

1 SECTION 1

	A	B	C	D	E
	@ NH 8.2%	@ NH 7.9%	Order No. 26,122	Remove DIT Amort.	Differences
4 Permanent rate increase	10,300,000	10,300,000	8,460,508	(1) 8,460,508	(1,839,492)
5 Original gross-up	1.6504	1.6504	1.6504	1.6504	-
6 Increase before gross-up	6,240,911	6,240,911	5,126,338	5,126,338	(1,114,573)
7 Gross-up with new tax rates	1.3789	1.3744	1.3744	1.3744	(0)
8 Revised Grossed-up increase	8,605,593	8,577,508	7,045,639	7,045,639	(1,559,954)
					-
9 Difference in gross-up	(1,694,407)	(1,722,492)	(1,414,869)	(1,414,869)	279,538
					-
10 Excess DIT (amort. over 39.05 years) (27,321,620 / 39.05)	(699,657)	(699,657)	(699,657)	-	699,657
					-
11 Total annual amount to return to customers	(2,394,065)	(2,422,149)	(2,114,527)	(1,414,869)	979,196
12		(2,394,065)	(2,422,149)	(2,114,527)	
13 (increase) Decrease to amount to return to customers		(28,084)	307,622	699,657	979,196
14 (1) Does not include reduction for iNATGAS (see page 2 of 3)					-

15 SECTION 2

16 Test Year Tax Expense	3,080,238	Per Appendix 1 to Commission Order
17 New effective tax factor	0.3744	
18 Old effective tax factor	0.6504	
19 New factor / old factor	0.5756	
20 Test Year Tax Expense (Restated)	1,773,126	
21 Reduction to Income Tax Expense	(1,307,112)	

22 SECTION 3**23 Summary of Changes:**

24 Original Credit	(2,394,065)	Section 1, column A
25 Change State tax rate to 7.9%	(28,084)	Section 1, column B
26 Reflect Commission Revenue Increase	307,622	Section 1, column C
27 Remove amortization of excess DIT (due to ongoing ARAM study)	699,657	Section 1, column D
28 iNATGAS Adjustment	36,111	See page 2 of 3, line 44.1
29 Decrease in annual tax expense	(1,307,112)	Section 2 above
30 Revised annual amount of benefit to customers	(2,685,870)	
31 Incremental increase in annual benefit to customers	(291,806)	
32 One-Time Benefit for the period January - April 2018	(435,704)	(1,307,112 x 4/12)

Commission
Revenue Requirement for iNATGAS Investment
Computation of Revenue Requirement Using Projected with AFUDC & Actual Capital Investment

1	Capital Investment		<u>Projected</u>	<u>Actual</u>
2	Year of Operation		<u>1</u>	<u>1</u>
3	Calendar Year		<u>2017</u>	<u>2017</u>
4				
5	<u>Investment</u>			
6	Compressors		1,000,000	1,100,000
7	Piping, meter set, survey, etc		865,000	3,080,084
8	Land (pro-rated)		200,000	200,000
9	Contingency (Projected)		180,000	-
10	AFUDC (Projected - Exhibit 51)		51,307	435,510
11	Total Amount		2,296,307	4,815,594
12				
13	<u>Deferred Tax Calculation</u>			
14	Annual Tax Depreciation (no bonus in 2014)	MACRS 15 year	104,815	230,780
15				
16	Annual Book Depreciation (30-yr prop)	3.33%	69,877	153,853
17				
18	Annual Book/Tax Timer		34,938	76,927
19	Book/Tax Timer		34,938	76,927
20	Effective Tax Rate		27.24%	27.24%
21				
22	Deferred Tax Reserve		9,468	20,906
23				
24	<u>Rate Base Calculation</u>			
25	Plant In Service		2,296,307	4,815,594
26	Accumulated Depreciation		(69,877)	(153,853)
27	Net Plant in Service		2,226,430	4,661,741
28	Deferred Tax Reserve		(9,468)	(20,906)
29	Year End Rate Base		2,216,962	4,640,835
30				
31	<u>Revenue Requirement Calculation</u>			
32	Year End Rate Base		2,216,962	4,640,835
33	Pre-Tax ROR		8.52%	8.52%
34	Return and Income Taxes		188,885	395,399
35	Book Depreciation - annual		69,877	153,853
36	Property Taxes *	3.03%	67,461	141,251
37				
38	Annual Revenue Requirement		326,223	690,503
39				
40	Revenue at Minimum Take-or-Pay		192,600	192,600
41				
42	Revenue Deficiency		133,623	497,903
43				
43.1	REVISED Commission Proforma Adjustment for iNATGAS Revenue Requirement (Projected minus Actual)			(364,280)
44	ORIGINAL Commission Proforma Adjustment for iNATGAS Revenue Requirement (Projected minus Actual)			(400,391)
44.1	Necessary Adjustment due to lower federal and state corporate tax rates			36,111
45				
46				
47	Staff Proposed Capital Structure/ROR			
48			Weighted	
49		<u>Ratio</u>	<u>Rate</u>	<u>Tax Rate</u>
50	Long Term Debt	49.85%	4.42%	2.20%
51	Short Term Debt	0.95%	2.49%	0.02%
52	Common Equity	49.21%	9.30%	27.24%
53				
54		100.01%	6.80%	8.52%
55				
56				
57	* Property tax rate reflects actual calendar year 2016 ratio of municipal tax expense to average net plant in service			

	34% Federal 8.2% State	21% Federal 8.2% State	21% Federal 7.9% State
Taxable Income	100.00%	100.00%	100.00%
Less: NH Business Profits Tax	<u>8.20%</u>	<u>8.20%</u>	<u>7.90%</u>
Federal Taxable Income	91.80%	91.80%	92.10%
Federal Income Tax Rate	<u>34.00%</u>	<u>21.00%</u>	<u>21.00%</u>
Effective Federal Income Tax Rate	31.21%	19.28%	19.34%
Add: NH Business Profits Tax	<u>8.20%</u>	<u>8.20%</u>	<u>7.90%</u>
Effective Tax Rate	<u><u>39.41%</u></u>	<u><u>27.48%</u></u>	<u><u>27.24%</u></u>
Percent of Income Available if No Tax	100.00%	100.00%	100.00%
Effective Tax Rate	<u>39.41%</u>	<u>27.48%</u>	<u>27.24%</u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>60.590%</u></u>	<u><u>72.522%</u></u>	<u><u>72.759%</u></u>
Gross Revenue Conversion Factor	<u><u>1.6504</u></u>	<u><u>1.3789</u></u>	<u><u>1.3744</u></u>