

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070

Northern Utilities, Inc. - New Hampshire

List of Schedules

<u>Line #</u>	<u>Schedule #</u>	<u>Description</u>
1	Schedule 1	Summary Comparison of Computation of Revenue Requirement and Revenue Deficiency
2	Schedule 1.1	Revenue Requirements and Revenue Deficiency with Staff's Recommended Adjustments
3	Schedule 1.2	Computation of Gross Up for Income Taxes
4	Schedule 2	Rate of Return Calculation
5	Schedule 2.1	Impact of Staff's Recommended Rate of Return on Company's Revenue Deficiency
6	Schedule 3	Ratemaking Adjustments
7	Schedule 3.1	Adjustment 1 Adjust Cash Working Capital for Expense Adjustments
8	Schedule 3.2	Adjustment 2 To Annualize 2016 Revenues for Customer Growth
9	Schedule 3.3	Adjustment 3 Remove Legal Costs Related to Notices of Probable Violations
10	Schedule 3.4	Adjustment 4 Audit Issues Northern Agreed Upon
11	Schedule 3.5	Adjustment 5 Eliminate Inflation Allowance
12	Schedule 3.6	Adjustment 6 Eliminate 2018 Wage Increase
13	Schedule 3.7	Adjustment 7 Eliminate Increase to 401(k) Associated with 2018 Increase to Payroll
14	Schedule 3.8	Adjustment 8 Eliminate 2018 Increase in Medical and Dental Insurance
15	Schedule 3.9	Adjustment 9 Eliminate Restricted Stock Plan and EPS Component of Incentive Compensation
16	Schedule 3.10	Adjustment 10 Eliminate 2018 Increase to Insurance Premiums
17	Schedule 3.11	Adjustment 11 Eliminate 2017 estimated increase in Property Tax
18	Schedule 3.12	Adjustment 12 Sharing of Directors and Officers Liability Insurance
19	Schedule 3.13	Adjustment 13 Modifications to Depreciation and Amortization
20	Schedule 3.14	Adjustment 14 True-Up Payroll Taxes for Other Adjustments
21	Schedule 3.15	Adjustment 15 Interest Synchronization

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 1

Northern Utilities, Inc. - New Hampshire
Twelve Months Ending December 31, 2016

Summary Comparison of Computation of Revenue Requirement and Revenue Deficiency

<u>Line</u>	<u>Description</u>	<u>2016 Test year (A)</u>	<u>Company Proposed (B)</u>	<u>Staff Recommended (C)</u>	<u>Difference (D)</u>
1	Rate Base	\$ 132,013,284	\$ 131,491,800	\$ 131,139,398	\$ (352,402)
2	Rate of Return	8.30%	8.30%	7.40%	-0.90%
3	Return Requirement	10,957,103	10,913,819	9,704,315	(1,209,504)
4	Adjusted Net Operating Income	9,026,706	8,048,949	8,928,262	879,313
5	Deficiency	1,930,397	2,864,870	776,054	(2,088,817)
6	Income Tax Effect	1,255,708	1,863,575	504,816	(1,358,758)
7	Revenue Deficiency	<u>\$ 3,186,105</u>	<u>\$ 4,728,445</u>	<u>\$ 1,280,870</u>	<u>\$ (3,447,575)</u>
8	Percent of Original Request			27.09%	

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 1.1
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Twelve Months Ending December 31, 2016

Revenue Requirements and Revenue Deficiency with Staff's Recommended Adjustments

Line	Description	Test Year (A)	Company Proposed (B)	Staff Adjustments (C)	Staff Total (D)
1	Rate Base				
2	Utility Plant in Service	\$ 209,866,086	\$ 212,059,659	\$ (531,251)	\$ 211,528,408
3	Less: Reserve for Depreciation	(65,869,111)	(67,148,218)	231,365	(66,916,853)
4	Net Utility Plant	143,996,975	144,911,441	(299,886)	144,611,555
5	Plus: M&S Inventories	2,421,808	2,421,808	-	2,421,808
6	Plus: Cash Working Capital	1,192,580	1,387,963	(52,516)	1,335,447
7	Plus: Prepayments	-	-	-	-
8	Plus: SFAS 109 Net Regulatory Asset	-	-	-	-
9	Sub-Total	3,614,388	3,809,771	(52,516)	3,757,255
10	Less: Net Deferred Income Tax	(15,167,491)	(16,798,824)	-	(16,798,824)
11	Plus: Deferred Income Tax Debit	-	-	-	-
12	Less: Customer Deposits	(430,588)	(430,588)	-	(430,588)
13	Less: Customer Advances	-	-	-	-
14	Total Rate Base	\$ 132,013,284	\$ 131,491,800	\$ (352,402)	\$ 131,139,398
15	Rate of Return	8.30%	8.30%		7.40%
16	Return Requirement	\$ 10,957,103	\$ 10,913,819	\$ (1,209,504)	\$ 9,704,315
17	Operating Revenues				
18	Distribution Revenue	\$ 32,618,935	\$ 34,079,714	\$ (157,960)	\$ 33,921,754
19	Flow-Through Revenue	-	-	-	-
20	Total Operating Revenue	\$ 32,618,935	\$ 34,079,714	\$ (157,960)	\$ 33,921,754
21	Other Operating Revenue	979,079	979,079	-	979,079
22	Total Operating Revenues	\$ 33,598,014	\$ 35,058,793	\$ (157,960)	\$ 34,900,833
23	Operating Expenses				
24	Production	\$ 409,176	\$ 476,388	\$ -	\$ 476,388
25	Transmission	394,724	394,724	-	394,724
26	Distribution	2,994,785	3,268,101	-	3,268,101
27	Customer Accounting	1,725,290	1,817,234	-	1,817,234
28	Customer Service	2,570	2,570	-	2,570
29	Administrative & General	6,111,515	6,746,818	(1,360,485)	5,386,333
30	Depreciation	6,118,814	7,036,935	(231,365)	6,805,570
31	Amortization	74,496	383,589	-	383,589
32	Taxes Other Than Income	3,763,930	4,467,456	(24,236)	4,443,220
33	Federal Income Taxes	3,227,137	2,783,666	458,386	3,242,052
34	State Income Taxes	(269,173)	(385,681)	120,426	(265,255)
35	Deferred Federal & State Income Taxes	4,699	4,699	-	4,699
36	Interest on Customer Deposits	13,346	13,346	-	13,346
37	Total Operating Expenses	\$ 24,571,309	\$ 27,009,845	\$ (1,037,274)	\$ 25,972,571
38	Net Operating Income	\$ 9,026,706	\$ 8,048,949	\$ 879,314	\$ 8,928,262
39	Income Deficiency	\$ 1,930,397	\$ 2,864,870	\$ (2,088,817)	\$ 776,054
40	Revenue Conversion Factor	1.65049	1.65049		1.65049
41	Revenue Deficiency	\$ 3,186,105	\$ 4,728,445	\$ (3,447,575)	\$ 1,280,870
42	Percent of Original Request				27.09%

Notes and Sources

Columns A and B, Lines 1-14: Northern Schedule RevReq-5 (Bates p. 145)

Columns A and B, Lines 17-38: Northern Schedule RevReq-2 (Bates p. 113)

Columns A and B, Line 15: Northern Schedule 6 (Bates p. 150)

Line 40: Schedule 1.1

Column C: Schedule 3

	Test Year	Company Proposed	Staff Proposed
Test Year Operating Revenue	\$ 32,618,935	\$ 32,618,935	\$ 32,618,935
Proposed Annual Revenue		\$ 38,808,159	\$ 35,202,624
% Increase over Test Year		19.0%	7.9%

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 1.2
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire
 Twelve Months Ending December 31, 2016
 Computation of Gross Up for Income Taxes

<u>Line</u>	<u>Description</u>	<u>Company Proposed (A)</u>	<u>Staff Adjustments (B)</u>	<u>Staff Total (C)</u>
1	NH Tax Rate	8.20%		8.20%
2	Federal Statutory Tax rate	34.00%		34.00%
3	Federal Effective Tax rate ((1-State rate)*Federal rate)	31.212%		31.212%
4	Total Composite Tax rate	39.412%		39.412%
5	Revenue Requirement Gross-Up Factor	60.588%		60.588%
6	Revenue Conversion Factor	1.6505		1.6505

Notes and Sources

Column A: Northern Schedule RevReq-1-1

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 2
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire
 Twelve Months Ending December 31, 2016
 Rate of Return Calculation

<u>Line</u>	<u>Description</u>	<u>Balance</u> (A)	<u>Capital</u> <u>Structure</u> (B)	<u>Cost %</u> (C)	<u>Weighted</u> <u>Cost %</u> (D)
1	<u>Company Proposed Rate of Return</u>				
2	Common Stock	\$ 155,183,729	51.70%	10.30%	5.33%
3	Preferred Stock Equity	-			0.00%
4	Long-Term Debt	145,000,000	48.30%	6.16%	2.98%
5	Short-Term Debt	-			0.00%
6	Total	<u>\$ 300,183,729</u>	<u>100.00%</u>		8.30%
<hr/>					
7	<u>Staff Recommended Rate of Return</u>				
8	Common Stock	\$ 155,183,729	51.70%	8.55%	4.42%
9	Preferred Stock Equity	-			0.00%
10	Long-Term Debt	145,000,000	48.30%	6.16%	2.98%
11	Short-Term Debt	-			0.00%
12	Total	<u>\$ 300,183,729</u>	<u>100.00%</u>		7.40%

Notes and Sources

Column A and C, lines 2-5: Northern Schedule RevReq-6 (Bates page 150)
 Staff Recommended Rate of Return: See Testimony of J. Randall Woolridge

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 2.1
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Twelve Months Ending December 31, 2016

Impact of Staff's Recommended Rate of Return on Company's Revenue Deficiency

Line	Description	Company Proposed (A)	Staff Adjustments (B)	Staff Total (C)
1	Total Rate Base	\$ 131,491,800		\$ 131,491,800
2	Rate of Return	8.30%	-0.90%	7.40%
3	Return Requirement	\$ 10,913,819	\$ (1,183,426)	\$ 9,730,393
4	Net Operating Income	\$ 8,048,949		\$ 8,048,949
5	Income Deficiency	\$ 2,864,870		\$ 1,681,444
6	Revenue Conversion Factor	1.65049		1.65049
7	Total Revenue Deficiency	\$ 4,728,445	\$ (1,953,235)	\$ 2,775,210
8	Percent of Request			59%

Notes and Sources

Column A: Summary Totals from Schedule 1
 Line 2: Schedule 2

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3
 Page 1 of 2

Northern Utilities, Inc. - New Hampshire
 Twelve Months Ending December 31, 2016
 Ratemaking Adjustments

