

GREEN MOUNTAIN POWER CORPORATION
COST OF SERVICE
TEST PERIOD ENDED September 30, 2017

13-Apr-18

RATE PERIOD: January 2019 - September 2019	PER BOOKS BALANCES	ADJUSTMENT COL3-COL1	9 MONTH PROFORMA BALANCES	
COST OF SERVICE - \$ in 000s	(1)	(2)	(3)	
Operating Expenses:				
Purchased Power, Net	\$197,507	\$19,167	\$216,674	
Production	19,360	676	20,036	
Other Power Supply	941	1,541	2,482	
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Purchased Power and Production	217,808	21,384	239,191	
Transmission	71,630	14,566	86,196	
Transmission - Other	2,641	1,739	4,380	
Distribution	27,131	7,503	34,634	
Customer Accounting	3,720	4,239	7,958	
Customer Service and Information	1,866	159	2,025	
Sales	73	(73)	0	
Administrative and General	28,664	14,237	42,900	
Non Base O&M Costs - AMI	1,405	(1,333)	72	
Non Base O&M Costs - KCW	608	(3)	605	
Non Base O&M Costs - VMPD	43	(43)	(0)	
Acct 929	(203)	-	(203)	
Business Development	570	0	570	
Depreciation & Amortization	43,199	(17,675)	25,524	
Taxes - Federal and State	29,139	(14,468)	14,671	
- Municipal	19,930	2,322	22,252	
- Other, excluding Revenue Taxes	2,067	(99)	1,968	
Accretion Expense	186	16	202	
Capital Costs (Credit Facility Fees)	446	(354)	92	
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Total Operating Expenses	450,921	32,116	483,038	
Return on Utility Rate Base	70,121	12,497	82,618	5.28%
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Total Cost of Service Before Credits	521,043	44,613	565,656	
Less:				
Equity in Earnings of Affiliates	70,749	(15,888)	54,861	
Other Operating Revenues	18,292	(3,773)	14,519	
Business Development	821	(0)	821	
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Total Credits	89,862	(19,661)	70,200	
Cost of Service to Ultimate Consumers	431,181	64,275	495,456	
Gross Revenue & Fuel Gross Receipts Taxes	4,565	23	4,588	
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Total Cost of Service to Ultimate Consumers	435,746	64,298	500,044	
Merger savings			(13,875)	
Total Cost of Service to Ultimate Consumers			486,169	
Revenue from Ultimate Consumers			461,056	
Revenue Deficiency from Ultimate Consumers			\$ 25,112	
Base Rate Revenue Adjustment Percent			5.45%	
Return of One Time Bill Credit for Corporate Tax Reform			\$ (27,407)	
Net Revenue Adjustment			\$ (2,294)	
Net Revenue Adjustment Percent			-0.50%	

Bolded, italicized text indicates functional categories in Base O&M Costs.

