

NORTHERN UTILITIES, INC.
2021 RATE PLAN OUTLINE

1.0 PURPOSE AND EFFECTIVE DATE

1.1 Purpose

The purpose of the 2021 Rate Plan is to establish a procedure that allows Northern Utilities, Inc. (“Northern” or the “Company”), subject to the jurisdiction of the New Hampshire Public Utilities Commission (the “Commission”), to provide annual revenue step increases recovering the incremental revenue requirement associated with capital additions and the related expenses , as defined herein. Additionally, the 2021 Rate Plan provides for consumer protections, including a cap for rate increases as well as earnings sharing.

1.2 Effective Date

The rate adjustments associated with each Investment Year beginning on and after January 1, 2021 shall be effective August 1 of the following year with a compliance filing due by the last day of March as outlined below:

| Investment Year | Rate Year | Compliance Filing Due |
|-----------------------------|------------------------------|------------------------------|
| January 1-December 31, 2021 | August 1, 2022-July 31, 2023 | March 31, 2022 ¹ |
| January 1-December 31, 2022 | August 1, 2023-July 31, 2024 | March 31, 2023 |
| January 1-December 31, 2023 | August 1, 2024-July 31, 2025 | March 31, 2024 |

2.0 ELIGIBLE PLANT ADDITIONS

All utility Non-Growth Plant Additions will be eligible for recovery upon Commission review and approval of the annual compliance filing. The 2021 Rate Plan will recover the revenue requirement associated with all Non-Growth Plant Additions.

¹ The Company proposes to present Investment Year 2021 during the rate case proceeding for effect with permanent rates on August 1, 2022.

3.0 REVENUE REQUIREMENT

An illustrative calculation of the Revenue Requirement is provided in Schedule CGDN-2. Revenue Requirement is the sum of the following for each Investment Year:

- Pre-Tax Rate of Return applied to Rate Base associated with capital spending related to Non-Growth Plant Additions;
- Depreciation Expense on Non-Growth Plant Additions; and
- Property Taxes on the Net Utility Plant related to Non-Growth Plant Additions.

4.0 CUSTOMER PROTECTIONS

4.1 Revenue Requirement Cap

The cumulative Revenue Requirement related to Eligible Facilities is subject to a cap of \$10,500,000.

4.2 Earnings Sharing

Earnings sharing will be triggered if return on equity as submitted in its annual PUC 509.01 F-1 filing exceeds 11.00%. If return on equity exceeds 11.00%, then excess earnings will be shared equally between the distribution ratepayers and the Company.

4.3 Stay Out Provision

Except as specifically provided for under the 2021 Rate Plan, the Company may not petition the Commission for distribution base rate adjustments through the end of calendar year 2024. However, if the Company's return on equity is below 7% as submitted in the Company's annual PUC 509.01 F-1 filing, then the Company may petition the Commission for a distribution base rate adjustment before 2024.

4.4 Exogenous Events

During the term of this 2021 Rate Plan, the Company will be allowed to adjust distribution rates upward or downward resulting from a singular (not collective) exogenous event, as defined herein. For any of the events defined as a State Initiated Cost Change, Federally Initiated Cost Change, Regulatory Cost Reassignment, or Externally Imposed Accounting Rule Change, during the term of this Plan, the Company will be allowed to adjust distribution rates upward or downward (to the extent that the revenue impact of such event is not otherwise captured through another rate mechanism that has been approved by the Commission) if the total distribution revenue impact (positive or negative) of such event exceeds \$200,000.

5.0 RATE DESIGN

For the rate adjustments in section 3.0 above, the revenue requirement increase shall be applied proportionally to all customer classes based on distribution revenue, using current distribution rates and test year billing determinants established in Docket No. DG 21-104. The increase shall be collected through customer or energy charges as applicable for all rate classes.

For earnings sharing and exogenous events in section 4.0 above, rate adjustments shall also be applied proportionally to all customer classes based on distribution revenue, using current distribution rates and test year billing determinants established in Docket No. DG 21-104. The charge or credit shall be made through energy usage charges for all rate classes. There will be no change in the customer charge.

6.0 DEFINITIONS

- 1) Accumulated Depreciation is the cumulative net credit balance arising from the provision for Depreciation Expense.
- 2) Accumulated Deferred Income Taxes is the timing difference between book Depreciation Expense and tax depreciation expense utilizing the modified accelerated cost recovery system. The timing difference is multiplied by the federal and statutory effective income tax rate to determine the liability balance.
- 3) Cost of Removal is the cost of demolishing, dismantling, tearing down or otherwise removing gas plant, including the cost of transportation and handling incidental thereto.
- 4) Depreciation Expense is established at 3.73% and is based on the average depreciation rate provided in Docket No. DG 21-104.
- 5) Externally Imposed Accounting Rule Change shall be deemed to have occurred if the Financial Accounting Standards Board or the Securities and Exchange Commission adopts a rule that requires utilities to use a new accounting rule that is not being utilized by the Company as of January 1, 2022.
- 6) Federally Initiated Cost Change shall mean any externally imposed changes in the federal tax rates, laws, regulations, or precedents governing income, revenue, or sales taxes or any changes in federally imposed fees, which impose new obligations, duties or undertakings, or remove existing obligations, duties or undertakings, and which individually decrease or increase the Company's distribution costs, revenue, or revenue requirement.

- 7) Investment Year is the annual period beginning January 1 and ending December 31 of each calendar year 2021 through 2023 for which capital investments are made by the Company and placed in service.
- 8) Net Utility Plant is the “per books” utility Non-Growth Plant Additions for plant in service after Accumulated Depreciation is deducted and Cost of Removal is added.
- 9) Non-Growth Plant Additions are the capitalized costs of non-growth plant placed in service as recorded on the Company’s books during the Investment Year.
- 10) Pre-Tax Rate of Return is 9.75% which is established based on the cost of capital and a tax gross up on common stock equity per Docket No. DG 21-104.
- 11) Property Taxes shall include State utility property taxes for all Non-Growth Plant Additions, calculated using the statutory tax rate in RSA 83-F:2, currently \$6.60 per \$1,000 of investment. Local property taxes shall not be included in the calculation and will be recovered through the proposed Regulatory Cost Adjustment Mechanism.
- 12) Rate Base is Non-Growth Plant Additions plus Cost of Removal less Accumulated Depreciation less Accumulated Deferred Income Taxes.
- 13) Rate Year is the annual period August 1 through July 31, following the Investment Year.
- 14) State Initiated Cost Change shall mean any externally imposed changes in state or local law or regulatory mandates or changes in other precedents governing income, revenue, sales, franchise, or property or any new or amended regional, state or locally imposed fees (but excluding the effects of routine annual changes in municipal, county and state property tax rates and revaluations), which impose new obligations, duties or undertakings, or remove existing obligations, duties or undertakings, and which individually decrease or increase the Company’s distribution costs, revenue, or revenue requirement.
- 15) Regulatory Cost Reassignment shall mean the reassignment of costs and/or revenues now included in the generation, transmission, or distribution functions to or away from the distribution function by the Commission, FERC, NEPOOL, the ISO or any other official agency having authority over such matters.

Northern Utilities, Inc. - New Hampshire
Rate Plan Capital Expenditures - Non-Growth Plant Additions
For Calendar Years 2021-2023

Northern Utilities, Inc.
Docket No. DG 21-104
Schedule CGDN-2
Page 1 of 3

| Rate Effective Date | | 8/1/2022 | 8/1/2023 | 8/1/2024 |
|--------------------------------|--|----------------------|----------------------|----------------------|
| Line No. | Description | Investment Year 2021 | Investment Year 2022 | Investment Year 2023 |
| <u>Rate Base:</u> | | | | |
| 1 | Utility Plant Additions | \$ 20,770,248 | \$ 20,810,532 | \$ 21,389,700 |
| 2 | Cost of Removal | 2,307,805 | 2,312,281 | 2,376,633 |
| 3 | Capital Expenditures - Non-Growth Plant Additions | 23,078,053 | 23,122,814 | 23,766,334 |
| 4 | Accumulated Depreciation | 387,365 | 388,116 | 398,918 |
| 5 | Net Utility Plant | 22,690,688 | 22,734,697 | 23,367,416 |
| 6 | Accumulated Deferred Income Taxes (ADIT) | 1,125 | 1,127 | 1,159 |
| 7 | Rate Base | \$ 22,689,563 | \$ 22,733,570 | \$ 23,366,257 |
| <u>Revenue Requirement:</u> | | | | |
| 8 | Rate Base | \$ 22,689,563 | \$ 22,733,570 | \$ 23,366,257 |
| 9 | Pre-Tax Rate of Return | 9.75% | 9.75% | 9.75% |
| 10 | Return and Related Income Taxes | 2,213,321 | 2,217,614 | 2,279,331 |
| 11 | Depreciation Expense | 774,730 | 776,233 | 797,836 |
| 12 | Property Taxes ⁽¹⁾ | 149,759 | 150,049 | 154,225 |
| 13 | Revenue Requirement | \$ 3,137,810 | \$ 3,143,896 | \$ 3,231,392 |
| <u>Rate Cap Limit:</u> | | | | |
| 14 | Revenue Requirement | \$ 3,137,810 | \$ 3,143,896 | \$ 3,231,392 |
| 15 | Cumulative Revenue Requirement | 3,137,810 | 6,281,705 | 9,513,097 |
| 16 | Revenue Requirement Cap | 10,500,000 | 10,500,000 | 10,500,000 |
| 17 | Allowable Revenue Requirement | \$ 3,137,810 | \$ 3,143,896 | \$ 3,231,392 |
| <u>Supporting Calculations</u> | | | | |
| <u>Book Depreciation</u> | | | | |
| 18 | Utility Plant Additions | \$ 20,770,248 | \$ 20,810,532 | \$ 21,389,700 |
| 19 | Book Depreciation Rate ⁽²⁾ | 3.73% | 3.73% | 3.73% |
| 20 | Book Depreciation | 774,730 | 776,233 | 797,836 |
| <u>Tax Depreciation</u> | | | | |
| 21 | Utility Plant Additions | 20,770,248 | 20,810,532 | 21,389,700 |
| 22 | Tax Depreciation Rate | 3.75% | 3.75% | 3.75% |
| 23 | Tax Depreciation | 778,884 | 780,395 | 802,114 |
| 24 | Tax-Book Timing Difference | 4,154 | 4,162 | 4,278 |
| 25 | Income Tax Rate | 27.08% | 27.08% | 27.08% |
| 26 | Accumulated Deferred Income Taxes (ADIT) | 1,125 | 1,127 | 1,159 |
| 27 | Accumulated Depreciation = Book Depreciation * 0.5 | \$ 387,365 | \$ 388,116 | \$ 398,918 |

Notes:

(1) Property Taxes shall include State utility property taxes for all Non-Growth Plant Additions, calculated using the statutory tax rate in RSA 83-F:2, currently \$6.60 per \$1,000 of investment. Local property taxes shall not be included in the calculation and will be recovered through the proposed Regulatory Cost Adjustment Mechanism

(2) Book Depreciation Rate Based on the Average Depreciation Rate in Docket No. DG 21-104

Northern Utilities, Inc. - New Hampshire
2021-2023 Non-Growth Capital Expenditures Project Detail
\$'s in Thousands

Northern Utilities, Inc.
Docket No. DG 21-104
Schedule CGDN-2
Page 2 of 3

| Line No. | Budget Category | Work Order | Investment Year 2021 | | | | Investment Year 2022 | | | | Investment Year 2023 | | | |
|----------|---------------------------------------|-----------------|----------------------|------------------------|------------------|-----------------|----------------------|------------------------|------------------|-----------------|----------------------|------------------------|------------------|-----------------|
| | | | Install | Removal ⁽¹⁾ | Total | In Service Date | Install | Removal ⁽¹⁾ | Total | In Service Date | Install | Removal ⁽¹⁾ | Total | In Service Date |
| 1 | Non-Growth Capital Expenditures | | | | | | | | | | | | | |
| 2 | [Code Number] | Exhibit KES-2 | \$ 20,770 | \$ 2,308 | \$ 23,078 | MM/YYYY | \$ 20,811 | \$ 2,312 | \$ 23,123 | MM/YYYY | \$ 21,390 | \$ 2,377 | \$ 23,766 | MM/YYYY |
| 3 | [Code Number] | Work Order Name | - | - | - | MM/YYYY | - | - | - | MM/YYYY | - | - | - | MM/YYYY |
| 4 | [Code Number] | Work Order Name | - | - | - | MM/YYYY | - | - | - | MM/YYYY | - | - | - | MM/YYYY |
| 5 | Total Non-Growth Capital Expenditures | | <u>\$ 20,770</u> | <u>\$ 2,308</u> | <u>\$ 23,078</u> | | <u>\$ 20,811</u> | <u>\$ 2,312</u> | <u>\$ 23,123</u> | | <u>\$ 21,390</u> | <u>\$ 2,377</u> | <u>\$ 23,766</u> | |

Notes:

(1) Estimated Cost of Removal Percentage for Illustrative Purposes. Actual Cost of Removal will be used. 10%

Northern Utilities, Inc. - New Hampshire
Pre Tax Rate of Return
5 Quarter Average Ended December 31, 2020 Pro Forma

Northern Utilities, Inc.
Docket No. DG 21-104
Schedule CGDN-2
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| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|----------|---------------------|-----------------------|----------------|-----------------|--------------------------|------------|--------------|
| Line No. | Description | Amount | Weight | Cost of Capital | Weighted Cost of Capital | Tax Factor | Pre-Tax Cost |
| 1 | Common Stock Equity | \$229,204,938 | 52.47% | 10.30% | 5.40% | 1.3714 | 7.41% |
| 2 | Long Term Debt | 207,640,000 | 47.53% | 4.93% | 2.34% | | 2.34% |
| 3 | Short Term Debt | - | 0.00% | 1.69% | 0.00% | | 0.00% |
| 4 | Total | <u>\$ 436,844,938</u> | <u>100.00%</u> | | <u>7.75%</u> | | <u>9.75%</u> |

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NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
DOCKET DG 21-104
COMPUTATION OF REVENUE REQUIREMENT FOR TEMPORARY RATES

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
REVENUE REQUIREMENT TABLE OF CONTENTS
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-TOC

