

Attachment Eversource-1

EVERSOURCE ENERGY ILLUSTRATIVE CAPITAL INVESTMENT RECONCILING REVENUE

| Line | Description | | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|------|--|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1 | Actual Distribution Revenue | FERC Form 1, Page 300, Line 10 | \$ 2,910,014,774 | \$ 2,742,874,404 | \$ 2,662,674,265 | \$ 2,898,074,333 | \$ 2,772,846,524 | |
| 2 | Imputed competitive supply revenue | Competitive supply kWh x Basic Service rate | \$ 1,856,792,895 | \$ 1,498,981,920 | \$ 1,682,895,555 | \$ 2,083,315,527 | \$ 2,000,361,981 | |
| 3 | Maximum Capital Investment Project Revenue | Line 5 cumulative total | | \$ 71,502,115 | \$ 136,202,492 | \$ 203,429,076 | \$ 281,201,360 | \$ 357,017,508 |
| 4 | Total annual revenue | | \$ 4,766,807,669 | \$ 4,313,358,439 | \$ 4,481,772,312 | \$ 5,184,818,936 | \$ 5,054,409,865 | |
| 5 | 1.5 percent change in Revenue | Prior year line 4 x 1.5 percent | | 71,502,115 | 64,700,377 | 67,226,585 | 77,772,284 | 75,816,148 |
| 6 | Annual Revenue Requirement @ | | | | | | | |
| 7 | \$150M annual net capital investment | Page 2, Line 29, Columns B through E. | \$ 13,671,409 | \$ 36,832,423 | \$ 59,320,202 | \$ 81,154,686 | \$ 102,354,325 | \$ 120,109,780 |
| 8 | \$200M annual net capital investment | Page 4, Line 29, Columns B through E. | \$ 18,228,545 | \$ 49,109,898 | \$ 79,093,602 | \$ 108,206,248 | \$ 136,472,433 | \$ 160,146,373 |
| 9 | \$300M annual net capital investment | Page 6, Line 29, Columns B through E. | \$ 27,342,818 | \$ 73,664,846 | \$ 118,640,403 | \$ 162,309,372 | \$ 204,708,649 | \$ 240,219,559 |
| 10 | Annual Change in Revenue Requirement @ | | | | | | | |
| 11 | \$150M annual net capital investment | Line 7 current year - prior year | \$ 13,671,409 | \$ 23,161,014 | \$ 22,487,778 | \$ 21,834,484 | \$ 21,199,639 | \$ 17,755,455 |
| 12 | \$200M annual net capital investment | Line 8 current year - prior year | \$ 18,228,545 | \$ 30,881,352 | \$ 29,983,705 | \$ 29,112,646 | \$ 28,266,185 | \$ 23,673,940 |
| 13 | \$300M annual net capital investment | Line 9 current year - prior year | \$ 27,342,818 | \$ 46,322,028 | \$ 44,975,557 | \$ 43,668,968 | \$ 42,399,277 | \$ 35,510,910 |

Attachment Eversource-1

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ILLUSTRATIVE ANNUAL REVENUE REQUIREMENT
SUMMARY OF REVENUE REQUIREMENT @ \$150M