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	10 MONTH AVG BALANCES	ADJUSTMENT COL3-COL1	10 MONTH AVG BALANCES
	(1)	(2)	(3)
Production	\$539,888	\$63,876	\$603,764
Transmission	202,287	(7,622)	194,665
Distribution	793,122	72,031	865,153
General	199,161	18,985	218,146
Utility Plant in Service	1,734,458	147,270	1,881,728
Community Energy & Efficiency Development Fund	16,141	(2,598)	13,543
Subtotal	1,750,599	144,672	1,895,271
Construction Work in Progress	57,992	(51,864)	6,128
Investment in Affiliates			
Generation Vermont Yankee	939	(0)	939
Generation Maine Yankee	39	(0)	39
Generation Connecticut Yankee	36	0	36
Generation Yankee Atomic	52	(0)	52
Green Lantern	957	0	957
Transmission NE Hydro Trans	209	0	209
Transmission NE Hydro Trans Electric	1,149	(0)	1,149
Transmission VELCO - Common	10,253	0	10,253
JV Solar / Battery	-	31,632	31,632
JV Solar	55,140	(1,851)	53,290
Transmission TRANSCO LLC	490,508	113,331	603,839
SUBTOTAL	2,367,873	235,920	2,603,794
Special Deposits	3,780	-	3,780
Unamortized Debt Discount and Expense	4,898	(37)	4,861
Millstone 3 Energy and Capacity	331	(331)	0
17420-Renewable Energy Certificates	4,295	-	4,295
18225-GORGE REPOWERMENT	208	(208)	0
18230-REGULATORY ASSET-ASSET RETIREMENT OBLIGATION	290	(62)	228
18235-REG ASSET - VMPD VALUE SHARING POOL	192	(192)	(0)
18236-REG ASSET - DEPRECIATION STUDY	34	(12)	21
18238-REG ASSET - DEERFIELD WIND COSTS	411	(411)	0
18250-REG ASSET - RETIRED METER COST	3,080	(3,080)	0
182xx-REG ASSET - JV MICROGRID ASSET	0	1,865	1,865
18611-JV SOLAR ABANDONED SITES	98	(82)	15
18612-DEF ASSET-LOW INCOME DISC PAYMENTS	238	(200)	38
18613-DEF ASSET-EFFICIENCY FUND PAYMENTS	2,957	(1,667)	1,290
18605-DEF ASSET-NO RATE CHANGE	0	640	640
18652-VTEL SMARTGRID PAYT	2,360	(532)	1,828
Tax FAS 109	4,657	(1,850)	2,807
Subtotal	27,828	(6,159)	21,669
Working Capital Allowance:			
Material and Supplies Inventory including Fuel	22,842	-	22,842
Millstone III Nuclear Fuel Inventory (Net)	1,935	593	2,528
Prepayments	5,840	-	5,840
Lead -Lag Working Capital Allowance	5,259	(3,044)	2,215
Subtotal Working Capital	35,876	(2,451)	33,425

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	10 MONTH AVG BALANCES	ADJUSTMENT COL3-COL1	10 MONTH AVG BALANCES
	(1)	(2)	(3)
DEDUCT:			
ACCUMULATED DEPRECIATION/AMORT.	625,216	78,508	703,724
Customer Advances for Construction	286	-	286
DEFERRED CREDITS			
Accumulated Deferred Income Taxes and Tax Reform Reg	348,408	30,991	379,398
Accumulated Deferred Investment Tax Credits	1,391	(208)	1,183
25352~Unclaimed Prprty-Cust Refunds	9	0	9
25358~Reg Liab-Earnings Sharing	21	-	21
25392~Contingency Reserves	3,180	-	3,180
25393~Health Insurance Reserve	1,297	-	1,297
25387 Reg Liab-Plant Removal	4,813	(4,813)	-
25361~Reg Liab-Neil Vy	350	-	350
25377~Vmpd Rate Phase In	130	(130)	-
25378~Ciac Reg Liability	1,988	(1,988)	-
25382 Reg Liab Cvps/Cis Net Meter Cre	42	(42)	-
23000~Asset Retirement Liability	5,676	-	5,676
23480~Nothorn Water Res- Accounts Payable	67	-	67
24206~Misc Cur Workers Comp Major	2,108	-	2,108
25379 Reg Liab Synergies	2,458	(2,458)	-
25402 Reg Liab Production Tax Credit	464	(464)	-
25403 Reg Liab Gmp Vt Solar Devel Fee	2,746	(2,746)	-
25404 Reg Liab Gmp Vt Solar Partnersh	5,167	(5,167)	-
25407 REG Liab Transco Utopus Gain Deferral	0	2,554	2,554
Deferred Comp	3,639	(236)	3,639
SERP	3,848	77	3,925
Accrued Pension Expense	(13,037)	1,832	(11,205)
Acc. Post-Ret. Medical Expense FAS 106	44	(1,974)	(1,930)
Acc. Other Post-Employment Ben. Exp. FAS 112	1,055	(236)	819
SUBTOTAL	1,001,364	93,501	1,095,101
TOTAL RATEBASE INVESTMENT	1,430,213	133,810	1,563,786

