



Pittsfield Aqueduct Company MUNICIPALIZATION

GOAL

Advise Pittsfield Aqueduct Purchase Committee and the Community to enable the purchase of the town's water system from Pennichuck

TALKING POINTS

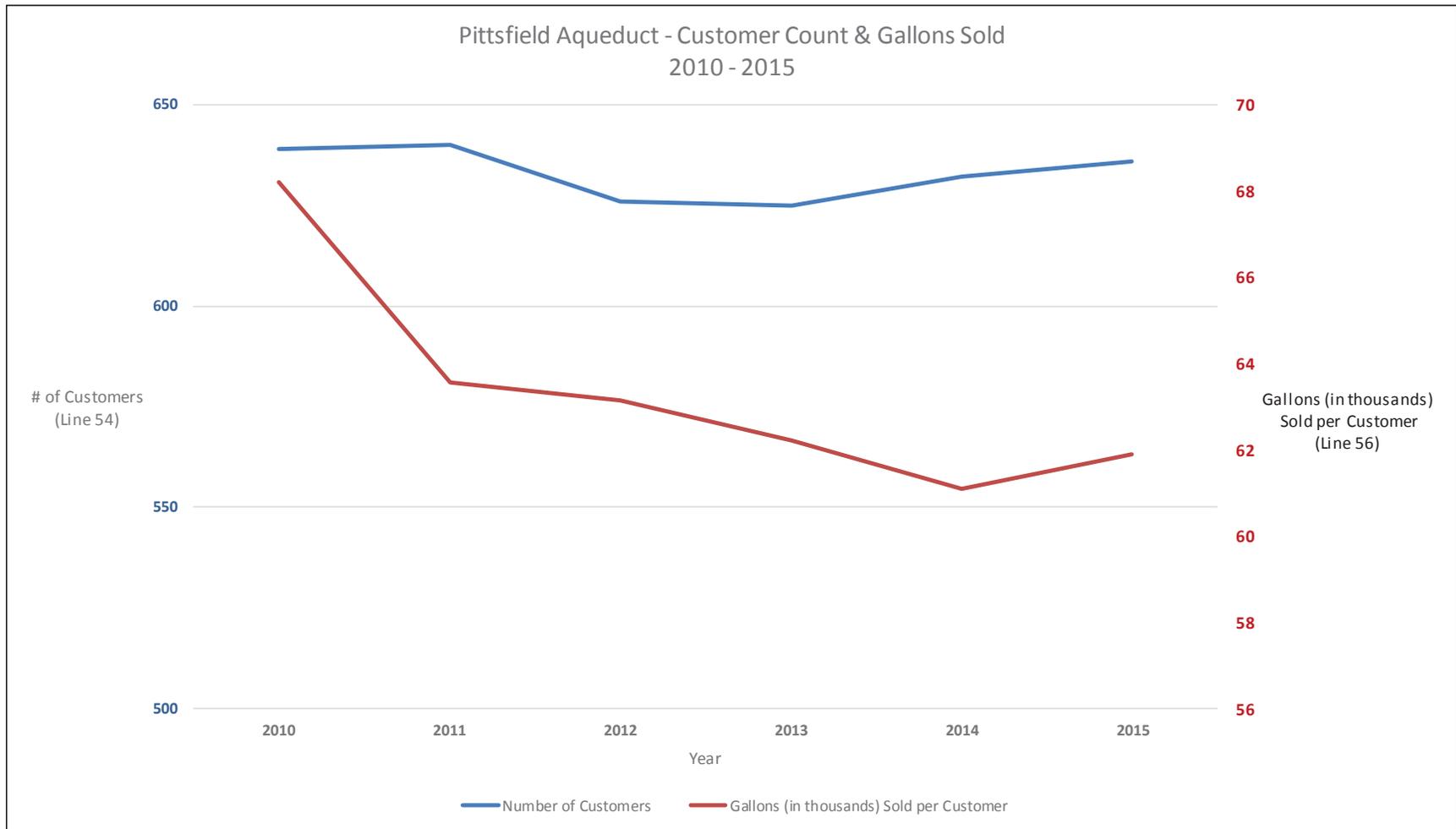
1. The purchase of the water system may occur through a negotiated sale or by eminent domain.
2. The formation of a Village District that includes the area of the town and citizens that are served by Pittsfield Aqueduct.
3. The purchase will be made within the existing rate structure. Once purchased the system will not be subject to NH PUC rate regulation and the Village District will set the rates.
4. The purchase will be made through a long-term municipal bond - Bonds are being sold at historically low rates.
5. The bond will be paid from the water sales of the Village District and will not be a general obligation of the town or in the town tax rate.
6. The bond may have support from the tax base within the Village District and thereby reduce the cost of the bond to those people within the District.
7. A possible long-term goal would be to merge the existing sewer system operations into the Village District to enable greater efficiencies and savings by running the water and sewer systems together.

TALKING POINTS (Cont.)

8. A long-term goal is water conservation. There is already a trend indicating that customers are using less water. Water conservation yields savings in water, but can also yield savings in sewer as well.
9. The management of the water system by the Village District would require a subcontractor to perform the operations and maintenance functions, similar to how the sewer department is managed. Contracting these services together may yield additional savings in the future.

