

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Annual Rate Changes
CY 2016 Actual

	Actual <u>7/1/2008</u> (a)	Actual <u>7/1/2009</u> (b)	Actual <u>7/1/2010</u> (c)	Actual <u>7/1/2011</u> (d)	Actual <u>7/1/2012</u> (e)	Actual <u>7/1/2013</u> (f)	Actual <u>6/1/2014</u> (g)	Actual <u>5/1/2015</u> (h)	Actual <u>6/1/2016</u> (i)	Actual <u>5/1/2017</u> (i)
<u>Annual Incremental Rate Adjustments</u>										
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	(\$76,104)
2 REP Capital Program	\$165,840	\$75,740	\$163,663	\$102,941	(\$18,005)	\$125,829	\$37,374	\$274,518	\$159,037	\$120,019
3 Total for Fiscal Year	\$165,840	\$189,572	\$1,211,433	(\$655,172)	(\$313,213)	\$73,748	(\$238,466)	\$63,932	\$505,221	\$43,915
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	(\$346,184)
5 Net Change in Recovery	\$165,840	\$189,572	\$1,097,601	(\$1,702,942)	\$444,900	\$368,955	(\$186,385)	\$339,773	\$715,806	(\$302,269)

Notes:

Line 1 From Page 2 of 12, Line 7
Line 2 From Page 3 of 12, Line 60
Line 3 Line 1 + Line 2
Line 4 Line 1 of Prior Year
Line 5 Line 3 + Line 4

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP O&M Adjustment Factor
Computation of Annual Revenue Requirement
CY 2016 Actual

	Actual FY <u>2008</u> (a)	Actual FY <u>2009</u> (b)	Actual FY <u>2010</u> (c)	Actual FY <u>2011</u> (d)	Actual FY <u>2012</u> (e)	Actual FY <u>2013</u> (f)	Actual CYS <u>2013</u> (f)	Actual CY <u>2014</u> (g)	Actual CY <u>2015</u> (h)	Actual CY <u>2016</u> (i)
<u>Incremental VMP and REP O&M Spend</u>										
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	\$1,633,896
2 Proposed Annual Program Budget	\$1,950,000	\$1,473,832	\$2,556,530	\$1,552,000	\$1,556,000	\$1,721,585	\$1,238,200	\$1,521,200	\$1,860,397	\$1,948,000
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	\$1,633,896
4 VMP and REP Base Spending Level	<u>\$1,950,000</u>	<u>\$1,360,000</u>	<u>\$1,360,000</u>	<u>\$1,360,000</u>	<u>\$1,360,000</u>	<u>\$1,360,000</u>	<u>\$1,020,000</u>	<u>\$1,360,000</u>	<u>\$1,360,000</u>	<u>\$1,360,000</u>
5 Total Revenue Requirement	<u>\$0</u>	<u>\$113,832</u>	<u>\$1,196,530</u>	<u>(\$114,015)</u>	<u>\$107,486</u>	<u>\$200,973</u>	<u>\$35,861</u>	<u>\$35,166</u>	<u>\$634,184</u>	<u>\$273,896</u>
6 Less Reimbursements from FairPoint Communications	<u>\$0</u>	<u>\$0</u>	<u>(\$148,760)</u>	<u>(\$644,098)</u>	<u>(\$402,693)</u>	<u>(\$253,054)</u>	<u>(\$311,701)</u>	<u>(\$245,751)</u>	<u>(\$288,000)</u>	<u>(\$350,000)</u>
7 Total Incremental Revenue Requirement for Adj. Factor	<u>\$0</u>	<u>\$113,832</u>	<u>\$1,047,770</u>	<u>(\$758,113)</u>	<u>(\$295,207)</u>	<u>(\$52,081)</u>	<u>(\$275,840)</u>	<u>(\$210,585)</u>	<u>\$346,184</u>	<u>(\$76,104)</u>
8 Total O&M Recovery	<u>\$1,950,000</u>	<u>\$1,473,832</u>	<u>\$2,407,770</u>	<u>\$601,887</u>	<u>\$1,064,793</u>	<u>\$1,307,919</u>	<u>\$744,160</u>	<u>\$1,149,415</u>	<u>\$1,706,184</u>	<u>\$1,283,896</u>

Notes:

Line 1 2016 Actual VMP and REP program spending including \$92,335 of 2015 invoices that were paid in 2016 (cash basis accounting)

Line 2 Program budget reviewed with Staff pursuant to Section 3a of the Settlement Agreement in Docket No. DE 13-063. 2016 Budget included \$250,000 to change from five-year to four-year cycle. That change did not occur in 2016, so the adjusted budget amount is \$1,698,000.