GREEN MOUNTAIN POWER CORPORATION
 RATE PERIOD: January 2019 - September 30, 2019
 COST OF CAPITAL
 TEST PERIOD ENDED September 30, 2017

13-Apr-18

Effective Tax Rate = 0.27715

\$ in 000s	Invested Capital Per Books	Proforma Adjustments	Invested Capital Proforma	Proportion of Total Percentage	9 month Cost Rate Percentage	Cost of Component Percentage	Cost of Pre Tax % Percentage
Long-Term Debt Bonds	663,737	74,434	738,170	44.35%	3.83%	1.70%	1.70%
Short-Term Debt Bank Loans	55,231	41,325	96,556	5.80%	1.83%	0.11%	0.11%
Total Debt	718,968	115,759	834,726	50.15%	3.60%	1.81%	1.81%
Common Equity	750,065	79,734	829,800	49.85%	6.98%	3.48%	4.81%
Total Capital	1,469,033	195,493	1,664,526			5.28%	6.62%

GREEN MOUNTAIN POWER CORPORATION
CALCULATION OF INCOME TAX EXPENSE
TEST PERIOD ENDED September 30, 2017

13-Apr-18

\$ in 000s	PRO FORMA
Total rate base investment	1,563,786
Return % (Total Cost of capital	5.28%

Return on utility rate base	82,618
Add back:	
Federal income tax	8,801
State income tax	5,870

Return before taxes	97,289
Less interest (Wtd. Cost of Debt X Rate Base)	28,245

Subtotal	69,044
Additions & deductions for income tax purposes:	
Non-taxable portion of equity in earnings of VELCO	(199)
Non-taxable portion (100%) of equity in earnings of Vermont Yankee	(53)
Non-taxable portion (70%) of equity in earnings of MY, CY, YA, NEHT and NEHTE	(41)
Non-deductible AFUDC-equity	398
Non-depreciable ITC basis reduction	89
Non-deductible meals expense	51
Domestic production activities deduction	0

Total additions & deductions	246

Balance	69,290
Less state income tax	5,889

Taxable income	63,401
 Federal Income Tax Calculation:	
Federal income tax before credit at 21%	13,314
Investment credit amortization	(3)
Production Tax Credit	(3,055)
Return of Recurring Level -Excess Deferred Tax	(1,428)
CAFC Perm	(37)
FAS 109 ITC Basis Adjustment	5
AFUDC Deferred Tax Adjustment	4

Federal income tax	8,801

Total Federal Income Taxes	8,801
 State Income Tax Calculation:	
Taxable income at 8.5%	5,890
Vermont income tax rate change adjustment	0
Vermont Solar ITC	(24)
ITC Basis Adj	2
AFUDC Deferred Tax Adj	2