System Historical Performance: Specific financial, water usage, customer and operations metrics:

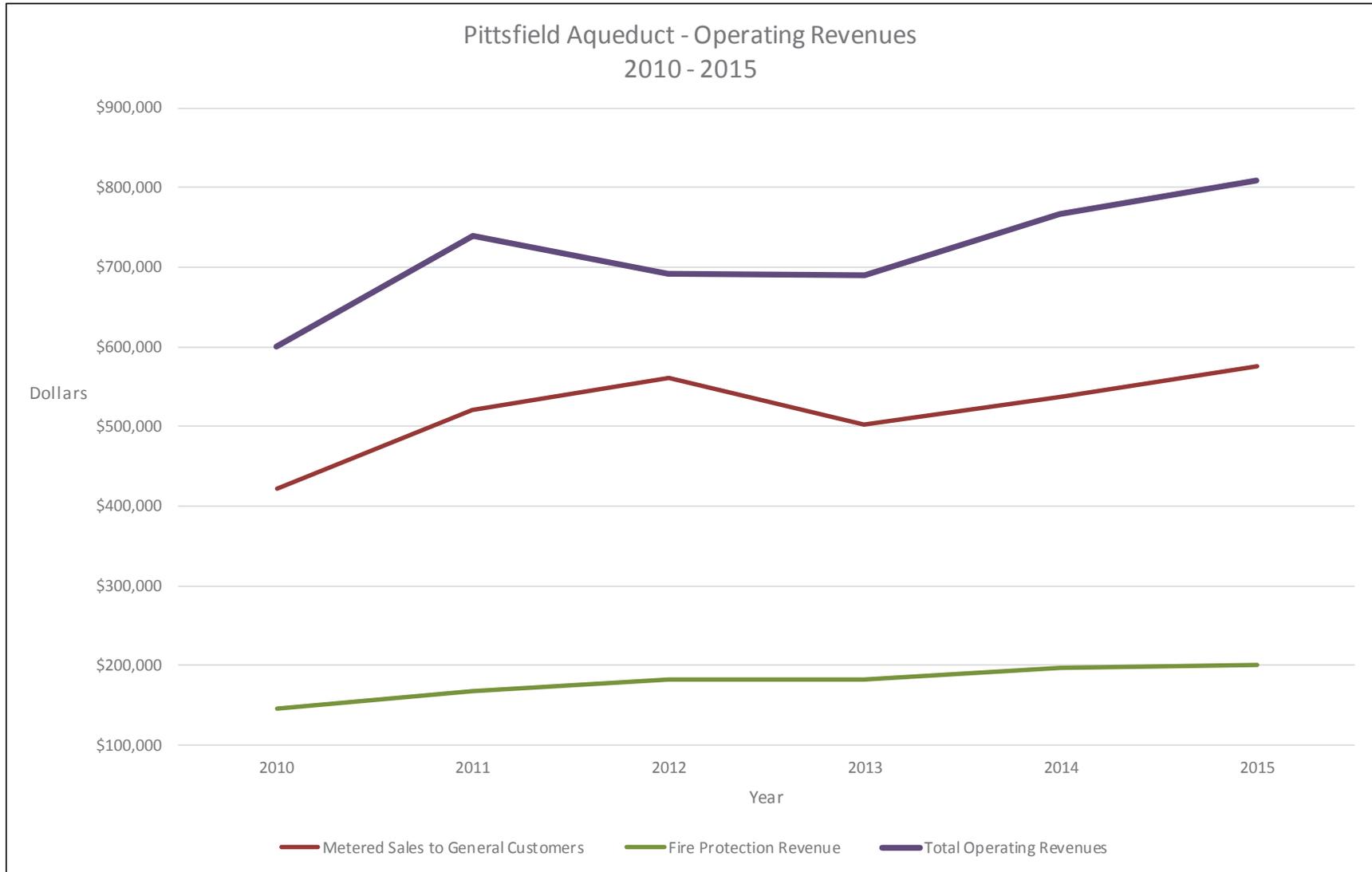
- Customer Count & Gallons Sold;
- Operating Revenues;
- Total & Select Operating & Property Tax Expenses;
- Operating Income & Net Income;
- Sales Revenue per Metered Customer & per Gallon (in thousands);
- Management Fees & Total O&M Comparison;
- Summary of Operating Results 2010-2015;
- Summary of Balance Sheet Data 2010-2015.



53	Statistics	Source	2010	2011	2012	2013	2014	2015
54	Number of Customers	NH-PUC Annual Report, A-6	639	640	626	625	632	636
55	Total Gallons (in thousands) Sold to Metered Cust	NH-PUC Annual Report, S-1	43,585	40,675	39,531	38,877	38,611	39,360
56	Gallons (in thousands) Sold per Customer	Line 55 ÷ Line 54	68	64	63	62	61	62
57	Metered Sales Revenue per Customer	Line 2 ÷ Line 54	659	814	896	803	851	906
58	Metered Sales Revenue per Gallon (in thousands) Sold	Line 2 ÷ (Line 55)	9.67	12.81	14.19	12.92	13.93	14.63
59								
60	Management Fess to Pennichuck (Misc. Gen. Exp.)	NH-PUC Annual Report, A-8	169,581	171,770	133,222	141,468	145,537	133,199
61	% of Management Fees to Total O & M Expense	Line 60 ÷ Line 18	39.81%	36.37%	36.20%	32.64%	41.17%	41.26%

Note: The number of Pittsfield Aqueduct customers has remained nearly unchanged over the past six years with less than a 2% variance from the high of 640 customers in 2011 to a low of 625 customers in 2013. At the same time, the quantity of water consumed per customer has decreased by 9% over the past six years. This may be indicative of water conservation and energy efficient appliances.