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|-------------|---|--------------------------------|
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| 2 | Computation Of Revenue Deficiency And Revenue Requirement | <u>Schedule RevReq-1</u> |
| 3 | Computation Of Gross-Up Factor For Revenue Requirement | <u>Schedule RevReq-1-1</u> |
| 4 | Operating Income Statement | <u>Schedule RevReq-2 P1</u> |
| 5 | Pro Forma Distribution Operating Income Statement | <u>Schedule RevReq-2 P2</u> |
| 6 | Summary Of Adjustments | <u>Schedule RevReq-3</u> |
| 7 | Summary of Revenue Adjustment Schedules | |
| 8 | Weather Normalization | <u>Schedule RevReq-3-1</u> |
| 9 | New Customer Revenue Annualization | <u>Schedule RevReq-3-2</u> |
| 10 | Residential Low Income | <u>Schedule RevReq-3-2</u> |
| 11 | Unbilled Revenue | <u>Schedule RevReq-3-2</u> |
| 12 | Non-Distribution Bad Debt | <u>Schedule RevReq-3-2</u> |
| 13 | Misc. Revenue Adjustment | <u>Schedule RevReq-3-2</u> |
| 14 | Billed Accuracy Adjustment | <u>Schedule RevReq-3-2</u> |
| 15 | O&M Expense Adjustments | |
| 16 | Production Expense (O&M) | <u>Schedule RevReq-3-3</u> |
| 17 | Non-Distribution Bad Debt | <u>Schedule RevReq-3-2</u> |
| 18 | D&A Expense Adjustments | |
| 19 | Depreciation Annualization | <u>Schedule RevReq-3-16 P1</u> |
| 20 | Production Expense (Depreciation) | <u>Schedule RevReq-3-3</u> |
| 21 | Taxes Other Than Income Adjustments | |
| 22 | Property Taxes | <u>Schedule RevReq-3-19</u> |
| 23 | Income Taxes Adjustments | |
| 24 | Federal Income Tax | <u>Schedule RevReq-3-21 P1</u> |
| 25 | NH State Tax | <u>Schedule RevReq-3-21 P1</u> |
| 26 | Remove Prior Year Federal Income Tax | <u>Schedule RevReq-3-21 P4</u> |
| 27 | Remove Prior Year State Income Tax | <u>Schedule RevReq-3-21 P4</u> |
| 28 | Remove Prior Year Deferred Federal Income Tax | <u>Schedule RevReq-3-21 P4</u> |
| 29 | Remove Prior Year Deferred State Income Tax | <u>Schedule RevReq-3-21 P4</u> |
| 30 | Balance Sheet & Plant in Service and Accumulated Depreciation | |
| 31 | Utility Plant in Service | <u>Schedule RevReq-4-3</u> |
| 32 | Rate Base & Related Adjustments | |
| 33 | Rate Base Calculation | <u>Schedule RevReq-5</u> |
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| 36 | Supplemental Plant | <u>Schedule RevReq-5-3</u> |
| 37 | Deferred Income Tax Settlement Adjustment | <u>Schedule RevReq-5-4</u> |
| 38 | Cost of Capital Related Schedules | |
| 39 | Weighted Average Cost Of Capital | <u>Schedule RevReq-6</u> |
| 40 | Capital Structure for Ratemaking Purposes | <u>Schedule RevReq-6-1</u> |
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| 42 | Cost of Short-Term Debt | <u>Schedule RevReq-6-5</u> |
| 43 | Rate Case Expense Costs | |
| 44 | Workpapers | <u>Workpapers</u> |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
COMPUTATION OF REVENUE DEFICIENCY AND REVENUE REQUIREMENT
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-1
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| LINE NO. | (1) DESCRIPTION | (2) REFERENCE | (3) AMOUNT |
|-------------|-------------------------------|---------------------------------------|----------------------------|
| 1 | Rate Base | Schedule RevReq-5 | \$ 187,852,245 |
| 2 | Rate of Return | Schedule RevReq-6 | <u>7.33%</u> |
| 3 | Income Required | Line 1 * Line 2 | 13,765,436 |
| 4 | Adjusted Net Operating Income | Schedule RevReq-2 | <u>11,416,967</u> |
| 5 | Deficiency | Line 3 - Line 4 | 2,348,469 |
| 6 | Income Tax Effect | Line 7 - Line 5 | <u>872,274</u> |
| 7 | Revenue Deficiency | 1.3714 (Schedule RevReq-1-1) * Line 5 | <u><u>\$ 3,220,742</u></u> |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
COMPUTATION OF GROSS-UP FACTOR FOR REVENUE REQUIREMENT
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-1-1
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| LINE NO. | (1) DESCRIPTION | (2) RATE | (3) AMOUNT |
|-------------|-------------------------------------|----------------------------|----------------------|
| 1 | Federal Income Tax Rate | 21.00% | 0.2100 |
| 2 | State Income Tax Rate | 7.70% | 0.0770 |
| 3 | Federal Benefit of State Income Tax | -(Line 1 * Line 2) | <u>(0.0162)</u> |
| 4 | Northern Effective Tax Rate | (Line 1 + Line 2 + Line 3) | <u>0.2708</u> |
| 5 | Gross-Up Factor | (1 / 1 - Line 4) | <u><u>1.3714</u></u> |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
OPERATING INCOME STATEMENT
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-2
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| LINE NO. | (1) DESCRIPTION | (2) | (3) | LESS | (4) | (5) | (6) | (7) | (8) | (9) |
|----------|---------------------------------------|--|--|------|-------------------------------------|---|---------------------------|--------------------------|---|---|
| | | TEST YEAR 12 MONTHS ENDED 12/31/2020 | COST OF GAS EXCLUDING PROD. & OH. ⁽¹⁾ | | OTHER FLOWTHROUGH ⁽²⁾ | TEST YEAR DISTRIBUTION, PROD. & OH. | TEST YEAR DISTRIBUTION | TEST YEAR PROD. & OH. | CALENDAR YEAR 2019 ⁽³⁾ | CALENDAR YEAR 2018 ⁽³⁾ |
| | Operating Revenues: | | | | | | | | | |
| 1 | Total Sales | \$ 65,455,125 | \$ 22,701,750 | \$ | 3,458,228 | \$ 39,295,147 | \$ 38,237,257 | \$ 1,057,890 | \$ 72,009,468 | \$ 78,261,307 |
| 2 | Total Other Operating Revenues | 1,228,348 | 120,656 | | - | 1,107,692 | 1,107,692 | - | 841,893 | 380,541 |
| 3 | Total Operating Revenues | \$ 66,683,473 | \$ 22,822,406 | \$ | 3,458,228 | \$ 40,402,839 | \$ 39,344,949 | \$ 1,057,890 | \$ 72,851,361 | \$ 78,641,848 |
| | Operating Expenses: | | | | | | | | | |
| 4 | Production | \$ 23,544,860 | \$ 22,696,215 | \$ | 398,908 | \$ 449,736 | \$ 449,736 | \$ - | \$ 28,226,731 | \$ 36,699,896 |
| 5 | Transmission | 63,829 | - | | - | 63,829 | 63,829 | - | 72,713 | 54,452 |
| 6 | Distribution | 3,733,377 | - | | - | 3,733,377 | 3,733,377 | - | 3,509,448 | 3,547,813 |
| 7 | Customer Accounting | 2,608,189 | 99,544 | | - | 2,508,645 | 2,508,645 | - | 2,768,758 | 2,548,545 |
| 8 | Customer Service | 2,341,706 | (0) | | 2,268,632 | 73,074 | 73,074 | - | 2,319,375 | 1,946,672 |
| 9 | Sales Expense | 69,178 | - | | - | 69,178 | 69,178 | - | 64,467 | 62,224 |
| 10 | Administrative & General | 6,740,777 | - | | 58,225 | 6,682,552 | 6,682,552 | - | 7,679,291 | 7,670,327 |
| 11 | Depreciation | 8,876,582 | - | | - | 8,876,582 | 8,876,582 | - | 8,166,463 | 7,482,080 |
| 12 | Amortizations | 816,977 | - | | - | 816,977 | 816,977 | - | 838,480 | 196,816 |
| 13 | Taxes Other Than Income | 4,867,774 | - | | - | 4,867,774 | 4,867,774 | - | 4,306,298 | 4,242,098 |
| 14 | Federal Income Tax | (30,211) | - | | - | (30,211) | (30,211) | - | 52,380 | (353,526) |
| 15 | State Income Tax | (384,644) | - | | - | (384,644) | (384,644) | - | (309,547) | (463,245) |
| 16 | Deferred Federal & State Income Taxes | 2,600,179 | - | | - | 2,600,179 | 2,600,179 | - | 2,975,683 | 3,341,111 |
| 17 | Interest on Customer Deposits | 9,258 | - | | - | 9,258 | 9,258 | - | 14,374 | 18,486 |
| 18 | Total Operating Expenses | \$ 55,857,829 | \$ 22,795,759 | \$ | 2,725,765 | \$ 30,336,305 | \$ 30,336,305 | \$ - | \$ 60,684,915 | \$ 66,993,749 |
| 19 | Net Operating Income | \$ 10,825,644 | \$ 26,647 | \$ | 732,463 | \$ 10,066,533 | \$ 9,008,643 | \$ 1,057,890 | \$ 12,166,447 | \$ 11,648,100 |

Notes

(1) Refer to Workpaper - Cost of Gas

(2) Refer to Workpaper - Flowthrough Detail. Consists of Energy Efficiency, Environmental Response Costs, Residential Low Income Assistance, Rate Case Costs, Recoupment, Lost Revenue, and On Bill Financing

(3) Calendar Years 2019 and 2018 represents Total Company (i.e., Flowthrough and Distribution).

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
PRO FORMA DISTRIBUTION OPERATING INCOME STATEMENT
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-2
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| (1) | | (2) | | (3) | (4) | (5) | (6) | |
|----------|---------------------------------------|-------------------------------------|-----------------------|---|---------------------|-----------------------|---------------|--|
| LINE NO. | DESCRIPTION | TEST YEAR DISTRIBUTION, PROD. & OH. | PRO FORMA ADJUSTMENTS | TEST YEAR DISTRIBUTION, PROD. & OH. PRO FORMA | PROOF | | | |
| | | | | | REVENUE REQUIREMENT | PRO FORMA RATE RELIEF | | |
| | Operating Revenues: | | | | | | | |
| 1 | Total Sales | \$ 39,295,147 | \$ 2,820,216 | \$ 42,115,363 | \$ 3,220,742 | | \$ 45,336,105 | |
| 2 | Total Other Operating Revenues | 1,107,692 | - | 1,107,692 | - | | 1,107,692 | |
| 3 | Total Operating Revenues | \$ 40,402,839 | \$ 2,820,216 | \$ 43,223,055 | \$ 3,220,742 | | \$ 46,443,797 | |
| | Operating Expenses: | | | | | | | |
| 4 | Production | \$ 449,736 | \$ 76,191 | \$ 525,927 | \$ - | | \$ 525,927 | |
| 5 | Transmission | 63,829 | - | 63,829 | - | | 63,829 | |
| 6 | Distribution | 3,733,377 | - | 3,733,377 | - | | 3,733,377 | |
| 7 | Customer Accounting | 2,508,645 | (97,468) | 2,411,177 | - | | 2,411,177 | |
| 8 | Customer Service | 73,074 | - | 73,074 | - | | 73,074 | |
| 9 | Sales Expense | 69,178 | - | 69,178 | - | | 69,178 | |
| 10 | Administrative & General | 6,682,552 | - | 6,682,552 | - | | 6,682,552 | |
| 11 | Depreciation | 8,876,582 | 506,868 | 9,383,450 | - | | 9,383,450 | |
| 12 | Amortizations | 816,977 | - | 816,977 | - | | 816,977 | |
| 13 | Taxes Other Than Income | 4,867,774 | 617,939 | 5,485,713 | - | | 5,485,713 | |
| 14 | Federal Income Tax | (30,211) | 206,901 | 176,690 | 624,276 | | 800,966 | |
| 15 | State Income Tax | (384,644) | (732,910) | (1,117,554) | 247,997 | | (869,557) | |
| 16 | Deferred Federal & State Income Taxes | 2,600,179 | 892,262 | 3,492,441 | - | | 3,492,441 | |
| 17 | Interest on Customer Deposits | 9,258 | - | 9,258 | - | | 9,258 | |
| 18 | Total Operating Expenses | \$ 30,336,305 | \$ 1,469,783 | \$ 31,806,088 | \$ 872,274 | | \$ 32,678,361 | |
| 19 | Net Operating Income | \$ 10,066,533 | \$ 1,350,434 | \$ 11,416,967 | \$ 2,348,469 | | \$ 13,765,436 | |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
SUMMARY OF ADJUSTMENTS
12 MONTHS ENDED DECEMBER 31, 2016

Schedule RevReq-3
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| LINE NO. | (1) DESCRIPTION | (2) CLASSIFICATION | (3) SCHEDULE NO. | (4) AMOUNT |
|----------|---|-----------------------|-------------------------|---------------------|
| 1 | Revenue Adjustments | | | |
| 2 | Weather Normalization | Dist Rev | Schedule RevReq-3-1 | \$ 1,994,374 |
| 3 | New Customer Revenue Annualization | Dist Rev | Schedule RevReq-3-2 | |
| 4 | Residential Low Income | Dist Rev | Schedule RevReq-3-2 | 264,523 |
| 5 | Unbilled Revenue | Dist Rev | Schedule RevReq-3-2 | 294,543 |
| 6 | Non-Distribution Bad Debt | Dist Rev | Schedule RevReq-3-2 | (97,468) |
| 7 | Misc. Revenue Adjustment | Dist Rev | Schedule RevReq-3-2 | 4,788 |
| 8 | Late Fee Adjustment | Oth Rev | Schedule RevReq-3-2 | |
| 9 | Billed Accuracy Adjustment | Dist Rev | Schedule RevReq-3-2 | 367 |
| 10 | Lost Base Revenue Moved from FT to Base | Dist Rev | WP - FT Detail | 359,089 |
| 11 | Special Contract Customer Revenue Adjustment | Dist Rev | Schedule RevReq-3-2 | |
| 12 | Total Revenue Adjustments | | | <u>\$ 2,820,216</u> |
| 13 | Operating & Maintenance Expense Adjustments | | | |
| 14 | Production Expense (O&M) | Prod | Schedule RevReq-3-3 | \$ 76,191 |
| 15 | Payroll | Dist | Schedule RevReq-3-4 | |
| 16 | Distribution Bad Debt | Cust Acct | Schedule RevReq-3-5 | |
| 17 | Non-Distribution Bad Debt | Cust Acct | Schedule RevReq-3-2 | (97,468) |
| 18 | Medical & Dental Insurances | A&G | Schedule RevReq-3-6 | |
| 19 | Pension | A&G | Schedule RevReq-3-7 | |
| 20 | PBOP | A&G | Schedule RevReq-3-7 | |
| 21 | SERP | A&G | Schedule RevReq-3-7 | |
| 22 | 401K | A&G | Schedule RevReq-3-7 | |
| 23 | Deferred Comp Expense | A&G | Schedule RevReq-3-7 | |
| 24 | Property & Liability Insurances | A&G | Schedule RevReq-3-8 | |
| 25 | NH PUC Assessment | A&G | Schedule RevReq-3-9 | |
| 26 | Dues & Subscriptions | A&G | Schedule RevReq-3-10 | |
| 27 | Pandemic Costs | A&G | Schedule RevReq-3-11 | |
| 28 | Severance Expense | A&G | Schedule RevReq-3-12 | |
| 29 | Rent Expense | A&G | Schedule RevReq-3-13 | |
| 30 | Arrearage Management Program (AMP) Implementation Cost | Cust Acct | Schedule RevReq-3-14 | |
| 31 | Inflation Allowance | A&G | Schedule RevReq-3-15 | |
| 32 | Total Operating & Maintenance Expense Adjustments | | | <u>\$ (21,277)</u> |
| 33 | Depreciation And Amortization Expense Adjustments | | | |
| 34 | Depreciation Annualization | Depr | Schedule RevReq-3-16 P1 | \$ 469,003 |
| 35 | Proposed Depreciation Rates | Depr | Schedule RevReq-3-16 P2 | |
| 36 | Production Expense (Depreciation) | Depr | Schedule RevReq-3-3 | 37,865 |
| 37 | Software Amortization | Amort | Schedule RevReq-3-17 | |
| 38 | Excess ADIT Flowback | Amort | Schedule RevReq-3-18 | |
| 39 | Total Depreciation And Amortization Expense Adjustments | | | <u>\$ 506,868</u> |
| 40 | Taxes Other Than Income Adjustments | | | |
| 41 | Property Taxes | Oth Tax | Schedule RevReq-3-19 | \$ 617,939 |
| 42 | Payroll Taxes - Wage Increases | Oth Tax | Schedule RevReq-3-20 P1 | |
| 43 | Payroll Taxes - Employee Retention Credit | Oth Tax | Schedule RevReq-3-20 P2 | |
| 44 | Total Taxes Other Than Income Adjustments | | | <u>\$ 617,939</u> |
| 45 | Income Taxes Adjustments | | | |
| 46 | Federal Income Tax | FIT | Schedule RevReq-3-21 P1 | \$ 256,535 |
| 47 | NH State Tax | SIT | Schedule RevReq-3-21 P1 | 101,910 |
| 48 | Remove Prior Year Federal Income Tax | FIT | Schedule RevReq-3-21 P4 | (49,634) |
| 49 | Remove Prior Year State Income Tax | SIT | Schedule RevReq-3-21 P4 | (834,820) |
| 50 | Remove Prior Year Deferred Federal Income Tax | DIT | Schedule RevReq-3-21 P4 | 57,442 |
| 51 | Remove Prior Year Deferred State Income Tax | DIT | Schedule RevReq-3-21 P4 | 834,820 |
| 52 | Total Income Taxes Adjustments | | | <u>\$ 366,253</u> |
| 53 | Rate Base Adjustments | | | |
| 54 | NH Supplemental Plant Adjustment | Plant | Schedule RevReq-5-3 | \$ 1,873,246 |
| 55 | NH Supplemental Plant Adjustment | Acc Depr | Schedule RevReq-5-3 | 1,350,190 |
| 56 | DIT Settlement Adjustment | RB DIT | Schedule RevReq-5-4 | - |
| 57 | Cash Working Capital (Due To Pro Forma Adjustments) | CWC | Schedule RevReq-5-2 | (23,564) |
| 58 | Total Rate Base Adjustments | | | <u>\$ 499,492</u> |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
WEATHER NORMALIZATION
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-3-1
Table of Contents

| LINE NO. | (1) | (2) |
|-------------|--|---------------------|
| | DESCRIPTION | TOTAL |
| 1 | To Increase Test Year Base Revenue to Normalize for the Effect of Warmer than Normal Weather ⁽¹⁾ | <u>\$ 1,994,374</u> |