| Description (A) | Investment Year 1 2015 (B) | Investment Year 2 2016 (C) | Investment Year 3 2017 (D) | Investment Year 4 2018 (E) | Investment Year 5 2019 (F) | Investment Year 6 2020 (E) | Reference (L) |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| Beginning Gross Plant | - | \$ 150,000,000 | \$ 300,000,000 | \$ 450,000,000 | \$ 600,000,000 | \$ 750,000,000 | Line 16 Prior Year |
| Investment Activity | <u>\$ 150,000,000</u> | <u>\$ 150,000,000</u> | <u>\$ 150,000,000</u> | <u>\$ 150,000,000</u> | <u>\$ 150,000,000</u> | <u>\$ 150,000,001</u> | Line 15 + Line 16 |
| Ending Gross Plant | \$ 150,000,000 | \$ 300,000,000 | \$ 450,000,000 | \$ 600,000,000 | \$ 750,000,000 | \$ 900,000,001 | Line 15 + Line 16 |
| Accumulated Depreciation | <u>\$ (3,000,000)</u> | <u>\$ (12,000,000)</u> | <u>\$ (27,000,000)</u> | <u>\$ (48,000,000)</u> | <u>\$ (75,000,000)</u> | <u>\$ (105,000,000)</u> | Line 18 Prior Year - Line 37 |
| Current Net Plant | \$ 147,000,000 | \$ 288,000,000 | \$ 423,000,000 | \$ 552,000,000 | \$ 675,000,000 | \$ 795,000,001 | Line 18 + Line 19 |
| Deferred Income Taxes | <u>\$ (717,150)</u> | <u>\$ (2,753,446)</u> | <u>\$ (5,886,777)</u> | <u>\$ (9,912,242)</u> | <u>\$ (14,639,695)</u> | <u>\$ (19,176,591)</u> | Page 3, Line 46 |
| Current Rate Base | <u>\$ 146,282,850</u> | <u>\$ 285,246,554</u> | <u>\$ 417,113,223</u> | <u>\$ 542,087,758</u> | <u>\$ 660,360,305</u> | <u>\$ 775,823,410</u> | Line 20 + Line 21 |
| Average Rate Base | \$ 73,141,425 | \$ 215,764,702 | \$ 351,179,888 | \$ 479,600,490 | \$ 601,224,031 | \$ 718,091,857 | Avg of Line 21 Prior Year + Current Year |
| Pre-Tax WACC | 9.34% | 9.34% | 9.34% | 9.34% | 9.34% | 9.34% | Page 8, Line 18 |
| Return on Capital Investment | <u>\$ 6,831,409</u> | <u>\$ 20,152,423</u> | <u>\$ 32,800,202</u> | <u>\$ 44,794,686</u> | <u>\$ 56,154,325</u> | <u>\$ 67,069,779</u> | Line 23 x Line 24 |
| Depreciation Expense | \$ 3,000,000 | \$ 9,000,000 | \$ 15,000,000 | \$ 21,000,000 | \$ 27,000,000 | \$ 30,000,000 | Page 3 Line 41 |
| Property Taxes | <u>\$ 3,840,000</u> | <u>\$ 7,680,000</u> | <u>\$ 11,520,000</u> | <u>\$ 15,360,000</u> | <u>\$ 19,200,000</u> | <u>\$ 23,040,000</u> | Line 17 x Page 3, Line 49 Col. B |
| Annual Revenue Requirement | <u><u>\$ 13,671,409</u></u> | <u><u>\$ 36,832,423</u></u> | <u><u>\$ 59,320,202</u></u> | <u><u>\$ 81,154,686</u></u> | <u><u>\$ 102,354,325</u></u> | <u><u>\$ 120,109,780</u></u> | Line 25 + Sum of Lines 27-28 |

Sources
Col. B, Line 16: Investment @ \$150 M.
Col. B, Line 23: (Col. B, Line 21) / 2