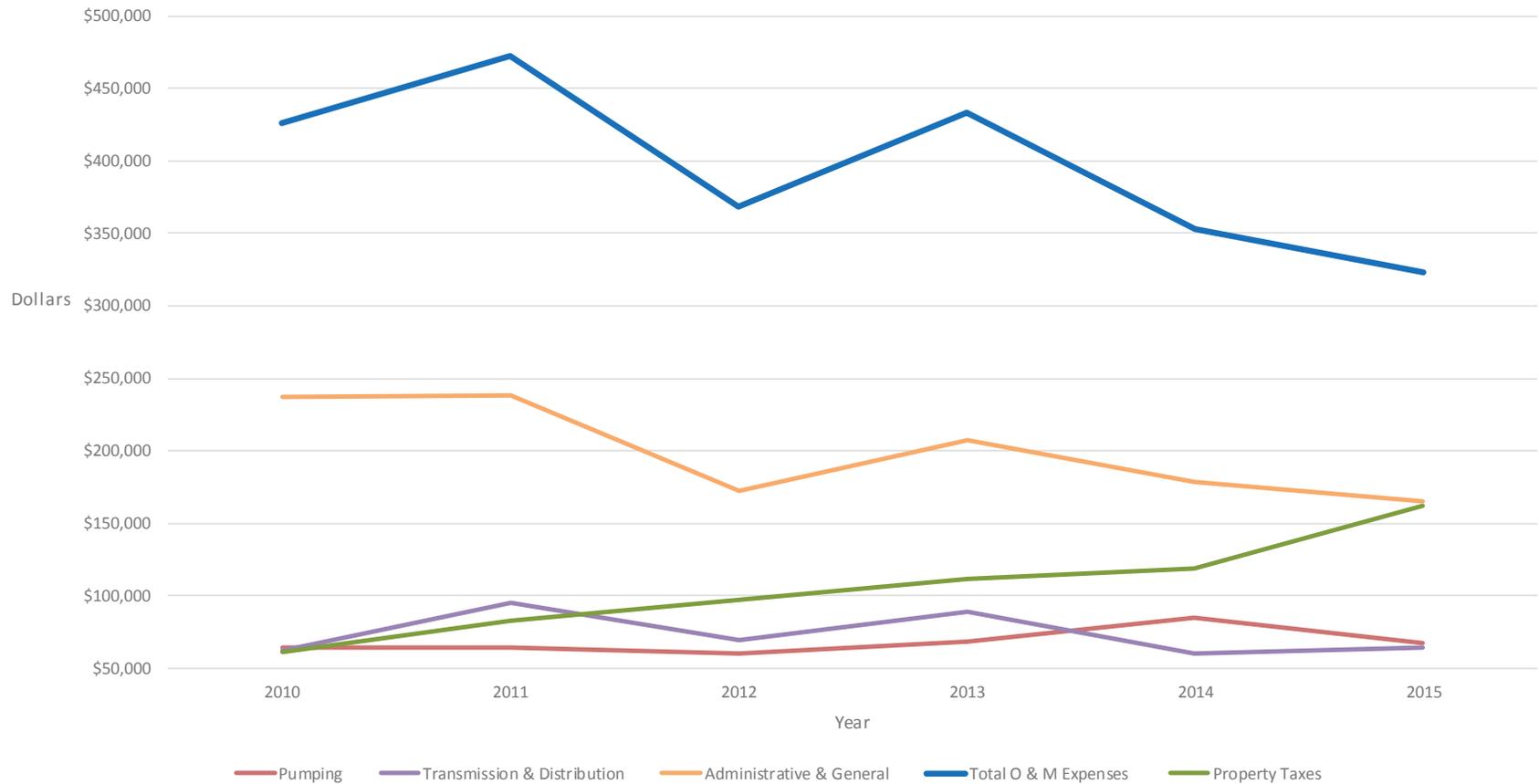
Pittsfield Aqueduct - Operating Revenues 2010 - 2015



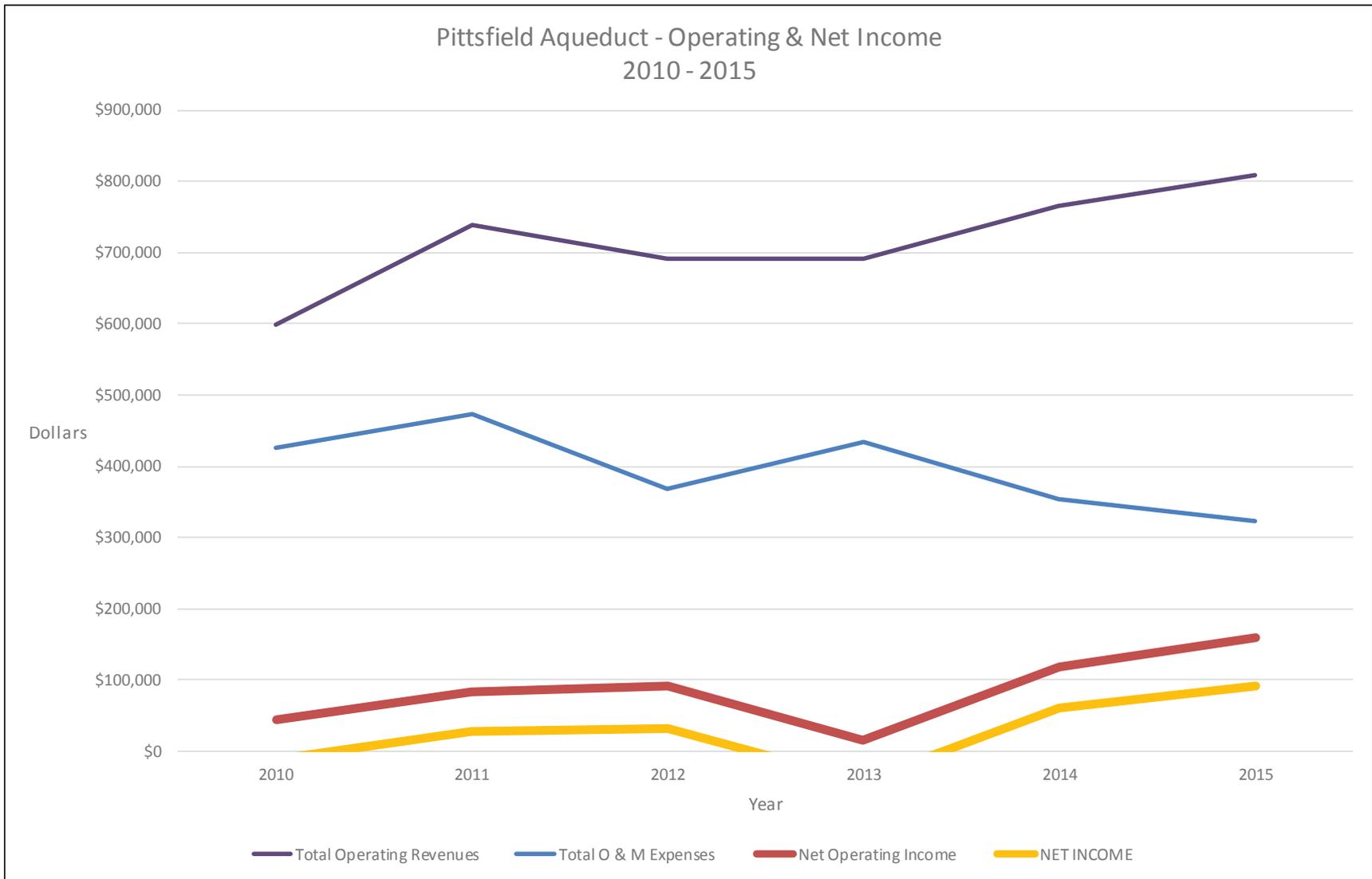
Line	Description	Source	2010	2011	2012	2013	2014	2015
1	OPERATING REVENUES							
2	Metered Sales to General Customers	NH-PUC Annual Report, F-47	421,324	521,008	560,843	502,158	537,812	576,007
3	Fire Protection Revenue	NH-PUC Annual Report, F-47	144,533	167,868	181,369	182,675	195,965	200,317
4	Sales for Resale	NH-PUC Annual Report, F-47	-	-	-	-	-	-
5	Total Sales of Water Revenue	Sum of Line 2 through 4	565,857	688,876	742,212	684,833	733,776	776,324
6	Miscellaneous Service Revenues	NH-PUC Annual Report, F-47	5,622	6,601	7,151	3,428	4,477	4,477
7	Unbilled Revenue	NH-PUC Annual Report, F-47	28,129	43,279	(58,242)	2,268	27,650	27,650
8	Total Operating Revenues	Sum of Lines 5 through 7	599,608	738,756	691,121	690,529	765,903	808,451

