| Well | 2007 | 24,864 | 30 | 3.30% | 828 | 414 | 0 | 1,242 | 2007 | (4,144) | 30 | 3.30% | 198 | 270 | 0 | 467 | 2007 | 20,720 | 30 | 3.30% | 1,026 | 684 | 0 | 1,709 |
| | | 26,664 | | | 2,528 | 494 | 0 | 3,022 | | (4,144) | | | (221) | 212 | 0 | (9) | | 22,520 | | | 2,307 | 706 | 0 | 3,013 |
| 309 Supply Mains | | | | | | | | | | | | | | | | | | | | | | | | |
| Supply Main | 1999 | 929 | 50 | 2.00% | 263 | 19 | 0 | 282 | 1999 | 0 | 50 | 2.00% | (86) | (0) | 0 | (87) | 1999 | 929 | 50 | 2.00% | 177 | 19 | 0 | 195 |
| Supply Main | 2007 | 6,550 | 50 | 2.00% | 196 | 131 | 0 | 327 | 2007 | (1,858) | 50 | 2.00% | (58) | (32) | 0 | (93) | 2007 | 4,682 | 50 | 2.00% | 140 | 94 | 0 | 234 |
| | | 7,479 | | | 459 | 150 | 0 | 599 | | (1,858) | | | (142) | (38) | 0 | (180) | | 5,611 | | | 317 | 112 | 0 | 429 |
| 311 Pumping Equipment | | | | | | | | | | | | | | | | | | | | | | | | |
| Pumping Equipment | 1997 | 1,995 | 10 | 10.00% | 1,642 | 0 | 0 | 1,642 | 1997 | 0 | 10 | 10.00% | 38 | 0 | 0 | 38 | 1997 | 1,995 | 10 | 10.00% | 1,680 | 0 | 0 | 1,680 |
| Pumping Equipment | 2004 | (1,050) | 10 | 10.00% | (1,050) | 0 | 0 | (1,050) | 2004 | 0 | 10 | 10.00% | 0 | 0 | 0 | 0 | 2004 | (1,050) | 10 | 10.00% | (1,050) | 0 | 0 | (1,050) |
| | | 945 | | | 592 | 0 | 0 | 592 | | 0 | | | 38 | 0 | 0 | 38 | | 945 | | | 630 | 0 | 0 | 630 |
| Pump & Motor | 1998 | 2,372 | 10 | 10.00% | 2,381 | 11 | 0 | 2,372 | 1998 | 0 | 10 | 10.00% | 11 | (11) | 0 | 0 | 1998 | 2,372 | 10 | 10.00% | 2,372 | 0 | 0 | 2,372 |
| Pumping Equipment | 2008 | (350) | 10 | 10.00% | (350) | 6 | 0 | (350) | 2008 | 0 | 10 | 10.00% | 0 | 0 | 0 | 0 | 2008 | (350) | 10 | 10.00% | (350) | 0 | 0 | (350) |
| | | 2,022 | | | 2,011 | 11 | 0 | 2,022 | | 0 | | | 11 | (11) | 0 | 0 | | 2,022 | | | 2,022 | 0 | 0 | 2,022 |
| Pumping Equipment | a 2002 | 5,245 | 13 | 7.66% | 2,814 | 402 | 0 | 3,216 | 2002 | 0 | 10 | 10.00% | 595 | 123 | 0 | 718 | 2002 | 5,245 | 10 | 10.00% | 3,409 | 525 | 0 | 3,934 |
| Pumping Equipment | a 2004 | 1,456 | 10 | 10.00% | 295 | 225 | 0 | 520 | 2004 | 0 | 10 | 10.00% | 360 | (79) | 0 | 281 | 2004 | 1,456 | 10 | 10.00% | 655 | 146 | 0 | 801 |
| Pumping Equipment | 2007 | 7,800 | 10 | 10.00% | 1,172 | 780 | 0 | 1,952 | 2007 | 0 | 10 | 10.00% | (2) | 0 | 0 | (2) | 2007 | 7,800 | 10 | 10.00% | 1,170 | 780 | 0 | 1,950 |
