

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
REP/VMP Revenue Requirement  
Annual Rate Changes  
CY 2015 Actual

		<u>Actual</u> <u>7/1/2008</u> (a)	<u>Actual</u> <u>7/1/2009</u> (b)	<u>Actual</u> <u>7/1/2010</u> (c)	<u>Actual</u> <u>7/1/2011</u> (d)	<u>Actual</u> <u>7/1/2012</u> (e)	<u>Actual</u> <u>7/1/2013</u> (f)	<u>Actual</u> <u>6/1/2014</u> (g)	<u>Actual</u> <u>5/1/2015</u> (h)	<u>Actual</u> <u>5/1/2016</u> (i)
<b><u>Annual Incremental Rate Adjustments</u></b>										
1	REP/VMP O&M Adjustment Factor	\$0	\$113,832	\$1,047,770	(\$758,113)	(\$295,207)	(\$52,081)	(\$275,840)	(\$210,585)	\$346,184
2	REP Capital Program	\$165,840	\$75,740	\$163,663	\$102,941	(\$18,005)	\$125,829	\$37,374	\$376,356	\$248,953
3	Total for Fiscal Year	\$165,840	\$189,572	\$1,211,433	(\$655,172)	(\$313,213)	\$73,748	(\$238,466)	\$165,770	\$595,137
4	Termination of Prior Period O&M Recovery	\$0	\$0	(\$113,832)	(\$1,047,770)	\$758,113	\$295,207	\$52,081	\$275,840	\$210,585
5	Net Change in Recovery	\$165,840	\$189,572	\$1,097,601	(\$1,702,942)	\$444,900	\$368,955	(\$186,385)	\$441,611	\$805,722

**Notes:**

Line 1 From Page 2 of 3, Line 13  
Line 2 From Page 3 of 3, Line 58  
Line 3 Line 1 + Line 3  
Line 4 - Line 1 of Prior Year  
Line 5 Line 5 + Line 7

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**  
**REP/VMP O&M Adjustment Factor**  
**Computation of Annual Revenue Requirement**  
**CY 2015 Actual**

	Actual <b>FY</b> <b>2008</b> (a)	Actual <b>FY</b> <b>2009</b> (b)	Actual <b>FY</b> <b>2010</b> (c)	Actual <b>FY</b> <b>2011</b> (d)	Actual <b>FY</b> <b>2012</b> (e)	Actual <b>FY</b> <b>2013</b> (f)	Actual <b>CYS</b> <b>2013</b> (f)	Actual <b>CY</b> <b>2014</b> (g)	Actual <b>CY</b> <b>2015</b> (h)
<b><u>Incremental VMP and REP O&amp;M Spend</u></b>									
1 Actual VMP and REP Program Spending	\$2,169,258	\$1,477,916	\$2,556,530	\$1,245,985	\$1,467,486	\$1,560,973	\$1,055,861	\$1,395,166	\$1,994,184
2 Amount Subject to Proposed Recovery	\$1,950,000	\$1,473,832	\$2,556,530	\$1,552,000	\$1,556,000	\$1,721,585	\$1,238,200	\$1,395,166	\$1,994,184
3 Amount Subject to Recovery	\$1,950,000	\$1,473,832	\$2,556,530	\$1,245,985	\$1,467,486	\$1,560,973	\$1,055,861	\$1,395,166	\$1,994,184
4 VMP and REP Base Spending Level	\$1,950,000	\$1,360,000	\$1,360,000	\$1,360,000	\$1,360,000	\$1,360,000	\$1,020,000	\$1,360,000	\$1,360,000
5 Total Revenue Requirement	\$0	\$113,832	\$1,196,530	(\$114,015)	\$107,486	\$200,973	\$35,861	\$35,166	\$634,184
6 Less Reimbursements from FairPoint Communications	\$0	\$0	(\$148,760)	(\$644,098)	(\$402,693)	(\$253,054)	(\$311,701)	(\$245,751)	(\$288,000)
7 Total Incremental Revenue Requirement for Adj. Factor	\$0	\$113,832	\$1,047,770	(\$758,113)	(\$295,207)	(\$52,081)	(\$275,840)	(\$210,585)	\$346,184
8 Total O&M Recovery	\$1,950,000	\$1,473,832	\$2,407,770	\$601,887	\$1,064,793	\$1,307,919	\$744,160	\$1,149,415	\$1,706,184

**Notes:**

Line 1 Actual VMP and REP program spending, excluding FairPoint Communications reimbursements.

Line 2 Approved program budget

Line 3 Lesser of Line 1 and Line 3.

Line 4 VMP and REP base spending level per Merger Settlement Agreement in Docket No. DG 06-107.

Line 5 Line 5 minus Line 7.

Line 6 Reflects reimbursements related to vegetation management expenses from FairPoint Communications.

Line 7 Line 9 plus Line 11.

Line 8 Line 5 plus Line 11.

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**  
**REP/VMP Revenue Requirement**  
**Computation of REP Revenue Requirement**  
**CY 2015 Actual**

