

Aquarion Water Company of Massachusetts
Water Treatment Plant Debt Refinancing

I. Annual Rent Expense Savings

	DPU 11-43	Refinancing	Savings	
Fixed Rent	\$ 2,679,000	\$ 1,673,747 ²	\$ 1,005,253	
Percentage Rent	848,558	848,558 ³	-	
Interest Credit	(90,593)		(90,593) ⁴	
Adjustment Factor	<u>51,460</u>	<u>51,460</u> ³	<u>-</u>	
Subtotal	<u>\$ 3,488,425</u>	<u>\$ 2,573,765</u>	<u>\$ 914,660</u>	
Working Capital Allowance	32,087	23,674 ⁵	8,413	
Tax Gross Up	<u>11,208</u>	<u>8,269</u> ⁶	<u>2,939</u>	
	<u><u>\$ 3,531,720</u></u> ¹	<u><u>\$ 2,605,709</u></u>	<u><u>\$ 926,012</u></u>	or 26.2% reduction

¹ As per D.P.U. 11-43, Order at 285.

² As per Schedule III of Facility Lease Agreement (\$129,284.94+ \$10,194.00) per month times 12 months.

³ Unaffected by refinancing.

⁴ New financing terms eliminate the requirement to maintain a year's worth of debt service. No interest income will be earned.

⁵ \$2,573,765 x 12.33% (Approved Working Capital Percentage) x 7.46% (Approved Overall Rate of Return)

⁶ 1.621 Gross Up Factor times 23,674 times 38.29% tax.

II. Bill Impacts - Typical 5/8" metered customer using 62,500 gallons per year.

Hingham/Hull/ Cohasset

	<u>Current</u>	<u>Revised</u>	<u>Increase</u>	<u>Incr %</u>
5/8" Meter	\$ 187.32	\$ 187.32	\$ -	0.0%
1st 36,000 Gal	\$ 138.29	\$ 138.29	\$ -	0.0%
Next 26,500 Gal	<u>\$ 138.68</u>	<u>\$ 138.68</u>	<u>\$ -</u>	<u>0.0%</u>
Total	<u>\$ 464.29</u>	<u>\$ 464.29</u>	<u>\$ -</u>	<u>0.0%</u>
Treatment Lease Fixed Surcharge	\$ 83.14	\$ 61.34	\$ (21.80)	-26.2%
Treatment O&M Variable Surcharge	\$ 84.54	\$ 84.54	\$ -	0.0%
Treatment Lease Variable Surcharge	<u>\$ 166.68</u>	<u>\$ 123.00</u>	<u>\$ (43.68)</u>	<u>-26.2%</u>
	<u>\$ 334.37</u>	<u>\$ 268.89</u>	<u>\$ (65.48)</u>	<u>-19.6%</u>
Total Bill	<u><u>\$ 798.65</u></u>	<u><u>\$ 733.17</u></u>	<u><u>\$ (65.48)</u></u>	<u><u>-8.2%</u></u>