Total State Income Taxes	5,870

TOTAL STATE AND FEDERAL INCOME TAX	14,671

GREEN MOUNTAIN POWER CORPORATION
COST OF SERVICE ANALYSIS
TEST PERIOD ENDED September 30, 2017
\$ in 000s

13-Apr-18

Adj. No.	Description	Total	Purchased Power	Power Supply Production	Other Power Supply	Power Adjustor Trans-mission	Other Trans-mission	Distri-bution	Customer Accounting	Customer Service	Sales	Admin. & General	Deprec-iation	Income Taxes	Municipal Taxes	Other Taxes	Other
1	Purchased Power, net	19,167	19,167														
2	Production Fuel	245		245													
3	Joint Ownership Costs	(486)		(71)		(126)									(289)		
4	Transmission by Others	14,297				14,297											
5	Other Transmission-Related Costs	395				395											
6	Wholly-Owned Production	502		502													
7	Base O&M Adjustment	29,344			1,541		1,739	7,503	4,239	159	(73)	14,237					
8	Non Base O&M Costs / Benefits - SmartPower	(1,333)															(1,333)
9	Non Base O&M Costs - VMPD Tree Trimming	(43)															(43)
10	Non Base O&M Costs - KCW	(3)															(3)
11	Vermont Unemployment Tax	2														2	
12	Social Security Taxes	(101)														(101)	
13	Depreciation Expense	2,264											2,264				
14	Federal & State Income Taxes	(14,468)												(14,468)			
15	CEED amortization	241											241				
16	Equity in Earnings of Affiliates	15,888															15,888
17	Property Taxes	2,611													2,611		
18	Business Development - Revenue	0															-
18	Business Development - Expense	0															-
19	Other Operating Revenues	3,773															3,773
20	Reg Assets, Deferred Debits & Reg Liabilities	3,935											3,935				
21	Accretion Expense	16															16
22	Credit Facility Fees	(354)															(354)
23	Removal of Regulatory Deferrals in Test Period	(12,110)											(12,110)				
24	Future Benefits - JV Solar/Battery Projects	(12,005)											(12,005)				
25	Gross Revenue & Fuel Gross Receipts Taxes	23															23
26	Return on Utility Rate Base	12,497															12,497
	Total Cost of Service Adjustments	\$64,297	\$19,167	\$676	\$1,541	\$14,566	\$1,739	\$7,503	\$4,239	\$159	(\$73)	\$14,237	(\$17,675)	(\$14,468)	\$2,322	(\$99)	\$30,464

13-Apr-18

GREEN MOUNTAIN POWER CORPORATION
RATE BASE ANALYSIS - \$ in 000s
TEST PERIOD ENDED September 30, 2017
RATE PERIOD: January 2019 - September 30, 2019

Adj. No.	Description	10 MONTH AVERAGE BALANCES	Rate Base Adjustment	10 MONTH PRO FORMA BALANCES
1	Production	539,888	63,876	603,764
2	Transmission	202,287	(7,622)	194,665
3	Distribution	793,122	72,031	865,153
4	General	199,161	18,985	218,146
5	Community Energy & Efficiency Development Fund	16,141	(2,598)	13,543
6	Unamortized Debt Discount and Expense	4,898	(37)	4,861
7	Investment in Affiliates	559,282	143,112	702,395
8	Construction Work In Progress	57,992	(51,864)	6,128
	Special Deposits	3,780	-	3,780
	REC Inventory	4,295	-	4,295
9	TY to RY Millstone 3 Energy/Capacity	331	(331)	-
10	Reg Assets, Deferred Debits	7,507	(3,410)	4,097
11	Vtel Contract	2,360	(532)	1,828
12	Working Capital Allowance	35,876	(2,451)	33,425
13	Tax FAS 109	4,657	(1,850)	2,807
	Less:			
14	Accumulated Depreciation	625,216	78,508	703,724
	Customer Advances for Construction CIAC	286	-	286
15	Accumulated Deferred Income Taxes and Reg Liabilit	348,408	30,991	379,398
16	Accumulated Deferred Investment Tax Credits	1,391	(208)	1,183
10	Reg Liabilities	30,447	(15,253)	15,194
	Northern Water Res - Accounts Payable	67	-	67
	Deferred Comp	3,639	-	3,639
17	Accrued Pension Expense	(13,037)	1,832	(11,205)
18	Acc. Post-Ret. Medical Expense FAS 106	44	(1,974)	(1,930)
19	Acc. Other Post-Employment Ben. Exp. FAS 112	1,055	(236)	819
20	Supplemental Executive Retirement Benefits (SERP)	3,848	77	3,925
		<u>1,430,213</u>		<u>1,563,787</u>
	Check to COS RB Summary >>>>	1,430,213		1,563,786