	Revised FY 2008	Revised FY 2009	Revised FY 2010	Revised FY 2011	Revised FY 2012	Actual FY 2013	Actual CYS 2013	Actual CY 2014	Actual CY 2015
<b>Deferred Tax Calculation</b>									
1 REP Program Annual Spend	\$950,000	\$500,000	\$876,243	\$610,835	\$398,239	\$545,916	\$416,755	\$2,201,899	\$1,321,456
2 Cumulative REP Program Spend	\$950,000	\$1,450,000	\$2,326,243	\$2,937,078	\$3,335,317	\$3,881,233	\$4,297,988	\$6,499,887	\$7,821,343
3									
4 Book Depreciation Rate (a)	3.70%	3.72%	3.71%	3.73%	3.72%	3.33%	3.72%	3.72%	3.75%
5 FEDERAL Vintage Year Tax Depreciation:									
6 FY 2008 Spend	\$429,887	\$39,010	\$36,081	\$33,379	\$30,872	\$28,559	\$14,858	\$19,810	\$24,112
7 FY 2009 Spend		\$338,156	\$12,139	\$11,227	\$10,387	\$9,606	\$4,999	\$6,665	\$8,219
8 FY 2010 Spend			\$550,022	\$24,467	\$22,630	\$20,936	\$10,892	\$14,522	\$17,913
9 FY 2011 Spend				\$481,705	\$9,685	\$8,958	\$4,662	\$6,215	\$7,665
10 FY 2012 Spend					\$377,329	\$2,968	\$1,544	\$2,059	\$2,539
11 FY 2013 Spend						\$332,964	\$11,900	\$15,867	\$14,676
12 CYS 2013 Spend							\$212,773	\$5,861	\$15,043
13 CY 2014 Spend								\$1,142,236	\$79,478
14 CY 2015 Spend									\$685,505
15 Annual Tax Depreciation	\$429,887	\$377,166	\$598,242	\$550,778	\$450,902	\$403,992	\$261,627	\$1,213,235	\$855,149
16 Cumulative Tax Depreciation	\$429,887	\$807,053	\$1,405,295	\$1,956,073	\$2,406,975	\$2,810,967	\$3,072,594	\$4,285,829	\$5,140,977
17									
18 STATE Vintage Year Tax Depreciation:									
19 FY 2008 Spend	\$334,991	\$46,127	\$42,664	\$39,469	\$36,504	\$33,770	\$17,568	\$23,425	\$28,511
20 FY 2009 Spend		\$176,311	\$24,277	\$22,455	\$20,773	\$19,213	\$9,998	\$13,330	\$16,438
21 FY 2010 Spend			\$223,801	\$48,935	\$45,261	\$41,872	\$21,784	\$29,045	\$35,825
22 FY 2011 Spend				\$199,462	\$30,854	\$28,538	\$14,850	\$19,800	\$24,417
23 FY 2012 Spend					\$181,087	\$19,837	\$10,320	\$13,761	\$16,973
24 FY 2013 Spend						\$179,810	\$20,395	\$27,193	\$25,151
25 CYS 2013 Spend							\$8,791	\$11,721	\$30,086
26 CY 2014 Spend								\$82,571	\$158,955
27 CY 2015 Spend									\$49,555
28 Annual Tax Depreciation	\$334,991	\$222,438	\$290,742	\$310,320	\$314,480	\$323,039	\$103,706	\$220,846	\$385,912
29 Cumulative Tax Depreciation	\$334,991	\$557,429	\$848,171	\$1,158,492	\$1,472,971	\$1,796,010	\$1,899,716	\$2,120,562	\$2,506,473
30									
31 Book Depreciation	\$35,150	\$53,940	\$86,304	\$109,645	\$124,074	\$129,109	\$119,933	\$181,430	\$293,300
32 Cumulative Book Depreciation	\$35,150	\$89,090	\$175,394	\$285,039	\$409,113	\$538,222	\$658,155	\$839,585	\$1,132,885
33									
34 Book/Tax Timer (Federal)	\$394,737	\$717,963	\$1,229,901	\$1,671,034	\$1,997,862	\$2,272,745	\$2,414,439	\$3,446,244	\$4,008,092
35 less: Deferred Tax Reserve (State)	\$25,486	\$39,809	\$57,186	\$74,243	\$90,428	\$106,912	\$105,533	\$108,883	\$116,755
36 Net Book/Tax Timer (Federal)	\$369,251	\$678,154	\$1,172,715	\$1,596,791	\$1,907,435	\$2,165,833	\$2,308,906	\$3,337,361	\$3,891,337
37 Effective Tax Rate (Federal)	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	34.00%	34.00%	34.00%
38 Deferred Tax Reserve (Federal)	\$129,238	\$237,354	\$410,450	\$558,877	\$667,602	\$758,041	\$785,028	\$1,134,703	\$1,323,055
39 Book/Tax Timer (State)	\$299,841	\$468,339	\$672,778	\$873,453	\$1,063,859	\$1,257,788	\$1,241,561	\$1,280,977	\$1,373,588
40 Effective Tax Rate (State)	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
41 Deferred Tax Reserve (State)	\$25,486	\$39,809	\$57,186	\$74,243	\$90,428	\$106,912	\$105,533	\$108,883	\$116,755
42 TOTAL Deferred Tax Reserve	\$154,724	\$277,163	\$467,636	\$633,120	\$758,030	\$864,953	\$890,561	\$1,243,586	\$1,439,810
43									
44 <b>Rate Base Calculation</b>									
45 Plant In Service	\$950,000	\$1,450,000	\$2,326,243	\$2,937,078	\$3,335,317	\$3,881,233	\$4,297,988	\$6,499,887	\$7,821,343
46 Accumulated Book Depreciation	(\$35,150)	(\$89,090)	(\$175,394)	(\$285,039)	(\$409,113)	(\$538,222)	(\$658,155)	(\$839,585)	(\$1,132,885)
47 Deferred Tax Reserve	(\$154,724)	(\$277,163)	(\$467,636)	(\$633,120)	(\$758,030)	(\$864,953)	(\$890,561)	#####	(\$1,439,810)
48 Year End Rate Base	\$760,126	\$1,083,747	\$1,683,213	\$2,018,919	\$2,168,174	\$2,478,057	\$2,749,272	\$4,416,717	\$5,248,648
49									
50 <b>Revenue Requirement Calculation</b>									
51 Year End Rate Base	\$760,126	\$1,083,747	\$1,683,213	\$2,018,919	\$2,168,174	\$2,478,057	\$2,749,272	\$4,416,717	\$5,248,648
52 Pre-Tax ROR	11.91%	11.91%	11.91%	11.91%	11.91%	11.91%	11.36%	11.36%	11.36%
53 Return and Taxes	\$90,515	\$129,051	\$200,435	\$240,410	\$258,183	\$295,084	\$312,413	\$501,524	\$596,246
54 Book Depreciation	\$35,150	\$53,940	\$86,304	\$109,645	\$124,074	\$129,109	\$119,933	\$181,430	\$293,300
55 Property Taxes (b)	\$21,773	\$27,218	\$66,676	\$89,904	\$110,318	\$118,343	\$149,961	\$233,204	\$275,564
56 Annual Revenue Requirement	\$147,438	\$210,209	\$353,415	\$439,960	\$492,575	\$542,536	\$582,307	\$916,158	\$1,165,111
57 Prior Period Change for Repairs Tax Deduct & Bonus Depreciation (FY 08 - 14) (e)					(\$73,471)	\$2,397			
58 Adjusted Annual Revenue Requirement	\$147,438	\$210,209	\$353,415	\$439,960	\$419,104	\$544,933	\$582,307	\$916,158	\$1,165,111
59									
60 <b>Annual Rate Adjustment</b>	7/1/2008	7/1/2009	7/1/2010	7/1/2011	7/1/2012	7/1/2013	6/1/2014	5/1/2015	5/1/2016
61									
62 Incremental Annual Rate Adjustment	\$147,438	\$62,771	\$143,205	\$86,545	(\$20,856)	\$125,829	\$37,374	\$333,851	\$248,953
63									
64									
65 <b>Imputed Capital Structure (c)</b>									
66	Ratio	Rate	Weighted Rate	Pre Tax					
67 Long Term Debt	50.00%	7.54%	3.77%	3.77%					
68 Common Equity	50.00%	9.67%	4.84%	8.14%					
69									
70	100.00%		8.61%	11.91%					
71									
72 <b>Imputed Capital Structure (d)</b>									
73	Ratio	Rate	Weighted Rate	Pre Tax					
74 Long Term Debt	45.00%	5.95%	2.68%	2.68%					
75 Common Equity	55.00%	9.55%	5.25%	8.68%					
76									
77	100.00%		7.93%	11.36%					

(a) Actual Calendar Year Composite Depreciation rate for distribution property.

(b) Actual Calendar Year ratio of municipal tax expense to net plant in service.

(c) Capital structure per Merger Settlement in Docket DG 06-107, Exhibit 1, Section 3(c).