Line	Description	Company Proposed (A)	Staff Adjustment 1 (B)	Staff Adjustment 2 (C)	Staff Adjustment 3 (D)	Staff Adjustment 4 (E)	Staff Adjustment 5 (F)	Staff Adjustment 6 (G)	Staff Adjustment 7 (H)	Staff Adjustment 8 (I)	Adjustment Subtotal (J)
	Reference Schedule		Schedule 3.1	Schedule 3.2	Schedule 3.3	Schedule 3.4	Schedule 3.5	Schedule 3.6	Schedule 3.7	Schedule 3.8	
1	Rate Base										
2	Utility Plant in Service	\$ 212,059,659						\$ (124,256)	\$ (5,970)	\$ (23,891)	\$ (154,116)
3	Less: Reserve for Depreciation	(67,148,218)									
4	Net Utility Plant	144,911,441	-	-	-	-	-	(124,256)	(5,970)	(23,891)	(154,116)
5	Plus: M&S Inventories	2,421,808									
6	Plus: Cash Working Capital	1,387,963	(52,516)								(52,516)
7	Plus: Prepayments	-									
8	Plus: SFAS 109 Net Regulatory Asset	-									
9	Sub-Total	3,809,771	(52,516)	-	-	-	-	-	-	-	(52,516)
10	Less: Net Deferred Income Tax	(16,798,824)									
11	Plus: Deferred Income Tax Debit	-									
12	Less: Customer Deposits	(430,588)									
13	Less: Customer Advances	-									
14	Total Rate Base	\$ 131,491,800	\$ (52,516)	\$ -	\$ -	\$ -	\$ -	\$ (124,256)	\$ (5,970)	\$ (23,891)	\$ (206,632)
15	Rate of Return	8.30%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%
16	Return Requirement	\$ 10,913,819	\$ (3,886)	\$ -	\$ -	\$ -	\$ -	\$ (9,195)	\$ (442)	\$ (1,768)	\$ (15,291)
17	Operating Revenues										\$ (15,291)
18	Sales Revenue	\$ 34,079,714		\$ (157,960)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (157,960)
19	Flow-Through Revenue	-									
20	Sales Revenue	\$ 34,079,714	\$ -	\$ (157,960)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (157,960)
21	Other Operating Revenue	979,079									
22	Total Operating Revenues	\$ 35,058,793	\$ -	\$ (157,960)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (157,960)
23	Operating Expenses										
24	Purchased Power	\$ 476,388									\$ -
25	Transmission	394,724									
26	Distribution	3,268,101									
27	Customer Accounting	1,817,234									
28	Customer Service	2,570									
29	Administrative & General	6,746,818			(111,805)	(23,865)	(136,865)	(211,011)	(11,026)	(37,569)	(532,141)
30	Depreciation	7,036,935									
31	Amortization	383,589									
32	Taxes Other Than Income	4,467,456									
33	Federal Income Taxes	2,783,666		(49,302)	34,897	7,449	42,718	65,861	3,442	11,726	116,791
34	State Income Taxes	(385,681)		(12,953)	9,168	1,957	11,223	17,303	904	3,081	30,683
35	Deferred Federal & State Income Taxes	4,699									
36	Interest on Customer Deposits	13,346									
37	Total Operating Expenses	\$ 27,009,845	\$ -	\$ (62,255)	\$ (67,740)	\$ (14,459)	\$ (82,924)	\$ (127,847)	\$ (6,680)	\$ (22,762)	\$ (384,667)
38	Net Operating Income	\$ 8,048,949	\$ -	\$ (95,705)	\$ 67,740	\$ 14,459	\$ 82,924	\$ 127,847	\$ 6,680	\$ 22,762	\$ 226,707
39	Income Deficiency	\$ 2,864,870	\$ (3,886)	\$ 95,705	\$ (67,740)	\$ (14,459)	\$ (82,924)	\$ (137,042)	\$ (7,122)	\$ (24,530)	\$ (241,998)
40	Revenue Conversion Factor	1.65049	1.65049	1.65049	1.65049	1.65049	1.65049	1.65049	1.65049	1.65049	1.65049
41	Revenue Deficiency	\$ 4,728,445	\$ (6,414)	\$ 157,960	\$ (111,804)	\$ (23,864)	\$ (136,865)	\$ (226,187)	\$ (11,755)	\$ (40,486)	\$ (399,416)
42	Percent of Total	Check 6,584,710 1,856,265	0.1%	-3.3%	2.4%	0.5%	2.9%	4.8%	0.2%	0.9%	
	Adjustment 1		Adjust Cash Working Capital for Expense Adjustments								
	Adjustment 2		To Annualize 2016 Revenues for Customer Growth								
	Adjustment 3		Remove Legal Costs Related to Notices of Probable Violations								
	Adjustment 4		Audit Issues Northern Agreed Upon								
	Adjustment 5		Eliminate Inflation Allowance								
	Adjustment 6		Eliminate 2018 Wage Increase								
	Adjustment 7		Eliminate Increase to 401(k) Associated with 2018 Increase to Payroll								
	Adjustment 8		Eliminate 2018 Increase in Medical and Dental Insurance								

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Northern Utilities, Inc. - New Hampshire
 Twelve Months Ending December 31, 2016
 Ratemaking Adjustments

Line	Description	Carry Forward (A)	Staff Adjustment 9 (B) Schedule 3.9	Staff Adjustment 10 (C) Schedule 3.10	Staff Adjustment 11 (D) Schedule 3.11	Staff Adjustment 12 (E) Schedule 3.12	Staff Adjustment 13 (F) Schedule 3.13	Staff Adjustment 14 (G) Schedule 3.14	Staff Adjustment 15 (H) Schedule 3.15	Adjustment Subtotal (I)	Staff Totals (K)
Reference Schedule											
1	Rate Base										
2	Utility Plant in Service	\$ (154,116)	\$ (348,438)	\$ (18,499)		\$ (10,199)				\$ (531,251)	\$ 211,528,408
3	Less: Reserve for Depreciation	-	-	-		-				231,365	(66,916,853)
4	Net Utility Plant	(154,116)	(348,438)	(18,499)	-	(10,199)	231,365	-	-	(299,886)	144,611,555
5	Plus: M&S Inventories	-	-	-		-				-	
6	Plus: Cash Working Capital	(52,516)	-	-		-				-	2,421,808
7	Plus: Prepayments	-	-	-		-				(52,516)	1,335,447
8	Plus: SFAS 109 Net Regulatory Asset	-	-	-		-				-	-
9	Sub-Total	(52,516)	-	-	-	-	-	-	-	(52,516)	3,757,255
10	Less: Net Deferred Income Tax	-	-	-		-				-	(16,798,824)
11	Plus: Deferred Income Tax Debit	-	-	-		-				-	-
12	Less: Customer Deposits	-	-	-		-				-	(430,588)
13	Less: Customer Advances	-	-	-		-				-	-
14	Total Rate Base	\$ (206,632)	\$ (348,438)	\$ (18,499)	\$ -	\$ (10,199)	\$ 231,365	\$ -	\$ -	\$ (352,402)	\$ 131,139,398
15	Rate of Return	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%
16	Return Requirement	\$ (15,291)	\$ (25,784)	\$ (1,369)	\$ -	\$ (755)	\$ 17,121	\$ -	\$ -	\$ (26,078)	\$ 9,704,315
17	Operating Revenues										
18	Sales Revenue	(157,960)	-	-	-	-	-	-	-	(157,960)	33,921,754
19	Flow-Through Revenue	-	-	-		-				-	-
20	Sales Revenue	(157,960)	-	-	-	-	-	-	-	(157,960)	\$ 33,921,754
21	Other Operating Revenue	-	-	-		-				-	879,079
22	Total Operating Revenues	\$ (157,960)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (157,960)	\$ 34,900,833
23	Operating Expenses										
24	Purchased Power	-	-	-		-				-	\$ 476,388
25	Transmission	-	-	-		-				-	394,724
26	Distribution	-	-	-		-				-	3,268,101
27	Customer Accounting	-	-	-		-				-	1,817,234
28	Customer Service	-	-	-		-				-	2,570
29	Administrative & General	(532,141)	(576,300)	(22,751)	(216,231)	(13,062)				(1,360,485)	5,386,333
30	Depreciation	-	-	-		-	(231,365)			(231,365)	6,805,570
31	Amortization	-	-	-		-				-	383,589
32	Taxes Other Than Income	-	-	-		-		(24,236)		(24,236)	4,443,220
33	Federal Income Taxes	116,791	179,875	7,101	67,490	4,077	72,214	7,564	3,274	458,386	3,242,052
34	State Income Taxes	30,683	47,256	1,866	17,731	1,071	18,972	1,987	860	120,426	(265,255)
35	Deferred Federal & State Income Taxes	-	-	-		-				-	4,699
36	Interest on Customer Deposits	-	-	-		-				-	13,346
37	Total Operating Expenses	\$ (384,667)	\$ (349,169)	\$ (13,784)	\$ (131,010)	\$ (7,914)	\$ (140,179)	\$ (14,685)	\$ 4,134	\$ (1,037,274)	\$ 25,972,571
38	Net Operating Income	\$ 226,707	\$ 349,169	\$ 13,784	\$ 131,010	\$ 7,914	\$ 140,179	\$ 14,685	\$ (4,134)	\$ 879,314	\$ 8,928,263
39	Income Deficiency	\$ (241,998)	\$ (374,953)	\$ (15,153)	\$ (131,010)	\$ (8,669)	\$ (123,058)	\$ (14,685)	\$ 4,134	\$ (905,392)	\$ 776,053
40	Revenue Conversion Factor	1.65049	1.65049	1.65049	1.65049	1.65049	1.65049	1.65049	1.65049	1.65049	1.65049
41	Revenue Deficiency	\$ (399,416)	\$ (618,857)	\$ (25,010)	\$ (216,231)	\$ (14,308)	\$ (203,106)	\$ (24,237)	\$ 6,823	\$ (1,494,342)	\$ 1,280,868
42	Percent of Total		13.1%	0.5%	4.6%	0.3%	4.3%	0.5%	-0.1%		

Adjustment 9 Eliminate Restricted Stock Plan and EPS Component of Incentive Compensation
 Adjustment 10 Eliminate 2018 Increase to Insurance Premiums
 Adjustment 11 Eliminate 2017 estimated increase in Property Tax
 Adjustment 12 Sharing of Directors and Officers Liability Insurance
 Adjustment 13 Modifications to Depreciation and Amortization
 Adjustment 14 True-Up Payroll Taxes for Other Adjustments
 Adjustment 15 Interest Synchronization

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.1
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Adjustment 1

Adjust Cash Working Capital for Expense Adjustments

<u>Line</u>	<u>Description</u>	<u>Company Proposed</u> (A)	<u>Adjustment</u> (B)	<u>Adjusted Amount</u> (C)
<u>Staff Adjustments to Expenses</u>				
<u>O&M Expenses</u>				
1	Administrative & General	\$ 6,746,818	\$ (1,360,485)	\$ 5,386,333
2	Total	<u>\$ 6,746,818</u>	<u>\$ (1,360,485)</u>	<u>\$ 5,386,333</u>
<u>Taxes and Interest Expense</u>				
3	Taxes Other than Income	\$4,467,456	(\$24,236)	\$4,443,220
4	Federal Income Taxes	\$2,783,666	\$458,386	\$3,242,052
5	State Income Taxes	(\$385,681)	\$120,426	(\$265,255)
6	Interest Synchronization	(\$615,281)	\$4,134	(\$611,147)
7	Total Taxes and Interest Expense	<u>\$6,250,160</u>	<u>\$558,710</u>	<u>\$6,808,870</u>
8	Total Adjusted O&M Expense/tax/interest	\$12,996,978		\$12,195,203
9	Other O&M Expense Days Lag (6.55%)	6.55%		6.55%
10	Adjusted Cash Working Capital	<u>\$851,302</u>	<u>(\$52,516)</u>	<u>\$798,786</u>
11	Impact to Rate Base	<u>\$851,302</u>	<u>(\$52,516)</u>	<u>\$798,786</u>

Notes and Sources

Lines 11: 24 day lag on Other O&M, Northern Schedule RevReq-5-2 (Bates p. 147)

Lines 11: 24 day lag on Other O&M, Northern Schedule RevReq-5-2 (Bates p. 147)

Line 6, Column A, Northern Schedule RevReq-3-20, page 2 of 2 (Bates p. 140)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.2
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Adjustment 2

To Annualize 2016 Revenues for Customer Growth

<u>Line</u>	<u>Description</u>	<u>Company Proposed</u> <u>(A)</u>	<u>Adjustment</u> <u>(B)</u>	<u>Adjusted Amount</u> <u>(C)</u>
	<u>Distribution Revenue</u>			
1	Annualize for customer growth	\$ -	\$ (157,960)	\$ (157,960)
2	Total	<u>\$ -</u>	<u>\$ (157,960)</u>	<u>\$ (157,960)</u>
3	NH Income Tax	8.20%		8.200%
4	Effect on NH income tax expense	<u>\$ -</u>	<u>\$ (12,953)</u>	<u>\$ 12,953</u>
5	Federal Taxable	\$ -		\$ (145,007)
6	Federal Income Tax Rate	34%		34%
7	Effect on Federal income tax expense	<u>\$ -</u>	<u>\$ (49,302)</u>	<u>\$ 49,302</u>
8	Total Taxes	<u>\$ -</u>	<u>\$ (62,255)</u>	<u>\$ 62,255</u>
9	Impact to Operating Income	<u>\$ -</u>	<u>\$ (95,705)</u>	<u>\$ (95,705)</u>

Notes and Sources

Northern response to Staff Tech 1-17 DR

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.3
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire
Adjustment 3

Remove Legal Costs Related to Notices of Probable Violations

<u>Line</u>	<u>Description</u>	<u>Company Proposed (A)</u>	<u>Adjustment (B)</u>	<u>Adjusted Amount (C)</u>
1	Outside Legal and Consulting Services	\$ -	\$ (111,805)	\$ (111,805)
2	NH Income Tax	8.20%		8.200%
3	Effect on NH income tax expense	<u>\$ -</u>	<u>\$ 9,168</u>	<u>\$ 9,168</u>
4	Federal Taxable	\$ -		\$ (102,637)
5	Federal Income Tax Rate	34%		34%
6	Effect on Federal income tax expense	<u>\$ -</u>	<u>\$ 34,897</u>	<u>\$ 34,897</u>
7	Total Taxes	<u>\$ -</u>	<u>\$ 44,065</u>	<u>\$ 44,065</u>
8	Impact to Operating Income	<u>\$ -</u>	<u>\$ (67,740)</u>	<u>\$ (67,740)</u>

Notes and Sources

Audit Report p. 92

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.4
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire
Adjustment 4