Attachment Eversource-1

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ILLUSTRATIVE ANNUAL REVENUE REQUIREMENT

TAXES @ \$150M

| Description (A) | Investment Year 1 2015 (B) | Investment Year 2 2016 (C) | Investment Year 3 2017 (D) | Investment Year 4 2018 (E) | Investment Year 5 2019 (F) | Investment Year 6 2020 (G) | Reference (L) |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---|
| MACRS 20 Years | | | | | | | |
| Tax Depreciation Rate (Year 1 Investment) | 3.75% | 7.22% | 6.68% | 6.18% | 5.71% | 5.29% | IRS Pub 946 |
| Tax Depreciation Rate (Year 2 Investment) | | 3.75% | 7.22% | 6.68% | 6.18% | 5.71% | |
| Tax Depreciation Rate (Year 3 Investment) | | | 3.75% | 7.22% | 6.68% | 6.18% | |
| Tax Depreciation Rate (Year 4 Investment) | | | | 3.75% | 7.22% | 6.68% | |
| Tax Depreciation Rate (Year 5 Investment) | | | | | 3.75% | 7.22% | |
| Tax Depreciation (MACRS 20 Years) | | | | | | | |
| Tax Depreciation (Year 1 Investments) | \$ (5,625,000) | \$ (10,828,500) | \$ (10,015,500) | \$ (9,265,500) | \$ (8,569,500) | \$ (7,927,500) | Page 2, Line 16 Col B x Line 16 |
| Tax Depreciation (Year 2 Investments) | | \$ (5,625,000) | \$ (10,828,500) | \$ (10,015,500) | \$ (9,265,500) | \$ (8,569,500) | Page 2, Line 16 Col C x Line 17 |
| Tax Depreciation (Year 3 Investments) | | | \$ (5,625,000) | \$ (10,828,500) | \$ (10,015,500) | \$ (9,265,500) | Page 2, Line 16 Col D x Line 18 |
| Tax Depreciation (Year 4 Investments) | | | | \$ (5,625,000) | \$ (10,828,500) | \$ (10,015,500) | Page 2, Line 16 Col E x Line 19 |
| Tax Depreciation (Year 5 Investments) | | | | | \$ (5,625,000) | \$ (10,828,500) | Page 2, Line 16 Col F x Line 20 |
| Total Tax Depreciation | \$ (5,625,000) | \$ (16,453,500) | \$ (26,469,000) | \$ (35,734,500) | \$ (44,304,000) | \$ (46,606,500) | Sum of Lines 24-28 |
| Accumulated Tax Depreciation | \$ (5,625,000) | \$ (22,078,500) | \$ (48,547,500) | \$ (84,282,000) | \$ (128,586,000) | \$ (175,192,500) | Cumulative total for Line 30 |
| Book Depreciation (25 Year Life) | | | | | | | |
| Book Depreciation (Year 1 Investment) | \$ (3,000,000) | \$ (6,000,000) | \$ (6,000,000) | \$ (6,000,000) | \$ (6,000,000) | \$ (6,000,000) | Page 2, Line 16 Col B x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 2 Investment) | \$ - | \$ (3,000,000) | \$ (6,000,000) | \$ (6,000,000) | \$ (6,000,000) | \$ (6,000,000) | Page 2, Line 16 Col C x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 3 Investment) | \$ - | \$ - | \$ (3,000,000) | \$ (6,000,000) | \$ (6,000,000) | \$ (6,000,000) | Page 2, Line 16 Col D x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 4 Investment) | \$ - | \$ - | \$ - | \$ (3,000,000) | \$ (6,000,000) | \$ (6,000,000) | Page 2, Line 16 Col E x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 5 Investment) | \$ - | \$ - | \$ - | \$ - | \$ (3,000,000) | \$ (6,000,000) | Page 2, Line 16 Col F x Line 51 (x 1/2 in Yr 1) |
| Total Book Depreciation | \$ (3,000,000) | \$ (9,000,000) | \$ (15,000,000) | \$ (21,000,000) | \$ (27,000,000) | \$ (30,000,000) | Sum of Lines 35 - 39 |
| Accumulated Book Depreciation | \$ (3,000,000) | \$ (12,000,000) | \$ (27,000,000) | \$ (48,000,000) | \$ (75,000,000) | \$ (105,000,000) | Cumulative total for Line 41 |
| Book/Tax Depreciation Difference | \$ (2,625,000) | \$ (10,078,500) | \$ (21,547,500) | \$ (36,282,000) | \$ (53,586,000) | \$ (70,192,500) | Line 31 - Line 42 |
| Effective Tax Rate | 27.32% | 27.32% | 27.32% | 27.32% | 27.32% | 27.32% | Page 8 Line 24 |
| Accumulated Deferred Income Taxes | \$ (717,150) | \$ (2,753,446) | \$ (5,886,777) | \$ (9,912,242) | \$ (14,639,695) | \$ (19,176,591) | Line 44 x Line 45 |
| Other assumptions | | | | | | | |
| Property Tax Rate | 2.56% | | | | | | D.P.U. 17-05 |
| Book depreciation years | 25.0 | | | | | | Input |
| Book depreciation rate | 4.0% | | | | | | 100% / Line 50 |