Note: In accordance with NH PUC Order 25,695, a rate increase of 8.95%, effective July 1, 2013, was approved.

Pittsfield Aqueduct - Total & Select Operating & Property Tax Expenses
2010 - 2015



10	Operating Expenses	Source	2010	2011	2012	2013	2014	2015
11	O & M Expenses:							
12	Source of Supply	NH-PUC Annual Report, F-48	18,596	18,256	21,828	21,274	203	0
13	Pumping	NH-PUC Annual Report, F-48	64,412	64,652	60,136	68,573	85,107	67,337
14	Water Treatment	NH-PUC Annual Report, F-48	18,529	29,123	22,716	21,323	13,077	11,940
15	Transmission & Distribution	NH-PUC Annual Report, F-48	61,964	95,340	69,657	89,178	59,671	64,630
16	Customer Accounts	NH-PUC Annual Report, F-48	24,891	27,046	21,095	26,133	17,290	13,846
17	Administrative & General	NH-PUC Annual Report, F-48	237,621	237,916	172,538	206,927	178,115	165,099
18	Total O & M Expenses	Sum of Lines 12 through 17	426,013	472,333	367,970	433,408	353,462	322,852
19								
20	Property Taxes	NH-PUC Annual Report, F-50	60,787	83,067	97,369	111,443	118,386	161,883
21	Other Taxes	NH-PUC Annual Report, F-50	0	0	0	0	0	0
22	Depreciation	NH-PUC Annual Report, F-12	96,956	97,215	100,431	103,380	102,757	97,566
23	Amortization Expense	NH-PUC Annual Report, F-49	7,274	7,274	24,967	49,403	36,662	35,380
24	Amortization Expense - CIAC	NH-PUC Annual Report, F-46.4	(26,183)	(22,893)	(22,893)	(22,893)	(22,893)	(22,893)
25								
26	Total Operating Expenses	Sum of Lines 18 through 24	564,847	636,996	567,844	674,741	588,373	594,788

