

**Schedule A**  
**Impact of Tax Reform on Revenue Requirement**  
**Effective January 1, 2018**  
**(\$ in thousands)**

| Line # | Impact to Revenue Requirement              |                 | Source          |
|--------|--|-----------------|-----------------|
| 1      | Net EDIT at 12.31.2017                     | \$ (1,271)      | Line 15         |
| 2      | Amortization                               | \$ (36)         | Line 15         |
| 3      | Gross-up factor                            | 1,374           | Line 22         |
| 4      | <b>Revenue requirement reduction #1</b>    | <b>\$ (49)</b>  | Line 2 x Line 3 |
| 5      | Income tax expense per 2018 budget at 21%  | \$ 330          |                 |
| 6      | Income tax expense per 2018 budget at 35%  | 477             |                 |
| 7      | Income tax expense rate variance           | (147)           | Line 5 - Line 4 |
| 8      | Gross up factor                            | 1,374           | Line 22         |
| 9      | <b>Revenue requirement reduction #2</b>    | <b>\$ (202)</b> | Line 7 x Line 8 |
| 10     | <b>Total revenue requirement reduction</b> | <b>\$ (251)</b> | Line 4 + Line 9 |

| Line # | Excess Deferred Income Taxes (EDIT) | Components      | Recovery<br>Period |   | Amortization |
|--------|-------------------------------------|-----------------|--------------------|---|--------------|
| 11     | Depreciation                        | \$ 1,469        | 29.75              | a | \$ 49        |
| 12     | Pension and OPEB                    | (195)           | 20.00              | b | (10)         |
| 13     | Other normalized items              | (6)             | 1.00               | c | (6)          |
| 14     | Deferred debits                     | 3               | 1.00               | c | 3            |
| 15     | <b>Total EDIT at 12.31.2017</b>     | <b>\$ 1,271</b> |                    |   | <b>\$ 36</b> |

- a. Line 29.
- b. Assume a 20 year period.
- c. Minor items amortize over 1 year.

| Line # | Computation of gross-up factor    |        |                   |
|--------|-----------------------------------|--------|-------------------|
| 16     | Operating revenues                | 100%   |                   |
| 17     | NH Business Profits Tax Rate      | 7.90%  |                   |
| 18     |                                   | 92.10% | Line 16- Line 17  |
| 19     | Federal Statutory Income Tax Rate | 21.00% |                   |
| 20     | Effective Tax Rate                | 19.34% | Line 18 x Line 19 |
| 21     | Operating income percentage       | 72.76% | Line 18 - Line 20 |
| 22     | Gross-up conversion factor        | 1.374  | 1 / Line 21       |

| Line # | NBV as a Percentage of Total Plant |               |                   |
|--------|------------------------------------|---------------|-------------------|
| 23     | Remaining NBV at 12.31.2017        | \$ 29,543     |                   |
| 24     | Total plant balance at 12.31.2017  | \$ 41,729     |                   |
| 25     | Percentage remaining               | <u>70.80%</u> | Line 23 / Line 24 |

| Line # | Average Remaining Book Life               |                     |                  |
|--------|---|---------------------|------------------|
| 26     | Composite depreciation rates @ 12.31.2017 | 2.38%               |                  |
| 27     | Average useful life                       | 42.02               | 1/Line 26        |
| 28     | Percentage remaining                      | 70.80%              | Line 25          |
| 29     | <b>Average remaining book life</b>        | <b><u>29.75</u></b> | Line 27* Line 28 |