Notes
(1) Refer to Direct Testimony of Ron Amen & John Taylor

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
REVENUE ADJUSTMENTS
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-3-2
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| LINE NO. | (1) DESCRIPTION | (2) TOTAL |
|-------------|---|--------------|
| 1 | <u>Customer Growth Revenue Adjustment</u> | |
| 2 | To Increase Test Year Base Revenue for 2020 Customer Growth ⁽¹⁾ | |
| 3 | <u>Residential Low Income Assistance Revenue Adjustment</u> | |
| 4 | To Reflect Recovery Of The Low Income Discount Through the LDAC ⁽²⁾ | \$ 264,523 |
| 5 | <u>Unbilled Revenue Adjustment</u> | |
| 6 | Remove Unbilled Revenue | \$ 294,543 |
| 7 | <u>Non Distribution Bad Debt Adjustment (Revenue & Expense)</u> | |
| 8 | Remove: Accrued Revenue - Non Dist Bad Debt | \$ (97,468) |
| 9 | Remove: Provision For Doubtful Accts - Non-Dist - NH | \$ (97,468) |
| 10 | <u>Misc. Revenue Adjustment</u> | |
| 11 | Clear Remaining Rate Case Expense And Recoupment Balances | \$ 4,788 |
| 12 | <u>Late Payment Revenue Adjustment</u> | |
| 13 | Normalized Late Payment Revenue ⁽³⁾ | |
| 14 | Test Year Late Payment Revenue | |
| 15 | Late Payment Revenue Adjustment | \$ - |
| 16 | <u>Billed Accuracy Adjustment</u> | |
| 17 | Booked to Calculated Bill Adjustment ⁽¹⁾ | \$ 367 |
| 18 | <u>Special Contract Customer Revenue Adjustment</u> | |
| 19 | Full Year Special Contract Customer Revenue at Special Contract Rate ⁽⁴⁾ | |
| 20 | Test Year Special Contract Customer Actual Revenue ⁽⁴⁾ | |
| 21 | Net Special Contract Customer Revenue Adjustment | \$ - |

Notes

- (1) Refer to Direct Testimony of Ron Amen & John Taylor
(2) See Workpaper - Flowthrough Detail
(3) Normalized Late Payment Revenue based on 2019 calendar year activity
(4) Refer to Workpaper 1.1 and Workpaper 1.2

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
PRODUCTION EXPENSE ADJUSTMENTS
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-3-3
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| LINE NO. | (1) DESCRIPTION | (2) NH | (3) ME | (4) TOTAL | (5) NH PR ALLOC. 40.88% | (6) ME PR ALLOC. 59.12% | (7) NH REVREQ ADJUST. | (8) ME REVREQ ADJUST. |
|----------|---|-----------|------------|--------------|----------------------------------|----------------------------------|--------------------------------|--------------------------------|
| 1 | Operation & Maintenance Expense | | | | | | | |
| 2 | Liquefied Propane Gas Production | | | | | | | |
| 3 | Operation Expense | | | | | | | |
| 4 | 710 - Operation Supervision and Engineering | \$ - | \$ 29,447 | \$ 29,447 | \$ 12,038 | \$ 17,409 | | |
| 5 | 717 - Production Operation Labor | - | 24,228 | 24,228 | 9,904 | 14,324 | | |
| 6 | 735 - Production Operation Miscellaneous | - | 59,588 | 59,588 | 24,360 | 35,228 | | |
| 7 | Total Operation Expense | - | 113,263 | 113,263 | 46,302 | 66,961 | | |
| 8 | Maintenance | | | | | | | |
| 9 | 740 - Production Maintenance Supervision | - | 29,447 | 29,447 | 12,038 | 17,409 | | |
| 10 | 741 - Maintenance of Plant | - | 8,464 | 8,464 | 3,460 | 5,004 | | |
| 11 | 742 - Maint of Equipment | - | 28,588 | 28,588 | 11,687 | 16,901 | | |
| 12 | Total Maintenance Expense | - | 66,499 | 66,499 | 27,185 | 39,314 | | |
| 13 | 769 - Maint of Scada - Product | - | 6,615 | 6,615 | 2,704 | 3,911 | | |
| 14 | Total Manuf Gas Prod Exp | \$ - | \$ 186,377 | \$ 186,377 | \$ 76,191 | \$ 110,186 | \$ 76,191 | \$ (76,191) |
| 15 | Depreciation Expense | | | | | | | |
| 16 | Production Plant | | | | | | | |
| 17 | 305 - Structures | \$ - | \$ 2,277 | \$ 2,277 | \$ 931 | \$ 1,346 | | |
| 18 | Total Production Plant | - | 2,277 | 2,277 | 931 | 1,346 | | |
| 19 | Other Storage Plant | | | | | | | |
| 20 | 361 - Structures & Improve | - | 11,705 | 11,705 | 4,785 | 6,920 | | |
| 21 | 362 - Gas Holders | - | 78,642 | 78,642 | 32,149 | 46,493 | | |
| 22 | Total Other Storage Plant | - | 90,347 | 90,347 | 36,934 | 53,413 | | |
| 23 | Total Depreciation & Amortization | \$ - | \$ 92,624 | \$ 92,624 | \$ 37,865 | \$ 54,759 | \$ 37,865 | \$ (37,865) |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
DEPRECIATION ANNUALIZATION
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-3-16
Page 1 of 2
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| LINE NO. | (1) DESCRIPTION | (2) PLANT BALANCE 12/31/2020 | (3) CURRENT DEPRECIATION RATES | (4) ANNUAL DEPRECIATION EXPENSE |
|----------|--|---------------------------------------|---|--|
| 1 | Amortizable Plant: | | | |
| 2 | 303 Misc Intangible Plant | \$ 12,826,347 | N/A | N/A |
| 3 | Total Amortizable Plant | 12,826,347 | N/A | - |
| 4 | Mfg. Gas Produc. Plant: | | | |
| 5 | 304.2 Land & Rights - Mfg Gas Prod. PI | 6,816 | N/A | N/A |
| 6 | 305 Struct. And Improvements | - | N/A | N/A |
| 7 | 320 Other Equipment | - | N/A | N/A |
| 8 | 321 LNG Equipment | - | N/A | N/A |
| 9 | Total Mfg Gas Prod. Plant | 6,816 | N/A | - |
| 10 | Distribution Plant: | | | |
| 11 | 374.4 Land Rgts, Other Distr Sy | 89,111 | N/A | N/A |
| 12 | 374.5 Land Rgts, Rights Of Way | 17,911 | N/A | N/A |
| 13 | 375.2 Structures - City Gate Meas & Reg | 43,350 | 1.43% | 620 |
| 14 | 375.7 Structures - Other Dist Sys | 3,217,521 | 1.43% | 46,011 |
| 15 | 376.2 Mains - Coated/Wrapped | 29,746,227 | 2.66% | 791,250 |
| 16 | 376.3 Mains - Bare Steel | 190,837 | N/A | N/A |
| 17 | 376.4 Mains - Plastic | 120,342,184 | 2.87% | 3,453,821 |
| 18 | 376.5 Mains - Joint Seals | 542,145 | N/A | N/A |
| 19 | 376.6 Mains - Cathodic Protection | 1,082,739 | 4.17% | 45,150 |
| 20 | 376.8 Mains - Cast Iron | 28,455 | N/A | N/A |
| 21 | 378.2 Mea & Reg Station Eq, Regulating | 7,288,982 | 3.50% | 255,114 |
| 22 | 379 Mea & Reg Ta-G | 39,266 | 3.50% | 1,374 |
| 23 | 380 Services | 82,837,047 | 3.67% | 3,040,120 |
| 24 | 381 Meters | 4,624,610 | 3.33% | 154,000 |
| 25 | 382 Meter Installations | 26,001,685 | 3.33% | 865,856 |
| 26 | 383 House Regulators | 733,550 | 3.33% | 24,427 |
| 27 | 386 Water Heaters/Conversion Burners | 1,978,895 | 7.41% | 146,636 |
| 28 | Total Distribution Plant | 278,804,516 | 3.17% | 8,824,379 |
| 29 | General Plant: | | | |
| 30 | 389.1 Land | 232,947 | N/A | N/A |
| 31 | 391.10 Off Furn & Eq.- Unspecified | 508,135 | 8.70% | 44,208 |
| 32 | 393 Stores Equipment | 31,520 | N/A | N/A |
| 33 | 394.10 Tools, Garage & Service Equipment | 1,430,421 | 5.26% | 75,240 |
| 34 | 396 Power Operated Equipment | 75,266 | N/A | N/A |
| 35 | 397 Communication Equipment | 1,873,480 | 9.09% | 170,299 |
| 36 | 397.25 Metscan Communication Equip | 112,656 | N/A | N/A |
| 37 | 397.35 ERT Automatic Reading Dev | 3,470,146 | 6.67% | 231,459 |
| 38 | Total General Plant | 7,734,572 | 7.16% | 521,206 |
| 39 | Total Plant in Service | \$ 299,372,252 | 3.28% | \$ 9,345,585 |
| 40 | Test Year Expense | | | \$ 8,876,582 |
| 41 | Increase In Depreciation Expense | | | \$ 469,003 |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
PROPERTY TAXES
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-3-19
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| | (1) | (2) | (3) | (4) | (5) |
|----------|--|-----------------|----------------|-----------------------|----------------------------|
| LINE NO. | MUNICIPALITY & STATE | TAXATION PERIOD | LOCAL TAX RATE | ASSESSED VALUATION | TOTAL TAXES ⁽¹⁾ |
| 1 | Atkinson | 4/1 - 3/31 | \$ 16.24 | 1,564,100 | 25,401 |
| 2 | Brentwood | 4/1 - 3/31 | \$ 21.36 | 1,489,600 | 31,818 |
| 3 | Brentwood | 4/1 - 3/31 | \$ 23.19 | 400 | 9 |
| 4 | Dover | 4/1 - 3/31 | \$ 24.85 | 1,200 | 30 |
| 5 | Dover | 4/1 - 3/31 | \$ 22.92 | 37,150,600 | 851,492 |
| 6 | Durham | 4/1 - 3/31 | \$ 25.73 | 7,742,400 | 199,212 |
| 7 | East Kingston | 4/1 - 3/31 | \$ 20.50 | 746,700 | 15,307 |
| 8 | Epping | 4/1 - 3/31 | \$ 23.64 | 1,079,900 | 25,529 |
| 9 | Exeter | 4/1 - 3/31 | \$ 22.50 | 13,803,800 | 310,586 |
| 10 | Greenland | 4/1 - 3/31 | \$ 14.58 | 733,400 | 10,693 |
| 11 | Hampton--Class 4000 | 4/1 - 3/31 | \$ 13.93 | 18,884,700 | 263,064 |
| 12 | Hampton--Class 5000 | 4/1 - 3/31 | \$ 14.43 | 9,301,400 | 134,219 |
| 13 | Hampton Falls | 4/1 - 3/31 | \$ 19.33 | 36,400 | 704 |
| 14 | Kensington | 4/1 - 3/31 | \$ 18.61 | 1,442,400 | 26,843 |
| 15 | Madbury | 4/1 - 3/31 | \$ 23.41 | 347,000 | 8,123 |
| 16 | Newington | 4/1 - 3/31 | \$ 8.02 | 2,848,900 | 22,848 |
| 17 | North Hampton | 4/1 - 3/31 | \$ 14.80 | 1,822,800 | 26,977 |
| 18 | Plaistow | 4/1 - 3/31 | \$ 19.60 | 9,849,580 | 193,052 |
| 19 | Portsmouth | 4/1 - 3/31 | \$ 12.80 | 47,562,000 | 608,794 |
| 20 | Rochester | 4/1 - 3/31 | \$ 22.67 | 26,840,200 | 608,468 |
| 21 | Rollinsford | 4/1 - 3/31 | \$ 22.57 | 194,600 | 4,392 |
| 22 | Rollinsford | 4/1 - 3/31 | \$ 24.68 | 20,000 | 494 |
| 23 | Salem | 4/1 - 3/31 | \$ 19.82 | 9,478,700 | 187,867 |
| 24 | Seabrook | 4/1 - 3/31 | \$ 13.90 | 12,142,100 | 168,775 |
| 25 | Somersworth | 4/1 - 3/31 | \$ 25.91 | 9,713,200 | 251,669 |
| 26 | Somersworth | 4/1 - 3/31 | \$ 27.85 | 62,000 | 1,727 |
| 27 | Stratham | 4/1 - 3/31 | \$ 17.14 | 497,200 | 8,522 |
| 28 | State Of NH ⁽²⁾ | 4/1 - 3/31 | | | 1,359,585 |
| 29 | Total | | | <u>\$ 215,355,280</u> | <u>\$ 5,346,199</u> |
| 30 | Test Year Property Taxes ⁽³⁾ | | | \$ | 4,728,948 |
| 31 | Less: Test Year Property Tax Abatements ⁽⁴⁾ | | | | 688 |
| 32 | Total Test Year Property Tax Expense | | | \$ | 4,728,260 |
| 33 | Total Property Tax Increase (Line 29 - Line 32) | | | \$ | 617,939 |

Notes

(1) Based on final 2020 property tax bills. Company will update for final 2021 property tax bills during pendency of case

(2) Based on current estimated 2021 State Property Tax. Amount will be updated during pendency of case

(3) Test Year Property Taxes adjusted to exclude Greenland 2019 bill correction of \$317

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
COMPUTATION OF FEDERAL AND STATE INCOME TAXES
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-3-21
Page 1 of 4
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| LINE NO. | (1) DESCRIPTION | (2) Amount |
|----------|---|---------------|
| 1 | <u>Increases / (Decreases) To Revenue</u> | |
| 2 | Weather Normalization | \$ 1,994,374 |
| 3 | New Customer Revenue Annualization | - |
| 4 | Residential Low Income | 264,523 |
| 5 | Unbilled Revenue | 294,543 |
| 6 | Non-Distribution Bad Debt | (97,468) |
| 7 | Misc. Revenue Adjustment | 4,788 |
| 8 | Late Fee Adjustment | - |
| 9 | Billed Accuracy Adjustment | 367 |
| 10 | Lost Base Revenue Moved from FT to Base | 359,089 |
| 11 | Special Contract Customer Revenue Adjustment | - |
| 12 | Total Revenue Adjustments | \$ 2,820,216 |
| 13 | <u>Increases / (Decreases) To Expenses</u> | |
| 14 | Production Expense (O&M) | \$ 76,191 |
| 15 | Payroll | - |
| 16 | Medical & Dental Insurances | - |
| 17 | Distribution Bad Debt | (97,468) |
| 18 | Non-Distribution Bad Debt | - |
| 19 | Pension | - |
| 20 | PBOP | - |
| 21 | SERP | - |
| 22 | 401K | - |
| 23 | Deferred Comp Expense | - |
| 24 | Property & Liability Insurances | - |
| 25 | NH PUC Assessment | - |
| 26 | Dues & Subscriptions | - |
| 27 | Pandemic Costs | - |
| 28 | Severance Expense | - |
| 29 | Rent Expense | - |
| 30 | Arrearage Management Program (AMP) Implementation Cost | - |
| 31 | Inflation Allowance | - |
| 32 | Depreciation Annualization | 469,003 |
| 33 | Proposed Depreciation Rates | - |
| 34 | Production Expense (Depreciation) | 37,865 |
| 35 | Software Amortization | - |
| 36 | Excess ADIT Flowback | - |
| 37 | Property Taxes | 617,939 |
| 38 | Payroll Taxes - Wage Increases | - |
| 39 | Payroll Taxes - Employee Retention Credits | - |
| 40 | Flowthrough Net Operating Income | 759,111 |
| 41 | Change In Interest Exp (Refer To Schedule RevReq 3-21 Page 2) | (365,928) |
| 42 | Total Expense Adjustments | \$ 1,496,713 |
| 43 | Increase / (Decrease) In Taxable Income | \$ 1,323,504 |
| 44 | Effective Federal Income Tax Rate ⁽¹⁾ | 19.38% |
| 45 | NH State Tax Rate ⁽²⁾ | 7.70% |
| | <u>Federal Income & NH State Tax</u> | |
| 46 | Effective Federal Income Tax | \$ 256,535 |
| 47 | NH State Tax | 101,910 |
| 48 | Increase (Decrease) In Income Taxes | \$ 358,445 |
| | <u>Notes</u> | |
| 49 | Federal Income Tax Rate | 21.00% |
| 50 | Federal Benefit of State Tax -(Line 49 * Line 52) | -1.62% |
| 51 | (1) Effective Federal Income Tax Rate | 19.38% |
| 52 | (2) State Income Tax Rate | 7.70% |
| 53 | Northern New Hampshire Tax Rate (Line 51 + Line 52) | 27.08% |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
CHANGE IN INTEREST EXPENSE APPLICABLE TO INCOME TAX COMPUTATION
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-3-21
Page 2 of 4
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| LINE NO. | (1) DESCRIPTION | (2) AMOUNT |
|-------------|--|----------------|
| | | |
| 1 | Ratemaking Interest Synchronization | |
| 2 | Rate Base ⁽¹⁾ | \$ 187,852,245 |
| 3 | Cost Of Debt In Proposed Rate Of Return ⁽²⁾ | 2.34% |
| 4 | Interest Expense for Ratemaking | \$ 4,401,969 |
| 5 | Test Year Interest Expense | |
| 6 | Interest Charges (427-431) | \$ 4,767,897 |
| 7 | Increase / (Decrease) in Interest Expense | \$ (365,928) |