Attachment Eversource-1

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ILLUSTRATIVE ANNUAL REVENUE REQUIREMENT
SUMMARY OF REVENUE REQUIREMENT @ \$200M

| Description | Investment Year 1 2015 | Investment Year 2 2016 | Investment Year 3 2017 | Investment Year 4 2018 | Investment Year 5 2019 | Investment Year 6 2020 | Reference |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--|
| (A) | (B) | (C) | (D) | (E) | (F) | (E) | (L) |
| Beginning Gross Plant | - | \$ 200,000,000 | \$ 400,000,000 | \$ 600,000,000 | \$ 800,000,000 | \$ 1,000,000,000 | Line 16 Prior Year |
| Investment Activity | \$ 200,000,000 | \$ 200,000,000 | \$ 200,000,000 | \$ 200,000,000 | \$ 200,000,000 | \$ 200,000,001 | Line 15 + Line 16 |
| Ending Gross Plant | \$ 200,000,000 | \$ 400,000,000 | \$ 600,000,000 | \$ 800,000,000 | \$ 1,000,000,000 | \$ 1,200,000,001 | Line 15 + Line 16 |
| Accumulated Depreciation | \$ (4,000,000) | \$ (16,000,000) | \$ (36,000,000) | \$ (64,000,000) | \$ (100,000,000) | \$ (140,000,000) | Line 18 Prior Year - Line 37 |
| Current Net Plant | \$ 196,000,000 | \$ 384,000,000 | \$ 564,000,000 | \$ 736,000,000 | \$ 900,000,000 | \$ 1,060,000,001 | Line 18 + Line 19 |
| Deferred Income Taxes | \$ (956,200) | \$ (3,671,262) | \$ (7,849,036) | \$ (13,216,323) | \$ (19,519,594) | \$ (25,568,788) | Page 5, Line 46 |
| Current Rate Base | \$ 195,043,800 | \$ 380,328,738 | \$ 556,150,964 | \$ 722,783,677 | \$ 880,480,406 | \$ 1,034,431,213 | Line 20 + Line 21 |
| Average Rate Base | \$ 97,521,900 | \$ 287,686,269 | \$ 468,239,851 | \$ 639,467,320 | \$ 801,632,042 | \$ 957,455,810 | Avg of Line 21 Prior Year + Current Year |
| Pre-Tax WACC | 9.34% | 9.34% | 9.34% | 9.34% | 9.34% | 9.34% | Page 8, Line 18 |
| Return on Capital Investment | \$ 9,108,545 | \$ 26,869,898 | \$ 43,733,602 | \$ 59,726,248 | \$ 74,872,433 | \$ 89,426,373 | Line 23 x Line 24 |
| Depreciation Expense | \$ 4,000,000 | \$ 12,000,000 | \$ 20,000,000 | \$ 28,000,000 | \$ 36,000,000 | \$ 40,000,000 | Page 5 Line 41 |
| Property Taxes | \$ 5,120,000 | \$ 10,240,000 | \$ 15,360,000 | \$ 20,480,000 | \$ 25,600,000 | \$ 30,720,000 | Line 17 x Page 5, Line 49 Col. B |
| Annual Revenue Requirement | <u>\$ 18,228,545</u> | <u>\$ 49,109,898</u> | <u>\$ 79,093,602</u> | <u>\$ 108,206,248</u> | <u>\$ 136,472,433</u> | <u>\$ 160,146,373</u> | Line 25 + Sum of Lines 27-28 |

Sources
Col. B, Line 16: Investment @ \$200 M.
Col. B, Line 23: (Col. B, Line 21) / 2