Audit Issues Northern Agreed Upon

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
<u>Audit Issue #3</u>				
1	Payments for services outside test year	\$ -	\$ (102)	\$ (102)
2	Incorrect expense allocation	-	(1,158)	(1,158)
3	Incorrect expense allocation	-	(246)	(246)
4	Out of period expense	-	(500)	(500)
5	e-Smart payment correction	-	(7,721)	(7,721)
<u>Audit Issue #8</u>				
6	Transfer expense to Envir Remediation	-	(2,548)	\$ (2,548)
7	Correct overcharge outside test year	-	(8,941)	\$ (8,941)
<u>Audit Issue #9</u>				
8	Late fee penalty on property tax	-	(2,500)	(2,500)
<u>Audit Issue #10</u>				
9	NY Corp income tax return fee	-	(150)	(150)
15	Total	<u>\$ -</u>	<u>\$ (23,865)</u>	<u>\$ (23,865)</u>
16	NH Income Tax	8.20%		8.200%
17	Effect on NH income tax expense	<u>\$ -</u>	<u>\$ 1,957</u>	<u>\$ 1,957</u>
18	Federal Taxable	\$ -		\$ (21,908)
19	Federal Income Tax Rate	34%		34%
20	Effect on Federal income tax expense	<u>\$ -</u>	<u>\$ 7,449</u>	<u>\$ 7,449</u>
21	Total Taxes	<u>\$ -</u>	<u>\$ 9,406</u>	<u>\$ 9,406</u>
22	Impact to Operating Income	<u>\$ -</u>	<u>\$ (14,459)</u>	<u>\$ (14,459)</u>

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.5
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire
Adjustment 5
 Eliminate Inflation Allowance

<u>Line</u>	<u>Description</u>	<u>Company Proposed</u> <u>(A)</u>	<u>Adjustment</u> <u>(B)</u>	<u>Adjusted Amount</u> <u>(C)</u>
1	A&G - Inflated O&M Expenses	\$ 136,865	\$ (136,865)	\$ -
2	NH Income Tax	8.200%		8.200%
3	Effect on NH income tax expense	\$ (11,223)	\$ 11,223	\$ -
4	Federal Taxable	\$ 125,642		\$ -
5	Federal Income Tax Rate	34%		34%
6	Effect on Federal income tax expense	\$ (42,718)	\$ 42,718	\$ -
7	Total Taxes	\$ (53,941)	\$ 53,941	\$ -
8	Impact to Operating Income	\$ 82,924	\$ (82,924)	\$ -

Notes and Sources

Column A, Line 1: Schedule RevReq-3-14 (Bates pages 129-130)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.6
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Adjustment 6

Eliminate 2018 Wage Increase

<u>Line</u>	<u>Description</u>	<u>Company Proposed</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
		<u>(A)</u>	<u>(B)</u>	<u>(C)</u>
	<u>Northern</u>			
1	2018 Wage Increase	125,351	(125,351)	-
2	Chargeable to Captial (48.00%)	60,168	(60,168)	-
3	Chargeable to O&M	65,183	(65,183)	-
4				
	<u>USC</u>			
5	2018 Wage Increase	209,916	(209,916)	-
6	Chargeable to Captial (30.53%)	64,087	(64,087)	-
7	Chargeable to O&M	145,829	(145,829)	-
8	Total NU & USC 2018 Charged to O&M	\$ 211,011	\$ (211,011)	\$ -
9	NH Income Tax	8.200%		8.200%
10	Effect on NH income tax expense	\$ (17,303)	\$ 17,303	\$ -
11	Federal Taxable	\$ 193,708		\$ -
12	Federal Income Tax Rate	34%		34%
13	Effect on Federal income tax expense	\$ (65,861)	\$ 65,861	\$ -
14	Total Taxes	\$ (83,164)	\$ 83,164	\$ -
15	Impact to Operating Income	\$ 127,847	\$ (127,847)	\$ -
16	Impact to Rate Base	\$ 124,256	\$ (124,256)	\$ -

Notes and Sources

Column A, Lines 1-4: Schedule RevReq-3-7 (Bates page 121)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.7
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire
 Adjustment 7

Eliminate Increase to 401(k) Associated with 2018 Increase to Payroll

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Northern			
2	401(k) Expense Adjusted for 2018 Wage Increase	4,868	(4,868)	-
3	Chargeable to Capital (44.95%)	2,188	(2,188)	-
4	Chargeable to O&M	2,680	(2,680)	-
5	USC			
6	401(k) Expense Adjusted fro 2018 Wage Increase	12,128	(12,128)	-
7	Chargeable to Capital (31.18%)	3,782	(3,782)	-
8	Chargeable to O&M	8,346	(8,346)	-
9	Total NU & USC 2018 Increase Charged to O&M	\$ 11,026	\$ (11,026)	\$ -
10	NH Income Tax	8.200%		8.200%
11	Effect on NH income tax expense	\$ (904)	\$ 904	\$ -
12	Federal Taxable	\$ 10,122		\$ -
13	Federal Income Tax Rate	34%		34%
14	Effect on Federal income tax expense	\$ (3,442)	\$ 3,442	\$ -
15	Total Taxes	\$ (4,346)	\$ 4,346	\$ -
16	Impact to Operating Income	\$ 6,680	\$ (6,680)	\$ -
17	Impact to Rate Base	\$ 5,970	\$ (5,970)	\$ 0

Notes and Sources

Column A, Lines 1-8: Northern Workpaper 4.4 (Bates page 177)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.8
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Adjustment 8

Eliminate 2018 Increase in Medical and Dental Insurance

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	<u>Northern</u>			
2	Expense Adjusted for 2018 Insurance Increase	33,395	(33,395)	-
3	Chargeable to Captial (44.95%)	15,011	(15,011)	-
4	Chargeable to O&M	18,384	(18,384)	-
5	<u>USC</u>			
6	Expense Adjusted for 2018 Insurance Increase	150,238		
7	Chargeable to Northern (18.68%)	28,064	(28,064)	-
8	Chargeable to Captial (31.64%)	8,880	(8,880)	-
	Chargeable to O&M	19,185	(19,185)	-
9	Total NU & USC 2018 Increase Charged to O&M	\$ 37,569	\$ (37,569)	\$ -
10	NH Income Tax	8.200%		8.200%
11	Effect on NH income tax expense	\$ (3,081)	\$ 3,081	\$ -
12	Federal Taxable	\$ 34,488		\$ -
13	Federal Income Tax Rate	34%		34%
14	Effect on Federal income tax expense	\$ (11,726)	\$ 11,726	\$ -
15	Total Taxes	\$ (14,807)	\$ 14,807	\$ -
16	Impact to Operating Income	\$ 22,762	\$ (22,762)	\$ -
17	Impact to Rate Base	\$ 23,891	\$ (23,891)	\$ 0

Notes and Sources

Column A, Lines 1-4: Northern Workpaper 3.1 (Bates page 170)

Column A, Lines 5-8: Northern Workpaper 3.3 (Bates page 172)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.9
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Adjustment 9

Eliminate Restricted Stock Plan and EPS Component of Incentive Compensation

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Restricted Stock Plan Charged to NU (O&M)	\$ 279,009	\$ (370,760)	\$ (91,751)
2	Incentive Compensation Charged to NU (O&M)	\$ 513,850	\$ (205,540)	\$ 308,310
3	Total Restricted Stock and Incentive Comp	\$ 792,858	\$ (576,300)	\$ 216,558
4	NH Income Tax	8.200%		8.200%
5	Effect on NH income tax expense	\$ (65,014)	\$ 47,256	\$ (17,758)
6	Federal Taxable	\$ 727,844		\$ 198,800
7	Federal Income Tax Rate	34%		34%
8	Effect on Federal income tax expense	\$ (247,467)	\$ 179,875	\$ (67,592)
9	Total Taxes	\$ (312,481)	\$ 227,131	\$ (85,350)
10	Impact to Operating Income	\$ 480,377	\$ (349,169)	\$ 131,208.28
11	Restricted Stock Plan Charged to NU (Capital)	\$ 122,616	\$ (122,616)	\$ -
12	Incentive Comp Charged to NU (Capital)	225,822	(225,822)	-
13		\$ 348,438	\$ (348,438)	\$ -
14	Impact to Rate Base	\$ 348,438	\$ (348,438)	\$ -

Notes and Sources

Column A, Line 1: NU Response to Staff 1-14

Column A, Line 2: Derived from NU Response to Staff Tech 2-24 (see below)

Restricted Stock Plan - 2016	\$ 2,150,024
Charged to NU (18.68%)	\$ 401,624
Capitalized (30.53%)	122,616
Charged to NU O&M	\$ 279,009
Incentive Compensation-2016	\$ 3,959,696
Charged to NU (18.68%)	\$ 739,671
Capitalized (30.53%)	225,822
Charged to NU O&M	\$ 513,850
Total Restricted Stock and Incentive Comp (Capital)	\$ 348,438
Total Restricted Stock and Incentive Comp (O&M)	\$ 792,858

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.10
 Page 1 of 2

Northern Utilities, Inc. - New Hampshire
 Adjustment 10

Eliminate 2018 Increase to Insurance Premiums

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Total Property & Liability Insurance-Northern	\$ 30,531	\$ (20,916)	\$ 9,615
2	Total Property and Liability - USC	17,904	(1,835)	16,069
3	Total Property & Liability Insurance	\$ 48,435	\$ (22,751)	\$ 25,684
4	NH Income Tax	8.200%		8.200%
5	Effect on NH income tax expense	\$ (3,972)	\$ 1,866	\$ (2,106)
6	Federal Taxable	\$ 44,463		\$ 23,578
7	Federal Income Tax Rate	34%		34%
8	Effect on Federal income tax expense	\$ (15,117)	\$ 7,101	\$ (8,016)
9	Total Taxes	\$ (19,089)	\$ 8,967	\$ (10,122)
10	Impact to Operating Income	\$ 29,346	\$ (13,784)	\$ 15,562
11	Impact to Rate Base	\$ 237,575	\$ (18,499)	\$ 219,076

Notes and Sources

See Workpaper for adjusted amounts

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.10
 Page 2 of 2

Northern Utilities, Inc. - New Hampshire
 Adjustment 10

Eliminate 2018 Insurance Premiums - Workpaper

Line	Description	Company Proposed (A)	2016 Amounts (B)	Difference (C)
1	<u>Northern Property and Liability Insurance</u>			
2	Property:			
3	All Risk	10,581	10,581	-
4	Crime	1,464	1,464	-
5	K&E	255	255	-
7	Total Property	12,300	12,300	-
8	Liability			
9	Workers' Compensation	111,303	100,976	(10,327)
10	Excess	275,825	250,232	(25,593)
11	Cyber	8,482	8,482	-
12	Automobile	28,700	26,037	(2,663)
13	Directors and Officers	42,788	42,788	-
14	Fiduciary	3,337	3,337	-
16	Total Liability	470,434	431,851	(38,584)
17	Total Property and Liability - Northern	482,734	444,151	(38,584)
18	Charged to Capital	221,272	203,604	(17,668)
19	Charged to O&M	261,462	240,547	(20,916)
19	<u>USC Property and Liability Insurance</u>			
20	Property:			
21	All Risk	6,506	6,506	-
22	Crime	690	690	-
23	K&E	116	116	-
24	Total Property	7,312	7,312	-
25	Liability			
26	Workers' Compensation	118,266	111,442	(6,824)
27	Excess	125,188	117,964	(7,224)
28	Cyber	3,843	3,843	-
29	Automobile	6,186	5,829	(357)
30	Directors and Officers	20,171	20,171	-
31	Fiduciary	1,512	1,512	-
32	Total Liability	275,166	260,761	(14,405)
33	Total Property and Liability - USC	282,478	268,073	(14,405)
34	Allocator Factor to UES	18.51%	18.51%	18.51%
35	Total Property and Liability - Allocated to UES	52,287	49,620	(2,666)
36	Charged to Capital	16,303	15,472	(831)
37	Charged to O&M	35,984	34,149	(1,835)

Notes and Sources

Northern Workpapers 5.1-5.4 (Bates pages 179-180)

Capitalization rates from WP 5.1 formula

Line 5	51.32%
Lines 9, 10, 11, 13, 14	44.95%
Lines 12	57.14%

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.11
 Page 1 of 2

Northern Utilities, Inc. - New Hampshire

Adjustment 11

Eliminate 2017 estimated increase in Property Tax

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Assessed Value	\$ 273,384,005		\$ 273,384,005
2	Property Taxes	\$ 3,500,423		\$ 3,500,423
3	Annualize 2016 tax expense	462,380		462,380
4	Property Tax Expense	<u>\$ 3,962,803</u>		<u>\$ 3,962,803</u>
5	Property Taxes	\$ 3,962,803		\$ 3,962,803
6	Property Tax 2017 Estimated Increase	\$ 216,231	\$ (216,231)	\$ -
7	Total Adjusted Property Taxes	\$ 4,179,034		\$ 3,962,803
8				
9	Total Adjusted Property Taxes	<u>\$ 4,179,034</u>		<u>\$ 3,962,803</u>
10	Increase to Property Taxes	\$ 678,611	<u>\$ (216,231)</u>	\$ 462,380
11	NH Income Tax	8.200%		8.200%
12	Effect on NH income tax expense	<u>\$ (55,646)</u>	<u>\$ 17,731</u>	<u>\$ (37,915)</u>
13	Federal Taxable	\$ 622,965		\$ 424,465
14	Federal Income Tax Rate	34%		34%
15	Effect on Federal income tax expense	<u>\$ (211,808)</u>	<u>\$ 67,490</u>	<u>\$ (144,318)</u>
16	Total Taxes	<u>\$ (267,454)</u>	<u>\$ 85,221</u>	<u>\$ (182,233)</u>
17	Impact to Operating Income	<u>\$ 411,157</u>	<u>\$ (131,010)</u>	<u>\$ 280,147</u>

