

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

7-Sep-18

RATE PERIOD: January 2019 - September 2019

| | PER BOOKS BALANCES (1) | ADJUSTMENT COL3-COL1 (2) | 9 MONTH PROFORMA BALANCES (3) | |
|---|------------------------------|--------------------------------|--|-------|
| COST OF SERVICE - \$ in 000s | | | | |
| Operating Expenses: | | | | |
| Purchased Power, Net | \$197,507 | \$19,211 | \$216,718 | |
| Production | 19,360 | 676 | 20,036 | |
| <i>Other Power Supply</i> | 941 | 1,541 | 2,482 | |
| | ----- | ----- | ----- | |
| Purchased Power and Production | 217,808 | 21,428 | 239,235 | |
| Transmission | 71,630 | 14,253 | 85,883 | |
| <i>Transmission - Other</i> | 2,641 | 1,739 | 4,380 | |
| <i>Distribution</i> | 27,131 | 7,503 | 34,634 | |
| <i>Customer Accounting</i> | 3,720 | 4,239 | 7,958 | |
| <i>Customer Service and Information</i> | 1,866 | 159 | 2,025 | |
| <i>Sales</i> | 73 | (73) | 0 | |
| <i>Administrative and General</i> | 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 | (17,776) | 25,423 | |
| Taxes - Federal and State | 29,139 | (14,536) | 14,603 | |
| - Municipal | 19,930 | 2,322 | 22,252 | |
| - Other, excluding Revenue Taxes | 2,067 | (99) | 1,968 | |
| Accretion Expense | 186 | 16 | 202 | |
| Capital Costs (Carrying Costs on Rec Inventor) | 0 | 79 | 79 | |
| Capital Costs (Credit Facility Fees) | 446 | (354) | 92 | |
| | ----- | ----- | ----- | |
| Total Operating Expenses | 450,921 | 31,757 | 482,679 | |
| Return on Utility Rate Base | 70,121 | 11,791 | 81,912 | 5.26% |
| | ----- | ----- | ----- | |
| Total Cost of Service Before Credits | 521,043 | 43,548 | 564,591 | |
| Less: | | | | |
| Equity in Earnings of Affiliates | 70,749 | (15,565) | 55,184 | |
| Other Operating Revenues | 18,292 | (3,596) | 14,696 | |
| Business Development | 821 | (0) | 821 | |
| | ----- | ----- | ----- | |
| Total Credits | 89,862 | (19,161) | 70,700 | |
| Cost of Service to Ultimate Consumers | 431,181 | 62,709 | 493,890 | |
| Gross Revenue & Fuel Gross Receipts Taxes | 4,565 | 7 | 4,572 | |
| | ----- | ----- | ----- | |
| Total Cost of Service to Ultimate Consumers | 435,746 | 62,716 | 498,462 | |
| Merger savings | | | (13,875) | |
| Total Cost of Service to Ultimate Consumers | | | 484,587 | |
| Revenue from Ultimate Consumers | | | 461,056 | |
| Revenue Deficiency from Ultimate Consumers | | | \$ 23,531 | |
| Base Rate Revenue Adjustment Percent Reflecting GF Base Rate Freeze | | | 5.43% | |
| Return of One Time Bill Credit for Corporate Tax Reform | | | \$ (27,407) | |
| Net Revenue Adjustment Reflecting GF Base Rate Freeze | | | \$ (3,876) | |
| Net Revenue Adjustment Percent | | | -0.90% | |

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

GREEN MOUNTAIN POWER CORPORATION
RATE BASE INVESTMENT
TEST PERIOD ENDED September 30, 2017
\$ in 000s

7-Sep-18

| | 10 MONTH AVG BALANCES (1) | ADJUSTMENT COL3-COL1 (2) | 10 MONTH AVG BALANCES (3) |
|--|---------------------------------|--------------------------------|---------------------------------|
| Production | \$539,888 | \$63,876 | \$603,764 |
| Transmission | 202,287 | (7,622) | 194,665 |
| Distribution | 793,122 | 71,228 | 864,350 |
| General | 199,161 | 17,828 | 216,989 |
| Utility Plant in Service | 1,734,458 | 145,310 | 1,879,768 |
| Community Energy & Efficiency Development Fund | 16,141 | (2,598) | 13,543 |
| Subtotal | 1,750,599 | 142,712 | 1,893,311 |
| 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 | 114,657 | 605,164 |
| SUBTOTAL | 2,367,873 | 235,286 | 2,603,159 |
| 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) | (0) |
| 18225~GORGE REPOWERMENT | 208 | (208) | 0 |
| 18230~REGULATORY ASSET-ASSET RETIREMENT OBLIGATI | 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 | (10,454) | 17,374 |
| Working Capital Allowance: | | | |
| Material and Supplies Inventory including | 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 | (3,144) | 2,115 |
| Subtotal Working Capital | 35,876 | (2,551) | 33,325 |

| | 10 MONTH AVG BALANCES | ADJUSTMENT COL3-COL1 | 10 MONTH AVG BALANCES | GMP-ER-1 (Rev.) Schedule 2 Page 2 of 2 |
|--|--------------------------|-------------------------|--------------------------|--|
| DEDUCT: | | | | |
| ACCUMULATED DEPRECIATION/AMORT. | 625,216 | 78,390 | 703,606 | |
| Customer Advances for Construction | 286 | - | 286 | |
| DEFERRED CREDITS | | | | |
| Accumulated Deferred Income Taxes and Tax Ref. | 348,408 | 31,173 | 379,581 | |
| 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 | 93,565 | 1,095,165 | |
| TOTAL RATEBASE INVESTMENT | 1,430,213 | 128,716 | 1,558,692 | |

RATE PERIOD: January 2019 - September 30, 2019
COST OF CAPITAL
TEST PERIOD ENDED September 30, 2017

GREEN MOUNTAIN POWER CORPORATION
5-Sep-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% | 3.77% | 1.67% | 1.67% |
| 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% | 3.55% | 1.78% | 1.78% |
| 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 | | | 5.26% | 6.59% |