

Estimated Incremental Revenue Requirement through Year 3 (\$000s)

	2021	2022	2023	
	Year 1	Year 2	Year 3	
Rate Base:				
Rate Base End of Period				
Average Net Plant				
Return on average rate base				Average rate base x WACC
Depreciation Expense				Book depreciation
O&M -pole transfer	2.8	1.0	1.1	# Poles inspected x # Poles replaced x Transfer cost per pole
O&M inspection costs	1.7	1.1	1.0	# Poles inspected x Inspection cost per pole + Other upfront costs
Gross Rev Req JO Poles	8.6	7.0	7.3	Sum Lines 18 through 21
Pole Attach. (PA) Revenues:				
Third Party excluding CCI	(2.1)	(2.1)	(1.0)	# Third party attachments x Attachment rate
CCI as attacher	(5.0)	(5.0)	(3.6)	# CCI attachments x Attachment rate
Total PA Revenues	(7.1)	(7.1)	(4.6)	Line 26 + Line 27
Net Revenue Requirement	1.5	(0.1)	2.7	Line 22 + Line 28
Property Tax Expense (1)	0.9	1.1	1.2	Average net plant x Property tax mill rate/100
Vegetation Management Expense (2)	7.0	7.2	7.4	Historical reimbursement level
Total	\$ 9.4	\$ 8.2	\$ 11.3	Line 30 + Line 32 + Line 34

- (1) Property tax expense to be included in property tax expense reconciliation component of annual RRA mechanism
(2) Vegetation management expense to be included in vegetation management program reconciliation component of annual RRA mechanism

Assumptions:
WACC = Pre-tax WACC per DE 19-057
Depreciation rate = 3.206%
Pole replacements/year = 2,310 poles (estimated Yr 1), 2% (Yr 2-3)
Transfer cost/pole = \$1,200
Replacement cost/pole = \$5,400
Inspection cost/pole = \$21.22
Upfront inspection costs = \$0.25M (Yr 1), \$0.2M (Yr 2), \$0.075M (Yr 3)
Poles inspected/year = 70,295 (Yr 1), 42,177 (Yr 2-3)
Average remaining life = 27.3 years
Existing third party attachments (estimated) = 312,704
CCI solely owned third party attachments (estimated) = 9,824
CCI attachments (estimated) = 403,140
Property tax mill rate = \$2.95

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31. System Benefits Charge

On and after the Customer Choice Date, and subject to Commission review, all Customers shall be obligated to pay the following System Benefits Charge in addition to all other applicable rates and charges under this Tariff. The System Benefits Charge shall appear separately on all Customer bills.

System Benefits Charge 0.743 cents per kilowatt-hour

32. Regulatory Reconciliation Adjustment

The Regulatory Reconciliation Adjustment ("RRA") mechanism, shall recover or refund the reconciled costs associated with the following elements:

- (a) Regulatory Commission annual assessments and consultants hired or retained by the Commission and OCA.
- (b) Vegetation management program variances, including those related to utility poles purchased from Consolidated Communications.
- (c) Property tax expenses, including those related to utility poles purchased from Consolidated Communications, as compared to the amount in base rates.
- (d) Lost-base distribution revenues associated with net metering, as calculated consistent with RSA 362-A:9, VII and the Commission's approved method in Order No. 26,029 (June 23, 2017) in Docket No. DE 16-576.
- (e) Storm cost amortization final reconciliation and annual reconciliation updated for actual cost of long-term debt.
- (f) Purchase, inspection and replacement of utility poles from Consolidated Communications.

The RRA shall be established annually based a full reconciliation with interest for any over- or under-recoveries occurring in prior year(s). Interest shall be calculated at the prime rate, to be fixed on a quarterly basis and to be established as reported in The Wall Street Journal on the first business day of the month preceding the calendar quarter. If more than one interest rate is reported, the average of the reported rates shall be used. There will be no adjustment for Accumulated Deferred Income Tax ("ADIT") in the interest calculation. For purposes of billing under the alternative net metering tariff that became effective September 1, 2017, the RRA will be considered part of the credit to net metering customers.

Issued: February 10, 2021

Issued by: /s/ Joseph A. Purington
Joseph A. Purington

Effective: March 31, 2021

Title: President, NH Electric Operations