Attachment Eversource-1

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ILLUSTRATIVE ANNUAL REVENUE REQUIREMENT

TAXES @ \$200M

| Description (A) | Investment Year 1 2015 (B) | Investment Year 2 2016 (C) | Investment Year 3 2017 (D) | Investment Year 4 2018 (E) | Investment Year 5 2019 (F) | Investment Year 6 2020 (G) | Reference (L) |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---|
| MACRS 20 Years | | | | | | | |
| Tax Depreciation Rate (Year 1 Investment) | 3.75% | 7.22% | 6.68% | 6.18% | 5.71% | 5.29% | IRS Pub 946 |
| Tax Depreciation Rate (Year 2 Investment) | | 3.75% | 7.22% | 6.68% | 6.18% | 5.71% | |
| Tax Depreciation Rate (Year 3 Investment) | | | 3.75% | 7.22% | 6.68% | 6.18% | |
| Tax Depreciation Rate (Year 4 Investment) | | | | 3.75% | 7.22% | 6.68% | |
| Tax Depreciation Rate (Year 5 Investment) | | | | | 3.75% | 7.22% | |
| Tax Depreciation (MACRS 20 Years) | | | | | | | |
| Tax Depreciation (Year 1 Investments) | \$ (7,500,000) | \$ (14,438,000) | \$ (13,354,000) | \$ (12,354,000) | \$ (11,426,000) | \$ (10,570,000) | Page 4, Line 16 Col B x Line 16 |
| Tax Depreciation (Year 2 Investments) | | \$ (7,500,000) | \$ (14,438,000) | \$ (13,354,000) | \$ (12,354,000) | \$ (11,426,000) | Page 4, Line 16 Col C x Line 17 |
| Tax Depreciation (Year 3 Investments) | | | \$ (7,500,000) | \$ (14,438,000) | \$ (13,354,000) | \$ (12,354,000) | Page 4, Line 16 Col D x Line 18 |
| Tax Depreciation (Year 4 Investments) | | | | \$ (7,500,000) | \$ (14,438,000) | \$ (13,354,000) | Page 4, Line 16 Col E x Line 19 |
| Tax Depreciation (Year 5 Investments) | | | | | \$ (7,500,000) | \$ (14,438,000) | Page 4, Line 16 Col F x Line 20 |
| Total Tax Depreciation | \$ (7,500,000) | \$ (21,938,000) | \$ (35,292,000) | \$ (47,646,000) | \$ (59,072,000) | \$ (62,142,000) | Sum of Lines 24-28 |
| Accumulated Tax Depreciation | \$ (7,500,000) | \$ (29,438,000) | \$ (64,730,000) | \$ (112,376,000) | \$ (171,448,000) | \$ (233,590,000) | Cumulative total for Line 30 |
| Book Depreciation (25 Year Life) | | | | | | | |
| Book Depreciation (Year 1 Investment) | \$ (4,000,000) | \$ (8,000,000) | \$ (8,000,000) | \$ (8,000,000) | \$ (8,000,000) | \$ (8,000,000) | Page 4, Line 16 Col B x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 2 Investment) | \$ - | \$ (4,000,000) | \$ (8,000,000) | \$ (8,000,000) | \$ (8,000,000) | \$ (8,000,000) | Page 4, Line 16 Col C x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 3 Investment) | \$ - | \$ - | \$ (4,000,000) | \$ (8,000,000) | \$ (8,000,000) | \$ (8,000,000) | Page 4, Line 16 Col D x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 4 Investment) | \$ - | \$ - | \$ - | \$ (4,000,000) | \$ (8,000,000) | \$ (8,000,000) | Page 4, Line 16 Col E x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 5 Investment) | \$ - | \$ - | \$ - | \$ - | \$ (4,000,000) | \$ (8,000,000) | Page 4, Line 16 Col F x Line 51 (x 1/2 in Yr 1) |
| Total Book Depreciation | \$ (4,000,000) | \$ (12,000,000) | \$ (20,000,000) | \$ (28,000,000) | \$ (36,000,000) | \$ (40,000,000) | Sum of Lines 35 - 39 |
| Accumulated Book Depreciation | \$ (4,000,000) | \$ (16,000,000) | \$ (36,000,000) | \$ (64,000,000) | \$ (100,000,000) | \$ (140,000,000) | Cumulative total for Line 41 |
| Book/Tax Depreciation Difference | \$ (3,500,000) | \$ (13,438,000) | \$ (28,730,000) | \$ (48,376,000) | \$ (71,448,000) | \$ (93,590,000) | Line 31 - Line 42 |
| Effective Tax Rate | 27.32% | 27.32% | 27.32% | 27.32% | 27.32% | 27.32% | Page 8 Line 24 |
| Accumulated Deferred Income Taxes | \$ (956,200) | \$ (3,671,262) | \$ (7,849,036) | \$ (13,216,323) | \$ (19,519,594) | \$ (25,568,788) | Line 44 x Line 45 |
| Other assumptions | | | | | | | |
| Property Tax Rate | 2.56% | | | | | | D.P.U. 17-05 |
| Book depreciation years | 25 | | | | | | Input |
| Book depreciation rate | 4.0% | | | | | | 100% / Line 50 |