(d) Capital structure per Rate Case Settlement in Docket DE 13-063, Attachment A, Schedule 1B.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
REP/VMP Revenue Requirement  
Calculation of REP Tax Depreciation 2008 - Per Tax Return  
Using Capital Repairs Tax Return Rate

		(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) 2013	(g) CYS2013	(h) CY2014	(i) CY2015
1 <u>Capital Repairs Deduction</u>										
2 Plant Additions	From Page 3 of 12, Line 1	\$950,000								
3 Capital Repairs Deduction Rate	Tax Dept	32.74%								
4 Capital Repairs Deduction	Line 2 * Line 3	\$311,030								
5										
6 <u>Bonus Depreciation</u>										
7 Plant Additions	Line 2	\$950,000								
8 Less Capital Repairs Deduction	Line 4	\$311,030								
9 Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8	\$638,970								
10										
11 Percent of Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007	Tax Dept	69.14%								
12 Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007	Line 9 * Line 11	\$441,784								
13 Bonus Depreciation rate April 2007- December 2007	Tax Dept <sup>1</sup>	0%								
14 Bonus Depreciation for April 2007 - December 2007	Line 12 * Line 13	\$0								
15										
16 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008	Tax Dept	30.86%								
17 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008	Line 9 * Line 16	\$197,186								
18 Bonus Depreciation rate January 2008 - March 2008	Tax Dept <sup>1</sup>	50%								
19 Bonus Depreciation for January 2008 - March 2008	Line 17 * Line 18	\$98,593								
20										
21 Bonus Depreciation	Line 14 + Line 19	\$98,593								
22										
23 <u>Remaining Tax Depreciation (Federal)</u>										
24 Plant Additions	Line 2	\$950,000								
25 Less Capital Repairs Deduction	Line 4	\$311,030								
26 Less Bonus Depreciation	Line 21	\$98,593								
27 Additions Subject to 20 YR MACRS Tax Depreciation	Line 24 - Line 25 - Line 26	\$540,377	\$540,377	\$540,377	\$540,377	\$540,377	\$540,377	\$540,377	\$540,377	\$540,377
28 20 YR MACRS Tax Depreciation Rates	Tax Dept	3.750%	7.219%	6.677%	6.177%	5.713%	5.285%	3.666%	4.888%	4.462%
29 Remaining Tax Depreciation	Line 27 * Line 28	\$20,264	\$39,010	\$36,081	\$33,379	\$30,872	\$28,559	\$14,858	\$19,810	\$24,112
30										
31 <u>Remaining Tax Depreciation (State)</u>										
32 Plant Additions	Line 2	\$950,000								
33 Less Capital Repairs Deduction	Line 4	\$311,030								
34 Additions Subject to 20 YR MACRS Tax Depreciation	Line 32 - Line 33	\$638,970	\$638,970	\$638,970	\$638,970	\$638,970	\$638,970	\$638,970	\$638,970	\$638,970
35 20 YR MACRS Tax Depreciation Rates	Tax Dept	3.750%	7.219%	6.677%	6.177%	5.713%	5.285%	3.666%	4.888%	4.462%
36 Remaining Tax Depreciation	Line 34 * Line 35	\$23,961	\$46,127	\$42,664	\$39,469	\$36,504	\$33,770	\$17,568	\$23,425	\$28,511
37										
38 Federal Tax Depreciation	Sum of Lines 4, 21, and 29	\$429,887	\$39,010	\$36,081	\$33,379	\$30,872	\$28,559	\$14,858	\$19,810	\$24,112
39 State Tax Depreciation	Sum of Lines 4, and 36	\$334,991	\$46,127	\$42,664	\$39,469	\$36,504	\$33,770	\$17,568	\$23,425	\$28,511

**Note:** Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

Period	Rate
April 1, 2007 to December 31, 2007	0%
January 1, 2008 to September 7, 2010	50%
September 8, 2010 to December 31, 2011	100%
January 1, 2012 to December 31, 2013	50%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
REP/VMP Revenue Requirement  
Calculation of REP Tax Depreciation 2009 - Per Tax Return  
Using Capital Repairs Tax Return Rate

		(a) <u>2008</u>	(b) <u>2009</u>	(c) <u>2010</u>	(d) <u>2011</u>	(e) <u>2012</u>	(f) <u>2013</u>	(g) <u>CYS2013</u>	(h) <u>CY2014</u>	(i) <u>CY2015</u>
1 <u>Capital Repairs Deduction</u>										
2 Plant Additions	From Page 3 of 12, Line 1		\$500,000							
3 Capital Repairs Deduction Rate	Tax Dept		32.74%							
4 Capital Repairs Deduction	Line 2 * Line 3		\$163,700							
5										
6 <u>Bonus Depreciation</u>										
7 Plant Additions	Line 2		\$500,000							
8 Less Capital Repairs Deduction	Line 4		\$163,700							
9 Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		\$336,300							
10										
11 Percent of Plant Additions Eligible for Bonus Depreciation	Tax Dept		100.00%							
12 Plant Additions Eligible for Bonus Depreciation	Line 9 * Line 11		\$336,300							
13 Bonus Depreciation Rate	Tax Dept		50%							
14 Bonus Depreciation	Line 12 * Line 13		\$168,150							
15										
16 Bonus Depreciation	Line 14		\$168,150							
17										
18 <u>Remaining Tax Depreciation (Federal)</u>										
19 Plant Additions	Line 2		\$500,000							
20 Less Capital Repairs Deduction	Line 4		\$163,700							
21 Less Bonus Depreciation	Line 16		\$168,150							
22 Additions Subject to 20 YR MACRS Tax Depreciation	Line 19 - Line 20 - Line 21		\$168,150	\$168,150	\$168,150	\$168,150	\$168,150	\$168,150	\$168,150	\$168,150
23 20 YR MACRS Tax Depreciation Rates	Tax Dept		3.750%	7.219%	6.677%	6.177%	5.713%	3.964%	5.285%	4.888%
24 Remaining Tax Depreciation	Line 22 * Line 23		\$6,306	\$12,139	\$11,227	\$10,387	\$9,606	\$4,999	\$6,665	\$8,219
25										
26 <u>Remaining Tax Depreciation (State)</u>										
27 Plant Additions	Line 2		\$500,000							
28 Less Capital Repairs Deduction	Line 4		\$163,700							
29 Additions Subject to 20 YR MACRS Tax Depreciation	Line 27 - Line 28		\$336,300	\$336,300	\$336,300	\$336,300	\$336,300	\$336,300	\$336,300	\$336,300
30 20 YR MACRS Tax Depreciation Rates	Tax Dept		3.750%	7.219%	6.677%	6.177%	5.713%	3.964%	5.285%	4.888%
31 Remaining Tax Depreciation	Line 29 * Line 30		\$12,611	\$24,277	\$22,455	\$20,773	\$19,213	\$9,998	\$13,330	\$16,438
32										
33 Federal Tax Depreciation	Sum of Lines 4, 16, and 24		\$338,156	\$12,139	\$11,227	\$10,387	\$9,606	\$4,999	\$6,665	\$8,219
34 State Tax Depreciation	Sum of Lines 4 and 31		\$176,311	\$24,277	\$22,455	\$20,773	\$19,213	\$9,998	\$13,330	\$16,438

**Note:** Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

<u>Period</u>	<u>Rate</u>
April 1, 2007 to December 31, 2007	0%
January 1, 2008 to September 7, 2010	50%
September 8, 2010 to December 31, 2011	100%
January 1, 2012 to December 31, 2013	50%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
REP/VMP Revenue Requirement  
Calculation of REP Tax Depreciation 2010 - Per Tax Return  
Using Capital Repairs Tax Return Rate

