

EXHIBIT #2 DE 18-036
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STORM RECOVERY ADJUSTMENT FACTOR
SCHEDULE SRAF

The Storm Recovery Adjustment Factor ("SRAF") shall be billed by the Company to all customers taking Delivery Service from the Company. The purpose of the SRAF is to recover the costs of certain storms as approved by the Commission. As described below, the total SRAF was \$0.00221 per kWh, which included the initial SRAF of \$0.00096 per kWh and adjustments of \$0.00082 per kWh and \$0.00043 per kWh. Effective May 1, 2017, the total SRAF is \$0.00139 per kWh, which reflects the termination of the first adjustment.

The initial SRAF, which is recovering the costs incurred as result of the December 2008 ice storm and the February 2010 wind storm, was established in the Company's last base rate case, DE 10-055, effective May 1, 2011. The initial SRAF was calculated using a total cost of \$7,651,723, the combined cost of the 2008 and 2010 storms, inclusive of carrying charges. The total cost is being recovered on a levelized basis of \$1,132,686 over a period of eight years. Any unamortized balance will accrue carrying charges at an annual rate of 4.52 percent (equaling the Company's cost of debt of 7.60 percent, net of deferred taxes). Based on test year unit sales in DE 10-055, the initial SRAF was set at \$0.00096 per kWh and will remain in place until these storm costs have been fully recovered.

The initial SRAF was adjusted effective May 1, 2012 to recover the costs incurred as result of Tropical Storm Irene, which occurred in August 2011, and the Snow Storm, which occurred in October 2011. The adjustment was calculated using a total cost of \$4,524,136, the estimated combined cost of the 2011 storms, inclusive of carrying charges. The total cost is being recovered on a levelized basis of \$1,004,291 over a period of five years. Any unamortized balance will accrue carrying charges at an annual rate of 4.52 percent (equaling the Company's cost of debt of 7.60 percent, net of deferred taxes). Based on actual unit sales for twelve months ending October 2011, the adjustment was set at \$0.00082 per kWh and will remain in place until these storm costs have been fully recovered. The amounts subject to recovery shall be reconciled based on the results of the Commission Staff's Audit. Effective May 1, 2017, the total SRAF reflects the removal of \$0.00082 per kWh.

A second adjustment to the SRAF took place effective May 1, 2013 to recover the costs incurred as result of Hurricane Sandy, which occurred in October 2012. The adjustment was calculated using a total cost of \$2,357,832, inclusive of carrying charges. The total cost is being recovered on a levelized basis of \$523,403 over a period of five years. Any unamortized balance will accrue carrying charges at an annual rate of 4.52 percent (equaling the Company's cost of debt of 7.60 percent, net of deferred taxes). Based on actual unit sales for twelve months ending December 31, 2012, the adjustment is set at \$0.00043 per kWh and will remain in place until these storm costs have been fully recovered. The amounts subject to recovery shall be reconciled based on the results of the Commission Staff's Audit.

Authorized by NHPUC Order No. in Case No. dated

Issued: March 15, 2017
Effective: May 1, 2017

Issued by: Mark H. Collin
Sr. Vice President