Line 4 VMP and REP base spending level per Merger Settlement Agreement in Docket No. DG 06-107, continued in Docket No. DE 13-063

Line 5 Line 3 minus Line 4

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

Line 7 Line 5 plus Line 6

Line 8 Line 3 plus Line 6

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Computation of REP Revenue Requirement
CY 2016 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	Actual CY 2016
Deferred Tax Calculation										
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	\$849,390
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	\$8,670,733
3										
4 Book Depreciation Rate (a)	3.70%	3.72%	3.71%	3.73%	3.72%	3.33%	3.72%	2.88%	2.86%	2.86%
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	\$24,106
7 FY 2009 Spend		\$338,156	\$12,139	\$11,227	\$10,387	\$9,606	\$4,999	\$6,665	\$8,219	\$7,503
8 FY 2010 Spend			\$550,022	\$24,467	\$22,630	\$20,936	\$10,892	\$14,522	\$17,913	\$16,567
9 FY 2011 Spend				\$481,705	\$9,685	\$8,958	\$4,662	\$6,215	\$7,665	\$7,090
10 FY 2012 Spend					\$377,329	\$2,968	\$1,544	\$2,059	\$2,539	\$2,349
11 FY 2013 Spend						\$332,964	\$11,900	\$15,867	\$14,676	\$13,577
12 CYS 2013 Spend							\$212,773	\$5,861	\$15,043	\$13,913
13 CY 2014 Spend								\$1,142,236	\$79,478	\$73,510
14 CY 2015 Spend									\$685,505	\$47,698
15 CY 2016 Spend										\$440,621
15 Annual Tax Depreciation	\$429,887	\$377,166	\$598,242	\$550,778	\$450,902	\$403,992	\$261,627	\$1,213,235	\$855,149	\$646,934
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	\$5,787,911
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	\$28,504
20 FY 2009 Spend		\$176,311	\$24,277	\$22,455	\$20,773	\$19,213	\$9,998	\$13,330	\$16,438	\$15,006
21 FY 2010 Spend			\$223,801	\$48,935	\$45,261	\$41,872	\$21,784	\$29,045	\$35,825	\$33,134
22 FY 2011 Spend				\$199,462	\$30,854	\$28,538	\$14,850	\$19,800	\$24,417	\$22,588
23 FY 2012 Spend					\$181,087	\$19,837	\$10,320	\$13,761	\$16,973	\$15,698
24 FY 2013 Spend						\$179,810	\$20,395	\$27,193	\$25,151	\$23,268
25 CYS 2013 Spend							\$8,791	\$11,721	\$30,086	\$27,827
26 CY 2014 Spend								\$82,571	\$158,955	\$147,021
27 CY 2015 Spend									\$49,555	\$95,396
28 CY 2016 Spend										\$31,852
28 Annual Tax Depreciation	\$334,991	\$222,438	\$290,742	\$310,320	\$314,480	\$323,039	\$103,706	\$220,846	\$385,912	\$440,294
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	\$2,946,767
30										
31 Book Depreciation	\$35,150	\$53,940	\$86,304	\$109,645	\$124,074	\$129,109	\$119,933	\$140,398	\$223,690	\$247,983
32 Cumulative Book Depreciation	\$35,150	\$89,090	\$175,394	\$285,039	\$409,113	\$538,222	\$658,155	\$798,553	\$1,022,243	\$1,270,226
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	\$3,487,276	\$4,118,734	\$4,517,685
35 less: Deferred Tax Reserve (State)	\$25,486	\$39,809	\$57,186	\$74,243	\$90,428	\$106,912	\$105,533	\$112,371	\$126,160	\$142,506
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	\$3,374,905	\$3,992,575	\$4,375,179
37 Effective Tax Rate (Federal)	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	34.00%	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	\$1,147,468	\$1,357,475	\$1,487,561
39 Book/Tax Timer (State)	\$299,841	\$468,339	\$672,778	\$873,453	\$1,063,859	\$1,257,788	\$1,241,561	\$1,322,009	\$1,484,231	\$1,676,542
40 Effective Tax Rate (State)	8.50%	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	\$112,371	\$126,160	\$142,506
42 TOTAL Deferred Tax Reserve	\$154,724	\$277,163	\$467,636	\$633,120	\$758,030	\$864,953	\$890,561	\$1,259,839	\$1,483,635	\$1,630,067
43										
44 Rate Base Calculation										
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	\$8,670,733
46 Accumulated Book Depreciation	(\$35,150)	(\$89,090)	(\$175,394)	(\$285,039)	(\$409,113)	(\$538,222)	(\$658,155)	(\$798,553)	(\$1,022,243)	(\$1,270,226)
47 Deferred Tax Reserve	(\$154,724)	(\$277,163)	(\$467,636)	(\$633,120)	(\$758,030)	(\$864,953)	(\$890,561)	(\$1,259,839)	(\$1,483,635)	(\$1,630,067)
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	\$4,441,496	\$5,315,465	\$5,770,440
49										