		(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) 2013	(g) CYS2013	(h) CY2014	(i) CY2015
1	<u>Capital Repairs Deduction</u>									
2	Plant Additions			From Page 3 of 12, Line 1		\$876,243				
3	Capital Repairs Deduction Rate			Tax Dept		22.64%				
4	Capital Repairs Deduction			Line 2 * Line 3		\$198,381				
5										
6	<u>Bonus Depreciation</u>									
7	Plant Additions			Line 2		\$876,243				
8	Less Capital Repairs Deduction			Line 4		\$198,381				
9	Plant Additions Net of Capital Repairs Deduction			Line 7 - Line 8		\$677,862				
10										
11	Percent of Plant Additions Eligible for Bonus Depreciation			Tax Dept		100.00%				
12	Plant Additions Eligible for Bonus Depreciation			Line 9 * Line 11		\$677,862				
13	Bonus Depreciation Rate			Tax Dept		50%				
14	Bonus Depreciation			Line 12 * Line 13		\$338,931				
15										
16	Bonus Depreciation			Line 14		\$338,931				
17										
18	<u>Remaining Tax Depreciation (Federal)</u>									
19	Plant Additions			Line 2		\$876,243				
20	Less Capital Repairs Deduction			Line 4		\$198,381				
21	Less Bonus Depreciation			Line 16		\$338,931				
22	Additions Subject to 20 YR MACRS Tax Depreciation			Line 19 - Line 20 - Line 21		\$338,931	\$338,931	\$338,931	\$338,931	\$338,931
23	20 YR MACRS Tax Depreciation Rates			Tax Dept		3.750%	7.219%	6.677%	6.177%	4.285%
24	Remaining Tax Depreciation			Line 22 * Line 23		\$12,710	\$24,467	\$22,630	\$20,936	\$10,892
25										
26	<u>Remaining Tax Depreciation (State)</u>									
27	Plant Additions			Line 2		\$876,243				
28	Less Capital Repairs Deduction			Line 4		\$198,381				
29	Additions Subject to 20 YR MACRS Tax Depreciation			Line 27 - Line 28		\$677,862	\$677,862	\$677,862	\$677,862	\$677,862
30	20 YR MACRS Tax Depreciation Rates			Tax Dept		3.750%	7.219%	6.677%	6.177%	4.285%
31	Remaining Tax Depreciation			Line 29 * Line 30		\$25,420	\$48,935	\$45,261	\$41,872	\$21,784
32										
33	Federal Tax Depreciation			Sum of Lines 4, 16, and 24		\$550,022	\$24,467	\$22,630	\$20,936	\$10,892
34	State Tax Depreciation			Sum of Lines 4 and 31		\$223,801	\$48,935	\$45,261	\$41,872	\$21,784

**Note:** Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

Period	Rate
April 1, 2007 to December 31, 2007	0%
January 1, 2008 to September 7, 2010	50%
September 8, 2010 to December 31, 2011	100%
January 1, 2012 to December 31, 2013	50%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
REP/VMP Revenue Requirement  
Calculation of REP Tax Depreciation 2011 - Per Tax Return  
Using Capital Repairs Tax Return Rate

	(c) 2010	(d) 2011	(e) 2012	(f) 2013	(g) CYS2013	(h) CY2014	(i) CY2015
1 <u>Capital Repairs Deduction</u>							
2 Plant Additions		\$610,835					
3 Capital Repairs Deduction Rate		30.03%					
4 Capital Repairs Deduction		\$183,434					
5							
6 <u>Bonus Depreciation</u>							
7 Plant Additions		\$610,835					
8 Less Capital Repairs Deduction		\$183,434					
9 Plant Additions Net of Capital Repairs Deduction		\$427,401					
10							
11 Percent of Plant Additions Eligible for Bonus Depreciation April 2010 - September 2010		62.78%					
12 Plant Additions Eligible for Bonus Depreciation April 2010 - September 2010		\$268,322					
13 Bonus Depreciation rate April 2010- September 2010		50%					
14 Bonus Depreciation for April 2010 - September 2010		\$134,161					
15							
16 Plant Additions Eligible for Bonus Depreciation for October 2010 - March 2010		37.22%					
17 Plant Additions Eligible for Bonus Depreciation for October 2010 - March 2010		\$159,079					
18 Bonus Depreciation rate October 2010 - March 2010		100%					
19 Bonus Depreciation for October 2010 - March 2010		\$159,079					
20							
21 Bonus Depreciation		\$293,240					
22							
23 <u>Remaining Tax Depreciation (Federal)</u>							
24 Plant Additions		\$610,835					
25 Less Capital Repairs Deduction		\$183,434					
26 Less Bonus Depreciation		\$293,240					
27 Additions Subject to 20 YR MACRS Tax Depreciation		\$134,161	\$134,161	\$134,161	\$134,161	\$134,161	\$134,161
28 20 YR MACRS Tax Depreciation Rates		3.750%	7.219%	6.677%	4.633%	6.177%	5.713%
29 Remaining Tax Depreciation		\$5,031	\$9,685	\$8,958	\$4,662	\$6,215	\$7,665
30							
31 <u>Remaining Tax Depreciation (State)</u>							
32 Plant Additions		\$610,835					
33 Less Capital Repairs Deduction		\$183,434					
34 Additions Subject to 20 YR MACRS Tax Depreciation		\$427,401	\$427,401	\$427,401	\$427,401	\$427,401	\$427,401
35 20 YR MACRS Tax Depreciation Rates		3.750%	7.219%	6.677%	4.633%	6.177%	5.713%
36 Remaining Tax Depreciation		\$16,028	\$30,854	\$28,538	\$14,850	\$19,800	\$24,417
37							
38 Federal Tax Depreciation		\$481,705	\$9,685	\$8,958	\$4,662	\$6,215	\$7,665
39 State Tax Depreciation		\$199,462	\$30,854	\$28,538	\$14,850	\$19,800	\$24,417

**Note:** Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

Period
April 1, 2007 to December 31, 2007
January 1, 2008 to September 7, 2010
September 8, 2010 to December 31, 2011
January 1, 2012 to December 31, 2013

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
REP/VMP Revenue Requirement  
Calculation of REP Tax Depreciation 2012 - Per Tax Return  
Using Capital Repairs Tax Return Rate

