Financial Model Reconciliation

Five main differences in assumptions:

1. **Beginning cost of service**
   - Town model assumes 13.89% (100% requested)
   - Aquarion model assumes 9.7% (75% requested)

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

<table>
<thead>
<tr>
<th>Year</th>
<th>% increase/-decrease requested</th>
<th>% granted by DPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>25.02%</td>
<td>23.42%</td>
</tr>
<tr>
<td>2012</td>
<td>18.72%</td>
<td>10.63%</td>
</tr>
<tr>
<td>2013</td>
<td>- 8.20%</td>
<td>- 8.20%</td>
</tr>
<tr>
<td>2018</td>
<td>13.89%</td>
<td>TBD</td>
</tr>
</tbody>
</table>

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.