| Pumping Equipment | 2008 | 4,095 | 10 | 10.00% | 205 | 410 | 0 | 615 | 2008 | 0 | 10 | 10.00% | (0) | (1) | 0 | (1) | 2008 | 4,095 | 10 | 10.00% | 205 | 410 | 0 | 614 |
| Pumping Equipment | 2009 | 819 | 10 | 10.00% | 0 | 41 | 0 | 41 | 2009 | 0 | 10 | 10.00% | 0 | (0) | 0 | (0) | 2009 | 819 | 10 | 10.00% | 0 | 41 | 0 | 41 |
| | | 22,382 | | | 7,089 | 1,869 | 0 | 8,958 | | 0 | | | 1,002 | 32 | 0 | 1,034 | | 22,382 | | | 8,091 | 1,901 | 0 | 9,992 |
| 330 Distribution Reservoirs & Standpipes | | | | | | | | | | | | | | | | | | | | | | | | |
| Tanks | b 2002 | 1,100 | 40 | 2.50% | 196 | 28 | 0 | 224 | 2002 | 0 | 40 | 2.50% | (17) | (1) | 0 | (18) | 2002 | 1,100 | 40 | 2.50% | 179 | 28 | 0 | 206 |
| 331 Transportation & Distribution Mains | | | | | | | | | | | | | | | | | | | | | | | | |
| T&D Mains | 1997 | 10,830 | 15 | 6.70% | 8,546 | 711 | 0 | 9,257 | 1997 | 0 | 15 | 6.70% | (340) | 0 | 0 | (340) | 1997 | 10,830 | 15 | 6.70% | 8,206 | 711 | 0 | 8,917 |
| (T&D Mains) | 1999 | (217) | 15 | 6.70% | (217) | 0 | 0 | (217) | 1999 | 0 | 15 | 6.70% | 0 | 0 | 0 | 0 | 1999 | (217) | 15 | 6.70% | (217) | 0 | 0 | (217) |
| | | 10,613 | | | 8,329 | 711 | 0 | 9,040 | | 0 | | | (340) | 0 | 0 | (340) | | 10,613 | | | 7,989 | 711 | 0 | 8,700 |
| T&D Mains | 2002 | 570 | 15 | 6.70% | 266 | 38 | 0 | 304 | 2002 | 0 | 50 | 2.00% | (192) | (27) | 0 | (219) | 2002 | 570 | 50 | 2.00% | 74 | 31 | 0 | 86 |
| | | 11,183 | | | 8,595 | 749 | 0 | 9,344 | | 0 | | | (531) | (27) | 0 | (558) | | 11,183 | | | 8,064 | 722 | 0 | 8,786 |
| 333 Services | | | | | | | | | | | | | | | | | | | | | | | | |
| Services | 2002 | 7,639 | 40 | 2.50% | 1,278 | 186 | 0 | 1,462 | 2002 | 0 | 40 | 2.50% | (61) | 0 | 0 | (61) | 2002 | 7,639 | 40 | 2.50% | 1,278 | 186 | 0 | 1,461 |
| Services | 2003 | (191) | 40 | 2.50% | (191) | 0 | 0 | (191) | 2003 | 0 | 40 | 2.50% | 0 | 0 | 0 | 0 | 2003 | (191) | 40 | 2.50% | (191) | 0 | 0 | (191) |
| | | 7,448 | | | 1,085 | 186 | 0 | 1,271 | | 0 | | | (81) | 0 | 0 | (81) | | 7,448 | | | 1,024 | 186 | 0 | 1,210 |
| Services | 2003 | 767 | 40 | 2.50% | 104 | 19 | 0 | 123 | 2003 | 0 | 40 | 2.50% | 0 | 0 | 0 | 0 | 2003 | 767 | 40 | 2.50% | 105 | 19 | 0 | 125 |
| | | 8,215 | | | 1,189 | 205 | 0 | 1,394 | | 0 | | | (59) | 0 | 0 | (59) | | 8,215 | | | 1,130 | 205 | 0 | 1,335 |