	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) 2013	(g) CYS2013	(h) CY2014	(i) CY2015
1 <u>Capital Repairs Deduction</u>									
2 Plant Additions					From Page 3 of 12, Line 1				
3 Capital Repairs Deduction Rate					Tax Dept	\$398,239			
4 Capital Repairs Deduction					Line 2 * Line 3	31.00%			
5						\$123,454			
6 <u>Bonus Depreciation</u>									
7 Plant Additions					Line 2	\$398,239			
8 Less Capital Repairs Deduction					Line 4	\$123,454			
9 Plant Additions Net of Capital Repairs Deduction					Line 7 - Line 8	\$274,785			
10									
11 Percent of Plant Additions Eligible for Bonus Depreciation April 2011 - December, 2011					Tax Dept	72.52%			
12 Plant Additions Eligible for Bonus Depreciation April 2011 - December, 2011					Line 9 * Line 11	\$199,274			
13 Bonus Depreciation rate April 2011- December 2011					Tax Dept	100%			
14 Bonus Depreciation for April 2011 - December 2011					Line 12 * Line 13	\$199,274			
15									
16 Plant Additions Eligible for Bonus Depreciation for January 2012 - March 2012					Tax Dept	25.04%			
17 Plant Additions Eligible for Bonus Depreciation for January 2012 - March 2012					Line 9 * Line 16	\$68,806			
18 Bonus Depreciation rate January 2012 - March 2012					Tax Dept	50%			
19 Bonus Depreciation for January 2012 - March 2012					Line 17 * Line 18	\$34,403			
20									
21 Bonus Depreciation					Line 14 + Line 19	\$233,677			
22									
23 <u>Remaining Tax Depreciation (Federal)</u>									
24 Plant Additions					Line 2	\$398,239			
25 Less Capital Repairs Deduction					Line 4	\$123,454			
26 Less Bonus Depreciation					Line 21	\$233,677			
27 Additions Subject to 20 YR MACRS Tax Depreciation					Line 24 - Line 25 - Line 26	\$41,108	\$41,108	\$41,108	\$41,108
28 20 YR MACRS Tax Depreciation Rates					Tax Dept	3.750%	7.219%	5.008%	6.677%
29 Remaining Tax Depreciation					Line 27 * Line 28	\$1,542	\$2,968	\$1,544	\$2,059
30									
31 <u>Remaining Tax Depreciation (State)</u>									
32 Plant Additions					Line 2	\$398,239			
33 Less Capital Repairs Deduction					Line 4	\$123,454			
34 Additions Subject to 20 YR MACRS Tax Depreciation					Line 32 - Line 33	\$274,785	\$274,785	\$274,785	\$274,785
35 20 YR MACRS Tax Depreciation Rates					Tax Dept	3.750%	7.219%	5.008%	6.677%
36 Remaining Tax Depreciation					Line 34 * Line 35	\$10,304	\$19,837	\$10,320	\$13,761
37									
38 Federal Tax Depreciation					Sum of Lines 4, 21, and 29	\$358,673	\$2,968	\$1,544	\$2,059
39 State Tax Depreciation					Sum of Lines 4, and 36	\$133,758	\$19,837	\$10,320	\$13,761
40									
41									
42 FY 2012 Safe Harbor True Up (Federal)					From Page 11 of 11, Line 18(e)	\$18,656			
43 FY 2012 Tax Depreciation (Federal)					Line 38 + Line 42	\$377,329			
44 FY 2012 Safe Harbor True Up (State)					From Page 11 of 11, Line 40(e)	\$47,329			
45 FY 2012 Tax Depreciation (State)					Line 39 + Line 44	\$181,087			

**Note:** Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

Period	Rate
April 1, 2007 to December 31, 2007	0%
January 1, 2008 to September 7, 2010	50%
September 8, 2010 to December 31, 2011	100%
January 1, 2012 to December 31, 2013	50%



Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
REP/VMP Revenue Requirement  
Calculation of REP Tax Depreciation 2013 - Per Tax Return  
Using Capital Repairs Tax Return Rate

	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) 2013	(g) CYS2013	(h) CY2014	(i) CY2015
1 <u>Capital Repairs Deduction</u>									
2 Plant Additions					From Page 3 of 12, Line 1	\$545,916			
3 Capital Repairs Deduction Rate					Tax Dept	31.00%			
4 Capital Repairs Deduction					Line 2 * Line 3	\$169,234			
5									
6 <u>Bonus Depreciation</u>									
7 Plant Additions					Line 2	\$545,916			
8 Less Capital Repairs Deduction					Line 4	\$169,234			
9 Plant Additions Net of Capital Repairs Deduction					Line 7 - Line 8	\$376,682			
10									
11 Percent of Plant Additions Eligible for Bonus Depreciation April 2012 - December, 2012					Tax Dept	62.48%			
12 Plant Additions Eligible for Bonus Depreciation April 2012 - December, 2012					Line 9 * Line 11	\$235,332			
13 Bonus Depreciation rate April 2012- December 2012					Tax Dept	50%			
14 Bonus Depreciation for April 2012 - December 2012					Line 12 * Line 13	\$117,666			
15									
16 Plant Additions Eligible for Bonus Depreciation for January 2013 - March 2013					Tax Dept	20.83%			
17 Plant Additions Eligible for Bonus Depreciation for January 2013 - March 2013					Line 9 * Line 16	\$78,444			
18 Bonus Depreciation rate January 2013 - March 2013					Tax Dept	50%			
19 Bonus Depreciation for January 2013 - March 2013					Line 17 * Line 18	\$39,222			
20									
21 Bonus Depreciation					Line 14 + Line 19	\$156,888			
22									
23 <u>Remaining Tax Depreciation (Federal)</u>									
24 Plant Additions					Line 2	\$545,916			
25 Less Capital Repairs Deduction					Line 4	\$169,234			
26 Less Bonus Depreciation					Line 21	\$156,888			
27 Additions Subject to 20 YR MACRS Tax Depreciation					Line 24 - Line 25 - Line 26	\$219,794	\$219,794	\$219,794	\$219,794
28 20 YR MACRS Tax Depreciation Rates					Tax Dept	3.750%	5.414%	7.219%	6.677%
29 Remaining Tax Depreciation					Line 27 * Line 28	\$8,242	\$11,900	\$15,867	\$14,676
30									
31 <u>Remaining Tax Depreciation (State)</u>									
32 Plant Additions					Line 2	\$545,916			
33 Less Capital Repairs Deduction					Line 4	\$169,234			
34 Additions Subject to 20 YR MACRS Tax Depreciation					Line 32 - Line 33	\$376,682	\$376,682	\$376,682	\$376,682
35 20 YR MACRS Tax Depreciation Rates					Tax Dept	3.750%	5.414%	7.219%	6.677%
36 Remaining Tax Depreciation					Line 34 * Line 35	\$14,126	\$20,395	\$27,193	\$25,151
37									
38 Federal Tax Depreciation					Sum of Lines 4, 21, and 29	\$334,364	\$11,900	\$15,867	\$14,676
39 State Tax Depreciation					Sum of Lines 4, and 36	\$183,360	\$20,395	\$27,193	\$25,151
40									
41									
42 Effect of FY 2012 Safe Harbor True Up on FY 2013 Tax Depreciation (Federal)					From Page 11 of 11, Line 18(f)	(\$1,400)			
43 FY 2013 Tax Depreciation (Federal)					Line 38 + Line 42	\$332,964			
44 Effect of FY 2012 Safe Harbor True Up on FY 2013 Tax Depreciation (State)					From Page 11 of 11, Line 40(f)	(\$3,550)			
45 FY 2013 Tax Depreciation (State)					Line 39 + Line 44	\$179,810			

**Note:** Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

Period	Rate
April 1, 2007 to December 31, 2007	0%
January 1, 2008 to September 7, 2010	50%
September 8, 2010 to December 31, 2011	100%
January 1, 2012 to December 31, 2013	50%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
REP/VMP Revenue Requirement  
Calculation of REP Tax Depreciation 2013 - Per Tax Return  
Using Capital Repairs Tax Return Rate