Notes and Sources

Column A, Lines 1-10: Northern Shedule RevReq-3-18 (Bates page 136-137)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.12
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Adjustment 12

Sharing of Directors and Officers Liability Insurance

<u>Line</u>	<u>Description</u>	<u>Company Proposed</u> <u>(A)</u>	<u>Adjustment</u> <u>(B)</u>	<u>Adjusted Amount</u> <u>(C)</u>
1	Directors and Officers-Northern	42,788	(21,394)	21,394
2	Charged to Capital	19,233	(9,617)	9,617
3	Charged to O&M	23,555	(11,777)	11,777
4	Directors and Officers-USC	20,171	(10,086)	10,086
5	Directors and Officers-USC allocated to NU	3,734	(1,867)	1,867
6	Charged to Capital	1,164	(582)	582
7	Charged to O&M	2,569	(1,285)	1,285
8	Director and Officers Charged to O&M	\$ 26,124	\$ (13,062)	\$ 13,062
9	NH Income Tax	8.200%		8.200%
10	Effect on NH income tax expense	\$ (2,142)	\$ 1,071	\$ (1,071)
11	Federal Taxable	\$ 23,982		\$ 11,991
12	Federal Income Tax Rate	34%		34%
13	Effect on Federal income tax expense	\$ (8,154)	\$ 4,077	\$ (4,077)
14	Total Taxes	\$ (10,296)	\$ 5,148	\$ (5,148)
15	Impact to Operating Income	\$ 15,828	\$ (7,914)	\$ 7,914
16	Director and Officers Charged to Capital	\$ 20,397	\$ (10,199)	\$ 10,199
17	Impact to Rate Base	\$ 20,397	\$ (10,199)	\$ 10,199

Notes and Sources

Northern Workpaper 5.1-5.4 (Bates pages 179-182)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.13
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Adjustment 13

Modifications to Depreciation and Amortization

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Depreciation Expense	\$ 6,996,962	\$ (231,365)	\$ 6,765,597
2	Amortization Expense	(69,136)	-	(69,136)
3	Total Depreciation and Amortization	\$ 6,927,826	\$ (231,365)	\$ 6,696,461
4	NH Income Tax	8.200%		8.200%
5	Effect on NH income tax expense	\$ (568,082)	\$ 18,972	\$ (549,110)
6	Federal Taxable	\$ 6,359,744		\$ 6,147,351
7	Federal Income Tax Rate	34%		34%
8	Effect on Federal income tax expense	\$ (2,162,313)	\$ 72,214	\$ (2,090,099)
9	Total Taxes	\$ (2,730,395)	\$ 91,186	\$ (2,639,209)
10	Impact to Operating Income	\$ 4,197,431	\$ (140,179)	\$ 4,057,252
11	Accumulated Depreciation	\$ (6,927,826)	\$ (231,365)	\$ (6,696,461)
12	Impact to Rate Base	\$ (6,927,826)	\$ (231,365)	\$ (6,696,461)

Notes and Sources

See the Direct Testimony of Al-Azad Iqbal

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.14
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Adjustment 14

True-Up Payroll Taxes for Other Adjustments

Line	Description	Company Proposed (A)	Adjustment (B)	Adjusted Amount (C)
1	Payroll Taxes			
2	Social Security	\$ 18,196	\$ (18,196)	\$ -
3	Medicare	6,040	(6,040)	-
4	Total Payroll Taxes	\$ 24,236	\$ (24,236)	\$ -
5	NH Income Tax	8.200%		8.200%
6	Effect on NH income tax expense	\$ (1,987)	\$ 1,987	\$ -
7	Federal Taxable	\$ 22,249		\$ -
8	Federal Income Tax Rate	34%		34%
9	Effect on Federal income tax expense	\$ (7,564)	\$ 7,564	\$ -
10	Total Taxes	\$ (9,551)	\$ 9,551	\$ -
11	Impact to Operating Income	\$ 14,685	\$ (14,685)	\$ -

Notes and Sources

Column A, Lines 2-3: Schedule RevReq-3-11, Updated September 16, 2016, Line 6

	Social Security	Medicare	
12			
13	Excluded Incentive Compensation within Test Year	\$ (205,540)	\$ (205,540)
14	2018 Payroll Increases	(211,011)	(211,011)
15	Total Payroll Amounts Excluded	\$ (416,551)	\$ (416,551)
16	NU 2018 Increase in Excess of Taxable Limit (2.2%)	9,034	See below
17	USC 2018 Increase in Excess of Taxable Limit (27.4%)	114,041	See below
		(293,476)	(416,551)
18	Payroll Tax Rate	6.20%	1.45%
19	Total Excluded Payroll Taxes	(18,196)	(6,040)
20	<u>Estimate of Payroll in Excess of Taxable Limit</u>	<u>Per Company</u>	<u>Ratio</u>
21	Increase in O&M Payroll/Compensation	428,221	
22	Northern in Excess of Taxable Limit	9,287	2.2%
23	USC in Excess of Taxable Limit	117,236	27.4%

Notes and Sources

NU Schedule RevReq-3-19 (Bates page 138) & Workpaper 7.1-7.2 (Bates pages 186-187)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-070
 Schedule 3.15
 Page 1 of 1

Northern Utilities, Inc. - New Hampshire

Adjustment 15

Interest Synchronization

"Change in Interest Expense Applicable to Income Tax Computation"

<u>Line</u>	<u>Description</u>	<u>Company Proposed (A)</u>	<u>Staff Adjustments (B)</u>	<u>Staff Total (C)</u>
1	Rate Base	\$ 131,491,800	(352,402)	131,139,398
2	Interest Component of Rate of Return	2.98%		2.98%
3	Interest Attributable to Rate Base	3,913,196		3,902,708
4	NH Income Tax	8.200%		8.200%
5	Effect on NH income tax expense	\$ (320,882)	\$ 860	\$ (320,022)
6	Federal Taxable	\$ 3,592,314		\$ 3,582,686
7	Federal Income Tax Rate	34%		34%
8	Effect on Federal income tax expense	\$ (1,221,387)	\$ 3,274	\$ (1,218,113)
9	Total Taxes	\$ (1,542,269)	\$ 4,134	\$ (1,538,135)
10	Impact to Operating Income	\$ 1,542,269	\$ (4,134)	\$ 1,538,135
11	Weighted Cost			
12	Long-Term Debt	2.98%		2.98%
13	Short-Term Debt	0.00%		0.00%
14	Interest Component of Rate of Return	2.98%		2.98%

Notes and Sources

Column A, Lines 1-3: Northern Schedule RevReq-3-20, page 2 of 2 (Bates p. 140)

Column B, line 1: Schedule 1.1

Northern Utilities, Inc.
Docket No. DG 17-070
PUC Staff Data Requests, Technical Session Set 1

Received: September 25, 2017
Request No. Staff Tech 1-17

Date of Response: October 9, 2017
Witness: David Chong

Request:

Please annualize 2016 revenue by customer class for customer growth.

Response:

Please refer to Staff Tech 1-17 Attachment 1 for annualized 2016 revenue by customer class.

**NORTHERN UTILITIES, INC. - NEW HAMPSHIRE
TEST YEAR INCREMENTAL ANNUALIZED REVENUE**

	<u>R5</u>	<u>R10</u>	<u>R6</u>	<u>R11</u>	<u>G40</u>	<u>G50</u>	<u>G41</u>	<u>G51</u>	<u>G42</u>	<u>G52</u>	
1	Weather Normal TY Revenue (a)	\$ 15,041,618	\$ 632,282	\$ 455,103	\$ 1,293	\$ 5,482,714	\$ 926,224	\$ 4,265,414	\$ 1,186,714	\$ 1,578,743	\$ 2,401,462
2	Annual Customers (a)	270,640	12,052	16,602	48	58,925	9,708	8,266	3,103	450	386
3	Customers (Bills/12)	22,553	1,004	1,384	4	4,910	809	689	259	38	32
4	Average Revenue Per Customer	\$ 667	\$ 630	\$ 329	\$ 323	\$ 1,117	\$ 1,145	\$ 6,191	\$ 4,582	\$ 41,546	\$ 75,046
5	Ending TY Customers (b)	23,176	689	1,330	-	5,102	791	633	260	33	32
6	Change in Customers	623	(315)	(54)	(4)	192	(18)	(56)	1	(5)	-
7	Change in Revenue	\$ 415,507	\$ (198,375)	\$ (17,757)	\$ (1,293)	\$ 214,395	\$ (20,608)	\$ (346,681)	\$ 4,582	\$ (207,729)	\$ -
8	Total Incremental Revenue										\$ (157,960)

Note:

(a) Per schedule DLG/PMN-1G-8

(b) Customers are computed from billed customer charges

Northern New Hampshire Agreed Upon Audit Issues

Description	Amount
<u>Audit Issue #3</u>	
Payment for Services Rendered Outside Test Year	\$ (101.88)
Inadvertently Allocated Expense Incorrectly	(1,157.54)
Membership Fee Allocation Correction Between NH & ME	(245.58)
Out of Period Expense (2017 Related)	(500.00)
e-Smart Payment Correction	(7,720.80)
Total Audit Issue #3 Reductions	\$ (9,725.80)
<u>Audit Issue #8</u>	
Invoice Correction Transferring Expense to ERC	\$ (2,548.00)
Overcharge Corrected Outside of Test Year	(8,941.00)
Total Audit Issue #8 Reductions	\$ (11,489.00)
<u>Audit Issue #9</u>	
Late Fee Penalty on Property Taxes	\$ (2,500.00)
Total Audit Issue #9 Reductions	\$ (2,500.00)
<u>Audit Issue #10</u>	
NY Corp Income Tax Return Fee	\$ (150.00)
Total Audit Issue #10 Reductions	\$ (150.00)
Total Agreed Upon Audit Issues Dollars	\$ (23,864.80)

Northern Utilities, Inc.
Docket No. DG 17-070
PUC Staff Information Data Request Set 2

Received: August 29, 2017
Request No. Staff 2-24

Date of Response: September 13, 2017
Witness: Elizabeth Shaw

Request:

Incentive Awards:

- a) Please provide complete copies of any bonus programs or incentive award programs in effect at the Company for the most recent three years for senior management, non-union, and union employees.
- b) Provide the performance objectives and their weighting that must be met prior to award of any incentive compensation for the last three years. If not clearly delineated, please indicate the goals for senior management, non-union, and union employees.
- c) Identify all incentive and bonus program expense incurred in 2012-2016. Identify the accounts charged.
- d) Identify all incentive and bonus program expense charged or allocated to the Company from affiliates and shared services in 2012-2016.

Response:

Please see responses below for Incentive Awards:

- a) Attached as Staff 2-24 Attachment 1 and Staff 2-24 Attachment 2 are the Incentive Plans for non-union and management employees. Attached as Staff 2-24 Attachment 3 is the Restricted Stock Plan for senior management employees.
- b) Attached as Staff 2-24 Attachment 4 are the performance objectives and results for the Plan Years 2014, 2015 and 2016. These objectives are the same for all non-union employees and are the basis for payouts under the three plans referenced above.
- c) Please see Staff 2-24 Attachment 5, Line 3, for a summary of the incentive compensation costs charged to Northern Utilities New Hampshire Division O&M accounts from 2012-2016, with accounts charged.
- d) Please see Staff 2-24 Attachment 5, Line 11, for a summary of the incentive compensation costs incurred by USC and charged to Northern Utilities New Hampshire Division O&M accounts from 2012-2016, with accounts charged.

**UNITIL CORPORATION INCENTIVE PLAN
(amended and restated as of January 27, 2015)**

The purpose of the Unitil Corporation Incentive Plan (the "Plan") is to provide employees of Unitil Corporation and its subsidiaries identified on Exhibit A attached hereto (collectively, the "Corporation") with significant incentives related to the performance of the Corporation and thereby to motivate them to maximize their efforts on the Corporation's behalf. The Plan is further intended to provide the Corporation's employees with competitive levels of total compensation when considered with their base salaries.