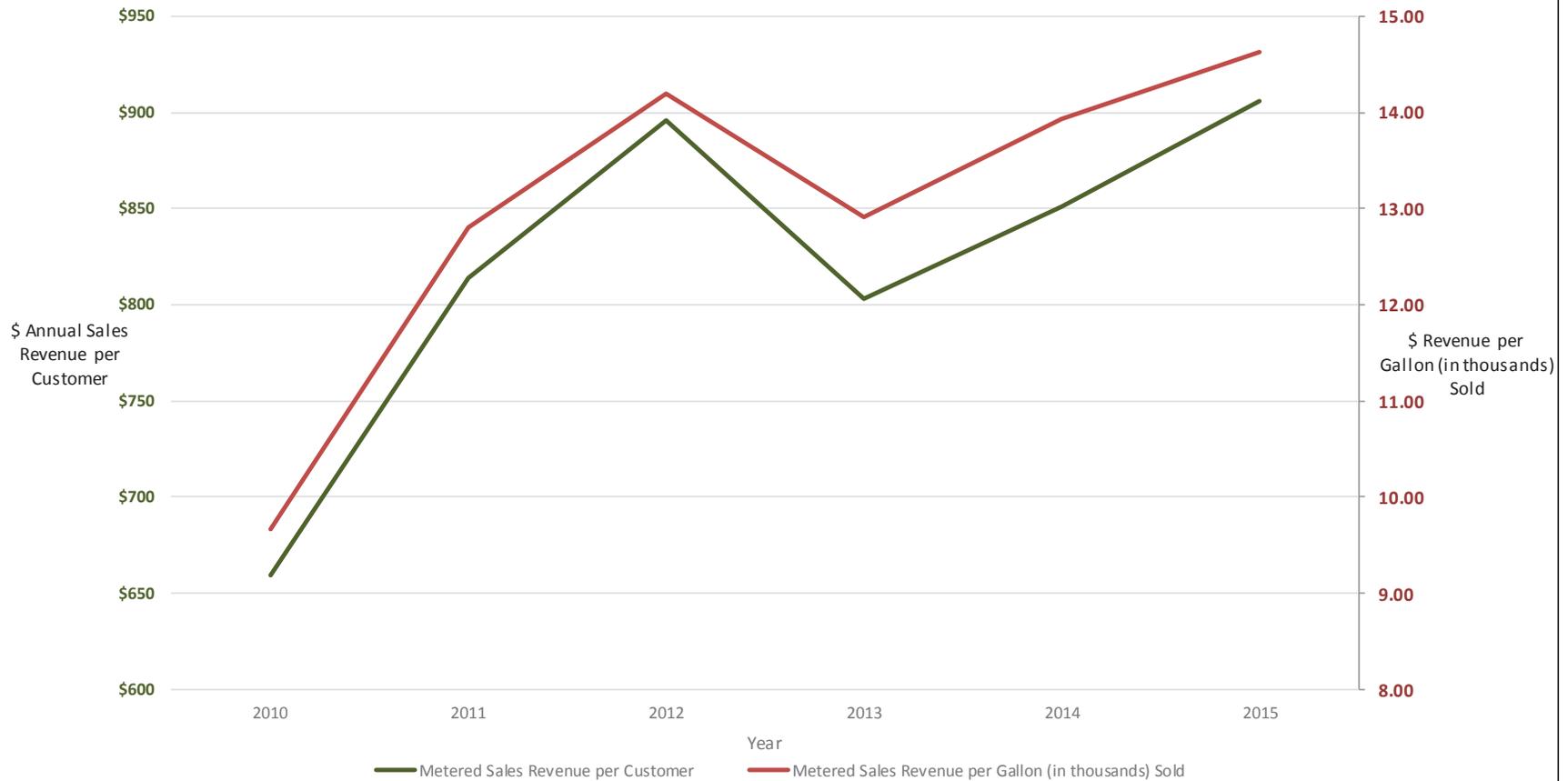


Note: Since 2013, when the rate increase took effect, income has risen while expenses have declined. See the detail of income and expenses on the table on the following page.

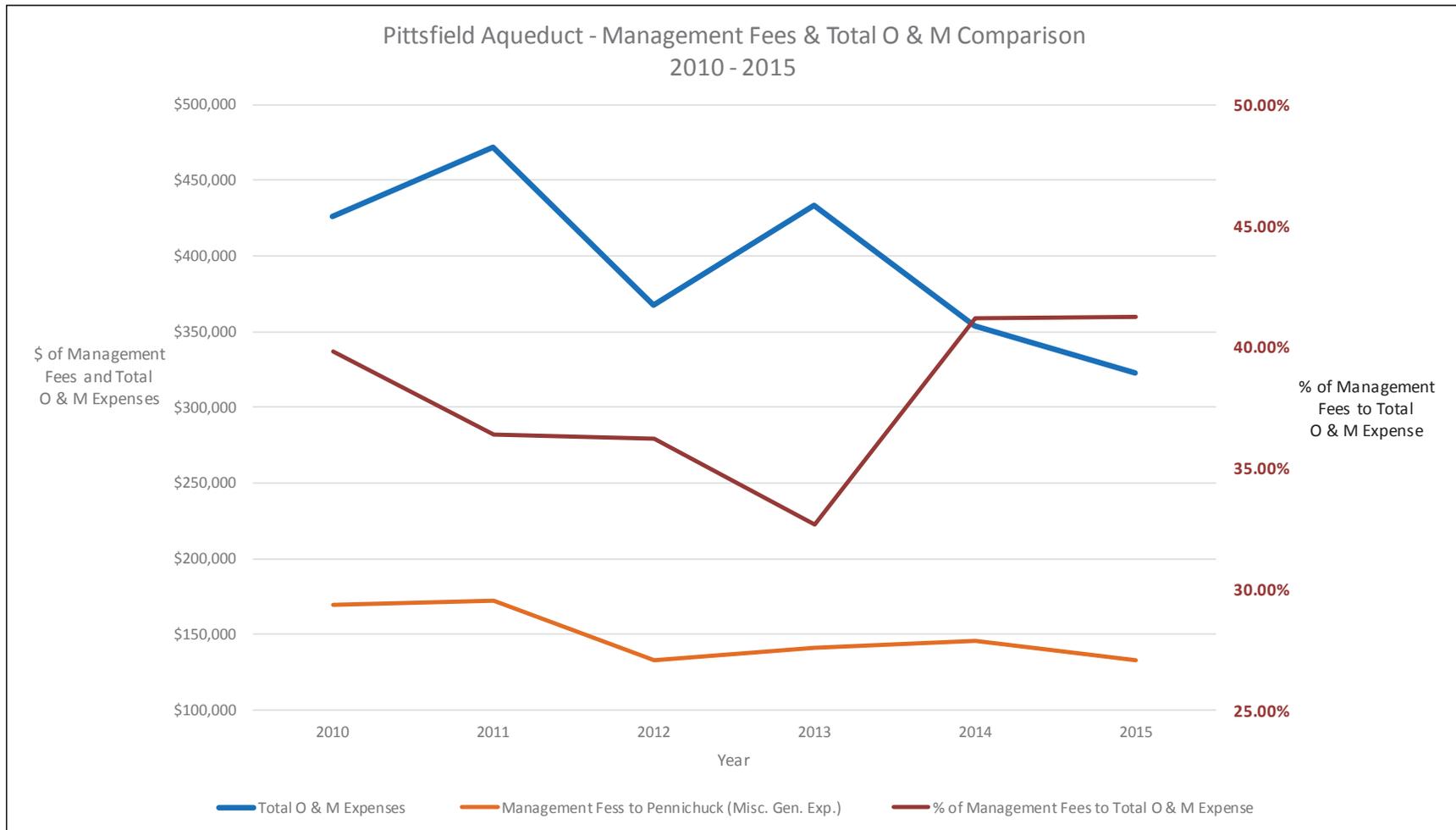
Pittsfield Aqueduct - Operating & Net Income
2010 - 2015