| 334 Meters & Meter Installations | | | | | | | | | | | | | | | | | | | | | | | | |
| Meters | 1997 | 285 | 22 | 4.50% | 223 | 19 | 0 | 242 | 1997 | 0 | 22 | 4.50% | (76) | (6) | 0 | (82) | 1997 | 285 | 22 | 4.50% | 147 | 13 | 0 | 160 |
| Meters | 2002 | 610 | 22 | 4.50% | 182 | 28 | 0 | 210 | 2002 | 0 | 22 | 4.50% | (4) | (1) | 0 | (4) | 2002 | 610 | 22 | 4.50% | 128 | 27 | 0 | 206 |
| | | 895 | | | 405 | 47 | 0 | 452 | | 0 | | | (79) | (7) | 0 | (86) | | 895 | | | 325 | 40 | 0 | 366 |
| | | 82,236 | | | 20,569 | 3,596 | 0 | 24,165 | | (7,111) | | | (35) | 198 | 0 | 163 | | 75,125 | | | 20,534 | 3,794 | 0 | 24,328 |
| 307 Wells & Springs | | | | | | | | | | | | | | | | | | | | | | | | |
| Well | 2002 | 600 | 30 | 3.30% | 140 | 20 | 0 | 160 | 2002 | 0 | 30 | 3.30% | (11) | (0) | 0 | (12) | 2002 | 600 | 30 | 3.30% | 129 | 20 | 0 | 149 |
| Well | 2007 | 10,959 | 30 | 3.30% | 517 | 345 | 0 | 862 | 2007 | 0 | 30 | 3.30% | (4) | (3) | 0 | (7) | 2007 | 10,359 | 30 | 3.30% | 513 | 342 | 0 | 855 |
| | | 10,959 | | | 657 | 365 | 0 | 1,022 | | 0 | | | (16) | (3) | 0 | (19) | | 10,959 | | | 641 | 362 | 0 | 1,003 |
| 311 Pumping Equipment | | | | | | | | | | | | | | | | | | | | | | | | |
| Pumping Equipment | a 2002 | 5,140 | 13 | 7.66% | 2,737 | 391 | 0 | 3,128 | 2002 | 0 | 10 | 10.00% | 604 | 123 | 0 | 727 | 2002 | 5,140 | 10 | 10.00% | 3,341 | 514 | 0 | 3,855 |
| Pumping Equipment | 2007 | 3,900 | 10 | 10.00% | 585 | 390 | 0 | 975 | 2007 | 0 | 10 | 10.00% | 0 | 0 | 0 | 0 | 2007 | 3,900 | 10 | 10.00% | 585 | 390 | 0 | 975 |
| | | 9,040 | | | 3,322 | 781 | 0 | 4,103 | | 0 | | | 604 | 123 | 0 | 727 | | 9,040 | | | 3,926 | 904 | 0 | 4,830 |
| 330 Distribution Reservoirs & Standpipes | | | | | | | | | | | | | | | | | | | | | | | | |
| Tanks | b 2002 | 1,100 | 40 | 2.50% | 196 | 28 | 0 | 224 | 2002 | 0 | 40 | 2.50% | (17) | (1) | 0 | (18) | 2002 | 1,100 | 40 | 2.50% | 179 | 28 | 0 | 206 |
| 333 Services | | | | | | | | | | | | | | | | | | | | | | | | |
| Services | 2002 | 5,000 | 40 | 2.50% | 875 | 125 | 0 | 1,000 | 2002 | 0 | 40 | 2.50% | (63) | 0 | 0 | (63) | 2002 | 5,000 | 40 | 2.50% | 813 | 125 | 0 | 938 |
| | | 26,099 | | | 5,050 | 1,299 | 0 | 6,349 | | 0 | | | 508 | 119 | 0 | 628 | | 26,099 | | | 5,559 | 1,418 | 0 | 6,977 |