Notes

(1) Refer to Schedule RevReq-5

(2) Refer to Schedule RevReq-6

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
COMPUTATION OF FEDERAL AND STATE INCOME TAXES
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-3-21
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| LINE NO | (1) DESCRIPTION | (2) TEST YEAR ACTUAL | (3) PRO-FORMA ADJUSTMENTS | (4) TEST YEAR UTILITY |
|---------|--|----------------------------|---------------------------------|-----------------------------|
| 1 | Net Income | \$ 6,096,270 | \$ - | \$ 6,096,270 |
| 2 | Federal Income Tax-Current | (19,629) | - | (19,629) |
| 3 | NH State Income Tax-Current | (380,440) | - | (380,440) |
| 4 | NH State Business Enterprise Credit Against NH BPT | 63,600 | - | 63,600 |
| 5 | Deferred Federal Income Tax | 1,637,521 | - | 1,637,521 |
| 6 | Deferred State Income Tax | 962,658 | - | 962,658 |
| 7 | Net Income Before Income Taxes | 8,359,980 | - | 8,359,980 |
| 8 | <u>Permanent Items</u> | | | |
| 9 | Lobbying | 22,225 | - | 22,225 |
| 10 | Parking Lot Disallowance | 2,543 | - | 2,543 |
| 11 | Penalties | 2,500 | - | 2,500 |
| 12 | Total Permanent Items | 27,268 | - | 27,268 |
| 13 | <u>Temporary Differences</u> | | | |
| 14 | Accrued Revenue | (3,295,760) | - | (3,295,760) |
| 15 | Bad Debt | 81,370 | - | 81,370 |
| 16 | FASB 87-Pensions | (211,016) | - | (211,016) |
| 17 | PBOP SFAS 106 | 96,936 | - | 96,936 |
| 18 | Remediation | 267,789 | - | 267,789 |
| 19 | Utility Plant Differences | (5,924,514) | - | (5,924,514) |
| 20 | Total Temporary Differences | (8,985,195) | - | (8,985,195) |
| 21 | <u>Federal And State Tax Differences</u> | | | |
| 22 | Tax Depreciation | (2,123,819) | - | (2,123,819) |
| 23 | Total Federal And State Tax Differences | (2,123,819) | - | (2,123,819) |
| 24 | State Taxable Base Income | (2,721,766) | - | (2,721,766) |
| 25 | State Business Profits Tax - Current | (209,576) | - | (209,576) |
| 26 | Less: Business Enterprise Tax | 63,600 | - | 63,600 |
| 27 | Total State Tax Expense | (273,176) | - | (273,176) |
| 28 | Federal Taxable Income Base Before Federal And State Tax Differences | (2,512,190) | - | (2,512,190) |
| 29 | Less: Federal And State Tax Differences | (2,123,819) | - | (2,123,819) |
| 30 | Federal Taxable Income Base | (388,371) | - | (388,371) |
| 31 | Federal Income Tax-Current | (81,558) | - | (81,558) |
| 32 | <u>Summary Of Utility Income Taxes:</u> | | | |
| 33 | Federal Income Tax-Current | (92,140) | - | (92,140) |
| 34 | Federal Income Tax-Prior | 49,634 | - | 49,634 |
| 35 | Federal Income Tax-NOL | 12,295 | - | 12,295 |
| 36 | Federal Amount To Non-Distribution Operations | 10,582 | (10,582) | - |
| 37 | State Business Profits Tax-Current | (277,380) | - | (277,380) |
| 38 | State Business Profits Tax-Prior | 834,820 | - | 834,820 |
| 39 | State Business Profits Tax-NOL | (942,084) | - | (942,084) |
| 40 | State Amount To Non-Distribution Operations | 4,204 | (4,204) | - |
| 41 | Deferred Federal Income Tax | 1,707,258 | - | 1,707,258 |
| 42 | Deferred Federal Income Tax-Prior | (57,442) | - | (57,442) |
| 43 | Deferred Federal Income Tax-NOL | (12,295) | - | (12,295) |
| 44 | Deferred State Business Profits Tax | 855,394 | - | 855,394 |
| 45 | Deferred State Business Profits Tax-Prior | (834,820) | - | (834,820) |
| 46 | Deferred State Business Profits Tax-NOL | 942,084 | - | 942,084 |
| 47 | Total Income Taxes | \$ 2,200,110 | \$ (14,786) | \$ 2,185,324 |

**NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
PRIOR YEAR INCOME TAXES
12 MONTHS ENDED DECEMBER 31, 2020**

Schedule RevReq-3-21
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| (1) | | (2) |
|------------|---|-----------------|
| LINE NO | DESCRIPTION | ACTUAL |
| 1 | Remove Prior Year Federal Income Taxes | \$ (49,634) |
| 2 | Remove Prior Year State Income Taxes | (834,820) |
| 3 | Remove Prior Year Deferred Federal Income Taxes | 57,442 |
| 4 | Remove Prior Year Deferred State Income Taxes | 834,820 |
| 5 | Total | <u>\$ 7,808</u> |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
UTILITY PLANT IN SERVICE
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-4-3
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| LINE NO. | (1) Account Name | (2) CAPITAL 1/1 | (3) ADDITIONS | (4) RETIREMENTS | (5) TRANSFER ADJ | (6) PLANT IN SERVICE 12/31 | (7) COMPLETED CONSTRUCTION NOT CLASSIFIED 12/31 |
|----------|--|-----------------------|------------------|--------------------|---------------------|-------------------------------------|---|
| 1 | Amortizable Plant: | | | | | | |
| 2 | 303 Misc Intangible Plant | \$ 11,262,452 | \$ 960,046 | \$ - | \$ - | \$ 12,222,498 | \$ 603,849 |
| 3 | Total Amortizable Plant | 11,262,452 | 960,046 | - | - | 12,222,498 | 603,849 |
| 4 | Mfg. Gas Produc. Plant: | | | | | | |
| 5 | 304.2 Land & Rights - Mfg Gas Prod. PI | 6,816 | - | - | - | 6,816 | - |
| 6 | 305 Struct. And Improvements | 161,860 | - | (75,459) | (86,401) | - | - |
| 7 | 320 Other Equipment | 7,640 | - | (7,006) | (634) | - | - |
| 8 | 321 LNG Equipment | 84,156 | - | (84,156) | - | - | - |
| 9 | Total Mfg Gas Prod. Plant | 260,472 | - | (166,621) | (87,035) | 6,816 | - |
| 10 | Distribution Plant: | | | | | | |
| 11 | 374.4 Land Rgts, Other Distr Sy | 89,111 | - | - | - | 89,111 | - |
| 12 | 374.5 Land Rgts, Rights Of Way | 17,911 | - | - | - | 17,911 | - |
| 13 | 375.2 Structures - City Gate Meas & Reg | 45,256 | - | (1,906) | - | 43,350 | - |
| 14 | 375.7 Structures - Other Dist Sys | 3,124,357 | 4,495 | - | 87,035 | 3,215,887 | 1,634 |
| 15 | 376.2 Mains - Coated/Wrapped | 24,602,506 | 5,182,813 | (78,525) | - | 29,706,795 | 39,433 |
| 16 | 376.3 Mains - Bare Steel | 190,837 | - | - | - | 190,837 | - |
| 17 | 376.4 Mains - Plastic | 104,050,393 | 9,284,825 | (600,390) | - | 112,734,828 | 7,607,356 |
| 18 | 376.5 Mains - Joint Seals | 542,145 | - | - | - | 542,145 | - |
| 19 | 376.6 Mains - Cathodic Protection | 1,005,475 | 54,885 | - | - | 1,060,360 | 22,380 |
| 20 | 376.8 Mains - Cast Iron | 28,455 | - | - | - | 28,455 | - |
| 21 | 378.2 Mea & Reg Station Eq, Regulating | 4,400,294 | 3,002,141 | (279,719) | - | 7,122,716 | 166,266 |
| 22 | 379 Mea & Reg Ta-G | 39,266 | - | - | - | 39,266 | - |
| 23 | 380 Services | 74,470,438 | 5,463,157 | (87,804) | - | 79,845,791 | 2,991,256 |
| 24 | 381 Meters | 4,086,446 | 493,715 | (241,099) | - | 4,339,063 | 285,548 |
| 25 | 382 Meter Installations | 23,126,115 | 2,038,526 | (1,108,186) | - | 24,056,455 | 1,945,231 |
| 26 | 383 House Regulators | 685,777 | 43,536 | - | - | 729,313 | 4,237 |
| 27 | 386 Water Heaters/Conversion Burners | 1,823,459 | 159,350 | (88,909) | - | 1,893,900 | 84,996 |
| 28 | Total Distribution Plant | 242,328,242 | 25,727,443 | (2,486,538) | 87,035 | 265,656,182 | 13,148,334 |
| 29 | General Plant: | | | | | | |
| 30 | 389-1 Land | 232,947 | - | - | - | 232,947 | - |
| 31 | 391.10 Off Furn & Eq.- Unspecified | 431,834 | 65,465 | - | - | 497,299 | 10,836 |
| 32 | 393 Stores Equipment | 31,520 | - | - | - | 31,520 | - |
| 33 | 394.10 Tools, Garage & Service Equipment | 1,314,945 | 54,709 | - | - | 1,369,654 | 60,767 |
| 34 | 396 Power Operated Equipment | 75,266 | - | - | - | 75,266 | - |
| 35 | 397 Communication Equipment | 1,639,792 | 237,572 | (37,264) | - | 1,840,100 | 33,380 |
| 36 | 397.25 Comm EQ, Metscan/Telemet | 112,656 | - | - | - | 112,656 | - |
| 37 | 397.35 ERT Automatic Reading Dev-G | 3,126,899 | 212,363 | - | - | 3,339,262 | 130,884 |
| 38 | Total General Plant | 6,965,859 | 570,110 | (37,264) | - | 7,498,705 | 235,867 |
| 39 | Total Plant in Service | \$ 260,817,025 | \$ 27,257,599 | \$ (2,690,423) | \$ (0) | \$ 285,384,202 | \$ 13,988,050 |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
RATE BASE
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-5
Table of Contents

| | | (1) | (3) | (4) | (5) | (6) | (7) |
|----------|-------------------------------------|----------------------------------|-------------------|----------------------|-----------------------|--|-----|
| LINE NO. | DESCRIPTION | RATE BASE | | | | | |
| | | TEST YEAR AVERAGE ⁽¹⁾ | 5 QUARTER AVERAGE | AT DECEMBER 31, 2020 | PRO FORMA ADJUSTMENTS | PRO FORMA RATE BASE AT DECEMBER 31, 2020 | |
| 1 | Utility Plant In Service | \$ 289,824,481 | \$ 286,491,423 | \$ 299,372,252 | \$ 1,873,246 | \$ 301,245,498 | |
| 2 | Less: Reserve for Depreciation | 85,085,831 | 85,651,383 | 88,023,262 | 1,350,190 | 89,373,452 | |
| 3 | Net Utility Plant | 204,738,650 | 200,840,040 | 211,348,990 | 523,056 | 211,872,045 | |
| 4 | Add: M&S Inventories | 2,671,150 | 2,770,028 | 2,773,457 | - | 2,773,457 | |
| 5 | Prepayments | 740,275 | 1,213,708 | 64,895 | - | 64,895 | |
| 6 | Cash Working Capital ⁽¹⁾ | 1,164,937 | 1,164,937 | 1,164,937 | (23,564) | 1,141,373 | |
| 7 | Sub-Total | 4,576,362 | 5,148,673 | 4,003,290 | (23,564) | 3,979,726 | |
| 8 | Less: Net Deferred Income Taxes | \$ 20,221,877 | \$ 20,784,379 | \$ 21,177,756 | \$ - | \$ 21,177,756 | |
| 9 | Excess Deferred Income Taxes | 6,572,092 | 6,572,092 | 6,572,092 | - | 6,572,092 | |
| 10 | Customer Advances | - | - | - | - | - | |
| 11 | Customers Deposits | 269,548 | 264,461 | 249,677 | - | 249,677 | |
| 12 | Sub-Total | 27,063,517 | 27,620,932 | 27,999,526 | - | 27,999,526 | |
| 13 | Rate Base | \$ 182,251,495 | \$ 178,367,781 | \$ 187,352,753 | \$ 499,492 | \$ 187,852,245 | |

Notes

(1) Computed Working Capital Based on Test Year O&M Expenses. Refer to Schedule RevReq-5-2

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
RATE BASE ITEMS
QUARTERLY BALANCES