Line	Description	Source	2010	2011	2012	2013	2014	2015
1	OPERATING REVENUES							
2	Metered Sales to General Customers	NH-PUC Annual Report, F-47	421,324	521,008	560,843	502,158	537,812	576,007
3	Fire Protection Revenue	NH-PUC Annual Report, F-47	144,533	167,868	181,369	182,675	195,965	200,317
4	Sales for Resale	NH-PUC Annual Report, F-47	-	-	-	-	-	-
5	Total Sales of Water Revenue	Sum of Line 2 through 4	565,857	688,876	742,212	684,833	733,776	776,324
6	Miscellaneous Service Revenues	NH-PUC Annual Report, F-47	5,622	6,601	7,151	3,428	4,477	4,477
7	Unbilled Revenue	NH-PUC Annual Report, F-47	28,129	43,279	(58,242)	2,268	27,650	27,650
8	Total Operating Revenues	Sum of Lines 5 through 7	599,608	738,756	691,121	690,529	765,903	808,451
9								
10	Operating Expenses							
11	O & M Expenses:							
12	Source of Supply	NH-PUC Annual Report, F-48	18,596	18,256	21,828	21,274	203	0
13	Pumping	NH-PUC Annual Report, F-48	64,412	64,652	60,136	68,573	85,107	67,337
14	Water Treatment	NH-PUC Annual Report, F-48	18,529	29,123	22,716	21,323	13,077	11,940
15	Transmission & Distribution	NH-PUC Annual Report, F-48	61,964	95,340	69,657	89,178	59,671	64,630
16	Customer Accounts	NH-PUC Annual Report, F-48	24,891	27,046	21,095	26,133	17,290	13,846
17	Administrative & General	NH-PUC Annual Report, F-48	237,621	237,916	172,538	206,927	178,115	165,099
18	Total O & M Expenses	Sum of Lines 12 through 17	426,013	472,333	367,970	433,408	353,462	322,852
19								
20	Property Taxes	NH-PUC Annual Report, F-50	60,787	83,067	97,369	111,443	118,386	161,883
21	Other Taxes	NH-PUC Annual Report, F-50	0	0	0	0	0	0
22	Depreciation	NH-PUC Annual Report, F-12	96,956	97,215	100,431	103,380	102,757	97,566
23	Amortization Expense	NH-PUC Annual Report, F-49	7,274	7,274	24,967	49,403	36,662	35,380
24	Amortization Expense - CIAC	NH-PUC Annual Report, F-46.4	(26,183)	(22,893)	(22,893)	(22,893)	(22,893)	(22,893)
25								
26	Total Operating Expenses	Sum of Lines 18 through 24	564,847	636,996	567,844	674,741	588,373	594,788
27								
28	Net Operating Income Before Income Tax	Line 8 - Line 26	34,761	101,760	123,277	15,788	177,530	213,663
29								
30	Income Taxes:							
31	NHBP Taxes	NH-PUC Annual Report, F-50	(1,994)	3,927	6,672	233	12,872	11,653
32	Federal Income Taxes-Current	NH-PUC Annual Report, F-50	(50,312)	(26,039)	(7,550)	(17,994)	41,160	32,760
33	Federal Income Taxes-Deferred	NH-PUC Annual Report, F-50	42,506	40,413	32,074	18,847	5,951	10,784
34	Provision for ITC	NH-PUC Annual Report, F-50	0	0	0	0	0	0
35	Total Income Taxes	Sum of Lines 25 through 28	(9,800)	18,301	31,196	1,086	59,983	55,197
36								
37	Net Operating Income	Line 22 - Line 29	44,561	83,459	92,081	14,702	117,546	158,466
38								
39	Other Income / (Deductions):							
40	Jobbing Income	NH-PUC Annual Report, F-53	0	0	0	0	0	0
41	Cost of Jobbing	NH-PUC Annual Report, F-53	0	0	0	0	0	0
42	Interest & Dividends Income	NH-PUC Annual Report, F-54	0	0	0	0	0	0
43	Misc. Nonutility Expense	NH-PUC Annual Report, F-54	0	0	(3,456)	0	0	(1,093)
44	Total Other Income / (Deductions)	Sum of Line 40 through 43	0	0	(3,456)	0	0	(1,093)
45								
46	Interest Expense							
47	Interest Expense	NH-PUC Annual Report, F-35	56,980	55,476	57,062	56,641	57,515	57,098
48	Amort. Of Debt Discount & Expense	NH-PUC Annual Report, F-25	0	0	0	0	0	9,201
49	Total Interest Expense	Sum of Lines 47 through 48	56,980	55,476	57,062	56,641	57,515	66,299
50								
51	NET INCOME	Line 37 + line 44 - line 49	(12,419)	27,983	31,563	(41,939)	60,031	91,074

Pittsfield Aqueduct - Sales Revenue per Metered Customer & per Gallon (in thousands)
2010 - 2015



Line	Description	Source	2010	2011	2012	2013	2014	2015
1	OPERATING REVENUES							
2	Metered Sales to General Customers	NH-PUC Annual Report, F-47	421,324	521,008	560,843	502,158	537,812	576,007
53	Statistics	Source	2010	2011	2012	2013	2014	2015
54	Number of Customers	NH-PUC Annual Report, A-6	639	640	626	625	632	636
55	Total Gallons (in thousands) Sold to Metered Cust	NH-PUC Annual Report, S-1	43,585	40,675	39,531	38,877	38,611	39,360
56	Gallons (in thousands) Sold per Customer	Line 55 ÷ Line 54	68	64	63	62	61	62
57	Metered Sales Revenue per Customer	Line 2 ÷ Line 54	659	814	896	803	851	906
58	Metered Sales Revenue per Gallon (in thousands) Sold	Line 2 ÷ (Line 55)	9.67	12.81	14.19	12.92	13.93	14.63



Line	Description	Source	2010	2011	2012	2013	2014	2015
18	Total O & M Expenses	Sum of Lines 12 through 17	426,013	472,333	367,970	433,408	353,462	322,852
60	Management Fess to Pennichuck (Misc. Gen. Exp.)	NH-PUC Annual Report, A-8	169,581	171,770	133,222	141,468	145,537	133,199
61	% of Management Fees to Total O & M Expense	Line 60 ÷ Line 18	39.81%	36.37%	36.20%	32.64%	41.17%	41.26%

Note: Management Fees paid to Pennichuck, as a Miscellaneous General Expense, have fluctuated in comparison to overall O & M Expenses. As O & M expenses have decreased it is interesting to note that the % of Management Fees to the Total O & M Expenses has risen.