I. PARTICIPATION

All employees of the Corporation who are not selected by the Compensation Committee (the "Committee") of the Corporation's Board of Directors (the "Board") to participate in the Unitil Corporation Management Incentive Plan shall participate in the Plan (each such participating employee, a "Participant"); provided, however, that employees of the Corporation whose employment is covered by a collective bargaining agreement in effect between the Corporation and a union shall not participate in the Plan unless the participation of such employees is provided for under the terms of such collective bargaining agreement.

II. TARGET INCENTIVE AWARD

The Committee shall establish an individual targeted award (the "Target Incentive Award") under the Plan for each Participant for each Performance Period (as such term is used below), expressed as a percentage of the Participant's base salary (prior to reduction under the Corporation's 401(k) retirement plan or cafeteria plan, "Base Salary") earned during the applicable Performance Period. The Target Incentive Awards for all Participants for the applicable Performance Period shall be documented.

III. PERFORMANCE PERIOD

The Performance Period is the period during which performance will be measured for determining the amounts of Participants' awards under the Plan ("Incentive Awards"). The Performance Period for the Plan shall be the calendar year.

IV. PERFORMANCE OBJECTIVES

Prior to the beginning of each Performance Period, or as soon thereafter as practicable, the Committee shall establish, based in part upon the recommendations of the Corporation's Chief Executive Officer (the "CEO"), objectives for the performance of the Corporation for such Performance Period deemed necessary for the Corporation to achieve its strategic plans ("Performance Objectives"), the achievement of which or failure to achieve will result in the payment or nonpayment of Incentive Awards, as described in Section VIII (Determination of Incentive Awards.) The Performance Objectives for the applicable Performance Period shall be documented.

V. PERCENTAGE WEIGHTING

Coincident with the establishment of the Performance Objectives for a particular Performance Period, the Committee shall, based in part upon the recommendations of the CEO, determine the relevant weights (the "Percentage Weightings") to be assigned to each of the Performance Objectives established for such Period, based on the relative impact of each Performance Objective on the Corporation's performance. The Percentage Weightings for the applicable Performance Period shall be documented.

VI. PERFORMANCE STANDARDS

Prior to the beginning of each Performance Period, or as soon thereafter as practicable, the Committee shall, based in part upon the recommendations of the CEO, establish the Performance Standards for each Performance Objective. The Performance Standards for such Performance Period shall be documented. Performance Standards shall be set for the following three levels of achievement - "Threshold," "Target" and "Maximum."

- A. **Threshold:** The minimum level of performance required for an Incentive Award to be paid. No Incentive Award shall be paid for performance below this level. Achievement of the Threshold level shall result in a payment equal to 50% of the amount of the Target Incentive Award for the Performance Objective, as adjusted by the applicable Percentage Weighting.
- B. **Target:** The expected level of performance required, for which an Incentive Award in an amount equal to 100% of the Target Incentive Award shall be paid for the Performance Objective, as adjusted by the applicable Percentage Weighting.
- C. **Maximum:** The maximum level of performance, for which an Incentive Award in an amount equal to 150% of the amount of the Target Incentive Award shall be paid for the Performance Objective, as adjusted by the applicable Percentage Weighting. Achievement of a result greater than the Maximum level shall not increase the amount of the Incentive Award.

VII. CONTROLLING THRESHOLD(S)

The Committee may, based in part upon the recommendations of the CEO, establish minimum organization performance level(s) for each Performance Period ("Controlling Threshold(s)") that must be satisfied by the Corporation for Incentive Awards to be paid; provided, however, that a Controlling Threshold need not be established for any particular Performance Period. The Controlling Threshold(s) for the applicable Performance Period shall be documented.

VIII. DETERMINATION OF INCENTIVE AWARDS

As soon as practicable following the completion of a Performance Period, the Committee shall determine the degree of satisfaction of the Performance Objectives and the amounts of the Incentive Awards payable in accordance with the Plan, if any. The amount of the Incentive Award earned by each Participant shall depend upon the degree of achievement of the

Performance Standards for each Performance Objective and the Percentage Weighting assigned thereto. If an achievement level falls between the Threshold and Target levels or between the Target and Maximum levels, the Incentive Award shall be linearly extrapolated between the two levels. Award calculations will be applied to Base Salary earned during the applicable Performance Period. Subject to the payment limitations as described in Section X (Payment of Incentive Awards) and notwithstanding anything else to the contrary contained in the Plan, the Committee shall have absolute discretion with respect to the payment of Incentive Awards, including but not limited to the amount to be paid and whether or not payment will be made, on the basis of business conditions.

IX. PLAN ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall, in its sole discretion, interpret the Plan, prescribe, amend and rescind any rules and regulations necessary or appropriate for administration of the Plan and make such other determinations and take such other actions as it deems necessary or advisable for such purposes. Any interpretation, determination or other action made or taken by the Committee shall be final, binding, and conclusive. The Committee may rely upon the advice, counsel, and assistance of the CEO in performing its duties under the Plan.

X. PAYMENT OF INCENTIVE AWARDS

Payment of each Participant's Incentive Award shall be made as soon as practicable following the end of the applicable Performance Period, but not prior to January 1 or later than March 15 of the calendar year following the Performance Period (the "Incentive Award Payment Date"); provided, however, that notwithstanding anything to the contrary contained in the Plan, no Incentive Award shall be paid to any individual who is not employed by the Corporation on the applicable Incentive Award Payment Date, unless due to the individual's death, disability (entitlement to benefits under the Corporation's Long-Term Disability Plan, "Disability") or retirement at or after attaining age 55. Incentive Award payments made due to the Participant's death, Disability or retirement at or after attaining age 55 shall be made on the applicable Incentive Award Payment Date. All Incentive Awards shall be paid in a lump sum in cash, less any amounts required for federal, state and local income and payroll tax withholdings.

XI. DISCIPLINARY ACTION

Notwithstanding anything to the contrary contained in the Plan, a Participant whose performance rating for a Performance Period is "Does Not Meet Expectations" (pursuant to the Corporation's Salary Administration Policy) shall not receive an Incentive Award for such Performance Period.

XII. TERMINATION OF EMPLOYMENT

If a Participant ceases to be employed by the Corporation (a) by reason of his death, Disability or retirement at or after attaining age 55, the Participant's Incentive Award for the Performance Period in which his employment terminates shall be calculated using the Participant's Base Salary earned prior to his termination of employment, or (b) other than by reason of his death, Disability or retirement at or after attaining age 55, the Participant's Incentive Award for the Performance Period in which his employment terminates shall be forfeited.

XIII. FUNDING

No funds shall be set aside or reserved for payment of Incentive Awards under the Plan, and all obligations of the Corporation under the Plan shall be unfunded and shall be paid from the general assets of the Corporation.

XIV. NOT EXCLUSIVE METHOD OF INCENTIVE

The Plan shall not be deemed to be an exclusive method of providing incentive compensation for employees of the Corporation nor shall it preclude the Board from authorizing or approving other forms of incentive compensation therefor.

XV. NO RIGHT TO CONTINUED PARTICIPATION

Participation in the Plan by an employee in any Performance Period shall not be held or construed to confer upon such employee the right to participate in the Plan in any subsequent Performance Period.

XVI. NO RIGHT TO CONTINUED EMPLOYMENT

None of the establishment of the Plan, participation in the Plan by a Participant, the payment of any Incentive Award hereunder or any other action pursuant to the Plan shall be held or construed to confer upon any employee the right to continue in the employ of the Corporation or affect any right which the Corporation may have to terminate at will the employment thereof.

XVII. NONTRANSFERABILITY OF AWARDS

Except by operation of the laws of descent and distribution, no amount payable at any time under the Plan shall be subject to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge or encumbrance of any kind nor in any manner be subject to the debts or liabilities of any person, and any attempt to so alienate or subject any such amount shall be void.

XVIII. AMENDMENT AND TERMINATION

The Board may amend or terminate the Plan at any time; provided, however, that no amendment or termination of the Plan shall adversely affect the entitlement of a Participant to payment of any Incentive Award which has been determined by the Committee prior to such amendment or termination, although the Board may amend or terminate the rights of any Participant under the Plan at any time prior to the determination of the amount of the Incentive Award to be paid thereto for a Performance Period.

XIX. EFFECTIVE DATE

The Plan shall be effective January 27, 2015, and shall continue in effect until terminated by the Board.

Exhibit A
Participating Subsidiaries

Unitil Energy Systems, Inc.

Fitchburg Gas and Electric Light Company

Unitil Service Corp.

Usource LLC

Northern Utilities, Inc.

Granite State Gas Transmission, Inc.

**UNITIL CORPORATION MANAGEMENT INCENTIVE PLAN
(amended and restated as of June 5, 2013)**

The purpose of the Unitil Corporation Management Incentive Plan (the "Plan") is to provide key management employees of Unitil Corporation and its subsidiaries identified on Exhibit A attached hereto (collectively, the "Corporation") with significant incentives related to the performance of the Corporation and thereby to motivate them to maximize their efforts on the Corporation's behalf. The Plan is further intended to provide the Corporation's key management employees with competitive levels of total compensation when considered with their base salaries.

I. PARTICIPATION

Key management employees of the Corporation who are selected by the Compensation Committee (the "Committee") of the Corporation's Board of Directors (the "Board") for participation shall participate in the Plan (each such participating key management employee, a "Participant") for the applicable Performance Period(s) (as defined below). Each Participant in the Plan for a Performance Period shall be notified of such Participant's selection, such Participant's Target Incentive Award (as defined below) and the specific Performance Objectives and Performance Standards (each as defined below) upon which such Participant's Incentive Awards (as defined below), if any, shall be based. The Participants in the Plan for the applicable Performance Period shall be documented.

II. TARGET INCENTIVE AWARD

The Committee shall establish an individual targeted award (the "Target Incentive Award") under the Plan for each Participant for each Performance Period, expressed as a percentage of the Participant's base salary (prior to reduction under the Corporation's 401(k) retirement plan or cafeteria plan, "Base Salary") earned during the applicable Performance Period. The Target Incentive Awards for all Participants for the applicable Performance Period shall be documented.

III. PERFORMANCE PERIOD

The Performance Period is the period during which performance will be measured for determining the amounts of Participants' awards under the Plan ("Incentive Awards"). The Performance Period for the Plan shall be the calendar year.

IV. PERFORMANCE OBJECTIVES

Prior to the beginning of each Performance Period, or as soon thereafter as practicable, the Committee shall establish, based in part upon the recommendations of the Corporation's Chief Executive Officer (the "CEO"), objectives for the performance of the Corporation for the next following Performance Period, deemed necessary for the Corporation to achieve its strategic plans ("Performance Objectives"), the achievement of which or failure to achieve will result in the payment of Incentive Awards, as described in Section VIII, Determination of Incentive Awards. The Performance Objectives for the applicable Performance Period shall be documented.

V. PERCENTAGE WEIGHTING

Coincident with the establishment of the Performance Objectives for a particular Performance Period, the Committee shall, based in part upon the recommendations of the CEO, determine the relevant weights (the "Percentage Weightings") to be assigned to each of the Performance Objectives established for such Period, based on the relative impact of each Performance Objective on the Corporation's performance. The Percentage Weightings for the applicable Performance Period shall be documented.

VI. PERFORMANCE STANDARDS

Prior to the beginning of each Performance Period, or as soon thereafter as practicable, the Committee shall, based in part upon the recommendations of the CEO, establish the Performance Standards for each Performance Objective. The Performance Standards for the current Performance Period shall be documented. Performance Standards shall be set for the following three levels of achievement - "Threshold," "Target" and "Maximum."

- A. **Threshold:** The minimum level of performance required for an Incentive Award to be paid. No Incentive Award shall be paid for performance below this level. Achievement of the Threshold level shall result in a payment equal to 50% of the amount of the Target Incentive Award for the Performance Objective, as adjusted by the applicable Percentage Weighting.
- B. **Target:** The expected level of performance required, for which an Incentive Award in an amount equal to 100% of the Target Incentive Award shall be paid for the Performance Objective, as adjusted by the applicable Percentage Weighting.
- C. **Maximum:** The maximum level of performance, for which an Incentive Award in an amount equal to 150% of the amount of the Target Incentive Award shall be paid for the Performance Objective, as adjusted by the applicable Percentage Weighting. Achievement of a result greater than the Maximum level shall not increase the amount of the Incentive Award.

VII. CONTROLLING THRESHOLD(S)

The Committee may, based in part upon the recommendations of the CEO, establish minimum organization performance level(s) for each Performance Period ("Controlling Threshold(s)") that must be satisfied by the Corporation for Incentive Awards to be paid; provided, however, that a Controlling Threshold need not be established for any particular Performance Period. The Controlling Threshold(s) for the applicable Performance Period shall be documented.