a Disposed in 2010
b Portion (\$325) disposed in 2010

*** Asset Placed in service during the test year

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
PERMANENT RATE OPERATING INCOME STATEMENT

| | (1) Per Test Year | (2) Pro-forma Adjustments Per Company | (3) Adjusted Test Year Per Company | (4) Staff Adjustments (Att B; Sch 3a) | (5) Adj # | (6) Adjusted Test Year Per Staff | (7) Revenue Deficiency / (Surplus) | (8) Revenue Requirement |
|--|----------------------------|--|---|--|------------------|---|---|-------------------------------|
| Operating Revenues | | | | | | | | |
| Water Sales | \$ 13,121 | \$ 19,295 | \$ 32,416 | \$ (399) | 30 | \$ 32,017 | \$ (12,046) | \$ 19,971 |
| Other Operating Revenues | - | - | - | - | | - | - | - |
| Total Operating Revenues | <u>13,121</u> | <u>19,295</u> | <u>32,416</u> | <u>(399)</u> | | <u>32,017</u> | <u>(12,046)</u> | <u>19,971</u> |
| Operating Expenses | | | | | | | | |
| Operation & Maintenance Expenses: | | | | | | | | |
| Source of Supply Expenses | - | - | - | - | | - | - | - |
| Pumping Expenses | 5,852 | - | 5,852 | (1,495) | 31 | 4,357 | | 4,357 |
| Water Treatment Expenses | 4,985 | - | 4,985 | | | 4,985 | | 4,985 |
| Transmission & Distribution Expenses | 2,585 | - | 2,585 | (1,023) | 32 | 1,562 | | 1,562 |
| Customer Accounts Expenses | - | - | - | - | | - | | - |
| Administrative & General Expenses | 3,783 | - | 3,783 | | | 3,783 | | 3,783 |
| Total Operation & Maintenance Expenses | <u>17,205</u> | <u>-</u> | <u>17,205</u> | <u>(2,517)</u> | | <u>14,688</u> | <u>-</u> | <u>14,688</u> |
| Depreciation Expense | 3,595 | 8,576 | 12,171 | (8,337) | 33 - 35 | 3,834 | | 3,834 |
| Amortization Expense - CIAC | (1,299) | (4,288) | (5,587) | 4,169 | 36 - 37 | (1,418) | | (1,418) |
| Amortization Expense - Other | - | - | - | - | | - | | - |
| Taxes other than Income | 1,303 | 2,376 | 3,679 | (2,761) | 38 - 39 | 918 | | 918 |
| Total Operating Expenses | <u>20,804</u> | <u>6,664</u> | <u>27,468</u> | <u>(9,446)</u> | | <u>18,022</u> | <u>-</u> | <u>18,022</u> |
| Net Operating Income / (Loss) | | | | | | | | |
| Before Income Taxes | (7,683) | 12,631 | 4,948 | 9,047 | | 13,995 | (12,046) | 1,949 |
| Income Taxes | - | - | - | - | Att B; Sch 3b | - | - | - |
| Net Operating Income (Loss) | <u>\$ (7,683)</u> | <u>\$ 12,631</u> | <u>\$ 4,948</u> | <u>\$ 9,047</u> | | <u>\$ 13,995</u> | <u>\$ (12,046)</u> | <u>\$ 1,949</u> |

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE OPERATING REVENUES AND EXPENSES

Adj #

Pro-forma Adjustments to Operating Revenues:

| | | | |
|----|--|----|-------|
| 30 | To adjust test year operating revenues per Audit Issue # 3 | \$ | (399) |
|----|--|----|-------|

Proforma Adjustments to Operating Expenses:

Pumping Expenses

| | | | | |
|----|--|---------|-------|---------|
| 31 | To amortize over a 3-year period a repair cost deemed to be non-recurring per the Staff Audit: | | | |
| | Repair Expense recorded during test year | \$ | 2,242 | |
| | Amortization Period | + | 3 | |
| | Annual Amortized Expense | \$ | 747 | |
| | Less: Repair Expense recorded during test year | (2,242) | \$ | (1,495) |