Pittsfield Aqueduct Company, Inc.
Summary of Operating Results
2010 - 2015

Line	Description	Source	2010	2011	2012	2013	2014	2015
1	OPERATING REVENUES							
2	Metered Sales to General Customers	NH-PUC Annual Report, F-47	421,324	521,008	560,843	502,158	537,812	576,007
3	Fire Protection Revenue	NH-PUC Annual Report, F-47	144,533	167,868	181,369	182,675	195,965	200,317
4	Sales for Resale	NH-PUC Annual Report, F-47	-	-	-	-	-	-
5	Total Sales of Water Revenue	Sum of Line 2 through 4	565,857	688,876	742,212	684,833	733,776	776,324
6	Miscellaneous Service Revenues	NH-PUC Annual Report, F-47	5,622	6,601	7,151	3,428	4,477	4,477
7	Unbilled Revenue	NH-PUC Annual Report, F-47	28,129	43,279	(58,242)	2,268	27,650	27,650
8	Total Operating Revenues	Sum of Lines 5 through 7	599,608	738,756	691,121	690,529	765,903	808,451
9								
10	Operating Expenses							
11	O & M Expenses:							
12	Source of Supply	NH-PUC Annual Report, F-48	18,596	18,256	21,828	21,274	203	0
13	Pumping	NH-PUC Annual Report, F-48	64,412	64,652	60,136	68,573	85,107	67,337
14	Water Treatment	NH-PUC Annual Report, F-48	18,529	29,123	22,716	21,323	13,077	11,940
15	Transmission & Distribution	NH-PUC Annual Report, F-48	61,964	95,340	69,657	89,178	59,671	64,630
16	Customer Accounts	NH-PUC Annual Report, F-48	24,891	27,046	21,095	26,133	17,290	13,846
17	Administrative & General	NH-PUC Annual Report, F-48	237,621	237,916	172,538	206,927	178,115	165,099
18	Total O & M Expenses	Sum of Lines 12 through 17	426,013	472,333	367,970	433,408	353,462	322,852
19								
20	Property Taxes	NH-PUC Annual Report, F-50	60,787	83,067	97,369	111,443	118,386	161,883
21	Other Taxes	NH-PUC Annual Report, F-50	0	0	0	0	0	0
22	Depreciation	NH-PUC Annual Report, F-12	96,956	97,215	100,431	103,380	102,757	97,566
23	Amortization Expense	NH-PUC Annual Report, F-49	7,274	7,274	24,967	49,403	36,662	35,380
24	Amortization Expense - CIAC	NH-PUC Annual Report, F-46.4	(26,183)	(22,893)	(22,893)	(22,893)	(22,893)	(22,893)
25								
26	Total Operating Expenses	Sum of Lines 18 through 24	564,847	636,996	567,844	674,741	588,373	594,788
27								
28	Net Operating Income Before Income Tax	Line 8 - Line 26	34,761	101,760	123,277	15,788	177,530	213,663
29								
30	Income Taxes:							
31	NHBP Taxes	NH-PUC Annual Report, F-50	(1,994)	3,927	6,672	233	12,872	11,653
32	Federal Income Taxes-Current	NH-PUC Annual Report, F-50	(50,312)	(26,039)	(7,550)	(17,994)	41,160	32,760
33	Federal Income Taxes-Deferred	NH-PUC Annual Report, F-50	42,506	40,413	32,074	18,847	5,951	10,784
34	Provision for ITC	NH-PUC Annual Report, F-50	0	0	0	0	0	0
35	Total Income Taxes	Sum of Lines 25 through 28	(9,800)	18,301	31,196	1,086	59,983	55,197
36								
37	Net Operating Income	Line 22 - Line 29	44,561	83,459	92,081	14,702	117,546	158,466
38								
39	Other Income / (Deductions):							
40	Jobbing Income	NH-PUC Annual Report, F-53	0	0	0	0	0	0
41	Cost of Jobbing	NH-PUC Annual Report, F-53	0	0	0	0	0	0
42	Interest & Dividends Income	NH-PUC Annual Report, F-54	0	0	0	0	0	0
43	Misc. Nonutility Expense	NH-PUC Annual Report, F-54	0	0	(3,456)	0	0	(1,093)
44	Total Other Income / (Deductions)	Sum of Line 40 through 43	0	0	(3,456)	0	0	(1,093)
45								
46	Interest Expense							
47	Interest Expense	NH-PUC Annual Report, F-35	56,980	55,476	57,062	56,641	57,515	57,098
48	Amort. Of Debt Discount & Expense	NH-PUC Annual Report, F-25	0	0	0	0	0	9,201
49	Total Interest Expense	Sum of Lines 47 through 48	56,980	55,476	57,062	56,641	57,515	66,299
50								
51	NET INCOME	Line 37 + line 44 - line 49	(12,419)	27,983	31,563	(41,939)	60,031	91,074
52								