VIII. DETERMINATION OF INCENTIVE AWARDS

As soon as practicable following the completion of a Performance Period, the Committee shall determine the degree of satisfaction of the Performance Objectives and the amounts of the Incentive Awards payable in accordance with the Plan, if any. The amount of the Incentive Award earned by each Participant shall depend upon the degree of achievement of the

Performance Standards for each Performance Objective and the Percentage Weighting assigned thereto. If an achievement level falls between the Threshold and Target levels or between the Target and Maximum levels, the Incentive Award shall be linearly extrapolated between the two levels. Award calculations will be applied to Base Salary earned during the applicable Performance Period. Subject to the payment limitations in paragraph X below and notwithstanding anything else to the contrary contained in the Plan, the Committee shall have absolute discretion with respect to the payment of Incentive Awards, including but not limited to the amount to be paid and whether or not payment will be made, on the basis of business conditions.

IX. PLAN ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall, in its sole discretion, interpret the Plan, prescribe, amend and rescind any rules and regulations necessary or appropriate for administration of the Plan and make such other determinations and take such other actions as it deems necessary or advisable for such purposes. Any interpretation, determination or other action made or taken by the Committee shall be final, binding, and conclusive. The Committee may rely upon the advice, counsel, and assistance of the CEO in performing its duties under the Plan.

X. PAYMENT OF INCENTIVE AWARDS

Payment of each Participant's Incentive Award shall be made as soon as practicable following the end of the applicable Performance Period, but not prior to January 1 or later than March 15 of the calendar year following the Performance Period (the "Incentive Award Payment Date"); provided, however, that notwithstanding anything to the contrary contained in the Plan, no Incentive Award shall be paid to any individual who is not employed by the Corporation on the applicable Incentive Award Payment Date, unless due to the individual's death, disability (entitlement to benefits under the Corporation's Long-Term Disability Plan, "Disability") or retirement at or after attaining age 55. Incentive Award payments made due to the Participant's death, Disability or retirement at or after attaining age 55 shall be made on the applicable Incentive Award Payment Date. All Incentive Awards shall be paid in a lump sum in cash, less any amounts required for federal, state and local income and payroll tax withholdings.

XI. DISCIPLINARY ACTION

Notwithstanding anything to the contrary contained in the Plan, a Participant whose performance rating for a Performance Period is "Does Not Meet Expectations" (pursuant to the Corporation's Salary Administration Policy) shall not receive an Incentive Award for such Performance Period.

XII. TERMINATION OF EMPLOYMENT

If a Participant ceases to be employed by the Corporation (a) by reason of his death, Disability or retirement at or after attaining age 55, the Participant's Incentive Award for the Performance Period in which his employment terminates shall be calculated using the Participant's Base Salary earned prior to his termination of employment, or (b) other than by reason of his death, Disability or retirement at or after attaining age 55, the Participant's Incentive Award for the Performance Period in which his employment terminates shall be forfeited.

XIII. FUNDING

No funds shall be set aside or reserved for payment of Incentive Awards under the Plan, and all obligations of the Corporation under the Plan shall be unfunded and shall be paid from the general assets of the Corporation.

XIV. NOT EXCLUSIVE METHOD OF INCENTIVE

The Plan shall not be deemed to be an exclusive method of providing incentive compensation for employees of the Corporation nor shall it preclude the Board from authorizing or approving other forms of incentive compensation therefor.

XV. NO RIGHT TO CONTINUED PARTICIPATION

Participation in the Plan by an employee in any Performance Period shall not be held or construed to confer upon such employee the right to participate in the Plan in any subsequent Performance Period.

XVI. NO RIGHT TO CONTINUED EMPLOYMENT

None of the establishment of the Plan, participation in the Plan by a Participant, the payment of any Incentive Award hereunder or any other action pursuant to the Plan shall be held or construed to confer upon any employee the right to continue in the employ of the Corporation or affect any right which the Corporation may have to terminate at will the employment thereof.

XVII. NONTRANSFERABILITY OF AWARDS

Except by operation of the laws of descent and distribution, no amount payable at any time under the Plan shall be subject to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge or encumbrance of any kind nor in any manner be subject to the debts or liabilities of any person, and any attempt to so alienate or subject any such amount shall be void.

XVIII. AMENDMENT AND TERMINATION

The Board may amend or terminate the Plan at any time; provided, however, that no amendment or termination of the Plan shall adversely affect the entitlement of a Participant to payment of any Incentive Award which has been determined by the Committee prior to such amendment or termination, although the Board may amend or terminate the rights of any Participant under the Plan at any time prior to the determination of the amount of the Incentive Award to be paid thereto for a Performance Period.

XIX. EFFECTIVE DATE

The Plan shall be effective June 5, 2013 and shall continue in effect until terminated by the Board.

Exhibit A
Participating Subsidiaries

Unitil Energy Systems, Inc.

Fitchburg Gas and Electric Light Company

Unitil Service Corp.

Usource LLC

Northern Utilities, Inc.

Granite State Gas Transmission, Inc.

**Unitil Corporation
Second Amended and Restated
2003 Stock Plan**

Unitil Corporation Second Amended and Restated 2003 Stock Plan

ARTICLE 1

Establishment, Objectives, and Duration

1.1 Establishment of the Plan. Unitil Corporation, a corporation organized and existing under New Hampshire law (the "Company"), hereby establishes an incentive compensation plan to be known as the "Unitil Corporation Second Amended and Restated 2003 Stock Plan" (hereinafter referred to as the "Plan"). The Plan permits the grant of Shares and Restricted Stock Units. The Plan first became effective on January 1, 2003 and was previously known as the "Unitil Corporation 2003 Restricted Stock Plan." On March 24, 2011, the Plan was amended and restated to permit the granting of Restricted Stock Units, to change the name of the Plan to the "Unitil Corporation Amended and Restated 2003 Stock Plan," and to make other non-material revisions. The Plan, as further amended, restated and renamed, will become effective on April 19, 2012 if approved by the Company's shareholders at the Company's 2012 Annual Meeting of Shareholders. The Plan shall remain in effect as provided in Section 1.3 hereof.

1.2 Objectives of the Plan. The objectives of the Plan are to optimize the profitability and growth of the Company through incentives which are consistent with the Company's goals and which link the personal interests of Participants to those of the Company's shareholders; to provide Participants with an incentive for excellence in individual performance; and to promote teamwork among Participants.

1.3 Duration of the Plan. The Plan shall remain in effect, subject to the right of the Board to amend or terminate the Plan at any time pursuant to Article 14 hereof, until all Shares subject to it shall have been purchased or acquired according to the Plan's provisions.

ARTICLE 2

Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below, and, when the meaning is intended, the initial letter of the word shall be capitalized:

2.1 "Affiliate" means any parent or subsidiary of the Company which meets the requirements of Section 424 of the Code.

2.2 "Award" means, individually or collectively, an award under this Plan of Shares or Restricted Stock Units.

2.3 “Award Agreement” means an agreement entered into by the Company and each Participant setting forth the terms and provisions applicable to Awards made under the Plan.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Change in Control” means the satisfaction of any one or more of the following conditions (and the “Change in Control” shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied):

(a) the Company receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Rule 13(d) of the Exchange Act, disclosing that any person, group, corporation or other entity is the beneficial owner, directly or indirectly, of 25% or more of the outstanding Shares;

(b) any “person” (as such term is used in Section 13(d) of the Exchange Act), group, corporation or other entity other than the Company or a wholly-owned subsidiary of the Company, purchases Shares pursuant to a tender offer or exchange offer to acquire any Shares (or securities convertible into Shares) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the “beneficial owner” (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 25% or more of the outstanding Shares (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire Shares);

(c) consummation of a transaction which involves (1) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation, or pursuant to which Shares of the Company would be converted into cash, securities or other property (except where the Company’s shareholders before such transaction will be the owners of more than 75% of all classes of voting securities of the surviving entity); or (2) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company.

(d) there shall have been a change in a majority of the members of the Board within a 25-month period, unless the election or nomination for election by the Company’s shareholders of each new director was approved by the vote of at least two-thirds of the directors then still in office who were in office at the beginning of the 25-month period.

2.6 “Code” means the Internal Revenue Code of 1986, as amended from time to time.

2.7 “Committee” means (i) the Compensation Committee of the Board, as specified in Article 3 herein, or (ii) such other Committee appointed by the Board to administer the Plan (or aspects thereof) with respect to grants of Awards except (a) as may be prohibited by applicable law, the Company’s Articles of Incorporation or the

Company's By-Laws or (b) as may conflict with the authority that the Board has delegated to another Committee appointed by the Board.

2.8 "Company" means Unital Corporation, a corporation organized and existing under New Hampshire law, and any successor thereto as provided in Article 17 herein.

2.9 "Consultant" means an independent contractor who is performing consulting services for one or more entities in the Group and who is not an employee of any entity in the Group.

2.10 "Director" means a member of the Board or a member of the board of directors of an Affiliate.

2.11 "Director Participant" means a Participant who receives an Award for his or her services as a Director.

2.12 "Disability" shall have the meaning ascribed to such term in the long-term disability plan maintained by the Company, or if no such plan exists, at the discretion of the Committee.

2.13 "Dividend Equivalent" shall have the meaning ascribed to such term in Section 7.5 hereof.

2.14 "Employee" means any employee of the Group, including any employees who are also Directors.

2.15 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.16 "Fair Market Value" means as of any date, the closing price based upon composite transactions on a national stock exchange for one Share or, if no sales of Shares have taken place on such date, the closing price on the most recent date on which selling prices were quoted. In the event the Company's Shares are no longer traded on a national stock exchange, Fair Market Value shall be determined in good faith by the Committee.

2.17 "Group" means the Company and its Affiliates.

2.18 "Named Executive Officer" means a Participant who, as of the date of vesting of an Award, is one of the group of "covered employees," as defined in the regulations promulgated under Code Section 162(m), or any successor section.

2.19 "Nonemployee Director" shall have the meaning ascribed to such term in Rule 16b-3 of the Exchange Act.

2.20 "Outside Director" shall have the meaning ascribed to such term under the regulations promulgated with respect to Code Section 162(m).

2.21 “Participant” means a current or former Employee, Director, or Consultant who has outstanding an Award granted under the Plan.

2.22 “Performance-Based Exception” means the performance-based exception from the tax deductibility limitations of Code Section 162(m).

2.23 “Period(s) of Restriction” means the period (or periods) during which the transfer of Shares or Restricted Stock Units are limited in some way (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, at its discretion), and the Shares or Restricted Stock Units are subject to a substantial risk of forfeiture.

2.24 “Plan” shall have the meaning ascribed to such term in Section 1.1 hereof.

2.25 “Restricted Stock” or “Restricted Share” means an Award of Shares granted to a Participant pursuant to Article 6 herein subject to a Period(s) of Restriction.

2.26 “Restricted Stock Unit” means an Award granted to a Participant pursuant to Article 7 herein.

2.27 “RSU Election” shall have the meaning ascribed to such term in section 7.1 hereof.

2.28 “Shares” means the shares of common stock (no par value) of the Company.

2.29 “Termination of Service” means, (i) if an Employee, termination of employment with all entities in the Group, (ii) if a Director, termination of service on the Board and the board of directors of any Affiliate, as applicable, and (iii) if a Consultant, termination of the consulting relationship with all entities in the Group; provided, however, that if a Participant serves the Group in more than one of the above capacities, Termination of Service shall mean termination of service in all such capacities; provided, however, that with respect to any Restricted Stock Units that constitute deferred compensation for purposes of Code Section 409A, the term Termination of Service shall mean “separation from service,” as that term is used in Code Section 409A.

ARTICLE 3

Administration

3.1 The Committee. The Plan shall be administered by the Committee. To the extent the Company deems it to be necessary or desirable with respect to any Awards made hereunder, the members of the Committee may be limited to Nonemployee Directors or Outside Directors, who shall be appointed from time to time by, and shall serve at the discretion of, the Board.

3.2 Authority of the Committee. Except as limited by law or by the Articles of Incorporation or the By-laws of the Company, and subject to the provisions herein, the

Committee shall have full power to select the persons who shall participate in the Plan; determine the sizes of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan as they apply to Participants; establish, amend, or waive rules and regulations for the Plan's administration as they apply to Participants; and (subject to the provisions of Article 14 herein) amend the terms and conditions of any outstanding Award to the extent such terms and conditions are within the discretion of the Committee as provided in the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan. As permitted by law, the Committee may delegate its authority as identified herein.

3.3 Decisions Binding. All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive and binding on all persons, including the Company, its shareholders, Affiliates, Participants, and their estates and beneficiaries.