Transmission & Distribution Expenses

| | | | | |
|----|---|---------|-------|---------|
| 32 | To amortize over a 3-year period generator rental/labor costs deemed to be non-recurring per the Staff Audit: | | | |
| | Generator Rental/Labor Expense recorded during test year | \$ | 1,534 | |
| | Amortization Period | + | 3 | |
| | Annual Amortized Expense | \$ | 511 | |
| | Less: Generator Rental/Labor Expense recorded during test year | (1,534) | \$ | (1,023) |

Depreciation Expense

| | | | |
|----|---|----|---------|
| 33 | To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 3; Col 2) | \$ | (8,576) |
| 34 | To adjust test year depreciation expense to amount computed by Staff (Att B, Sch 2c) | | 198 |
| 35 | To increase annual depreciation expense for asset placed in service during the test year (See Att B, Sch 2c) | | 41 |
| | Total Adjustments - Depreciation Expense | \$ | (8,337) |

Amortization Expense - CIAC

| | | | |
|----|---|----|-------|
| 36 | To eliminate Co's pro-forma adj relative to plant placed in service after the test year (Att B; Sch 3; Col 2) | \$ | 4,288 |
| 37 | To adjust test year amortization of CIAC to amount computed by Staff (Att B; Sch 2c). | | (119) |
| | Total Adjustments - Amortization Expense - CIAC | \$ | 4,169 |

DW 10-217
 TIOGA RIVER WATER COMPANY, INC.
 GILFORD VILLAGE WATER DISTRICT DIVISION
 STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE INCOME TAXES

INCOME TAXES

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

Operating Revenues:

| | | |
|--|----|-------|
| Total Proforma Adjustments to Water Revenues | \$ | (399) |
|--|----|-------|

Operating Expenses:

| | | |
|--|--------------|--|
| Total Proforma Adjustments to Source of Supply Expenses | - | |
| Total Proforma Adjustments to Pumping Expenses | 1,495 | |
| Total Proforma Adjustments to Water Treatment Expenses | - | |
| Total Proforma Adjustments to Transmission & Distribution Expenses | 1,023 | |
| Total Proforma Adjustments to Customer Accounts Expenses | - | |
| Total Proforma Adjustments to Administrative & General Expenses | - | |
| Total Proforma Adjustments to Depreciation Expense | 8,337 | |
| Total Proforma Adjustments to Amortization Expense - CIAC | (4,169) | |
| Total Proforma Adjustments to Amortization Expense - Other | - | |
| Total Proforma Adjustments to Taxes other than Income | <u>2,761</u> | |

| | | |
|--|-------|--|
| Marginal Revenue (Expense) Subject to Income Taxes | 9,047 | |
|--|-------|--|

| | | |
|---|----------|--|
| Less: New Hampshire Business Profits Tax @ 0.0% | <u>-</u> | |
|---|----------|--|

| | | |
|--------------------------------------|-------|--|
| Amount Subject to Federal Income Tax | 9,047 | |
|--------------------------------------|-------|--|

| | | |
|---------------------------------|----------|--|
| Less: Federal Income Tax @ 0.0% | <u>-</u> | |
|---------------------------------|----------|--|

| | | |
|--|-----------|--------------|
| Proforma Adjustments net of Income Taxes | <u>\$</u> | <u>9,047</u> |
|--|-----------|--------------|

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STEP INCREASE

Increase in Net Income Requirement:

| | |
|--|-----------------|
| 2010 Plant Additions (Att B; Sch 4a) | \$ 106,758 |
| Less: Accumulated Depreciation (Att B; Sch 4a) | <u>(2,779)</u> |
| Net 2010 Plant in Service | <u>103,979</u> |
| 2010 Contributions in Aid of Construction (CIAC) (Att B; Sch 4a) | (53,106) |
| Less: Accumulated Amortization of CIAC (Att B; Sch 4a) | <u>1,382</u> |
| Net 2010 CIAC | <u>(51,723)</u> |
| Net 2010 Plant in Rate Base | \$ 52,255 |
| Annual Cost of Debt (Att B; Sch 4c) | <u>3.188%</u> |
| Increase in Operating Income Requirement | <u>\$ 1,666</u> |