Pittsfield Aqueduct Company, Inc.
Summary of Operating Results
2010 - 2015

Line	Description	Source	2010	2011	2012	2013	2014	2015
53	Statistics							
54	Number of Customers	NH-PUC Annual Report, A-6	639	640	626	625	632	636
55	Total Gallons (in thousands) Sold to Metered Cust	NH-PUC Annual Report, S-1	43,585	40,675	39,531	38,877	38,611	39,360
56	Gallons (in thousands) Sold per Customer	Line 55 ÷ Line 54	68	64	63	62	61	62
57	Metered Sales Revenue per Customer	Line 2 ÷ Line 54	659	814	896	803	851	906
58	Metered Sales Revenue per Gallon (in thousands) Sold	Line 2 ÷ (Line 55)	9.67	12.81	14.19	12.92	13.93	14.63
59								
60	Management Fess to Pennichuck (Misc. Gen. Exp.)	NH-PUC Annual Report, A-8	169,581	171,770	133,222	141,468	145,537	133,199
61	% of Management Fees to Total O & M Expense	Line 60 ÷ Line 18	39.81%	36.37%	36.20%	32.64%	41.17%	41.26%

Pittsfield Aqueduct Company, Inc
Summary of Balance Sheet Data
2010 - 2015

Line	Description	Source	2010	2011	2012	2013	2014	2015
1	Utility Plant	NH-PUC Annual Report, F-1	\$ 4,076,539	\$ 4,178,712	\$ 4,388,284	\$ 4,354,742	\$ 4,387,608	\$ 4,418,727
2	Construction Work in Progress	NH-PUC Annual Report, F-1	-	-	-	-	-	-
3	Utility Plant	Sum lines 1 - 2	4,076,539	4,178,712	4,388,284	4,354,742	4,387,608	4,418,727
4	Less: Accumulated Depreciation & Amortization	NH-PUC Annual Report, F-1	(996,513)	(1,089,278)	(1,155,170)	(1,030,990)	(1,127,198)	(1,217,398)
5	Total Net Utility Plant	Sum of lines 3 through 4	3,080,026	3,089,434	3,233,114	3,323,752	3,260,410	3,201,329
6								
7	Current & Accrued Assets							
8	Cash	NH-PUC Annual Report, F-1	199	199	900	900	900	900
9	Accounts & Notes Receivable - Net	NH-PUC Annual Report, F-1	31,336	30,773	36,368	23,314	29,105	18,396
10	Materials & Supplies	NH-PUC Annual Report, F-1	1,911	1,911	5,901	44,954	10,632	-
11	Prepayments - Other	NH-PUC Annual Report, F-1	29,557	15,324	9,168	5,665	6,088	2,881
12	Prepaid Taxes	NH-PUC Annual Report, F-1	12,774	19,473	22,021	26,005	23,613	191,511
13	Accrued Utility Revenues	NH-PUC Annual Report, F-1	82,753	126,033	67,790	70,058	97,708	78,021
14	Total Current & Accrued Assets	Sum of lines 8 through 13	158,530	193,713	142,148	170,896	168,046	291,710
15								
16	Deferred Debits							
17	Unamortized Debt Discount	NH-PUC Annual Report, F-1	-	-	-	-	-	9,201
18	Extraordinary Prop. Losses	NH-PUC Annual Report, F-1	-	-	-	-	-	-
19	Clearing Accounts	NH-PUC Annual Report, F-1	-	-	-	-	-	-
20	Miscellaneous Deferred Debits	NH-PUC Annual Report, F-1	62,100	48,198	1,458,586	1,418,322	1,386,998	1,339,341
21	Total Deferred Debits	Sum of lines 17 through 20	62,100	48,198	1,458,586	1,418,322	1,386,998	1,348,542
22								
23	Total Assets & Other Debits	Lines 5 + 14 + 21	\$ 3,300,655	\$ 3,331,345	\$ 4,833,848	\$ 4,912,970	\$ 4,815,454	\$ 4,841,581
24								
25	Equity Capital							
26	Common Stock Issued	NH-PUC Annual Report, F-1	100	100	100	100	100	100
27	Other Paid in Capital	NH-PUC Annual Report, F-1	237,129	237,129	2,506,739	2,438,165	2,292,692	2,224,208
28	Retained Earnings	NH-PUC Annual Report, F-1	804,431	832,415	34,576	(41,940)	18,091	52,358
29	Total Equity Capital	Sum of lines 25 through 28	1,041,660	1,069,643	2,541,415	2,396,325	2,310,883	2,276,666
30								
31	Long Term Debt	NH-PUC Annual Report, F-1	946,247	903,739	827,845	1,165,672	1,174,641	1,242,419
32								
33	Accounts Payable	NH-PUC Annual Report, F-1	3,862	1,481	104,326	4,698	1,813	4,650
34	Customer Debts	NH-PUC Annual Report, F-1	(1,712)	(1,711)	(2,089)	-	-	-
35	Miscellaneous Current & Accrued Liabilities	NH-PUC Annual Report, F-1	3,743	33,401	25,104	3,970	11	69
36	Total Current & Accrued Liabilities	Sum of lines 33 through 35	5,894	33,171	127,341	8,668	1,824	4,719
37								
38	Deferred Credits	NH-PUC Annual Report, F-1	452,892	493,722	525,781	553,731	562,425	574,989
39								
40	Operating Reserves	NH-PUC Annual Report, F-1	-	-	-	-	-	-
41								
42	Contributions in Aid of Construction	NH-PUC Annual Report, F-1	1,148,636	1,148,636	1,148,636	1,148,636	1,148,636	1,148,636
43	Accumulated Amortization of CIAC	NH-PUC Annual Report, F-1	294,674	317,567	337,170	360,063	382,956	405,848
44	Total Net CIAC	Sum of line 42 through 43	853,962	831,070	811,466	788,574	765,681	742,788
45								
46	Total Equity Capital & Liabilities	Lines 29 + 31 + 36 + 38 + 40 + 44	\$ 3,300,655	\$ 3,331,345	\$ 4,833,848	\$ 4,912,970	\$ 4,815,454	\$ 4,841,581