Schedule RevReq-5-1
Table of Contents

| LINE NO. | (1) DESCRIPTION | (2) DECEMBER 31 2019 | (3) MARCH 31 2020 | (4) JUNE 30 2020 | (5) SEPTEMBER 30 2020 | (6) DECEMBER 31 2020 | (7) 5 QUARTER AVERAGE |
|----------|---------------------------------------|----------------------------|-------------------------|------------------------|-----------------------------|----------------------------|-----------------------------|
| 1 | Utility Plant in Service | | | | | | |
| 2 | Plant In Service | \$ 260,817,025 | \$ 266,498,877 | \$ 269,468,172 | \$ 272,008,852 | \$ 285,384,202 | \$ 270,835,426 |
| 3 | Completed Construction not Classified | 19,459,684 | 16,390,088 | 14,114,541 | 14,327,620 | 13,988,050 | 15,655,997 |
| 4 | Total Utility Plant in Service | 280,276,709 | 282,888,965 | 283,582,713 | 286,336,471 | 299,372,252 | 286,491,423 |
| 5 | Depreciation Reserve | \$ (82,148,399) | \$ (84,295,016) | \$ (86,310,091) | \$ (87,480,144) | \$ (88,023,262) | \$ (85,651,383) |
| 6 | Add: | | | | | | |
| 7 | M&S Inventories | | | | | | |
| 8 | Material and Supplies | \$ 2,268,328 | \$ 2,387,075 | \$ 2,514,326 | \$ 2,569,166 | \$ 2,416,575 | \$ 2,431,094 |
| 9 | Stores Expense Undistributed | 300,515 | 417,170 | 334,238 | 285,865 | 356,883 | 338,934 |
| 10 | Total M&S Inventories | \$ 2,568,843 | \$ 2,804,245 | \$ 2,848,563 | \$ 2,855,032 | \$ 2,773,457 | \$ 2,770,028 |
| 11 | Prepayments | \$ 1,415,655 | \$ 1,415,655 | \$ 1,415,655 | \$ 1,756,682 | \$ 64,895 | \$ 1,213,708 |
| 12 | Cash Working Capital | \$ 1,164,937 | \$ 1,164,937 | \$ 1,164,937 | \$ 1,164,937 | \$ 1,164,937 | \$ 1,164,937 |
| 13 | Less: | | | | | | |
| 14 | Total Deferred Income Taxes | | | | | | |
| 15 | Def Inc Tax - Accel Depr | \$ 20,062,817 | \$ 22,388,845 | \$ 22,014,104 | \$ 21,283,095 | \$ 22,009,122 | \$ 21,551,597 |
| 16 | Def Inc Tax - FAS 87 / 106 | (775,910) | (788,563) | (774,047) | (591,877) | (788,419) | (743,763) |
| 17 | Def Inc Tax - Bad Debt | (19,095) | (26,052) | (10,935) | (10,989) | (41,133) | (21,641) |
| 18 | Def Inc Tax - Def Rate Case Costs | 0 | 0 | 0 | 0 | 0 | - |
| 19 | Def Inc Tax - Insurance Claim | (1,814) | (1,814) | (1,814) | (1,814) | (1,814) | (1,814) |
| 20 | Total Deferred Income Taxes | \$ 19,265,998 | \$ 21,572,415 | \$ 21,227,308 | \$ 20,678,415 | \$ 21,177,756 | \$ 20,784,379 |
| 21 | Less: Excess Deferred Income Taxes | \$ 6,572,092 | \$ 6,572,092 | \$ 6,572,092 | \$ 6,572,092 | \$ 6,572,092 | \$ 6,572,092 |
| 22 | Less: Customer Advances | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 23 | Less: Customer Deposits | \$ 289,419 | \$ 269,680 | \$ 263,516 | \$ 250,011 | \$ 249,677 | \$ 264,461 |
| 24 | Rate Base | <u>\$ 177,150,236</u> | <u>\$ 175,564,598</u> | <u>\$ 174,638,861</u> | <u>\$ 177,132,459</u> | <u>\$ 187,352,753</u> | <u>\$ 178,367,781</u> |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
CASH WORKING CAPITAL
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-5-2
Table of Contents

| | (1) | (2) | (3) | (4) | (5) |
|----------|--------------------------------------|-------------------|------------------|-----------------------|---------------------|
| LINE NO. | DESCRIPTION | REFERENCE | TEST YEAR ACTUAL | PRO FORMA ADJUSTMENTS | TEST YEAR PRO FORMA |
| 1 | Distribution O&M Expense | Schedule RevReq-2 | \$ 13,332,381 | \$ (1,323,953) | \$ 12,008,428 |
| 2 | Tax Expense | Schedule RevReq-2 | 4,452,919 | 964,203 | 5,417,122 |
| 3 | Total | | \$ 17,785,300 | \$ (359,749) | \$ 17,425,551 |
| 4 | Cash Working Capital Requirement: | | | | |
| 5 | Other O&M Expense Days Lag (1) / 366 | 24 days | 6.55% | 6.55% | 6.55% |
| 6 | Total Cash Working Capital | Line 5 X Line 3 | \$ 1,164,937 | \$ (23,564) | \$ 1,141,374 |

Notes

(1) Based On Lead-Lag Study in Docket 17-070

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
SUPPLEMENTAL PLANT PRO FORMA ADJUSTMENT
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-5-3
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| LINE NO. | (1) DESCRIPTION | (2) BALANCE 12/31/2020 |
|-------------|---|------------------------------|
| 1 | Plant In Service: | |
| 2 | <u>New Hampshire</u> | |
| 3 | 304 Land - Barberry Lane | \$ 6,816 |
| 4 | Total NH | \$ 6,816 |
| 5 | <u>Maine</u> | |
| 6 | 360 Land - Lewiston | \$ 58,301 |
| 7 | 361 Structures & Improvements | 568,201 |
| 8 | 362 Gas Holders | 3,878,347 |
| 9 | 363 Other Equipment | 87,313 |
| 10 | Total ME | \$ 4,592,161 |
| 11 | Total Plant In Service NH And ME | \$ 4,598,977 |
| 12 | NH Allocation Via Annual Proportional Responsibility Factor | 40.88% \$ 1,880,062 |
| 13 | ME Allocation Via Annual Proportional Responsibility Factor | 59.12% \$ 2,718,915 |
| 14 | Depreciation Reserve: | |
| 15 | <u>New Hampshire</u> | |
| 16 | Total NH | \$ - |
| 17 | <u>Maine</u> | |
| 18 | 361 Structures & Improvements | \$ 267,178 |
| 19 | 362 Gas Holders | 2,943,652 |
| 20 | 363 Other Equipment | 91,983 |
| 21 | Total ME | \$ 3,302,812 |
| 22 | Total Depreciation Reserve NH And ME | \$ 3,302,812 |
| 23 | NH Allocation Via Annual Proportional Responsibility Factor | 40.88% \$ 1,350,190 |
| 24 | ME Allocation Via Annual Proportional Responsibility Factor | 59.12% \$ 1,952,623 |
| 25 | Supplemental Plant Adjustment | |
| 26 | NH Supplemental Plant Adjustment (Line 12 - Line 4) | \$ 1,873,246 |
| 27 | ME Supplemental Plant Adjustment (Line 13 - Line 10) | \$ (1,873,246) |
| 28 | Supplemental Depreciation Reserve Adjustment | |
| 29 | NH Supplemental Plant Adjustment (Line 23 - Line 16) | \$ 1,350,190 |
| 30 | ME Supplemental Plant Adjustment (Line 24 - Line 21) | \$ (1,350,190) |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
DEFERRED INCOME TAX PRO FORMA ADJUSTMENT
SETTLEMENT ADJUSTMENT PURSUANT TO DOCKET 2008-155
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-5-4
Table of Contents

| LINE NO. | (1) DESCRIPTION | (2) |
|-------------|--|----------------------|
| | | DECEMBER 31 2020 |
| 1 | Nisource Original Plant Federal and State DIT Basis | \$ 4,053,514 |
| 2 | Unitil Acquired Plant Federal and State DIT Basis | 5,319,173 |
| 3 | Greater of Line 1 or Line 2 to be Utilized as DIT Basis per Stipulation | <u>\$ 5,319,173</u> |
| 4 | Post-Acquisition Capital Expenditures Federal and State DIT Basis | \$ 29,619,418 |
| 5 | Net Operating Loss DIT Related to Rate Base at 12/31/20 | (12,929,468) |
| 6 | Total Plant and Capex Federal and State DIT to be Used in Rate Base (Line 3 + Line 4 + Line 5) | <u>\$ 22,009,122</u> |
| 7 | Less Test Year: Def Inc Tax - Accel Depr | <u>22,009,122</u> |
| 8 | Required Pro Forma Adjustment (Line 6 - Line 7) | <u>\$ -</u> |

NORTHERN UTILITIES, INC.
WEIGHTED AVERAGE COST OF CAPITAL
5 QUARTER AVERAGE ENDED DECEMBER 31, 2020 PRO FORMA

Schedule RevReq-6
Table of Contents

| LINE NO. | (1) DESCRIPTION | (2) AMOUNT | (3) PROFORMA ADJUSTMENT | (4) PROFORMED AMOUNT | (5) WEIGHT | (6) COST OF CAPITAL | (7) WEIGHTED COST OF CAPITAL | (8) REFERENCE |
|----------|------------------------|-----------------------|-------------------------------|----------------------------|----------------|---------------------------|------------------------------------|-----------------------------|
| 1 | Common Stock Equity | \$ 229,204,938 | \$ - | \$ 229,204,938 | 52.47% | 9.50% | 4.98% | Schedule RevReq 6-1 and 6-2 |
| 2 | Preferred Stock Equity | - | - | - | 0.00% | 0.00% | 0.00% | Schedule RevReq 6-1 and 6-3 |
| 3 | Long Term Debt | 207,640,000 | - | 207,640,000 | 47.53% | 4.93% | 2.34% | Schedule RevReq 6-1 and 6-4 |
| 4 | Short Term Debt | - | - | - | 0.00% | 1.69% | 0.00% | Schedule RevReq 6-1 and 6-5 |
| 5 | Total | <u>\$ 436,844,938</u> | <u>\$ -</u> | <u>\$ 436,844,938</u> | <u>100.00%</u> | | <u>7.33%</u> | |

NORTHERN UTILITIES, INC.
CAPITAL STRUCTURE FOR RATEMAKING PURPOSES
5-QUARTER AVERAGE ENDED DECEMBER 31, 2020 PRO FORMA

Schedule RevReq-6-1
[Table of Contents](#)

| LINE NO. | (1) DESCRIPTION | (2) DECEMBER 31 2019 | (3) MARCH 31 2020 | (4) JUNE 30 2020 | (5) SEPTEMBER 30 2020 | (6) DECEMBER 31 2020 | (7) 5 QUARTER AVERAGE | (3) PROFORMA ADJUSTMENT | (8) PROFORMA AMOUNT |
|----------|---------------------------------|----------------------------|-------------------------|------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------------|---------------------------|
| 1 | Common Stock Equity | | | | | | | | |
| 2 | Common Stock | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ - | \$ 1,000 |
| 3 | Misc. Paid In Capital | 200,699,000 | 200,699,000 | 205,699,000 | 205,699,000 | 207,074,000 | 203,974,000 | - | 203,974,000 |
| 4 | Retained Earnings | 24,380,042 | 29,943,726 | 26,634,154 | 20,738,662 | 24,453,104 | 25,229,938 | - | 25,229,938 |
| 5 | Total Common Stock Equity | 225,080,042 | 230,643,726 | 232,334,154 | 226,438,662 | 231,528,104 | 229,204,938 | - | 229,204,938 |
| 6 | Preferred Stock Equity | - | - | - | - | - | - | - | - |
| 7 | Long-Term Debt | 198,200,000 | 190,000,000 | 190,000,000 | 230,000,000 | 230,000,000 | 207,640,000 | - | 207,640,000 |
| 8 | Short-Term Debt ⁽¹⁾ | - | - | - | - | - | - | - | - |
| 9 | Total | \$ 423,280,042 | \$ 420,643,726 | \$ 422,334,154 | \$ 456,438,662 | \$ 461,528,104 | \$ 436,844,938 | \$ - | \$ 436,844,938 |
| 10 | <u>Capital Structure Ratios</u> | | | | | | | | |
| 11 | Common Stock Equity | 53.18% | 54.83% | 55.01% | 49.61% | 50.17% | 52.47% | | 52.47% |
| 12 | Preferred Stock Equity | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | | 0.00% |
| 13 | Long-Term Debt | 46.82% | 45.17% | 44.99% | 50.39% | 49.83% | 47.53% | | 47.53% |
| 14 | Short-Term Debt ⁽¹⁾ | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | | 0.00% |
| 15 | Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | | 100.00% |

Notes

(1) For ratemaking purposes the Company has imputed zero short-term debt

NORTHERN UTILITIES, INC.
WEIGHTED AVERAGE COST OF LONG-TERM DEBT
DECEMBER 31, 2020 PRO FORMA

Schedule RevReq-6-4
[Table of Contents](#)

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
|----------|-------|-------------|------------|------------|--------------------|---------------------|------------------------------|----------------|----------------------------------|----------------------------|-----------------------------------|----------------------|---------------------------------|-----------------------------|---|-------|
| LINE NO. | ISSUE | DATE ISSUED | TERM | FACE VALUE | OUTSTANDING AMOUNT | PROFORMA ADJUSTMENT | PROFORMED OUTSTANDING AMOUNT | ISSUANCE COSTS | NET PROCEEDS RATIO [(5)-(9)/(5)] | UNAMORTIZED ISSUANCE COSTS | NET PROCEEDS OUTSTANDING (8)-(11) | ANNUAL ISSUANCE COST | ANNUAL INTEREST COST Rate * (8) | TOTAL ANNUAL COST (13)+(14) | COST RATE BASED ON NET PROCEEDS (15)/[(8)-(11)] | |
| 1 | 7.72% | Sr. Notes | 12/3/2008 | 30 Yrs | \$ 50,000,000 | \$ 50,000,000 | \$ - | \$ 50,000,000 | \$ 435,899 | 99.13% | \$ 260,401 | \$ 49,739,599 | \$ 14,534 | \$ 3,860,000 | \$ 3,874,534 | 7.79% |
| 2 | 4.42% | Sr. Notes | 10/15/2014 | 30 Yrs | 50,000,000 | 50,000,000 | - | 50,000,000 | 482,981 | 99.03% | 383,031 | 49,616,969 | 16,099 | 2,210,000 | 2,226,099 | 4.49% |
| 3 | 3.52% | Sr. Notes | 11/1/2017 | 10 Yrs | 20,000,000 | 20,000,000 | - | 20,000,000 | 148,352 | 99.26% | 101,374 | 19,898,626 | 14,835 | 704,000 | 718,835 | 3.61% |
| 4 | 4.32% | Sr. Notes | 11/1/2017 | 30 Yrs | 30,000,000 | 30,000,000 | - | 30,000,000 | 222,528 | 99.26% | 199,039 | 29,800,961 | 7,418 | 1,296,000 | 1,303,418 | 4.37% |
| 5 | 4.04% | Sr. Notes | 9/12/2019 | 30 Yrs | 40,000,000 | 40,000,000 | - | 40,000,000 | 208,040 | 99.48% | 225,229 | 39,774,771 | 6,954 | 1,616,000 | 1,622,954 | 4.08% |
| 6 | 3.78% | Sr. Notes | 9/15/2020 | 20 Yrs | 40,000,000 | 40,000,000 | - | 40,000,000 | 227,434 | 99.43% | 190,778 | 39,809,222 | 11,372 | 1,512,000 | 1,523,372 | 3.83% |
| 7 | Total | | | | \$ 230,000,000 | \$ 230,000,000 | \$ - | \$ 230,000,000 | \$ 1,725,233 | | \$ 1,359,851 | \$ 228,640,149 | \$ 71,212 | \$ 11,198,000 | \$ 11,269,212 | 4.93% |

NORTHERN UTILITIES, INC.
COST OF SHORT-TERM DEBT
12 MONTHS ENDED DECEMBER 31, 2020

Schedule RevReq-6-5
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| | (1) | (2) | (3) | (4) | (5) |
|----------|----------------------|------------------------------|--------------------------|-----------------------------|------------------------------|
| LINE NO. | MONTH | MONTH-END AMOUNT OUTSTANDING | AVERAGE DAILY BORROWINGS | MONTHLY SHORT-TERM INTEREST | INTEREST RATE ⁽¹⁾ |
| 1 | January 2020 | 28,666,840 | \$ 25,109,148 | \$ 60,854 | 2.86% |
| 2 | February 2020 | 24,794,114 | 23,351,619 | 52,155 | 2.82% |
| 3 | March 2020 | 28,316,841 | 27,127,612 | 49,312 | 2.15% |
| 4 | April 2020 | 27,939,753 | 25,053,060 | 39,502 | 1.92% |
| 5 | May 2020 | 26,822,898 | 25,283,108 | 29,299 | 1.37% |
| 6 | June 2020 | 25,298,270 | 24,327,028 | 26,512 | 1.33% |
| 7 | July 2020 | 33,152,219 | 29,181,116 | 32,655 | 1.32% |
| 8 | August 2020 | 37,754,315 | 34,429,766 | 38,141 | 1.31% |
| 9 | September 2020 | 4,906,721 | 20,504,100 | 21,844 | 1.30% |
| 10 | October 2020 | 18,132,923 | 9,559,681 | 10,476 | 1.29% |
| 11 | November 2020 | 22,751,664 | 19,566,665 | 20,656 | 1.29% |
| 12 | December 2020 | 26,747,022 | 24,606,907 | 27,020 | 1.30% |
| 13 | Average for the Year | | 24,008,317 | | 1.69% |

Notes

(1) The Interest Rate is calculated as follows: [Column (4) / # of days in month * 366] / Column (3).

**NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
WORKPAPERS SUPPORTING REVENUE REQUIREMENT
12 MONTHS ENDED DECEMBER 31, 2020**

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| | 2019 Base | 2019 Flowthru | Total | 2020 Base | 2020 Flowthru | Total |
|---|--------------|------------------|-------------|--------------|------------------|------------|
| OPERATING REVENUES | | | | | | |
| Sales: | | | | | | |
| Residential (480) | 19,612,987 | 14,904,240 | 34,517,227 | 19,232,153 | 10,809,182 | 30,041,335 |
| General Service (481) | 11,028,771 | 17,278,063 | 28,306,834 | 10,623,702 | 11,698,198 | 22,321,900 |
| Firm Transport Revenues (484, 489) (External Sup) | 8,612,979 | 1,216,889 | 9,829,867 | 8,583,266 | 1,156,548 | 9,739,814 |
| Sales for Resale (483) | - | 2,870,979 | 2,870,979 | - | 1,107,459 | 1,107,459 |
| Other Sales (495) | 236,169 | (3,751,608) | (3,515,439) | (201,864) | 2,446,481 | 2,244,617 |
| Total Sales | 39,490,906 | 32,518,563 | 72,009,468 | 38,237,257 | 27,217,869 | 65,455,125 |
| Other Operating Revenues: | | | | | | |
| Late Charge (487) | 76,773 | - | 76,773 | 36,761 | - | 36,761 |
| Misc. Service Revenues (488) | 875,755 | - | 875,755 | 852,304 | - | 852,304 |
| Rent from Property (493 & 457) | 200,952 | - | 200,952 | 218,628 | - | 218,628 |
| Other Revenues | - | (311,587) | (311,587) | - | 120,656 | 120,656 |
| Total Other Operating Revenues | 1,153,480 | (311,587) | 841,893 | 1,107,692 | 120,656 | 1,228,348 |
| TOTAL OPERATING REVENUES | 40,644,386 | 32,206,975 | 72,851,361 | 39,344,949 | 27,338,525 | 66,683,473 |
| OPERATING EXPENSES | | | | | | |
| Operation & Maint. Expenses: | | | | | | |
| Production (710-813) | 477,446 | 27,749,285 | 28,226,731 | 449,736 | 23,095,124 | 23,544,860 |
| Transmission (850-857) | 72,713 | - | 72,713 | 63,829 | - | 63,829 |
| Distribution (870-894) (586) | 3,509,448 | - | 3,509,448 | 3,733,377 | - | 3,733,377 |
| Cust. Accounting (901-905) | 2,580,251 | 188,507 | 2,768,758 | 2,508,645 | 99,544 | 2,608,189 |
| Cust. Service & Info (906-910) | 71,870 | 2,247,505 | 2,319,375 | 73,074 | 2,268,632 | 2,341,706 |
| Sales Expenses (911-916) | 64,467 | - | 64,467 | 69,178 | - | 69,178 |
| Admin. & General (920-935) | 7,607,751 | 71,540 | 7,679,291 | 6,682,552 | 58,225 | 6,740,777 |
| Total O & M Expenses | 14,383,947 | 30,256,837 | 44,640,784 | 13,580,391 | 25,521,524 | 39,101,915 |
| Other Operating Expenses: | | | | | | |
| Deprtn. & Amort. (403-407) | 8,884,559 | 120,384 | 9,004,943 | 9,693,559 | (0) | 9,693,559 |
| Taxes-Other Than Inc. (408) | 4,306,298 | - | 4,306,298 | 4,867,774 | - | 4,867,774 |
| Federal Income Tax (409) | 52,380 | - | 52,380 | (30,211) | - | (30,211) |
| State Franchise Tax (409) | (309,547) | - | (309,547) | (384,644) | - | (384,644) |
| Def. Income Taxes (410,411) | 2,975,683 | - | 2,975,683 | 2,600,179 | - | 2,600,179 |
| Total Other Operating Expenses | 15,909,373 | 120,384 | 16,029,757 | 16,746,657 | (0) | 16,746,657 |
| TOTAL OPERATING EXPENSES | 30,293,320 | 30,377,221 | 60,670,541 | 30,327,047 | 25,521,524 | 55,848,571 |
| NET UTILITY OPERATING INCOME | 10,351,066 | 1,829,755 | 12,180,820 | 9,017,901 | 1,817,001 | 10,834,902 |
| OTHER INCOME & DEDUCTIONS | | | | | | |
| Other Income: | | | | | | |
| AFUDC - Other Funds (41901) | - | - | - | - | - | - |
| Other (415- 421) | 280,289 | (37,502) | 242,787 | 231,700 | (25,362) | 206,339 |
| Other Income Deduc. (425, 426) | 232,636 | - | 232,636 | 151,744 | - | 151,744 |
| Taxes Other than Income Taxes: | | | | | | |
| Income Tax, Other Inc & Ded | 2,752 | - | 2,752 | 14,786 | - | 14,786 |
| Net Other Income (Deductions) | 44,901 | (37,502) | 7,400 | 65,170 | (25,362) | 39,809 |
| GROSS INCOME | 10,395,967 | 1,792,253 | 12,188,220 | 9,083,072 | 1,791,639 | 10,874,711 |
| Interest Charges (427 - 432) | 4,670,265 | 3,717 | 4,673,982 | 4,777,155 | 1,286 | 4,778,441 |
| NET INCOME | 5,725,702 | 1,788,536 | 7,514,238 | 4,305,917 | 1,790,353 | 6,096,270 |

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| | Commodity Demand COG | Working Capital | Bad Debt | Residential Low Income Assistance | Energy Efficiency | Environ Response Costs | Rate Case Exp | Recoup | Lost Revenue | On-Bill Financing | Total Flowthru | Total Base | Total New Hampshire Division | Cost of Gas Total | LDAC Flowthrough Total |
|---|----------------------------|--------------------|-------------|--|----------------------|------------------------------|---------------------|--------|-----------------|----------------------|-------------------|---------------|------------------------------------|-------------------------|------------------------------|
| OPERATING REVENUES | | | | | | | | | | | | | | | |
| Sales: | | | | | | | | | | | | | | | |
| Residential (480) | \$ 9,402,656 | \$ 6,775 | \$ 66,784 | \$ 15,479 | \$ 977,734 | \$ 103,733 | \$ 0 | \$ (0) | \$ 236,021 | \$ - | \$ 10,809,182 | \$ 19,232,153 | \$ 30,041,335 | \$ 9,476,216 | \$ 1,332,967 |
| General Service (481) | 10,833,043 | 7,005 | 75,810 | 77,272 | 542,605 | 119,301 | (25) | 11 | 43,177 | - | 11,698,198 | 10,623,702 | 22,321,900 | 10,915,858 | 782,341 |
| Firm Transport Revenues (484, 489) (External Sup) | - | - | - | 114,130 | 802,535 | 175,875 | 25 | (11) | 63,995 | - | 1,156,548 | 8,583,266 | 9,739,814 | 0 | 1,156,548 |
| Sales for Resale (483) | 1,107,459 | - | - | - | - | - | - | - | - | - | 1,107,459 | - | 1,107,459 | 1,107,459 | - |
| Other Sales (495) | 2,291,577 | 11,582 | (43,051) | 115,868 | 41,657 | - | - | - | 15,896 | 12,952 | 2,446,481 | (201,864) | 2,244,617 | 2,260,108 | 186,373 |
| Total Sales | 23,634,735 | 25,362 | 99,544 | 322,748 | 2,364,531 | 398,908 | (0) | - | 359,089 | 12,952 | 27,217,869 | 38,237,257 | 65,455,125 | 23,759,640 | 3,458,228 |
| Other Operating Revenues: | | | | | | | | | | | | | | | |
| Late Charge (487) | - | - | - | - | - | - | - | - | - | - | - | 36,761 | 36,761 | - | - |
| Misc. Service Revenues (488) | - | - | - | - | - | - | - | - | - | - | - | 852,304 | 852,304 | - | - |
| Rent from Property (493 & 457) | - | - | - | - | - | - | - | - | - | - | - | 218,628 | 218,628 | - | - |
| Other Revenues | 120,656 | - | - | - | - | - | - | - | - | - | 120,656 | - | 120,656 | 120,656 | - |
| Total Other Operating Revenues | 120,656 | - | - | - | - | - | - | - | - | - | 120,656 | 1,107,692 | 1,228,348 | 120,656 | - |
| TOTAL OPERATING REVENUES | 23,755,391 | 25,362 | 99,544 | 322,748 | 2,364,531 | 398,908 | (0) | - | 359,089 | 12,952 | 27,338,525 | 39,344,949 | 66,683,473 | 23,880,296 | 3,458,228 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | |
| Operation & Maint. Expenses: | | | | | | | | | | | | | | | |
| Production (710-813) | 22,696,215 | - | - | - | - | 398,908 | - | - | - | - | 23,095,124 | 449,736 | 23,544,860 | 22,696,215 | 398,908 |
| Transmission (850-857) | - | - | - | - | - | - | - | - | - | - | - | 63,829 | 63,829 | - | - |
| Distribution (870-894) (586) | - | - | - | - | - | - | - | - | - | - | - | 3,733,377 | 3,733,377 | - | - |
| Cust. Accounting (901-905) | - | - | 99,544 | - | - | - | - | - | - | - | 99,544 | 2,508,645 | 2,608,189 | 99,544 | - |
| Cust. Service & Info (906-910) | - | - | - | - | 2,255,679 | - | - | - | - | 12,952 | 2,268,632 | 73,074 | 2,341,706 | (0) | 2,268,632 |
| Sales Expenses (911-916) | - | - | - | - | - | - | - | - | - | - | - | 69,178 | 69,178 | - | - |
| Admin. & General (920-935) | - | - | - | 58,225 | - | - | - | - | - | - | 58,225 | 6,682,552 | 6,740,777 | - | 58,225 |
| Total O & M Expenses | 22,696,215 | - | 99,544 | 58,225 | 2,255,679 | 398,908 | - | - | - | 12,952 | 25,521,524 | 13,580,391 | 39,101,915 | 22,795,759 | 2,725,765 |
| Other Operating Expenses: | | | | | | | | | | | | | | | |
| Deptrtn. & Amort. (403-407) | - | - | - | - | - | - | (0) | - | - | - | (0) | 9,693,559 | 9,693,559 | - | (0) |
| Taxes-Other Than Inc. (408) | - | - | - | - | - | - | - | - | - | - | - | 4,867,774 | 4,867,774 | - | - |
| Federal Income Tax (409) | - | - | - | - | - | - | - | - | - | - | - | (30,211) | (30,211) | - | - |
| State Franchise Tax (409) | - | - | - | - | - | - | - | - | - | - | - | (384,644) | (384,644) | - | - |
| Def. Income Taxes (410,411) | - | - | - | - | - | - | - | - | - | - | - | 2,600,179 | 2,600,179 | - | - |
| Total Other Operating Expenses | - | - | - | - | - | - | (0) | - | - | - | (0) | 16,746,657 | 16,746,657 | - | (0) |
| TOTAL OPERATING EXPENSES | 22,696,215 | - | 99,544 | 58,225 | 2,255,679 | 398,908 | (0) | - | - | 12,952 | 25,521,524 | 30,327,047 | 55,848,571 | 22,795,759 | 2,725,765 |
| NET UTILITY OPERATING INCOME | 1,059,176 | 25,362 | - | 264,523 | 108,852 | - | - | - | 359,089 | - | 1,817,001 | 9,017,901 | 10,834,902 | 1,084,537 | 732,463 |
| OTHER INCOME & DEDUCTIONS | | | | | | | | | | | | | | | |
| Other Income: | | | | | | | | | | | | | | | |
| Other (415- 421) | - | (25,362) | - | - | - | - | - | - | - | - | (25,362) | 231,700 | 206,339 | (25,362) | - |
| Other Income Deduc. (425, 426) | - | - | - | - | - | - | - | - | - | - | - | 151,744 | 151,744 | - | - |
| Taxes Other than Income Taxes: | | | | | | | | | | | | | | | |
| Income Tax, Other Inc & Ded | - | - | - | - | - | - | - | - | - | - | - | 14,786 | 14,786 | - | - |
| Net Other Income (Deductions) | - | (25,362) | - | - | - | - | - | - | - | - | (25,362) | 65,170 | 39,809 | (25,362) | - |
| GROSS INCOME | 1,059,176 | - | - | 264,523 | 108,852 | - | - | - | 359,089 | - | 1,791,639 | 9,083,072 | 10,874,711 | 1,059,176 | 732,463 |
| Interest Charges (427 - 432) | 1,286 | - | - | - | - | - | - | - | - | - | 1,286 | 4,777,155 | 4,778,441 | 1,286 | - |
| NET INCOME | \$ 1,057,890 | \$ - | \$ - | \$ 264,523 | \$ 108,852 | \$ - | \$ - | \$ - | \$ 359,089 | \$ - | \$ 1,790,353 | \$ 4,305,917 | \$ 6,096,270 | \$ 1,057,890 | \$ 732,463 |

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
COST OF GAS OPERATING INCOME STATEMENT
12 MONTHS ENDED DECEMBER 31, 2020

Workpaper - Cost of Gas
Table of Contents

| | | (1) | (2) | (3) | (4) |
|----------|---------------------------------------|-----------------------|----------------------------------|--------------------------------|-----|
| LINE NO. | DESCRIPTION | TEST YEAR COST OF GAS | LESS: INDIRECT PRODUCTION & O.H. | COST OF GAS EXCL. PROD. & O.H. | |
| | OPERATING REVENUES | | | | |
| 1 | TOTAL SALES | 23,759,640 | 1,057,890 | 22,701,750 | |
| 2 | TOTAL OTHER OPERATING REVENUES | 120,656 | - | 120,656 | |
| 3 | TOTAL OPERATING REVENUES | 23,880,296 | 1,057,890 | 22,822,406 | |
| 4 | OPERATING EXPENSES: | | | | |
| 5 | PRODUCTION | 22,696,215 | - | 22,696,215 | |
| 6 | TRANSMISSION | - | - | - | |
| 7 | DISTRIBUTION | - | - | - | |
| 8 | CUSTOMER ACCOUNTING | 99,544 | - | 99,544 | |
| 9 | CUSTOMER SERVICE | (0) | - | (0) | |
| 10 | SALES EXPENSE | - | - | - | |
| 11 | ADMINISTRATIVE & GENERAL | - | - | - | |
| 12 | DEPRECIATION | - | - | - | |
| 13 | AMORTIZATIONS | - | - | - | |
| 14 | TAXES OTHER THAN INCOME | - | - | - | |
| 15 | FEDERAL INCOME TAX | - | - | - | |
| 16 | STATE INCOME TAX | - | - | - | |
| 17 | DEFERRED FEDERAL & STATE INCOME TAXES | - | - | - | |
| 18 | INTEREST ON CUSTOMER DEPOSITS | - | - | - | |
| 19 | TOTAL OPERATING EXPENSES | 22,795,759 | - | 22,795,759 | |
| 20 | NET OPERATING INCOME | 1,084,537 | 1,057,890 | 26,647 | |

**NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
SUMMARY OF ALLOCATORS
12 MONTHS ENDED DECEMBER 31, 2020**

Workpaper Allocators

| | <u>Allocation Factor</u> |
|---|---------------------------------|
| USC Labor & OH Charged to NuNH (Payroll) | 20.18% |
| USC Labor & OH Charged to NuNH (Benefits) | 19.85% |
| <u>Capitalization Rates</u> | |
| NuNH Payroll | 46.69% |
| NuNH Benefits | 48.76% |
| USC Labor & OH Charged to Construction (Payroll) | 32.52% |
| USC Labor & OH Charged to Construction (Benefits) | 31.51% |
| Incentive Compensation - NuNH | 84.00% |

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Northern Utilities, Inc.
Calculation of Temporary Rate Adjustment

DG 21-104
Schedule CGDN-4
Page 1 of 1

| Line No. | Description | 2020 Adjusted Base Year Revenue ⁽¹⁾ | Allocated Temporary Rate Increase ⁽²⁾ | 2020 Adjusted Billing Determinant (therms) ⁽³⁾ | Temporary Rate Factor \$ per therm |
|---------------------|-------------------------|---|---|--|---|
| 1 | Residential | \$ 21,225,409 | 1,717,764 | 20,304,525 | \$ 0.0846 |
| 2 | Commercial & Industrial | 18,571,431 | 1,502,979 | 53,847,584 | \$ 0.0279 |
| 3 | Total | \$ 39,796,840 | \$ 3,220,742 | 74,152,109 | |

Notes:

- (1) Reference Amen/Taylor Schedule RAJT-11, Pages 1 through 3, Col I
(2) Reference Schedule CGDN-3 for total temporary rate increase. Allocated proportionally by 2020 adjusted base year revenue
(3) Reference Amen/Taylor Schedule RAJT-11, Pages 1 through 3, Col H

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NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
DISCOUNTED CASH FLOW RESULTS
2018 GAS MAIN EXTENSIONS

| Line No. | Project Location | Original | | Revised | |
|----------|--|------------|-------------|------------|--------------|
| | | CIAC | NPV | CIAC | NPV |
| 1 | 201 Atlantic Ave, North Hampton NH * | \$ 112,542 | \$ (49,707) | \$ 110,481 | \$ (110,276) |
| 2 | 113, 114, 115 & 117 Batchelder Rd, Seabrook NH * | | 55,245 | | 105,971 |
| 3 | 104 Washington St, Dover NH * | | 214,880 | | 289,431 |
| 4 | 10 Hampshire Rd, Salem NH | | 6,616 | | (38,502) |
| 5 | 121 Corporate Drive, Portsmouth NH | | 13,247 | | 104,187 |
| 6 | 140 Wakefield St, Rochester NH * | 50,566 | (2,086) | 50,566 | 22,736 |
| 7 | 109 Towle Farm Rd, Hampton NH | 29,416 | - | 29,146 | (42,617) |
| 8 | 0 Borthwick Ave, Portsmouth NH | 38,125 | - | 38,125 | (71,150) |
| 9 | 101 International Drive, Portsmouth, NH | | 113,217 | | 654,349 |
| 10 | | | \$ 351,411 | | \$ 914,129 |

11 * Denotes residential or municipal projects that are analyzed based on a 20 year period. All other project results are based on a 10 year period.