Net Increase in Operating Expenses:

| | | |
|--|--------------|-------------------------|
| Net Increase in Depreciation Expense: | | |
| Annual Depreciation Expense - 2010 Plant Additions (Att B; Sch 4a) | \$ 5,558 | |
| Less: Annual Depreciation Expense - 2010 Plant Retirements (Att B; Sch 4a) | <u>(679)</u> | \$ 4,879 |
| Net Increase in Amortization of CIAC: | | |
| Annual Amortization of CIAC on 2010 CIAC Additions (Att B; Sch 4a) | (2,765) | |
| Annual Amortization of CIAC on 2010 CIAC Retirements (Att B; Sch 4a) | <u>522</u> | (2,243) |
| Net Increase in Property Tax Expense (Att B; Sch 4b) | | <u>1,449</u> |
| Net Increase in Operating Expenses | | <u>\$ 4,086</u> |
| Step Increase in Revenue Requirement | | \$ 5,751 |
| Adjusted Test Year Water Sales (Att B; Sch 3; Col's 1 & 4) | | <u>\$ 12,722</u> |
| Percent Increase / (Decrease) in Revenue Requirement from Water Sales | | <u>45.21%</u> |

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STEP INCREASE PLANT / CIAC ADDITIONS AND RETIREMENTS

2010 Plant Additions (a):

| Account | Amount | Depreciation Rate | Annual Depreciation | Accumulated Depreciation @ 10/31/10 | Net Plant in Service @ 10/31/10 |
|--------------------------------|-------------------|-------------------|---------------------|-------------------------------------|---------------------------------|
| 304: Structures & Improvements | \$ 51,078 | 2.50% | \$ 1,277 | \$ (638) | \$ 50,439 |
| 311: Pumping Equipment | 35,577 | 10.00% | 3,558 | (1,779) | 33,798 |
| 320: Treatment Equipment | 20,103 | 3.60% | 724 | (362) | 19,741 |
| | <u>\$ 106,758</u> | | <u>\$ 5,558</u> | <u>\$ (2,779)</u> | <u>\$ 103,979</u> |

2010 Plant Retirements (Att B; Sch 2c):

| Account | Amount | Depreciation Rate | Annual Depreciation | Accumulated Depreciation @ Retirement | Net Plant @ Retirement |
|---|-------------------|-------------------|---------------------|---------------------------------------|------------------------|
| 311: Pumping Equipment | \$ (9,668) | 10.00% | \$ (671) | \$ 7,723 | \$ (1,945) |
| 330: Distribution Reservoirs & Standpipes | (325) | 2.50% | (8) | 65 | (260) |
| | <u>\$ (9,993)</u> | | <u>\$ (679)</u> | <u>\$ 7,788</u> | <u>\$ (2,205)</u> |

2010 CIAC Additions (b):

| Account | Amount | Amortization Rate | Annual Amortization | Accumulated Amortization @ 10/31/10 | Net CIAC @ 10/31/10 |
|--------------------------------|--------------------|-------------------|---------------------|-------------------------------------|---------------------|
| 304: Structures & Improvements | \$ (25,408) | 2.50% | \$ (635) | \$ 318 | \$ (25,091) |
| 311: Pumping Equipment | (17,697) | 10.00% | (1,770) | 885 | (16,813) |
| 320: Treatment Equipment | (10,000) | 3.60% | (360) | 180 | (9,820) |
| | <u>\$ (53,106)</u> | | <u>\$ (2,765)</u> | <u>\$ 1,382</u> | <u>\$ (51,723)</u> |

2010 CIAC Retirements (Staff G2c):

| Account | Amount | Amortization Rate | Annual Amortization | Accumulated Amortization @ Retirement | Net CIAC @ Retirement |
|---|-----------------|-------------------|---------------------|---------------------------------------|-----------------------|
| 311: Pumping Equipment | \$ 5,140 | 10.00% | \$ 514 | \$ (4,112) | \$ 1,028 |
| 330: Distribution Reservoirs & Standpipes | 325 | 2.50% | 8 | (65) | 260 |
| | <u>\$ 5,465</u> | | <u>\$ 522</u> | <u>\$ (4,177)</u> | <u>\$ 1,288</u> |