	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) 2013	(g) CYS2013	(h) CY2014	(i) CY2015
1 <u>Capital Repairs Deduction</u>									
2 Plant Additions						From Page 3 of 12, Line 1	\$416,755		
3 Capital Repairs Deduction Rate						Tax Dept	0.00%		
4 Capital Repairs Deduction						Line 2 * Line 3	\$0		
5									
6 <u>Bonus Depreciation</u>									
7 Plant Additions						Line 2	\$416,755		
8 Less Capital Repairs Deduction						Line 4	\$0		
9 Plant Additions Net of Capital Repairs Deduction						Line 7 - Line 8	\$416,755		
10									
11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013						Tax Dept	100.00%		
12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013						Line 9 * Line 11	\$416,755		
13 Bonus Depreciation rate April 2013 - December 2013						Tax Dept	50%		
14 Bonus Depreciation for April 2013 - December 2013						Line 12 * Line 13	\$208,378		
15									
16 Bonus Depreciation						Line 14	\$208,378		
17									
18 <u>Remaining Tax Depreciation (Federal)</u>									
19 Plant Additions						Line 2	\$416,755	\$416,755	\$416,755
20 Less Capital Repairs Deduction						Line 4	\$0	\$0	\$0
21 Less Bonus Depreciation						Line 16	\$208,378	\$208,378	\$208,378
22 Additions Subject to 20 YR MACRS Tax Depreciation						Line 19 - Line 20 - Line 21	\$208,378	\$208,378	\$208,378
23 20 YR MACRS Tax Depreciation Rates						Tax Dept	2.813%	3.750%	7.219%
24 Remaining Tax Depreciation						Line 22 * Line 23	\$4,395	\$5,861	\$15,043
25									
26 <u>Remaining Tax Depreciation (State)</u>									
27 Plant Additions						Line 2	\$416,755	\$416,755	\$416,755
28 Less Capital Repairs Deduction						Line 4	\$0	\$0	\$0
29 Additions Subject to 20 YR MACRS Tax Depreciation						Line 27 - Line 28	\$416,755	\$416,755	\$416,755
30 20 YR MACRS Tax Depreciation Rates						Tax Dept	2.813%	3.750%	7.219%
31 Remaining Tax Depreciation						Line 29 * Line 30	\$8,791	\$11,721	\$30,086
32									
33 Federal Tax Depreciation						Sum of Lines 4, 16, and 24	\$212,773	\$5,861	\$15,043
34 State Tax Depreciation						Sum of Lines 4, and 31	\$8,791	\$11,721	\$30,086

**Note:** Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

Period	Rate
April 1, 2007 to December 31, 2007	0%
January 1, 2008 to September 7, 2010	50%
September 8, 2010 to December 31, 2011	100%
January 1, 2012 to December 31, 2013	50%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
REP/VMP Revenue Requirement  
Calculation of REP Tax Depreciation 2014 - Per Tax Return  
Using Capital Repairs Tax Return Rate

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	2008	2009	2010	2011	2012	2013	CYS2013	CY 2014	CY 2015
1 <u>Capital Repairs Deduction</u>									
2 Plant Additions								\$2,201,899	
3 Capital Repairs Deduction Rate								0.00%	
4 Capital Repairs Deduction								\$0	
5									
6 <u>Bonus Depreciation</u>									
7 Plant Additions								\$2,201,899	
8 Less Capital Repairs Deduction								\$0	
9 Plant Additions Net of Capital Repairs Deduction								\$2,201,899	
10									
11 Plant Additions Eligible for Bonus Depreciation for January 2014 - December 2014								100.00%	
12 Plant Additions Eligible for Bonus Depreciation for January 2014 - December 2014								\$2,201,899	
13 Bonus Depreciation rate January 2014 - December 2014								50%	
14 Bonus Depreciation rate January 2014 - December 2014								\$1,100,950	
15									
16 Bonus Depreciation								\$1,100,950	
17									
18 <u>Remaining Tax Depreciation (Federal)</u>									
19 Plant Additions								\$2,201,899	\$2,201,899
20 Less Capital Repairs Deduction								\$0	\$0
21 Less Bonus Depreciation								\$1,100,950	\$1,100,950
22 Additions Subject to 20 YR MACRS Tax Depreciation								\$1,100,950	\$1,100,950
23 20 YR MACRS Tax Depreciation Rates								3.750%	7.219%
24 Remaining Tax Depreciation								\$41,286	\$79,478
25									
26 <u>Remaining Tax Depreciation (State)</u>									
27 Plant Additions								\$2,201,899	\$2,201,899
28 Less Capital Repairs Deduction								\$0	\$0
29 Additions Subject to 20 YR MACRS Tax Depreciation								\$2,201,899	\$2,201,899
30 20 YR MACRS Tax Depreciation Rates								3.750%	7.219%
31 Remaining Tax Depreciation								\$82,571	\$158,955
32									
33 Federal Tax Depreciation								\$1,142,236	\$79,478
34 State Tax Depreciation								\$82,571	\$158,955

**Note:** Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

Period	Rate
January 1, 2007 to December 31, 2007	0%
January 1, 2008 to September 7, 2010	50%
September 8, 2010 to December 31, 2011	100%
January 1, 2012 to December 31, 2013	50%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
REP/VMP Revenue Requirement  
Calculation of REP Tax Depreciation 2015 - Per Tax Return  
Using Capital Repairs Tax Return Rate

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	2008	2009	2010	2011	2012	2013	CYS2013	CY 2014	CY 2015
1 <u>Capital Repairs Deduction</u>									
2 Plant Additions					From Page 3 of 12, Line 1				\$1,321,456
3 Capital Repairs Deduction Rate					Tax Dept				0.00%
4 Capital Repairs Deduction					Line 2 * Line 3				\$0
5									
6 <u>Bonus Depreciation</u>									
7 Plant Additions					Line 2				\$1,321,456
8 Less Capital Repairs Deduction					Line 4				\$0
9 Plant Additions Net of Capital Repairs Deduction					Line 7 - Line 8				\$1,321,456
10									
11 Plant Additions Eligible for Bonus Depreciation for January 2014 - December 2014					Tax Dept				100.00%
12 Plant Additions Eligible for Bonus Depreciation for January 2014 - December 2014					Line 9 * Line 11				\$1,321,456
13 Bonus Depreciation rate January 2014 - December 2014					Tax Dept				50%
14 Bonus Depreciation rate January 2014 - December 2014					Line 12 * Line 13				\$660,728
15									
16 Bonus Depreciation					Line 14				\$660,728
17									
18 <u>Remaining Tax Depreciation (Federal)</u>									
19 Plant Additions					Line 2				\$1,321,456
20 Less Capital Repairs Deduction					Line 4				\$0
21 Less Bonus Depreciation					Line 16				\$660,728
22 Additions Subject to 20 YR MACRS Tax Depreciation					Line 19 - Line 20 - Line 21				\$660,728
23 20 YR MACRS Tax Depreciation Rates					Tax Dept				3.750%
24 Remaining Tax Depreciation					Line 22 * Line 23				\$24,777
25									
26 <u>Remaining Tax Depreciation (State)</u>									
27 Plant Additions					Line 2				\$1,321,456
28 Less Capital Repairs Deduction					Line 4				\$0
29 Additions Subject to 20 YR MACRS Tax Depreciation					Line 27 - Line 28				\$1,321,456
30 20 YR MACRS Tax Depreciation Rates					Tax Dept				3.750%
31 Remaining Tax Depreciation					Line 29 * Line 30				\$49,555
32									
33 Federal Tax Depreciation					Sum of Lines 4, 16, and 24				\$685,505
34 State Tax Depreciation					Sum of Lines 4, and 31				\$49,555

**Note:** Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

Period	Rate
January 1, 2007 to December 31, 2007	0%
January 1, 2008 to September 7, 2010	50%
September 8, 2010 to December 31, 2011	100%
January 1, 2012 to December 31, 2013	50%

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**  
**Docket No DE 16-277**  
**Schedule HMT-2**  
**Page 1 of 4**  
**Revised**

**Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities**  
**REP/VMP Rate Design**  
**Procedure for Adjusting Distribution Rates for Capital Investment Allowance**  
**Calculation of Percentage Adjustment to Distribution Rates**  
**Rates Effective May 1, 2016**