ARTICLE 4

Shares Subject to the Plan and Maximum Awards

4.1 Number of Shares Available for Grants.

(a) Subject to adjustment as provided in Section 4.2, the maximum number of Shares available for Awards to Participants under the Plan shall be 677,500 Shares. The 677,500 Shares referred to in the immediately preceding sentence includes 177,500 Shares initially made available for Awards to Participants under the Plan and 500,000 Shares added to the Plan as of April 19, 2012. To the extent all or any portion of an Award expires before vesting, is forfeited, or is paid in cash, the Shares subject to such portion of the Award shall again be available for issuance under the Plan. For avoidance of doubt, if Shares are returned to the Company in satisfaction of taxes relating to a Restricted Stock Award, such issued Shares shall not become available again under the Plan.

(b) The maximum aggregate number of Shares or Restricted Stock Units that may be granted in any one calendar year to any one Participant shall be 20,000, subject to adjustment in accordance with Section 4.2.

4.2 Adjustments in Authorized Shares. In the event of an equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Stock Compensation) affecting the Shares, such as a stock dividend, stock split, spin off, rights offering, or recapitalization through a large, nonrecurring cash dividend, the Committee shall authorize and make an equitable adjustment to the number and kind of Shares that may be delivered pursuant to Section 4.1 and, in addition, may authorize and make an equitable adjustment to the Award limit set forth in Section 4.1(b). In the event of any other change in corporate capitalization, such as a merger, consolidation, reorganization or partial or complete liquidation of the Company, the Committee may, in its sole discretion, authorize and make such proportionate adjustments, if any, as the Committee shall deem appropriate to prevent

dilution or enlargement of rights, including, without limitation, an adjustment in the maximum number and kind of Shares or Restricted Stock Units that may be delivered pursuant to Section 4.1 and in the Award limit set forth in Section 4.1(b). The number of Shares or Restricted Stock Units subject to any Award shall always be rounded to the nearest whole number, with one-half (1/2) of a share rounded up to the next higher number.

ARTICLE 5

Eligibility and Participation

5.1 Eligibility. Persons eligible to participate in this Plan include all Employees, Directors and Consultants of the Group.

5.2 Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Employees, Directors and Consultants those to whom Awards shall be made and shall determine the nature and amount of each Award.

ARTICLE 6

Stock Awards

6.1 Grant of Stock Awards. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares to Participants in such amounts as the Committee shall determine and subject to any restrictions the Committee may deem appropriate.

6.2 Stock Award Agreement. Each grant of Shares shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, if any, the number of Shares granted, and such other provisions as the Committee shall determine.

6.3 Transferability. Except as provided in this Article 6, the Shares granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the end of any applicable Period(s) of Restriction established by the Committee and specified in the Award Agreement.

6.4 Restrictions.

(a) Subject to the terms hereof, the Committee shall impose such conditions and/or restrictions on any Shares granted pursuant to the Plan as it may deem advisable and as are expressly set forth in the Award Agreement including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share, restrictions based upon the achievement of specific performance goals (Company-wide, divisional, and/or individual), time-based restrictions, and/or restrictions under applicable federal or state securities laws. For purposes of Awards granted under this Article 6, the period(s) that the Shares are subject to such conditions and/or restrictions shall be referred to as the "Period(s) of Restriction."

(b) The Participant shall execute appropriate stock powers in blank and such other documents as the Committee shall prescribe.

(c) Subject to restrictions under applicable law or as may be imposed by the Company, Shares covered by each Award made under the Plan shall become freely transferable by the Participant after the last day of any applicable Period(s) of Restriction.

6.5 Voting Rights. During any Period(s) of Restriction, subject to any limitations imposed under the By-laws of the Company, Participants holding Shares granted hereunder may exercise full voting rights with respect to those Shares.

6.6 Dividends and Other Distributions. During any Period(s) of Restriction, Participants holding Shares granted hereunder may be credited with regular dividends paid with respect to the underlying Shares while they are so held. The Committee may apply any restrictions to the dividends that the Committee deems appropriate and as are expressly set forth in the Award Agreement. Without limiting the generality of the preceding sentence, if the grant or vesting of Shares granted to a Named Executive Officer is designed to comply with the requirements of the Performance-Based Exception, the Committee may apply any restrictions it deems appropriate to the payment of dividends declared with respect to such Shares, such that the dividends and/or the Shares maintain eligibility for the Performance-Based Exception.

ARTICLE 7

Restricted Stock Units

7.1 Grant of Restricted Stock Units. Subject to the terms and provisions of the Plan (a) the Committee, at any time and from time to time, may grant Restricted Stock Units to Participants in such amounts as the Committee shall determine and (b) to the extent permitted by the Committee, Director Participants may elect to receive Restricted Stock Units in lieu of Shares (an "RSU Election") that such Director Participant otherwise would receive for services on the Board. Each Restricted Stock Unit Award shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction/vesting schedule (if any), the number of Restricted Share Units granted, and such other provisions as the Committee shall determine. A Restricted Stock Unit is a notional unit of measurement denominated in Shares (*i.e.*, one Restricted Stock Unit is equivalent in value to one Share), which represents an unfunded, unsecured right to receive Shares or a cash amount equal to the Fair Market Value of the Shares that would have been received (as specified in the applicable RSU Agreement) on the terms and conditions set forth herein and in the applicable RSU Agreement.

7.2 RSU Elections. Any RSU Election will be made in the manner determined by the Committee. Notwithstanding the foregoing, an RSU Election shall only be effective if (a) the RSU Election was made in the calendar year prior to the calendar year in which the services to which the Shares and Restricted Stock Units relate are performed, (b) the RSU Election was made within 30 days of a Director Participant first becoming eligible to participate in the Plan and such RSU Election is limited to compensation

earned following the date of such election, or (c) the Committee determined the RSU Election otherwise constitutes a compliant deferral election under Code Section 409A. Once a Director Participant makes an RSU Election, such election shall remain in place until revoked or changed by the Director Participant in accordance with procedures determined by the Committee. Any such revocation or change will only be effective with respect to Shares and Restricted Stock Units relating to service in calendar years following such revocation or change, unless otherwise provided by the Committee.

7.3 Vesting. The Committee shall, in its discretion, determine any vesting requirements with respect to a Restricted Stock Unit Award, which shall be set forth in the Award Agreement. The requirements for vesting of a Restricted Stock Unit Award may be based on the continued service of the Participant for a specified time period (or periods) and/or on the attainment of a specified performance goal (or goals) established by the Committee in its discretion. A Restricted Stock Unit Award may also be granted on a fully vested basis, with a deferred payment date as may be determined by the Committee or elected by the Participant in accordance with the rules established by the Committee.

7.4 Settlement of Restricted Stock Units. Restricted Stock Units shall be settled (*i.e.*, paid out) at the time or times determined by the Committee and set forth in the Award Agreement, which may be upon or following the vesting of the Award. Restricted Stock Units that constitute deferred compensation for purposes of Code Section 409A shall only be settled on dates or events that comply with Code Section 409A. If Restricted Stock Units are settled in cash, the payment with respect to each Restricted Stock Unit shall be determined by reference to the Fair Market Value of one Share on the day immediately prior to the settlement date. Restricted Stock Unit Award Agreements may provide for payment to be made in cash or in Shares, or in a combination thereof.

7.5 Dividend Equivalents. Restricted Stock Units may be granted, at the discretion of the Committee, with or without the right to receive Dividend Equivalents with respect to the Restricted Stock Units. A Dividend Equivalent is an unfunded, unsecured right to receive (or be credited with) an amount equal to the regular cash dividend payments (if any) the Participant would have been entitled to had he or she held the number of Shares underlying the Restricted Stock Units on the record date of any regular cash dividend on the Shares. The Committee may apply any terms, restrictions or conditions on the Dividend Equivalents as it deems appropriate (including, without limitation, deferring payment of the Dividend Equivalents until the related Restricted Stock Units are settled or converting Dividend Equivalents to additional Restricted Stock Units). Any such terms, restrictions or conditions shall be set forth in the Restricted Stock Unit Award Agreement.

7.6 No Rights as Stockholder. The Participant shall not have any voting or other rights as a stockholder with respect to the Shares underlying Restricted Stock Units until such time as Shares may be delivered to the Participant pursuant to the terms of the Award.

ARTICLE 8

Termination of Service

Each Award Agreement shall set forth the effect that Termination of Service shall have upon that Award. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Awards issued pursuant to the Plan, and may reflect distinctions based on the reasons for Termination of Service; provided, however, that the following shall automatically apply to the extent different provisions are not expressly set forth in a Participant's Award Agreement:

(a) Upon a Termination of Service for any reason other than death, retirement or Disability, all unvested Restricted Shares shall be forfeited as of the termination date.

(b) Upon a Termination of Service as a result of the Participant's death, retirement or Disability, all unvested Restricted Shares shall vest as of the termination date.

ARTICLE 9

Restrictions on Shares

All Shares issued pursuant to Awards granted hereunder, and a Participant's right to receive Shares upon vesting or settlement of an Award, shall be subject to all applicable restrictions contained in the Company's By-laws, shareholders agreement or insider trading policy, and any other restrictions imposed by the Committee, including, without limitation, restrictions under applicable securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and restrictions under any blue sky or state securities laws applicable to such Shares.

ARTICLE 10

Performance Measures

If an Award is subject to Code Section 162(m) and the Committee determines that such Award should be designed to comply with the Performance-Based Exception, the performance measure(s), the attainment of which determine the degree of vesting, to be used for purposes of such Awards shall be chosen from among earnings per share, economic value added, market share (actual or targeted growth), net income (before or after taxes), operating income, return on assets (actual or targeted growth), return on capital (actual or targeted growth), return on equity (actual or targeted growth), return on investment (actual or targeted growth), revenue (actual or targeted growth), share price, stock price growth, total shareholder return, or such other performance measures as are duly approved by the Committee and the Company's shareholders.

ARTICLE 11

Beneficiary Designation

Subject to the terms and conditions of the Plan and the applicable Award Agreement, each Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom Shares under the Plan are to be transferred in the event of the Participant's death. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing during the Participant's lifetime with the party chosen by the Company, from time to time, to administer the Plan. In the absence of any such designation, Shares shall be paid to the Participant's estate following his death.

ARTICLE 12

Rights of Participants

12.1 Continued Service. Nothing in the Plan shall:

(a) interfere with or limit in any way the right of the Company to terminate any Participant's employment, service as a Director, or service as a Consultant with the Group at any time, or

(b) confer upon any Participant any right to continue in the service of any member of the Group as an Employee, Director or Consultant.

12.2 Participation. Participation is determined by the Committee. No person shall have the right to be selected to receive an Award under the Plan, or, having been so selected, to be selected to receive a future Award.

ARTICLE 13

Change in Control

Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges, any restrictions and transfer limitations imposed on Restricted Shares shall immediately lapse and any unvested Restricted Stock Units shall immediately become vested.

ARTICLE 14

Amendment or Termination

The Board may at any time and from time to time amend or terminate the Plan or any Award hereunder in whole or in part; provided, however, that no amendment which requires shareholder approval in order for the Plan to continue to comply with any applicable tax or securities laws or regulations, or the rules of any securities exchange

on which the securities of the Company are listed, shall be effective unless such amendment shall be approved by the requisite vote of shareholders of the Company entitled to vote thereon; provided further that no such amendment or termination shall adversely affect any Award hereunder without the consent of the Participant.

ARTICLE 15

Withholding

15.1 Tax Withholding. The Company shall have the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy any taxes required by federal, state, or local law or regulation to be withheld with respect to any taxable event arising in connection with an Award.

15.2 Share Withholding. Participants may elect, subject to the approval of the Committee, to satisfy all or part of such withholding requirement by having the Company withhold Shares having a Fair Market Value equal to the minimum statutory total tax which could be imposed on the transaction. All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

ARTICLE 16

Indemnification

Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company to the fullest extent permitted by applicable law against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification is subject to the person having been successful in the legal proceedings or having acted in good faith and what is reasonably believed to be a lawful manner in the Company's best interests. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

ARTICLE 17

Successors

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

ARTICLE 18

Miscellaneous

18.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

18.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

18.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to, and may be made contingent upon satisfaction of, all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

18.4 Governing Law. To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the state of New Hampshire.

18.5 Section 409A Compliance. To the extent applicable, it is intended that the Plan and all Awards of Restricted Stock Units comply with the requirements of Section 409A, and the Plan and the Restricted Stock Unit Award Agreements shall be interpreted accordingly.

(a) If it is determined that all or a portion of a Restricted Stock Unit Award constitutes deferred compensation for purposes of Code Section 409A, and if the Participant is a "specified employee" (as defined in Code Section 409A(a)(2)(B)(i)) at the time of the Participant's separation from service (as that term is used in Code Section 409A), then, to the extent required under Section 409A, any Shares or cash that would otherwise be paid upon the Grantee's separation from service in respect of the Restricted Stock Units (including any related Dividend Equivalents that constitute deferred compensation for purposes of Section 409A) shall instead be paid on the earlier of (i) the first business day of the sixth month following the date of the Participant's separation from service (as that term is used in Code Section 409A) or (ii) the Grantee's death.