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
 TIOGA RIVER WATER COMPANY, INC.
 GILFORD VILLAGE WATER DISTRICT DIVISION
 STEP INCREASE PLANT / CIAC ADDITIONS AND RETIREMENTS

(a) Includes allocation of Construction Interest as follows:

| | Cost of Construction | % | Allocation of Construction Interest | Total Cost |
|----------------------------------|-------------------------|---------|---|---------------|
| # 304: Structures & Improvements | \$ 49,888 | 21.21% | \$ 1,190 | \$ 51,078 |
| # 311: Pumping Equipment | 34,748 | 14.77% | 829 | 35,577 |
| # 320: Treatment Equipment | 19,635 | 8.35% | 468 | 20,103 |
| Total Tioga Division | 104,271 | 44.33% | 2,487 | 106,758 |
| Total GVWD Division | 130,961 | 55.67% | 3,123 | 134,084 |
| Total Company | \$ 235,232 | 100.00% | \$ 5,610 | \$ 240,842 |

(b) Allocation of CIAC:

| | Cost of Construction | % | Allocation of Principal Forgiveness |
|----------------------------------|-------------------------|---------|---|
| # 304: Structures & Improvements | \$ 49,888 | 47.84% | \$ (25,408) |
| # 311: Pumping Equipment | 34,748 | 33.32% | (17,697) |
| # 320: Treatment Equipment | 19,635 | 18.83% | (10,000) |
| Total Tioga Division | 104,271 | 100.00% | \$ (53,106) |

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STEP INCREASE PROPERTY TAX CALCULATION

Municipal Taxes - Town of Gilford:

Net Additions to Plant in 2010:

| | | | |
|--|----------------|----|---------|
| 2010 Net Plant Additions (Att B; Sch 4a) | \$ 103,979 | | |
| 2010 Net Plant Retirements (Att B; Sch 4a) | <u>(2,205)</u> | \$ | 101,774 |

Municipal Valuation Factor:

| | | | |
|--|--------------------|---|---------------|
| 2010 Municipal Valuation - GVWD Division (Staff DR 1-11) | \$ 43,900 | | |
| Net Utility Plant per 2009 Annual Report - GVWD Division | <u>÷ \$ 64,466</u> | x | <u>68.10%</u> |

| | | | |
|---|----|--|--------|
| Estimated Municipal Valuation of Net Additions to Plant in 2010 | \$ | | 69,306 |
|---|----|--|--------|

| | | | |
|--|------|--|--------------|
| 2010 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-11) | x \$ | | <u>15.03</u> |
|--|------|--|--------------|

| | | | |
|---|----|--|--------------|
| Estimated Municipal Taxes on Net Additions to Plant in 2010 | \$ | | <u>1,042</u> |
|---|----|--|--------------|

State Utility Property Taxes:

Net Additions to Plant in 2010:

| | | | |
|--|----------------|----|---------|
| 2010 Net Plant Additions (Att B; Sch 4a) | \$ 103,979 | | |
| 2010 Net Plant Retirements (Att B; Sch 4a) | <u>(2,205)</u> | \$ | 101,774 |

State Valuation Factor:

| | | | |
|--|---------------------|---|---------------|
| 2010 State Valuation - Total Company (Staff DR 1-11) | \$ 64,584 | | |
| Net Utility Plant per 2009 Annual Report - Total Company | <u>÷ \$ 106,463</u> | x | <u>60.66%</u> |

| | | | |
|---|----|--|--------|
| Estimated State Valuation of Net Additions to Plant in 2010 | \$ | | 61,739 |
|---|----|--|--------|

| | | | |
|--|------|--|-------------|
| 2010 Municipal Tax Rate (per \$1,000 of Valuation) (Staff DR 1-11) | x \$ | | <u>6.60</u> |
|--|------|--|-------------|

| | | | |
|---|----|--|------------|
| Estimated State Taxes on Net Additions to Plant in 2010 | \$ | | <u>407</u> |
|---|----|--|------------|

| | | | |
|---|----|--|---------------------|
| Net Increase in Property Tax Expense for Net Additions to Plant in 2010 | \$ | | <u><u>1,449</u></u> |
|---|----|--|---------------------|

