

PENNICHUCK EAST UTILITY, INC.
BALANCE SHEET
ASSETS
As Of October 31, 2012

Schedule LDG -1
Page 1 of 2

	Actual 10/31/12	Pro Forma Adjustments	Pro Forma 10/31/12
<u>PLANT ASSETS</u>			
Land	\$ 962,323	\$ -	\$ 962,323
Buildings	8,660,235	-	8,660,235
Equipment & software	30,609,943	-	30,609,943
Intangible Plant	434,832	-	434,832
Plant in Service	40,667,333	-	40,667,333
Accumulated depreciation	(9,390,504)	-	(9,390,504)
	31,276,829	-	31,276,829
Work in process	830,074	-	830,074
Net Plant and Equipment	32,106,903	-	32,106,903
<u>CURRENT ASSETS</u>			
Cash	-	-	-
Accounts receivable-billed, net	408,730	-	408,730
Accounts receivable-unbilled, net	470,309	-	470,309
Inventory	925	-	925
Prepaid expenses	33,718	-	33,718
Prepaid property taxes	-	-	-
Prepaid income taxes	-	-	-
Intercompany receivable	-	-	-
	913,683	-	913,683
<u>OTHER ASSETS</u>			
Debt issuance expenses	163,252	-	163,252
Prepaid pension cost	-	-	-
Other	9,523,318	-	9,523,318
	9,686,569	-	9,686,569
TOTAL ASSETS	\$ 42,707,155	\$ -	\$ 42,707,155

PENNICHUCK EAST UTILITY, INC.
BALANCE SHEET
EQUITY AND LIABILITIES
As Of October 31, 2012

Schedule LDG -1
Page 2 of 2

	Actual	10/31/12	Pro Forma Adjustments	Pro Forma 10/31/12
STOCKHOLDERS' EQUITY				
Common stock	\$	100	\$ -	\$ 100
Paid in capital		15,904,329	-	15,904,329
Accumulated other comprehensive income		(535,507)	-	(535,507)
Dividends		-	-	-
Retained earnings		161,077	-	161,077
		15,529,999	-	15,529,999
LONG TERM DEBT				
Bonds, notes and mortgages		7,708,094	2,648,150 (1)	10,356,244
Intercompany advances		5,790,438	(2,648,150) (1)	3,142,288
CURRENT LIABILITIES				
Current portion of long term debt		326,525	-	326,525
Accounts payable		376,422	-	376,422
Accrued property taxes		81,837	-	81,837
Accrued interest payable		44,284	-	44,284
Other accrued expenses		1,050,050	-	1,050,050
Income taxes payable		-	-	-
Customer deposits & other		2,029	-	2,029
		1,881,147	-	1,881,147
OTHER LIABILITIES AND DEFERRED CREDITS				
Deferred income taxes		3,476,599	-	3,476,599
Unamortized ITC		-	-	-
Regulatory liability		-	-	-
Customer advances		-	-	-
CIAC, net		8,320,878	-	8,320,878
Accrued post retirement benefits		-	-	-
Other long term liabilities		-	-	-
		11,797,477	-	11,797,477
TOTAL EQUITY AND LIABILITIES	\$	42,707,155	\$ -	\$ 42,707,155

Notes:

(1) To record the refinancing of intercompany debt with CoBank debt

PENNICHUCK EAST UTILITY, INC.
INCOME STATEMENT
FOR THE TEN MONTHS ENDED OCTOBER 31, 2012

Schedule LDG-2

	Actual 10/31/12	Pro Forma Adjustments	Pro Forma 10/31/12
Water Sales	\$ 5,360,335	\$ -	\$ 5,360,335
Other Operating Revenue	39,193	-	39,193
Total Revenues	5,399,527	-	5,399,527
Production Expenses	1,409,788	-	1,409,788
Transmission & Distribution Expenses	570,821	-	570,821
Customer Acct & Collection Exp	128,585	-	128,585
Administrative & General Expense	225,218	-	225,218
Inter Div Management Fee	1,210,272	-	1,210,272
Total Operating Expense	3,544,684	-	3,544,684
Dep Exp/Acq Adj Expense	702,547	-	702,547
Amortization Expense:CIAC	(151,230)	-	(151,230)
Amortization Expense	137,646	-	137,646
Gain on Disp/Utility Property	(4,754)	-	(4,754)
Property Taxes	674,972	-	674,972
Income Tax	47,193	154 (1)	47,347
Total Operating Deductions	1,406,374	154	1,406,528
Net Operating Income	448,470	(154)	448,316
Other Income and Deductions	26,631	-	26,631
Interest Expense	361,303	(390) (1)	360,914
Net Income	\$ 60,535	\$ 235	\$ 60,771
			0

Notes:

(1) Interest Expense and Income Tax impact is as follows:

		Rate	Interest
Co-Bank Debt	\$ 925,000	4.35%	\$ 40,238
	\$ 1,723,150	3.75%	\$ 64,618
Long Term Intercompany Debt	\$ 3,000,000	2.65%	\$ 79,500
Series D Bonds	\$ (925,000)	4.5%	\$ (41,625)
<u>Intercompany Debt:</u>			
Long Term	\$ (1,723,150)	7.0%	\$ (120,621)
Short Term	\$ (3,000,000)	0.75%	\$ (22,500)
			\$ (390)
Income Tax		39.61%	\$ 154

**Pennichuck East Utility, Inc.
Capital Structure for Ratemaking Purposes
For the Ten Months Ended October 31, 2012**

Schedule LDG-3

	<u>10/31/2012</u>	<u>Pro Forma Adjustments</u>		<u>Pro Forma 10/31/12</u>	<u>Component Ratio</u>	<u>Pro Forma Debt Adjustments</u>	<u>Adjusted Pro Forma 10/31/12</u>	<u>Pro Forma Component Ratio</u>
Long-term Debt	8,034,619	(4,260,014) (1)		3,774,605	39.24%	\$ 2,648,150	6,422,755	66.76%
Intercompany Debt	\$ 5,790,438			5,790,438	60.19%	\$ (2,648,150)	3,142,288	32.66%
<u>Common Equity:</u>								
Common Stock	100	-		100			100	
Paid In Capital	15,904,329	(15,904,329) (2)		(0)			(0)	
Comprehensive Income	(535,507)	529,702 (2)		(5,805)			(5,805)	
Retained Earnings	161,077	(100,542) (2)		60,535		\$ 235	60,771	
Total Common Equity	<u>15,529,999</u>			<u>54,830</u>	0.57%	<u>-</u>	<u>55,065</u>	0.57%
Total Capital	<u>\$29,355,056</u>	<u>(19,634,641)</u>		<u>\$ 9,619,873</u>	100.00%	<u>\$ 235</u>	<u>\$ 9,620,108</u>	100.00%

Notes:

(1) Eliminate Capital Recovery Surcharge Related Assets per Order 25,051 in DW 08-052.

(2) Per Order 25,292 in DW 11-026, eliminate the MARA and related equity as of 1/25/2012