(1)	Increase in Annual Revenue Requirement	\$204,854
(2)	Revenue Requirement in Docket DE 15-087	\$35,523,239
(3)	Percentage of Adjustment to Distribution Rates	0.58%

- (1) Schedule HMT-1, Page 1
- (2) Approved revenue requirement in Docket DE 15-087 Step Adjustment effective May 1, 2015
- (3) Line (1) ÷ Line (2)

**Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities**  
**Calculation of Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor**  
**Rates Effective May 1, 2016**

(1)	O&M Expense Above Base O&M Expense	\$346,184
(2)	Final Balance of Reconciliation of Refund of FY 2015 Incremental O&M Expense Above Base O&M Expense	<u>(\$22,416)</u>
(3)	Reliability Enhancement Program and Vegetation Management Plan Expense	\$323,768
(4)	Estimated Interest During Recovery Period	<u>(\$9,146)</u>
(5)	Reliability Enhancement Program and Vegetation Management Plan Expense, Including Interest	\$314,623
(6)	Estimated kWh deliveries	957,563,085
(7)	Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor	\$0.00032

- (1) Schedule HMT-1, Page 1
- (2) Schedule HMT-3, Page 1
- (3) Line (1) + Line (2)
- (4) Page 4
- (5) Line (3) + Line (5)
- (6) Per Company forecast
- (7) Line (5) ÷ Line (6), truncated after 5 decimal places

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**  
**Docket No DE 16-277**  
**Schedule HMT-2**  
**Page 3 of 4**

**Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities**  
**Calculation of Interest on CY 2015 Incremental O&M Expense Below Base O&M Expense**

	Beginning Balance With Interest (a)	Estimated Recovery (b)	Ending Balance (c)	Balance Subject to Interest (d)	Effective Interest Rate (e)	Interest (f)	Cumulative Interest (g)
January 2016	(\$323,768)		(\$323,768)	(\$323,768)	3.25%	(\$864)	(\$864)
February	(\$324,632)		(\$324,632)	(\$324,632)	3.25%	(\$866)	(\$1,730)
March	(\$325,499)		(\$325,499)	(\$325,499)	3.25%	(\$869)	(\$2,599)
April	(\$326,367)		(\$326,367)	(\$326,367)	3.25%	(\$871)	(\$3,470)
May	(\$327,238)	\$27,270	(\$299,969)	(\$313,603)	3.25%	(\$837)	(\$4,307)
June	(\$300,805)	\$25,067	(\$275,738)	(\$288,272)	3.25%	(\$769)	(\$5,076)
July	(\$276,508)	\$25,137	(\$251,371)	(\$263,939)	3.25%	(\$704)	(\$5,781)
August	(\$252,075)	\$25,208	(\$226,868)	(\$239,471)	3.25%	(\$639)	(\$6,420)
September	(\$227,507)	\$25,279	(\$202,228)	(\$214,867)	3.25%	(\$573)	(\$6,993)
October	(\$202,802)	\$25,350	(\$177,451)	(\$190,126)	3.25%	(\$507)	(\$7,501)
November	(\$177,959)	\$25,423	(\$152,536)	(\$165,247)	3.25%	(\$441)	(\$7,942)
December	(\$152,977)	\$25,496	(\$127,481)	(\$140,229)	3.25%	(\$374)	(\$8,316)
January 2017	(\$127,855)	\$25,571	(\$102,284)	(\$115,070)	3.25%	(\$307)	(\$8,623)
February	(\$102,591)	\$25,648	(\$76,943)	(\$89,767)	3.25%	(\$240)	(\$8,863)
March	(\$77,183)	\$25,728	(\$51,455)	(\$64,319)	3.25%	(\$172)	(\$9,034)
April	(\$51,627)	\$25,814	(\$25,813)	(\$38,720)	3.50%	(\$111)	(\$9,146)

- (a) January 2014 per Page 3, Line (3); all other months = prior month Column (c) + prior month Column (f)  
(b) Column (a) ÷ number of remaining months in recovery period  
(c) Column (a) + Column (b)  
(d) Average of Column (a) and Column (c)  
(e) Interest rate on customer deposits  
(f) Column (d) x [ (1 + Column (e) ) ^ ( 1 ÷ 12 ) - 1 ]  
(g) Prior month Column (g) + Current month Column (f)

**Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities**  
**REP/VMP Rate Design**  
**Procedure for Adjusting Distribution Rates for Capital Investment Allowance & Incremental O&M Expense**  
**Rates Effective May 1, 2016**

Rate Class	Distribution Rate Component	Current Base Distribution Charges (a)	Proposed Distribution % Increase/ % (Decrease) (b)	Proposed Base Distribution Charges (c)	Current Business Profits Surcharge (d)	Current Default Service Cost Reclassification Distribution Credit (e)	Proposed REP/VMP O&M Adjustment Factor (f)	Proposed Total Distribution Charges (g)
D	Customer Charge	\$11.79	0.58%	\$11.85				\$11.85
	1st 250 kWh	\$0.03185	0.58%	\$0.03203	\$0.00057	(\$0.00017)	\$0.00032	\$0.03275
	Excess 250 kWh	\$0.04784	0.58%	\$0.04811	\$0.00057	(\$0.00017)	\$0.00032	\$0.04883
	Off Peak kWh	\$0.03042	0.58%	\$0.03059	\$0.00057	(\$0.00017)	\$0.00032	\$0.03131
	Farm kWh	\$0.03984	0.58%	\$0.04007	\$0.00057	(\$0.00017)	\$0.00032	\$0.04079
	D-6 kWh	\$0.03176	0.58%	\$0.03194	\$0.00057	(\$0.00017)	\$0.00032	\$0.03266
	Interruptible Credit IC-1	(\$6.91)	0.58%	(\$6.95)				(\$6.95)
	Interruptible Credit IC-2	(\$9.88)	0.58%	(\$9.93)				(\$9.93)
D-10	Customer Charge	\$11.95	0.58%	\$12.01				\$12.01
	On Peak kWh	\$0.09007	0.58%	\$0.09059	\$0.00057	(\$0.00008)	\$0.00032	\$0.09140
	Off Peak kWh	\$0.00076	0.58%	\$0.00076	\$0.00057	(\$0.00008)	\$0.00032	\$0.00157
G-1	Customer Charge	\$324.09	0.58%	\$325.96				\$325.96
	Demand Charge	\$6.91	0.58%	\$6.95				\$6.95
	On Peak kWh	\$0.00389	0.58%	\$0.00391	\$0.00057	\$0.00000	\$0.00032	\$0.00480
	Off Peak kWh	\$0.00076	0.58%	\$0.00076	\$0.00057	\$0.00000	\$0.00032	\$0.00165
	Credit for High Voltage Delivery > 2.4 kv	(\$0.38)	0.58%	(\$0.38)				(\$0.38)
G-2	Customer Charge	\$54.05	0.58%	\$54.36				\$54.36
	Demand Charge	\$6.96	0.58%	\$7.00				\$7.00
	All kWh	\$0.00116	0.58%	\$0.00116	\$0.00057	\$0.00000	\$0.00032	\$0.00205
	Credit for High Voltage Delivery > 2.4 kv	(\$0.38)	0.58%	(\$0.38)				(\$0.38)
G-3	Customer Charge	\$11.70	0.58%	\$11.76				\$11.76
	All kWh	\$0.03958	0.58%	\$0.03980	\$0.00057	(\$0.00017)	\$0.00032	\$0.04052
	Minimum Charge > 25 kVA	\$2.52	0.58%	\$2.53				\$2.53
M	Luminaire Charge							
	Description							
	LUM INC RWY 103W	\$104.48	0.58%	\$105.08				\$105.08
	LUM MV RWY 100W	\$75.61	0.58%	\$76.04				\$76.04
	LUM MV RWY 175W	\$91.95	0.58%	\$92.48				\$92.48
	LUM MV RWY 400W	\$173.92	0.58%	\$174.92				\$174.92
	LUM MV RWY 1000W	\$330.00	0.58%	\$331.91				\$331.91
	LUM MV FLD 400W	\$192.34	0.58%	\$193.45				\$193.45
	LUM MV FLD 1000W	\$332.14	0.58%	\$334.06				\$334.06
	LUM HPS RWY 50W	\$78.26	0.58%	\$78.71				\$78.71
	LUM HPS RWY 100W	\$94.89	0.58%	\$95.44				\$95.44
	LUM HPS RWY 250W	\$166.63	0.58%	\$167.59				\$167.59
	LUM HPS RWY 400W	\$217.12	0.58%	\$218.37				\$218.37
	LUM HPS FLD 250W	\$168.11	0.58%	\$169.08				\$169.08
	LUM HPS FLD 400W	\$232.07	0.58%	\$233.41				\$233.41
	LUM HPS POST 100W	\$109.28	0.58%	\$109.91				\$109.91
	Pole and Accessory Charge							
	Description							
	POLE – WOOD	\$92.22	0.58%	\$92.75				\$92.75
	POLE FIBER PT <25FT	\$95.50	0.58%	\$96.05				\$96.05
	POLE FIBER RWY <25FT	\$161.99	0.58%	\$162.92				\$162.92
	POLE FIBER RWY =>25	\$270.63	0.58%	\$272.19				\$272.19
	POLE METAL EMBEDDED	\$193.16	0.58%	\$194.28				\$194.28
	POLE METAL =>25FT	\$232.75	0.58%	\$234.09				\$234.09
	All kWh	\$0.00000	0.58%	\$0.00000	\$0.00057	\$0.00000	\$0.00032	\$0.00089
T	Customer Charge	\$11.92	0.58%	\$11.98				\$11.98
	All kWh	\$0.03511	0.58%	\$0.03531	\$0.00057	(\$0.00007)	\$0.00032	\$0.03613
	Interruptible Credit IC-1	(\$6.91)	0.58%	(\$6.95)				(\$6.95)
	Interruptible Credit IC-2	(\$9.88)	0.58%	(\$9.93)				(\$9.93)
V	Minimum Charge	\$11.74	0.58%	\$11.80				\$11.80
	All kWh	\$0.04052	0.58%	\$0.04075	\$0.00057	(\$0.00009)	\$0.00032	\$0.04155