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NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
EPPING FRANCHISE DCF VARIANCE
ORIGINAL MODEL VS REVISED MODEL
REDACTED

| Capital Cost | | | 10-Year NPV | | | 20-Year NPV | | |
|--------------|---------|----------|-------------|---------|----------|-------------|---------|----------|
| Original | Revised | Variance | Original | Revised | Variance | Original | Revised | Variance |
| | | | | | | | | |

Notes:
Original Model results are referenced as Exhibit 8 in Order No. 26,220 of DG 18-094
Revised Model updated Original Model for actual incremental capital costs and actual customer additions

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V. LOCAL DELIVERY ADJUSTMENT CHARGE

Section

1. Purpose
2. Applicability
3. Energy Efficiency ("EE") Program Costs Allowable for Local Delivery Adjustment Charge ("LDAC") –Energy Efficiency ("EE")
4. Lost Revenue Allowable for LDAC -- ("LR")
5. Environmental Response Costs Allowable for LDAC -- ("ERC")
6. Interruptible Transportation Margin Credit Allowable for LDAC -- ("ITMC")
7. Gas Assistance Program ("GAP") Costs Allowable for LDAC
8. Expenses Related to Rate Case ("RCE")
9. Reconciliation of Permanent Changes in Delivery Rates ("RPC")
10. Regulatory Cost Adjustment Mechanism ("RCAM")
11. Effective Date of Local Delivery Adjustment Charge
12. Local Delivery Adjustment Charge (LDAC) Formula
13. Application of LDAC to Bills
14. Other Rules
15. Amendments to Uniform System of Accounts

1. Purpose

The purpose of this clause is to establish procedures that allow Northern Utilities ("Northern" or the "Company") subject to the jurisdiction of the State of New Hampshire Public Utilities Commission ("PUC" or "NHPUC"), to adjust, on an annual basis, its rates for firm gas Sales and firm Delivery Services in order to recover Energy Efficiency program costs , recover lost revenue related to the Energy Efficiency programs, recover environmental response costs, return interruptible transportation margin credits, recover revenue shortfall associated with customer participation in the Gas Assistance Program, recover the non-distribution portion of the annual NHPUC regulatory assessment, recover rate case expenses, recover and return the reconciliation of revenues related to permanent changes in delivery rates and recover property tax expense increases associated with RSA 72:8-d and -e, recover or return the actual delivery write offs compared to the level in distribution rates, recover or return the actual annual cost of the Arrearage Management Program ("AMP") compared to the level in distribution rates, recover waived late payment revenues and recover or return the amount of special contract revenues as determined in Docket DG 21-104.

2. Applicability

This Local Delivery Adjustment Charge ("LDAC") shall be applicable in whole or part to all of Northern's firm Sales and firm Delivery Services customers as shown on the table below. The application of the clause may, for good cause shown, be modified by the NHPUC. See Part V, Section 13, "Other Rules."

V. LOCAL DELIVERY ADJUSTMENT CHARGE

| Applicability | EE V.3. | LR V.4 | ERC V.5. | ITM V.6. | GAP V.7. | RCE V.8. | RPC V.9. | RCAM V.10. |
|---------------------------|------------|-----------|-------------|-------------|-------------|-------------|-------------|---------------|
| Residential Non-Heating | X | X | X | X | X | X | X | X |
| Residential Heating | X | X | X | X | X | X | X | X |
| Small C&I | X | X | X | X | X | X | X | X |
| Medium C&I | X | X | X | X | X | X | X | X |
| Large C&I | X | X | X | X | X | X | X | X |
| No Previous Sales Service | X | X | X | X | X | X | X | X |

Notes:

- 1 N/A - Not applicable
- 2 X - Applicable to all
- 3 Specific EEC and LR Rates for Residential Heating and Non-Heating
- 4 Specific EEC and LR Rates for All C&I classes

3. Energy Efficiency Program Costs Allowable for LDAC

3.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern, subject to the jurisdiction of the NHPUC, to adjust on an annual basis, the Energy Efficiency Charge applicable to firm gas Sales and firm Delivery Services throughput in order to recover from firm ratepayers Energy Efficiency program costs and performance incentives.

3.2 Applicability

An Energy Efficiency Charge ("EEC") shall be applied to firm Sales and firm Delivery Services throughput of the Company as determined in accordance with the provisions of Part V, Section 3 of this clause. Such EEC shall be determined annually by the Company, separately for each Rate Category defined below, subject to review and approval by the NHPUC as provided for in this clause.

V. LOCAL DELIVERY ADJUSTMENT CHARGE

For purposes of applying the respective EEC each "Rate Category" shall be as follows:

| | |
|--|---|
| Residential | Rates R-5, R-6, R-10, |
| Commercial/Industrial (including multi-family) | Rates G-40, G-50, G-41, G-42, G-51, G-52 |

Special contract customers are exempt from the EEC.

3.3 Reporting

The Company shall submit monthly and annual reports by Rate Category to the Commission reconciling any difference between the actual Energy Efficiency costs and actual revenues collected under this rate schedule. The difference, whether positive or negative, will be carried forward, with interest, into the EEC for the next recovery period. Annual reports shall be filed with the Commission at least 45 days prior to the effective date of the next subsequent twelve-month period.

3.4 Effective Date of EEC

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the EEC applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.

3.5 Calculation of the EEC

The EEC for each Rate Category will be derived by dividing the projected annual EE costs, including performance incentives, plus the reconciliation balance, by forecast firm annual throughput. The reconciliation balance shall reflect both actual and projected data, as necessary, through October of the prior rate period.

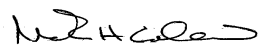
3.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between EEC revenues collected and actual Energy Efficiency program costs and performance incentives, plus carrying charges calculated on the average monthly balance and then added or credited to the end-of-month balance. Interest shall be calculated based on the prime rate, with said prime rate to be fixed on a quarterly basis and to be established as reported in the Wall Street Journal on the first business day of the

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Issued By: 

Title: Senior Vice President

000235

V. LOCAL DELIVERY ADJUSTMENT CHARGE

month preceding the calendar quarter; if more than one rate is reported the average of the reported rates shall be used.

3.7 Application of EEC Rate to Bills

The EEC Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

3.8 Information to be Filed with the NHPUC

An annual EEC filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual EEC to become effective November 1. The calculation will reflect the forecast of EEC annual costs, the updated annual EEC reconciliation balance and throughput forecast for the upcoming period. Monthly and annual reconciliation reports will be filed in accordance with Section 3.3 above.

4. Lost Revenue Allowable for LDAC

4.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern, subject to the jurisdiction of the NHPUC, to adjust on an annual basis, the Lost Revenue Rate applicable to firm gas Sales and firm Delivery Services throughput in order to recover from firm ratepayers lost revenue related to Energy Efficiency programs, pursuant to Order No. 25,932 in Docket DE 15-137, Energy Efficiency Resource Standard.

4.2 Applicability

Effective January 1, 2017, a Lost Revenue Rate ("LRR") shall be applied to firm Sales and firm Delivery Services throughput of the Company as determined in accordance with the provisions of Part V, Section 4 of this clause. Such LRR shall be determined annually by the Company, separately for each Rate Category defined below, subject to review and approval by the NHPUC as provided for in this clause.

For purposes of applying the respective LRR each "Rate Category" shall be as follows:

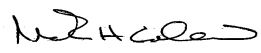
Residential

Rates R-5, R-6, R-10

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Title: Senior Vice President

000236

V. LOCAL DELIVERY ADJUSTMENT CHARGE

Commercial/Industrial (including multi-family) Rates G-40, G-50, G-41,
G-42, G-51, G-52

Special contract customers are exempt from the LRR.

4.3 Effective Date of the LRR

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the LRR applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.

4.4 Calculation of the LRR

The LRR for each Rate Category will be derived by dividing the projected annual lost revenue, plus the reconciliation balance and projected interest, by forecast firm annual throughput. The reconciliation balance shall reflect both actual and projected data, as necessary, through October of the prior rate period.

4.5 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between LRR revenues collected and actual costs, plus carrying charges calculated on the average monthly balance and then added or credited to the end-of-month balance. Interest shall be calculated based on the prime rate, with said prime rate to be fixed on a quarterly basis and to be established as reported in the Wall Street Journal on the first business day of the month preceding the calendar quarter; if more than one rate is reported the average of the reported rates shall be used.

4.6 Application of LRR to Bills

The LRR (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

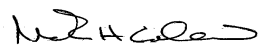
4.7 Information to be Filed with the NHPUC

An annual LRR filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual LRR to become effective November 1. The calculation will reflect the forecast of LRR annual costs, the updated annual LRR reconciliation balance and throughput forecast for

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Issued By: 
Title: Senior Vice President

000237

V. LOCAL DELIVERY ADJUSTMENT CHARGE

the upcoming period.

5. Environmental Response Costs Allowable for LDAC

5.1 Purpose

In order to recover Environmental Response Cost ("ERC") expenditures associated with former manufactured gas plants, there shall be an ERC Rate applied to all firm gas Sales and firm Delivery Services throughput billed under the Company's sales and delivery service rate schedules.

5.2 Applicability

An annual ERC Rate shall be calculated effective every November 1 for the annual period of November 1 through October 31. The annual ERC Rate shall be filed with the Company's Annual Cost of Gas Charge ("COGC") filing and be subject to review and approval by the Commission. The annual ERC Rate will be applied to firm Sales and to firm Delivery Services throughput as a separate surcharge. Special contract customers are exempt from the ERC.

5.3 Environmental Response Cost Allowable

All approved environmental response costs associated with manufactured gas plants shall be included in the ERC Rate.

The total annual charge to the Company's ratepayers for environmental response costs during any annual ERC recovery period shall not exceed five percent (5%) of the Company's total revenues from firm gas sales and Delivery Service throughput during the preceding twelve (12) month period ending June 30. The total annual charge shall represent the ERC expenditures to be in effect for the upcoming twelve month period, November 1 through October 31. If this recovery limitation results in the Company recovering less than the amount that would otherwise be recovered in a particular ERC Recovery Year, then the Company would defer this unrecovered amount, with interest, calculated monthly on the average monthly balance, until the next recovery period in which this amount could be recovered without violating the 5% limitation. The interest rate is to be adjusted each quarter using the prime interest rate as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter.

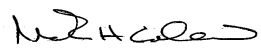
5.4 Effective Date

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a

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change in the ERC applicable to all firm sales and firm delivery service throughput for the subsequent twelve month period commencing with the calendar month of November.

5.5 Definitions

Environmental Response Costs shall include all costs of investigation, testing, remediation, litigation expenses, and other liabilities relating to manufactured gas plant sites, disposal sites, or other sites onto which material may have migrated, as a result of the operating or decommissioning of New Hampshire gas manufacturing facilities. ERCs shall also include the expenses incurred by the Company in pursuing insurance and third-party claims and any recoveries or other benefits received by the company as a result of such claims.

5.6 Reconciliation Adjustments

Prior to the Annual COGC filing, the Company will calculate the difference between (a) the revenues derived by multiplying firm sales and Delivery Service throughput by the ERC Rate through October 31, and (b) the historical amortized costs approved for recoveries in the prior November's Annual ERC Recovery Period. This cumulative difference will be recorded in Account 173. The Company shall file the reconciliation along with its COG filing forty-five (45) days prior to the beginning of the annual period.

5.7 Calculation of the ERC

The ERC Rate calculated annually consists of one-seventh of actual response costs incurred by the Company in the twelve month period ending June 30 of each year until fully amortized (over seven years). Any insurance and third-party recoveries or other benefits for the twelve month period ending June 30 shall be applied to reduce the unamortized balance, shortening the amortization period. The sum of these amounts is then divided by the Company's forecast of total firm sales and Delivery Service throughput for the upcoming twelve months of November 1 through October 31.

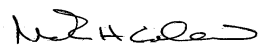
5.8 Application of ERC to Bills

The annual ERC Rate shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm gas sales by being included in the determination of the semiannual COGC, and also will be applied to the

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monthly firm Delivery throughput of each firm Delivery customer's bill.

6. Interruptible Transportation Margins Allowable for LDAC

6.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern subject to the jurisdiction of the NHPUC to adjust the Interruptible Transportation Margin Credit ("ITMC") applicable to firm gas Sales and firm Delivery Services throughput in order to return the Interruptible Transportation margins allocated to the local distribution firm ratepayers.

6.2 Applicability

An Interruptible Transportation Margin Credit ("ITMC") shall be applied to all firm Sales and firm Delivery Services throughput of the Company subject to the jurisdiction of the NHPUC as determined in accordance with the provisions of Part V, Section 6 of this clause. Such ITMC shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided for in this clause. The ITMC is not applied to the bills of special contract customers.

The application of this provision may, for good cause shown, be modified by the NHPUC. See Part V, Section 13, "Other Rules."

6.3 Effective Date of Interruptible Transportation Margin

The ITMC shall become effective on November 1 as designated by the Company.

6.4 Interruptible Transportation Margins

The ITMC shall be computed annually based on a forecast of Interruptible Transportation margins and firm sales and firm delivery service throughput volumes.

6.5 Annual ITM Credit Formula

The annual ITM Credit shall be calculated according to the following formulas:

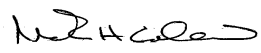
$$\text{ITMC} = \frac{\text{ITM}}{\text{A:TPvol}} + \text{RF}_{\text{ITM}}$$

and:

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$$RF_{ITM} = \frac{R_{ITM}}{A:TP_{vol}}$$

Where:

| | |
|-----------------------|--|
| A : TP _{vol} | Forecast annual firm sales and firm delivery service throughput. |
| ITMC | Annual Interruptible Transportation Margin Credit. |
| ITM | Interruptible Transportation margins |
| RF _{ITM} | Annual Interruptible Transportation margin reconciliation adjustment factor applicable to total firm sales and firm delivery service throughput. |
| R _{ITM} | Reconciliation costs - interruptible Transportation margins, Account 173 balance, inclusive of the associated Account 173 interest. |

6.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between annual, interruptible Transportation margins returned toward the local distribution function, as calculated by multiplying the interruptible Transportation margin credit (ITMC) times monthly firm sales and firm delivery service throughput during the year, and the actual margins for the year.

