

Financial Model Reconciliation



Aquarion Revenue Assumptions: 2 Scenarios

#1	#2
13.89% requested rate increase	13.89% requested rate increase
+	+
10% rate increases every 3 years	WRIM* capital surcharge to 2021
	+
	10% rate increases every 3 years

*WRIM → Proposed Water Reliability Improvement Mechanism annual surcharge

Town scenarios

\$136 million in savings over 31 years

\$304 million in savings over 31 years

Aquarion financial analysis

\$40 million in additional cost over 31 years



\$176 million difference

Five main differences in assumptions:

1. Beginning cost of service
2. Deferred tax liability (ADIT)
3. Amount of proposed rate increase
 - Town model assumes 13.89% (100% requested)
 - Aquarion model assumes 9.7% (75% requested)
4. WRIM capital surcharge
 - Town scenario #2 includes WRIM
 - Aquarion model does not include WRIM
5. Amount of Aquarion future rate increases
 - Town model assumes 10% increase every 3 years for 30 years
 - 2009: +23.42%
 - 2012: +10.63%
 - Aquarion model assumes 3.65% average increase every 3 years for 30 years

To be clarified by DPU in rate case decision

Water Rate History



Year	% increase/-decrease requested	% granted by DPU
2009	25.02%	23.42%
2012	18.72%	10.63%
2013	- 8.20%	- 8.20%
2018	13.89%	TBD

**2008 – 2017: 26% total increase;
2.9% average increase per year**

**If 13.89% rate increase is granted,
44% increase over last 10 years, or
4.4% average increase per year
over last 10 years
excluding WRIM capital surcharge.**