- (a) Per currently effective tariffs  
(b) REP/VMP adjustment increase divided by the annual revenue per DE 15-087 of \$35,523,239  
(c) Column (a) x (1+Column (b))  
(d) Distribution Energy Charges include a Business Profits Tax Surcharge of \$0.00057 per kWh for usage on and after 8/1/01  
(e) Per Default Service Cost Reclassification Adjustment Provision  
(f) Page 2, Line (7)  
(g) Column (c) + Column (d) + Column (e) + Column (f)



**Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities**  
**Reconciliation of Refund of FY 2014 O&M Expense**

	Beginning Balance Refund With Interest (a)	Delivery Sales (b)	Refund (c)	Ending Balance Refund (d)	Balance Subject to Interest (e)	Effective Interest Rate (f)	Interest (g)	Cumulative Interest (h)
May 2014	\$178,351	57,033,130	(\$9,696)	\$168,655	\$173,503	3.25%	\$463	\$463
June	\$169,118	110,263,603	(\$18,745)	\$150,374	\$159,746	3.25%	\$426	\$889
July	\$150,800	82,616,869	(\$14,045)	\$136,755	\$143,778	3.25%	\$384	\$1,273
August	\$137,139	87,401,647	(\$14,858)	\$122,280	\$129,710	3.25%	\$346	\$1,619
September	\$122,627	82,570,434	(\$14,037)	\$108,590	\$115,608	3.25%	\$309	\$1,928
October	\$108,898	71,981,746	(\$12,237)	\$96,661	\$102,780	3.25%	\$274	\$2,202
November	\$96,936	62,404,131	(\$10,609)	\$86,327	\$91,631	3.25%	\$245	\$2,447
December	\$86,571	77,760,896	(\$13,219)	\$73,352	\$79,962	3.25%	\$213	\$2,660
January 2015	\$73,566	79,203,232	(\$13,465)	\$60,101	\$66,833	3.25%	\$178	\$2,838
February	\$60,279	73,627,678	(\$12,517)	\$47,763	\$54,021	3.25%	\$144	\$2,983
* March	\$47,907	77,664,261	(\$13,203)	\$34,704	\$41,305	3.25%	\$110	\$3,093
* April	\$34,814	73,413,970	(\$12,480)	\$22,334	\$28,574	3.50%	\$82	\$3,175
			Total refund:	(\$159,110)				
			Remaining Refund:	(\$22,416)				

- (a) Schedule HMT-2, page 3, Docket DE 15-087
- (b) Company Billing Reports
- (c) Column (b) x rate
- (d) Column (a) + Column (b)
- (e) Average of Column (a) and Column (d)
- (f) Interest rate on customer deposits
- (g)  $\text{Column (e)} \times [ (1 + \text{Column (f)}) ^ { (1 \div 12) } - 1 ]$
- (h) Prior month Column (h) + Current month Column (g)
- \* Kilowatt-hours are estimated

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**  
**Docket No DE 16-277**  
**Schedule HMT-4**  
**Page 1 of 1**  
**Revised**

**Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities**  
**Residential Bill Impact**  
**Rates Effective May 1, 2016**

Usage                      650 kWh

	Current Rates	Proposed Rates	Current Bill	Proposed Bill
Customer Charge	\$11.79	\$11.85	\$11.79	\$11.85
Distribution Charge				
1st 250 kWh	\$0.03208	\$0.03275	\$8.02	\$8.19
excess of 250 kWh	\$0.04807	\$0.04883	\$19.23	\$19.53
Storm Recovery Adjustment	\$0.00000	\$0.00000	\$0.00	\$0.00
Transmission Charge <sup>1</sup>	\$0.03557	\$0.01597	\$23.12	\$10.38
Stranded Cost Charge <sup>1</sup>	-\$0.00150	\$0.00040	-\$0.98	\$0.26
System Benefits Charge	\$0.00330	\$0.00330	\$2.15	\$2.15
Electricity Consumption Tax	\$0.00055	\$0.00055	<u>\$0.36</u>	<u>\$0.36</u>
Subtotal Retail Delivery Services			\$63.69	\$52.71
Default Service Charge	\$0.09221	\$0.09221	<u>\$59.94</u>	<u>\$59.94</u>
Total Bill			\$123.62	\$112.65

---

<b>\$ increase in 650 kWh Total Residential Bill</b>	<b>-\$10.97</b>
<b>% increase in 650 kWh Total Residential Bill</b>	<b>-8.88%</b>

---

<sup>1</sup>Includes rate changes filed in Docket DE 16-346