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ILLUSTRATIVE ANNUAL REVENUE REQUIREMENT
SUMMARY OF REVENUE REQUIREMENT @ \$300M

| Description (A) | Investment Year 1 2015 (B) | Investment Year 2 2016 (C) | Investment Year 3 2017 (D) | Investment Year 4 2018 (E) | Investment Year 5 2019 (F) | Investment Year 6 2020 (E) | Reference (L) |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| Beginning Gross Plant | - | \$ 300,000,000 | \$ 600,000,000 | \$ 900,000,000 | \$ 1,200,000,000 | \$ 1,500,000,000 | Line 16 Prior Year |
| Investment Activity | \$ 300,000,000 | \$ 300,000,000 | \$ 300,000,000 | \$ 300,000,000 | \$ 300,000,000 | \$ 300,000,000 | Line 15 + Line 16 |
| Ending Gross Plant | \$ 300,000,000 | \$ 600,000,000 | \$ 900,000,000 | \$ 1,200,000,000 | \$ 1,500,000,000 | \$ 1,800,000,000 | Line 15 + Line 16 |
| Accumulated Depreciation | \$ (6,000,000) | \$ (24,000,000) | \$ (54,000,000) | \$ (96,000,000) | \$ (150,000,000) | \$ (210,000,000) | Line 18 Prior Year - Line 37 |
| Current Net Plant | \$ 294,000,000 | \$ 576,000,000 | \$ 846,000,000 | \$ 1,104,000,000 | \$ 1,350,000,000 | \$ 1,590,000,000 | Line 18 + Line 19 |
| Deferred Income Taxes | \$ (1,434,300) | \$ (5,506,892) | \$ (11,773,554) | \$ (19,824,485) | \$ (29,279,390) | \$ (38,353,182) | Page 7, Line 46 |
| Current Rate Base | \$ 292,565,700 | \$ 570,493,108 | \$ 834,226,446 | \$ 1,084,175,515 | \$ 1,320,720,610 | \$ 1,551,646,818 | Line 20 + Line 21 |
| Average Rate Base | \$ 146,282,850 | \$ 431,529,404 | \$ 702,359,777 | \$ 959,200,981 | \$ 1,202,448,062 | \$ 1,436,183,714 | Avg of Line 21 Prior Year + Current Year |
| Pre-Tax WACC | 9.34% | 9.34% | 9.34% | 9.34% | 9.34% | 9.34% | Page 8, Line 18 |
| Return on Capital Investment | \$ 13,662,818 | \$ 40,304,846 | \$ 65,600,403 | \$ 89,589,372 | \$ 112,308,649 | \$ 134,139,559 | Line 23 x Line 24 |
| Depreciation Expense | \$ 6,000,000 | \$ 18,000,000 | \$ 30,000,000 | \$ 42,000,000 | \$ 54,000,000 | \$ 60,000,000 | Page 7, Line 41 |
| Property Taxes | \$ 7,680,000 | \$ 15,360,000 | \$ 23,040,000 | \$ 30,720,000 | \$ 38,400,000 | \$ 46,080,000 | Line 17 x Page 7, Line 49 Col. B |
| Annual Revenue Requirement | <u>\$ 27,342,818</u> | <u>\$ 73,664,846</u> | <u>\$ 118,640,403</u> | <u>\$ 162,309,372</u> | <u>\$ 204,708,649</u> | <u>\$ 240,219,559</u> | Line 25 + Sum of Lines 27-28 |