(b) If it is determined that all or a portion of a Restricted Stock Unit Award constitutes deferred compensation for purposes of Code Section 409A, upon a Change in Control that does not constitute a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (as those terms are used in Code Section 409A), the Restricted Stock Units shall vest at the time of the Change in Control to the extent so provided Article 13, but settlement of any Restricted Stock Units (and payment of any related Dividend Equivalents Payments) that constitute deferred compensation for purposes of Code Section 409A shall not be accelerated (*i.e.*, payment shall occur when it would have occurred absent the Change in Control).

2014 Incentive Plan Results

Measure	Goal	Result	Weight	Factor	Weighted Factor
Quantitative Evaluation:					
Earnings Per Share ⁽³⁾	Threshold – \$1.38 Target – \$1.63 to \$1.73 Maximum –\$1.78	\$1.79	.40	1.50	0.60
Gas Safety – Response to Odor Calls ⁽⁵⁾	95% – 97% – 99%	Over 99%	.10	1.50	0.15
Electric Reliability – SAIDI Minutes ⁽¹⁾	191 – 156 – 121	127	.10	1.41	0.14
Customer Satisfaction ⁽²⁾	Threshold – Target minus 5% Target – National benchmark Maximum – Target plus 5%	Target plus 4%	.10	1.40	0.14
O&M Cost Per Customer ⁽⁴⁾	Threshold – Better Than Most Costly Third Target – Better Than Peer Average Maximum – In Least Cost Third	Least Cost Third	.30	1.50	0.45
Total Weighted Factor					1.48
Payout Percent for Average Employee					7.4%

- (1) – Target set based on SAIDI trend compared to peers
- (2) – Measured against same-year national benchmark for residential customer satisfaction
- (3) – Target Band set based on approved budget with a ten cent band to reflect variability based upon weather.
- (4) – Measured against same-year performance of selected peer companies in the Northeast; weighted 50% electric, 50% gas
- (5) – Threshold set based on MA, NH & ME minimum performance level for service quality

1/16/2015

2015 Incentive Plan Results (final)

Measure	Goal	Result	Weight	Factor	Weighted Factor
Quantitative Evaluation:					
Earnings Per Share ⁽³⁾	Threshold – \$1.48 Target – \$1.76 to \$1.86 Maximum – \$1.91	\$1.89	.40	1.30	0.52
Gas Safety – Response to Odor Calls ⁽⁵⁾	95% – 97% – 99%	Over 99%	.10	1.50	0.15
Electric Reliability – SAIDI Minutes ⁽¹⁾	191 – 156 – 121	96	.10	1.50	0.15
Customer Satisfaction ⁽²⁾	Threshold – Target minus 5% Target – National benchmark Maximum – Target plus 5%	Target minus 1%	.10	.90	0.09
O&M Cost Per Customer ⁽⁴⁾	Threshold – Better Than Most Costly Third Target – Better Than Peer Average Maximum – In Least Cost Third	Least Cost Third	.30	1.50	0.45
Total Weighted Factor					1.36
Payout Percent for Average Employee					6.8%

- (1) – Target set based on SAIDI trend compared to peers
 (2) – Measured against same-year national benchmark for residential customer satisfaction
 (3) – Target Band set based on approved budget with a ten cent band to reflect variability based upon weather.
 (4) – Measured against same-year performance of selected peer companies in the Northeast; weighted 50% electric, 50% gas
 (5) – Threshold set based on MA, NH & ME minimum performance level for service quality

1/12/2016

2016 Incentive Plan Results (Final)

Measure	Goal	Result	Weight	Factor	Weighted Factor
Quantitative Evaluation:					
Earnings Per Share ⁽³⁾	Threshold – \$1.66 Target – \$1.81 to \$1.91 Maximum – \$1.96	\$1.94	.40	1.30	0.52
Gas Safety – Response to Odor Calls ⁽⁵⁾	95% – 97% – 99%	Over 99%	.10	1.50	0.15
Electric Reliability – SAIDI Minutes ⁽¹⁾	191 – 156 – 121	86	.10	1.50	0.15
Customer Satisfaction ⁽²⁾	Threshold – Target minus 5% Target – National benchmark Maximum – Target plus 5%	Target plus 2%	.10	1.20	0.12
O&M Cost Per Customer ⁽⁴⁾	Threshold – Better Than Most Costly Third Target – Better Than Peer Average Maximum – In Least Cost Third	Least Cost Third	.30	1.50	0.45
Total Weighted Factor					1.39
Payout Percent for Average Employee					6.95%

- (1) – Target set based on SAIDI trend compared to peers
 (2) – Measured against same-year national benchmark for residential customer satisfaction
 (3) – Target Band set based on approved budget with a ten cent band to reflect variability based upon weather.
 (4) – Measured against same-year performance of selected peer companies in the Northeast; weighted 50% electric, 50% gas
 (5) – Threshold set based on MA, NH & ME minimum performance level for service quality

1/12/2017

Line No	Description	2012	2013	2014	2015	2016
1	30-40-03-00-9200500 INCENTIVE COMPENSATION - NH	\$ 28,339	\$ 51,644	\$ 78,814	\$ 66,173	\$ 73,562
2	30-40-10-00-9200500 INCENTIVE COMPENSATION CAPITALIZED	<u>(18,840)</u>	<u>(46,985)</u>	<u>(66,205)</u>	<u>(55,585)</u>	<u>(61,792)</u>
3	Net Incentive Compensation charged to NuNH O&M	<u>\$ 9,500</u>	<u>\$ 4,659</u>	<u>\$ 12,609</u>	<u>\$ 10,588</u>	<u>\$ 11,770</u>
4	12-30-03-00-9200500 INCENTIVE COMPENSATION	\$ 1,929,586	\$ 2,391,243	\$ 3,754,132 ✓	\$ 3,737,123	\$ 3,959,696
5	12-30-03-00-9200600 COMPENSATION EXP - RESTR STK PLAN	<u>1,271,617</u>	<u>684,868</u>	<u>1,356,955</u>	<u>1,833,073</u>	<u>2,150,024</u>
6	Total USC Incentive Compensation Expense	3,201,202	3,076,111	5,111,086	5,570,195	6,109,720
7	Percentage Billed to Northern New Hampshire Division	17.79%	17.44%	17.75% ✓	18.51%	18.68%
8	Incentive Compensation Billed to NuNH	<u>569,494</u>	<u>536,474</u>	<u>907,218</u>	<u>1,031,043</u>	<u>1,141,296</u>
9	Percentage charged to construction	28.03%	34.50%	30.83%	31.18%	30.53%
10	Amount charged to construction	<u>(159,629)</u>	<u>(185,083)</u>	<u>(279,695)</u>	<u>(321,479)</u>	<u>(348,438)</u>
11	Net Incentive Compensation charged to NuNH O&M	<u>\$ 409,865</u>	<u>\$ 351,390</u>	<u>\$ 627,523</u>	<u>\$ 709,564</u>	<u>\$ 792,858</u>
12	Total Incentive Compensation to NuNH O&M	<u>\$ 419,364</u>	<u>\$ 356,049</u>	<u>\$ 640,132</u>	<u>\$ 720,152</u>	<u>\$ 804,628</u>

Docket No. DG 17-070
Staff Tech 1-14 Attachment 1

Northern Utilities, Inc. - New Hampshire Division
Restricted Stock Expense Billed to NU-NH
through the USC Service Bill

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Restricted Stock Expense	\$2,150,024
2	Percentage Billed to Northern-NH	<u>18.68%</u>
3	Restricted Stock billed to NU-NH	401,624
4	Percentage charged to construction	<u>30.53%</u>
5	Amount charged to construction	<u>122,616</u>
6	Restricted Stock charged to O&M	<u><u>\$279,009</u></u>

**Northern Utilities--New Hampshire Division
 Residential Low Income Assistance And Regulatory Assessment (RLIARA)
 Quarterly Report For Actual Period Ending 9/31/17
 2016-17 RLIARA Discounted 60%**

	Actual Nov-16	Actual Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Actual May-17	Actual Jun-17	Actual Jul-17	Actual Aug-17	Actual Sep-17	Estimated Oct-17	Summary				
													Actual/ Estimated Total-To-Date (1)	Estimated	Variance		
Customer Count																	
Actual / Projected No. of Customers:														Average			
LIHEAP	655	839	855	839	892	1,003	909	699	683	665	655	929		819	1,148	(329)	
Non-LIHEAP	-	-	-	-	-	-	-	-	-	-	-	-		-	6	(6)	
Total	(2) 855	839	855	839	892	1,003	909	699	683	665	655	929		819	1,154	(335)	
RLIAP Recoveries																	
Actual / Projected																	
Therm Sales-Total Firm Throughput	5,084,367	8,165,649	9,690,097	9,376,948	9,265,700	7,292,392	4,579,550	3,068,446	2,723,487	2,630,655	2,620,180	3,484,052		68,282,522	68,480,484	1,802,038	
RLIAP Rate Per Therm	(3) \$ 0.0098	\$ 0.0096	\$ 0.0096	\$ 0.0096	\$ 0.0096	\$ 0.0096	\$ 0.0096	\$ 0.0096	\$ 0.0096	\$ 0.0096	\$ 0.0096	\$ 0.0096					
Total	(4) \$ 52,159	\$ 78,390	\$ 95,905	\$ 90,019	\$ 88,951	\$ 70,007	\$ 43,984	\$ 29,467	\$ 26,145	\$ 25,254	\$ 25,154	\$ 33,447		\$ 658,861	\$ 648,545	\$ 10,316	
Program Costs																	
Actual & Projected Costs																	
IT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$-	
Admin.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$-	
Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-	\$-	\$-	
Interest	-\$140	-\$193	-\$282	-\$373	-\$452	-\$537	-\$540	-\$520	-\$528	-\$541	-\$574	-\$193		\$(4,873)	\$(2,812)	\$(2,061)	
Discounts-LIHEAP	(5) \$38,126	\$63,849	\$39,867	\$38,859	\$40,959	\$40,252	\$26,562	\$15,173	\$12,207	\$11,159	\$11,231	\$23,502		\$361,746	\$406,275	\$(44,529)	
Discounts -Non-LIHEAP	(5) \$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$-	\$464	\$(464)	
Total Costs	\$ 37,986	\$ 63,656	\$ 39,585	\$ 38,486	\$ 40,507	\$ 39,715	\$ 26,022	\$ 14,653	\$ 11,679	\$ 10,618	\$ 10,657	\$ 23,309		\$ 356,873	\$ 403,927	\$ (47,054)	
Regulatory Assessment Costs	\$ 22,743	\$ 22,743	\$ 22,723		\$ 224,191	\$ 240,545	\$(16,354)										
Avg Monthly Residential Customer Bill	\$ 99	\$ 150	\$ 192	\$ 194	\$ 168	\$ 138	\$ 67	\$ 44	\$ 36	\$ 34	\$ 35	\$ 44		\$ 1,200	\$ 1,194	\$ 6	
Avg Monthly Residential Low Income Customer Bill	\$ 65	\$ 103	\$ 133	\$ 134	\$ 113	\$ 97	\$ 38	\$ 23	\$ 18	\$ 17	\$ 18	\$ 23		\$ 783	\$ 954	\$(171)	
Avg Monthly RLIAP Customer Discount	\$ 24	\$ 47	\$ 59	\$ 60	\$ 52	\$ 41	\$ 29	\$ 21	\$ 18	\$ 17	\$ 18	\$ 21		\$ 417	\$ 240	\$ 177	
Avg. Monthly RLIAP Customer Discount as a % to Avg. Monthly Residential Customer Bill	34%	31%	31%	31%	32%	29%	43%	47%	50%	51%	50%	47%		35%	20%		
Gross Monthly Revenues	(6) \$ 4,354,759	\$ 7,459,955	\$9,218,672	\$8,918,737	\$8,275,504	\$6,888,801	\$4,091,682	\$2,579,200	\$1,973,492	\$2,073,402	\$2,218,505	\$2,255,104		\$ 60,307,216	\$71,217,885	\$(10,910,669)	
Total Costs as a percent of Gross Monthly Revenues	0.87%	0.85%	0.43%	0.43%	0.49%	0.58%	0.64%	0.57%	0.59%	0.51%	0.48%	1.03%		0.59%	0.57%		

(1) This column represents actual data for the months in which such data is available plus projected data for the remaining months in the 12-month program year.
 (2) The number of customers provided for this report are the number of customers as of the end of the month.
 (3) Rate change effective November 1, 2016 from \$0.0099 per therm to \$0.0096 per therm. Average rate used.
 (4) Recoveries are net of prior year overcollection.
 (5) The total discount is calculated from the actual Residential Low Income R-5 bills for the month. The discount by LIHEAP and Non-LIHEAP are prorated by the number of customers listed above.
 (6) Gross Monthly Revenues reflects actual data through December. Estimated months reflect Gross Monthly Revenues from 2016 actual data.