See Part V, Section 6.5 for Reconciliation formulas.

6.7 Application of ITMC to Bills

The ITMC (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm by period and will be applied to the monthly firm sales and firm delivery service throughput.

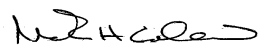
6.8 Information to be Filed with the NHPUC

Information pertaining to the Interruptible Transportation Margins will be filed with the NHPUC along with the gas cost information as required pursuant to the LDAC and COGC. Required filings include an annual report providing actual data and resulting updated projection of the end-of-period reconciliation balance, as well as an annual calculation of the ITM credit, which shall be included in an annual LDAC filing. Also, the annual ITM reconciliation balances shall be filed along with the other reconciliation balances included in the LDAC.

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7. Gas Assistance Program (“GAP”) Costs Allowable for LDAC

7.1 Purpose:

The purpose of this provision is to allow Northern Utilities, subject to the jurisdiction of the NHPUC, to recover the revenue shortfall (costs) associated with customers participating in the Gas Assistance Program, as well as the associated administrative costs, pursuant to DG 20-013. Such costs shall be recovered by applying the GAP Rate to all firm gas Sales and firm Delivery Services throughput billed under the Company’s sales and delivery service rate schedules.

7.2 Applicability:

The GAP Rate shall be applied to all firm Sales and Delivery Services customers with the exception of special contract customers who are exempt from the LDAC. The GAP Rate shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided in this clause.

7.3 Gas Assistance Program Costs (“GAPC”) Allowable for LDAC

The amount of Gas Assistance Program costs is comprised of the revenue discounts given to customers enrolled under the Gas Assistance Program plus the associated administrative costs. The revenue discount and administrative costs shall be the amount approved by the NHPUC.

7.4 Effective Date of Gas Assistance Program Rate

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Forty five (45) days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the GAP Rate applicable to all consumption of tariff customers eligible to receive delivery service for the subsequent twelve month period commencing with billings for gas consumed on and after November 1.

7.5 Definitions:

Gas Assistance Program Costs are the discounts in delivery and cost of gas service revenues (excluding LDAC revenues) generated from customers participating in the Gas Assistance Program. Participating customers receive a 45% discount on the regular Residential Low Income Heating R-10 rate schedule during the Winter period. Also, these costs include the associated administrative costs, which include associated Information Technology and start-up costs.

7.6 Gas Assistance Program ("GAP") Rate Formula:

$$\text{GAP Rate} = \frac{\text{GAPC}_{\text{GAP}}}{\text{A:TPvol}}$$

and:

$$\text{GAPC} = (\text{Cust} \times \text{DCust\$}) + (\text{Cust} \times \text{Avgthm} \times \text{Dbr}) + (\text{Cust} \times \text{Avgthm} \times \text{Dcog}) + \text{AdminC}$$

Where:

| | |
|--------|--|
| AdminC | Costs associated with administering the Gas Assistance Program, including IT and start-up costs. |
| Avgthm | Estimated average therm use per customer for period determined from most recent historical therm use under the Company's Gas Assistance Program, or Residential Heating, rate schedules. |
| Cust | Estimated number of customers participating in the |

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| | |
|-------------------|--|
| | Gas Assistance Program. |
| Dbr | Difference between the Residential Low Income Heating R-10 and discounted Residential Low Income Heating Service R-10 base rate charges. |
| Dcog | Difference between the Residential Low Income Heating R-10 and discounted Residential Low Income Heating Service R-10 cost of gas charges. |
| DCust\$ | Difference between the Residential Low Income Heating R-10 and discounted Residential Low Income Heating Service R-10 monthly customer charge. |
| GAPC | Costs, comprised of the revenue discounts associated with customer participation in the Gas Assistance Program, plus associated administrative costs, as defined in section 7.5. |
| RA _{GAP} | Reconciliation Adjustment associated with Gas Assistance Program Costs and revenues - Account 173 balance, inclusive of the associated interest, as outlined in Section 7.7 |
| A:TPvol | Forecast annual firm sales and firm delivery service throughput. |

7.7 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between revenues toward Gas Assistance Program costs as calculated by multiplying the (GAP) Rate times monthly firm throughput volumes and actual GAPC, comprised of the revenue shortfall and administrative costs, allowed as defined in Section 7.5, plus carrying charges calculated on the average monthly balance using the Federal Reserve Statistical Release prime lending rate and then added to the end-of-month balance.

7.8 Application of GAP Rate to Bills

The GAP Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

7.9 Information to be Filed with the NHPUC

Information pertaining to the Gas Assistance Program (GAP) costs and revenue shall be filed with the NHPUC consistent with the filing requirements of all costs and revenue information included in the LDAC. An annual GAP filing will be required forty-five

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(45) days prior to the effective date of November 1, containing the calculation of the new annual GAP Rate to become effective November 1. The calculation will reflect the forecast of GAP annual costs, the updated annual GAP reconciliation balance and throughput forecast for the upcoming annual period.

8. Expenses Related to Rate Cases Allowable for LDAC

8.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to adjust its rates for the recovery of NHPUC-approved rate case expenses.

8.2 Applicability

The Rate Case Expenses ("RCE") shall be applied to all firm tariffed customers with the exception of special contract customers. The RCE will be determined by the Company, as defined below.

8.3 Rate Case Expenses Allowable for LDAC

The total amount of the RCE will be equal to the amount approved by the Commission.

8.4 Rate Case Expenses Allowable for LDAC

The effective date of the RCE will be determined by the NHPUC in an individual rate proceeding.

8.5 Definition

The RCE includes all rate case-related expenses approved by the NHPUC. This includes legal expenses, costs for bill inserts, costs for legal notices, consulting fees, processing expenses, and other approved expenses.

8.6 Rate Case Expense (RCE) Factor Formulas

The RCE will be calculated according to the Commission Order issued in an individual proceeding to establish details including the number of years over which the RCE shall be amortized and the allocation of recovery among rate classes. In general, the RCE Factor will be derived by dividing the annual portion

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of the total RCE, plus the RCE Reconciliation Adjustment, by forecast firm annual throughput.

8.7 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between revenues toward Rate Case Expenses as calculated by multiplying the Rate Case Expense Factor (RCEF) times the appropriate monthly volumes and Rate Case Expense allowed.

At the end of the recovery period, any under or over recovery will be included in an active LDAC component, as approved by the Commission.

8.8 Application of RCE to Bills

The RCE (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales and firm delivery service throughput of tariffed customers.

8.9 Information to be Filed with the NHPUC

Information pertaining to the RCE will be filed with the NHPUC consistent with the filing requirements of all cost and revenue information included in the LDAC. The RCE filing will contain the calculation of the new RCE and will include the updated RCE reconciliation balance.

9. Reconciliation of Permanent Changes in Distribution Rates

9.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to adjust its rates for the reconciliation of revenues related to a permanent change in the Company's distribution service rates implemented subsequent to the effective date of such change. This provision includes the reconciliation for the difference in revenues charged under temporary versus permanent rates.

9.2 Applicability

The factor to reconcile the revenues resulting from a permanent rate change ("RPC") shall be applied to all firm tariffed customers. The Company will determine the RPC, as defined in this section.

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9.3 Amount of RPC Allowable for LDAC

The amount of the RPC will be equal to the amount approved by the Commission.

9.4 Effective Date of RPC Charge

The effective date of the RPC Charge will be determined by the NHPUC on a case by case basis.

9.5 Definition

The RPC is a surcharge mechanism, which allows Northern Utilities to adjust its rates for the reconciliation of revenues generated under delivery service rates that have been permanently changed.

9.6 Formulas to Reconcile Revenues Resulting From a Permanent Rate Change

The RPC will be calculated according to the Commission Order issued in an individual proceeding.

9.7 Reconciliation Adjustment Account

Account 173 shall contain the accumulated difference between revenues toward reconciliation expenses as calculated by multiplying the reconciliation of the permanent changes in delivery rate charge (RPC) times the appropriate monthly volumes and reconciliation amount allowed.

9.8 Application of RPC Charge to Bills

The RPC charge (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales and firm delivery service throughput of tariffed customers.

9.9 Information to be Filed with the NHPUC

Information pertaining to the RPC will be filed with the NHPUC consistent with the filing requirements of all cost and revenue information included in the LDAC. The RPC filing will contain the calculation of the new RPC charge and will include the updated RPC reconciliation balance.

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10. Regulatory Cost Adjustment Mechanism (“RCAM”)

10.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to recover the increase in local property tax expense associated with HB 700 and RSA 72:8-d and -e. This rate shall also recover~~y~~ the change in the Company’s annual NHPUC regulatory assessment. Also, as approved in Docket DG 21-104, the RCAM shall include the over- or under- collection of the following costs compared to the level included in distribution rates: (1) actual delivery write offs compared to the level in distribution rates (2) the annual cost of the AMP (3) special contract revenues. Finally, the rate shall recover waived late payment revenues as determined in Docket DG. 21-104.

10.2 Applicability

The RCAM Rate shall be applied to all Firm Sales and Delivery Service customers with the exception of special contract customers who are exempt from the LDAC. The RCAM Rate shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided in this clause.

10.3 ~~Regulatory Costs Adjustment Mechanism Costs (“RCAM”)~~ Allowable for LDAC

The amount of Property Tax Expense costs is the increase in local property tax expense related to HB 700 beginning in 2020 above the amount of local property tax expense recovery in base rates of \$3,492,961 established in Docket DG 17-070 and two subsequent Step increases.

Effective ~~October~~July 15, 2021~~17~~, the amount of the NH PUC regulatory assessment to be charged, or credited, through this clause shall be calculated by taking the total assessment minus the amount in base rates of ~~\$485,194,368,964~~ established in Docket DG ~~2117-104070~~.

The amount of delivery write offs to be charged, or credited, through this clause shall be calculated by taking the amount of actual delivery write offs minus the amount in base rates of \$336,170 established in Docket DG 21-104.

The amount of AMP costs to be charged, or credited, through this clause shall be calculated by taking the annual AMP costs for the 12 months ended July 31 minus the amount in base rates of \$92,480 established in Docket DG. 21-104.

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The amount of waived late payment revenues to be charged, through this clause shall be \$104,863 as established in Docket DG 21-104.

Effective October 1, 2021, the amount of special contract revenues to be charged, or credited, through this clause shall be calculated by taking the actual annual special contract revenues minus the amount in base rates of \$1,197,813 established in Docket DG. 21-104.

10.4 Effective Date of ~~RCAM~~Regulatory Cost Adjustment Mechanism Rate

Forty five (45) days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the RCAM Rate applicable to all consumption of tariff customers eligible to receive delivery service for the subsequent twelve month period commencing with billings for gas consumed on and after November 1.

10.5 ~~Regulatory Cost Adjustment Mechanism ("RCAM")~~ Formula:

$$\text{RCAM Rate} = \frac{\text{RCAMC} + \text{RA}_{\text{RCAM}}}{\text{A:TP}_{\text{vol}}}$$

and:

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RCAMC = ~~Property Tax Expense + Regulatory Assessment~~ Costs as defined in Section 10.3

Where:

- RCAMC** Costs, ~~comprised of the property tax expense as defined in Section 10.3, and the non-distribution portion of the annual NHPUC regulatory assessment.~~
- RARCAM** Reconciliation Adjustment ~~associated with Property Tax Expense and Regulatory Assessment Costs and revenues~~ Account 173 balance, inclusive of the associated interest, as outlined in Section 10.6
- A:TPvol** Forecast annual firm sales and firm delivery service throughput.

10.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between revenues toward ~~Property Tax Expense and Regulatory Assessment~~ costs, as defined in Section 10.3, as calculated by multiplying the RCAM Rate times monthly firm throughput volumes and actual RCAMC, comprised of the ~~property tax expense, costs~~ allowed, as defined in Section 10.3, ~~plus the non-distribution portion of the annual NHPUC regulatory assessment~~, plus carrying charges calculated on the average monthly balance using the Federal Reserve Statistical Release prime lending rate and then added to the end-of-month balance.

10.7 Application of RCAM Rate to Bills

The RCAM Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

10.8 Information to be Filed with the NHPUC

Information pertaining to the ~~Regulatory Cost Adjustment Mechanism (RCAM)~~ costs and revenue shall be filed with the NHPUC consistent with the filing requirements of all costs and revenue information included in the LDAC. An annual RCAM filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual RCAM Rate to become effective November 1. The calculation will reflect the incremental property tax expense for the prior calendar year and forecasted regulatory assessment annual costs, the updated annual RCAM reconciliation balance and throughput forecast for the upcoming annual period.

11. Effective Date of LDAC

The LDAC shall be filed annually and become effective on November 1 of each

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year pursuant to NHPUC approval. In order to minimize the magnitude of future reconciliation adjustments, the Company may request interim revisions to the LDAC rates, subject to review and approval of the NHPUC.

12. LDAC Formulas

The LDAC shall be calculated on an annual basis, by summing up the various factors included in the LDAC, where applicable.

LDAC Formula

$$LDAC^X = EEC^X + LBR^X + ERC - ITMC + GAPRA + RCEF^X + RPC^X + RCAM$$

Where:

| | |
|-------------------|--|
| EEC ^x | Annualized class specific Energy Efficiency Charge |
| LR ^x | Annualized class specific Lost Revenue Rate |
| LDAC ^x | Annualized class specific Local Delivery Adjustment Clause |
| ITMC | Annualized Interruptible Transportation Margin Credit |
| ERC | Total firm annualized Environmental Response Charge |
| RCEF ^x | Annualized class specific Rate Case Expense Factor |
| GAP | Gas Assistance ProgramRate |
| RPC ^x | Reconciliation of Permanent Changes in Delivery Rates |
| RCAM | Regulatory Cost Adjustment Mechanism Rate |

13. Application of LDAC to Bills

The component costs comprising the LDAC (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm Sales and firm Delivery Services throughput in accordance with the table shown in Part V, Section 2.

14. Other Rules

- (1) The NHPUC may, where appropriate, on petition or on its own motion, grant an exception from the provisions of these regulations, upon such terms that it may

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determine to be in the public interest.

- (2) Such amendments may include the addition or deletion of component cost categories, subject to the review and approval of the NHPUC.
- (3) The Company may implement an amended LDAC with the NHPUC approval at any time.
- (4) The NHPUC may, at any time, require the Company to file an amended LDAC.
- (5) The operation of the LDAC is subject to all powers of suspension and investigation vested in the NHPUC.

15. Amendments to Uniform System of Accounts

173 Interruptible Transportation Margin Reconciliation Adjustment for LDAC

This account shall be used to record the cumulative difference between annual Interruptible Transportation margin returns and annual Interruptible Transportation margins. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 6.

173 Energy Efficiency Reconciliation Adjustment

This account shall be used to record the cumulative difference between the sum of Energy Efficiency program costs and performance incentives and the revenues collected from customers pursuant to this clause with respect to a given Rate Category. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 3.

173 Environmental Response Costs Reconciliation Adjustment

This account shall be used to record the cumulative difference between the revenues toward environmental response costs as calculated by multiplying the ERC times monthly firm sales volumes and delivery service throughput and environmental response costs allowable per formula. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 5.

173 Rate Case Expense Reconciliation Adjustment

This account shall be used to record the cumulative difference between the recovery and actual amounts of third party incremental expenses associated with

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recovery and actual amounts of third party incremental expense associated with the Company's Rate Case initiatives. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 8.

173 Reconciliation of Permanent Changes in Delivery Rates

This account shall be used to record the cumulative differences between the recovery or refund and actual amount of the reconciliation of permanent changes in delivery rates. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 9.

173 Gas Assistance Program Reconciliation Adjustment

This account shall be used to record the cumulative difference between the recovery and actual Gas Assistance Program and Regulatory Assessment Costs. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 7.

173 Lost Revenue Reconciliation Adjustment

This account shall be used to record the cumulative difference between the lost revenue of the Company and the revenue collected from customers pursuant to this clause with respect to a given Rate Category. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 4.

173 Regulatory Cost Adjustment Mechanism Reconciliation Adjustment

This account shall be used to record the cumulative difference between the recovery and actual ~~Property Tax Expense and Regulatory Assessment c~~Costs as defined in Section 10.3 above. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 7.

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