Sources
Col. B, Line 16: Investment @ \$300 M.
Col. B, Line 23: (Col. B, Line 21) / 2

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ILLUSTRATIVE ANNUAL REVENUE REQUIREMENT

TAXES @ \$300M

| Description (A) | Investment Year 1 2015 (B) | Investment Year 2 2016 (C) | Investment Year 3 2017 (D) | Investment Year 4 2018 (E) | Investment Year 5 2019 (F) | Investment Year 6 2020 (G) | Reference (L) |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---|
| MACRS 20 Years | | | | | | | |
| Tax Depreciation Rate (Year 1 Investment) | 3.75% | 7.22% | 6.68% | 6.18% | 5.71% | 5.29% | IRS Pub 946 |
| Tax Depreciation Rate (Year 2 Investment) | | 3.75% | 7.22% | 6.68% | 6.18% | 5.71% | |
| Tax Depreciation Rate (Year 3 Investment) | | | 3.75% | 7.22% | 6.68% | 6.18% | |
| Tax Depreciation Rate (Year 4 Investment) | | | | 3.75% | 7.22% | 6.68% | |
| Tax Depreciation Rate (Year 5 Investment) | | | | | 3.75% | 7.22% | |
| Tax Depreciation (MACRS 20 Years) | | | | | | | |
| Tax Depreciation (Year 1 Investments) | \$ (11,250,000) | \$ (21,657,000) | \$ (20,031,000) | \$ (18,531,000) | \$ (17,139,000) | \$ (15,855,000) | Page 6, Line 16 Col B x Line 16 |
| Tax Depreciation (Year 2 Investments) | | \$ (11,250,000) | \$ (21,657,000) | \$ (20,031,000) | \$ (18,531,000) | \$ (17,139,000) | Page 6, Line 16 Col C x Line 17 |
| Tax Depreciation (Year 3 Investments) | | | \$ (11,250,000) | \$ (21,657,000) | \$ (20,031,000) | \$ (18,531,000) | Page 6, Line 16 Col D x Line 18 |
| Tax Depreciation (Year 4 Investments) | | | | \$ (11,250,000) | \$ (21,657,000) | \$ (20,031,000) | Page 6, Line 16 Col E x Line 19 |
| Tax Depreciation (Year 5 Investments) | | | | | \$ (11,250,000) | \$ (21,657,000) | Page 6, Line 16 Col F x Line 20 |
| Total Tax Depreciation | \$ (11,250,000) | \$ (32,907,000) | \$ (52,938,000) | \$ (71,469,000) | \$ (88,608,000) | \$ (93,213,000) | Sum of Lines 24-28 |
| Accumulated Tax Depreciation | \$ (11,250,000) | \$ (44,157,000) | \$ (97,095,000) | \$ (168,564,000) | \$ (257,172,000) | \$ (350,385,000) | Cumulative total for Line 30 |
| Book Depreciation (25 Year Life) | | | | | | | |
| Book Depreciation (Year 1 Investment) | \$ (6,000,000) | \$ (12,000,000) | \$ (12,000,000) | \$ (12,000,000) | \$ (12,000,000) | \$ (12,000,000) | Page 6, Line 16 Col B x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 2 Investment) | \$ - | \$ (6,000,000) | \$ (12,000,000) | \$ (12,000,000) | \$ (12,000,000) | \$ (12,000,000) | Page 6, Line 16 Col C x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 3 Investment) | \$ - | \$ - | \$ (6,000,000) | \$ (12,000,000) | \$ (12,000,000) | \$ (12,000,000) | Page 6, Line 16 Col D x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 4 Investment) | \$ - | \$ - | \$ - | \$ (6,000,000) | \$ (12,000,000) | \$ (12,000,000) | Page 6, Line 16 Col E x Line 51 (x 1/2 in Yr 1) |
| Book Depreciation (Year 5 Investment) | \$ - | \$ - | \$ - | \$ - | \$ (6,000,000) | \$ (12,000,000) | Page 6, Line 16 Col F x Line 51 (x 1/2 in Yr 1) |
| Total Book Depreciation | \$ (6,000,000) | \$ (18,000,000) | \$ (30,000,000) | \$ (42,000,000) | \$ (54,000,000) | \$ (60,000,000) | Sum of Lines 35 - 39 |
| Accumulated Book Depreciation | \$ (6,000,000) | \$ (24,000,000) | \$ (54,000,000) | \$ (96,000,000) | \$ (150,000,000) | \$ (210,000,000) | Cumulative total for Line 41 |
| Book/Tax Depreciation Difference | \$ (5,250,000) | \$ (20,157,000) | \$ (43,095,000) | \$ (72,564,000) | \$ (107,172,000) | \$ (140,385,000) | Line 31 - Line 42 |
| Effective Tax Rate | 27.32% | 27.32% | 27.32% | 27.32% | 27.32% | 27.32% | Page 8 Line 24 |
| Accumulated Deferred Income Taxes | \$ (1,434,300) | \$ (5,506,892) | \$ (11,773,554) | \$ (19,824,485) | \$ (29,279,390) | \$ (38,353,182) | Line 44 x Line 45 |
| Other assumptions | | | | | | | |
| Property Tax Rate | 2.56% | | | | | | D.P.U. 17-05 |
| Book depreciation years | 25.00 | | | | | | Input |
| Book depreciation rate | 4.0% | | | | | | 100% / Line 50 |