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
STEP INCREASE COST OF DEBT CALCULATION

| | <u>Total Amount Borrowed</u> | <u>Anticipated Principal Forgiveness</u> | <u>Net Principal Amount Due</u> | <u>Anticipated Interest Rate</u> | <u>Annual Interest</u> | <u>Annual Amortization of Loan Cost</u> | <u>Total Annual Debt Expense</u> | <u>Annual Cost of Debt</u> |
|------------------------------------|--------------------------------------|--|---|--|----------------------------|---|--|------------------------------------|
| 2010 SRF Loan - GVWD (Per Company) | <u>\$ 106,212</u> | <u>\$ (53,106)</u> | <u>\$ 53,106</u> | <u>2.864%</u> | <u>\$ 1,521</u> | <u>\$ 172</u> | <u>\$ 1,693</u> | <u>3.188%</u> |
| | | | | | | ↓ | | |
| | | | | | Total Loan Cost | \$ 6,880 | | |
| | | | | | Allocated to GVWD Division | 50.00% | | |
| | | | | | GVWD Division's Loan Cost | \$ 3,440 | | |
| | | | | | Amortization Period (Yrs) | ÷ 20 | | |
| | | | | | Annual Amortization | <u>\$ 172</u> | | |

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.

DW 10-217
TIOGA RIVER WATER COMPANY, INC.
GILFORD VILLAGE WATER DISTRICT DIVISION
CALCULATION OF CUSTOMER RATES

| | | |
|--|------------------|--------------------------|
| Adjusted Test Year Water Sales (Att B, Sch 3, Col's 1 & 4) | \$ 12,722 | |
| Proposed Increase in revenue Requirement from Permanent Rates (Att B; Sch 1) | 7,249 | |
| Proposed Step Increase in Revenue Requirement (Att B; Sch 4) | 5,751 | |
| Total Proposed Revenue Requirement | <u>\$ 25,722</u> | |
| Current Fixed Charge per Quarter (per Tariff) | \$ 14.87 | per Customer per Quarter |
| Increase in Fixed Charge per Quarter | 19.96 | |
| Proposed Fixed Charge per Quarter | <u>\$ 34.83</u> | per Customer per Quarter |
| Billing Periods per Year | x 4 | Billing Quarters |
| Proposed Fixed Charge per Year | <u>\$ 139.32</u> | per Customer per Year |
| Number of Customers | x 88 | |
| Total Annual Revenue Derived from Fixed Charge | <u>\$ 12,260</u> | |
| Total Annual Revenue Derived from Consumption Charge (\$ 25,722 - \$ 12,260) | = | \$ 13,462 |
| CF Consumption for the fiscal year ended 10/31/09 | ÷ 343,856 | CF |
| Proposed Consumption Charge (per CF) | <u>\$ 0.0392</u> | per CF |

Analysis of Proposed Rate Impact:

| | Current Rates | Proposed Rates |
|--|------------------|------------------|
| Consumption Charge per CF | \$ 0.0213 | \$ 0.0392 |
| Average Annual Usage Per Customer (CF) | <u>3,907.45</u> | <u>3,907.45</u> |
| Average Annual Consumption Charge | \$ 83.35 | \$ 152.98 |
| Annual Fixed Charge per Customer | <u>\$ 59.48</u> | <u>\$ 139.32</u> |
| Total Annual Charge per Customer | <u>\$ 142.83</u> | <u>\$ 292.30</u> |
| Percentage Increase in Customer Rates | | <u>104.65%</u> |

The amounts reflected on this schedule are currently estimates. It is anticipated that these amounts will be finalized when the SRF loan documentation has been completed and when the cost of construction has been audited by the Commission Staff.