Attachment Eversource-1

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RETURN ON RATE BASE AND CAPITAL STRUCTURE

| Description (A) | Capital Ratio (B) | Cost (C) | Weighted Cost Col (B) / Col (C) (D) | Tax Gross-up Factor (E) | Pre-Tax Rate of Return Col (D) / Col (E) (F) |
|--|-------------------------|---------------|--|-------------------------------|---|
| Long-Term Debt | 45.67% | 4.21% | <u>1.92%</u> | | 1.92% |
| Preferred Stock | 0.74% | 4.56% | <u>0.03%</u> | 72.68% | <u>0.04%</u> |
| Common Equity | <u>53.59%</u> | <u>10.00%</u> | <u>5.36%</u> | 72.68% | <u>7.37%</u> |
| Total | <u>100.00%</u> | | <u>7.31%</u> | | <u>9.34%</u> |
| Tax Gross-up Factor: | | | | | |
| Federal Rate | | | | | 21.00% |
| State Rate | | | | | <u>8.00%</u> |
| Effective State Rate = State Rate * (1 - Federal Rate) | | | | | <u>6.32%</u> |
| Effective State and Federal Tax Rate | | | | T | <u>27.32%</u> |
| Net Income After Taxes on Income | | | | 1 - T | 72.68% |
| State and Federal Taxes / Net Income After Taxes on Income | | | | T / (1 - T) | 37.59% |

Sources
Col. B, Line 14: Page 9, Line 2, Col. C.
Col. B, Line 15: Page 9, Line 3, Col. C.
Col. B, Line 16: Page 9, Line 4, Col. C.
Col. C, Line 14: Page 9, Line 2, Col. D.
Col. C, Line 15: Page 9, Line 3, Col. D.
Col. C, Line 16: Page 9, Line 4, Col. D.