50 Revenue Requirement Calculation										
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	\$4,441,496	\$5,315,465	\$5,770,440
52 Pre-Tax ROR	11.91%	11.91%	11.91%	11.91%	11.91%	11.91%	11.36%	11.36%	11.36%	11.36%
53 Return and Taxes	\$90,515	\$129,051	\$200,435	\$240,410	\$258,183	\$295,084	\$312,413	\$504,338	\$603,837	\$655,522
54 Book Depreciation	\$35,150	\$53,940	\$86,304	\$109,645	\$124,074	\$129,109	\$119,933	\$140,398	\$223,690	\$247,983
55 Property Taxes (b)	\$21,773	\$27,218	\$66,676	\$89,904	\$110,318	\$118,343	\$149,961	\$212,090	\$213,492	\$232,376
56 Annual Revenue Requirement	\$147,438	\$210,209	\$353,415	\$439,960	\$492,575	\$542,536	\$582,307	\$856,825	\$1,015,862	\$1,135,881
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	\$856,825	\$1,015,862	\$1,135,881
59 Annual Rate Adjustment	7/1/2008	7/1/2009	7/1/2010	7/1/2011	7/1/2012	7/1/2013	6/1/2014	5/1/2015	6/1/2016	5/1/2017
60 Incremental Annual Rate Adjustment	\$147,438	\$62,771	\$143,205	\$86,545	(\$20,856)	\$125,829	\$37,374	\$274,518	\$159,037	\$120,019
61										
62 Imputed Capital Structure (c)										
63										
64 Long Term Debt	Ratio	Rate	Weighted Rate	Pre Tax						
65 Common Equity	50.00%	7.54%	3.77%	3.77%						
66		50.00%	4.84%	8.14%						
67	100.00%		8.61%	11.91%						
68										
69 Imputed Capital Structure (d)										
70										
71 Long Term Debt	Ratio	Rate	Weighted Rate	Pre Tax						
72 Common Equity	45.00%	5.95%	2.68%	2.68%						
73		55.00%	5.25%	8.68%						
74	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, reference Schedule HMT-5
(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	(j) CY2016
1 <u>Capital Repairs Deduction</u>										
2 Plant Additions	\$950,000									
3 Capital Repairs Deduction Rate	32.74%									
4 Capital Repairs Deduction	\$311,030									
5										
6 <u>Bonus Depreciation</u>										
7 Plant Additions	\$950,000									
8 Less Capital Repairs Deduction	\$311,030									
9 Plant Additions Net of Capital Repairs Deduction	\$638,970									
10										
11 Percent of Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007	69.14%									
12 Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007	\$441,784									
13 Bonus Depreciation rate April 2007 - December 2007	0%									
14 Bonus Depreciation for April 2007 - December 2007	\$0									
15										
16 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008	30.86%									
17 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008	\$197,186									
18 Bonus Depreciation rate January 2008 - March 2008	50%									
19 Bonus Depreciation for January 2008 - March 2008	\$98,593									
20										
21 Bonus Depreciation	\$98,593									
22										
23 <u>Remaining Tax Depreciation (Federal)</u>										
24 Plant Additions	\$950,000									
25 Less Capital Repairs Deduction	\$311,030									
26 Less Bonus Depreciation	\$98,593									
27 Additions Subject to 20 YR MACRS Tax Depreciation	\$540,377	\$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	3.750%	7.219%	6.677%	6.177%	5.713%	5.285%	3.666%	4.888%	4.462%	4.461%
29 Remaining Tax Depreciation	\$20,264	\$39,010	\$36,081	\$33,379	\$30,872	\$28,559	\$14,858	\$19,810	\$24,112	\$24,106
30										
31 <u>Remaining Tax Depreciation (State)</u>										
32 Plant Additions	\$950,000									
33 Less Capital Repairs Deduction	\$311,030									
34 Additions Subject to 20 YR MACRS Tax Depreciation	\$638,970	\$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	3.750%	7.219%	6.677%	6.177%	5.713%	5.285%	3.666%	4.888%	4.462%	4.461%
36 Remaining Tax Depreciation	\$23,961	\$46,127	\$42,664	\$39,469	\$36,504	\$33,770	\$17,568	\$23,425	\$28,511	\$28,504
37										
38 Federal Tax Depreciation	\$429,887	\$39,010	\$36,081	\$33,379	\$30,872	\$28,559	\$14,858	\$19,810	\$24,112	\$24,106
39 State Tax Depreciation	\$334,991	\$46,127	\$42,664	\$39,469	\$36,504	\$33,770	\$17,568	\$23,425	\$28,511	\$28,504

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%

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>2009</u>	(b) <u>2010</u>	(c) <u>2011</u>	(d) <u>2012</u>	(e) <u>2013</u>	(f) <u>CYS2013</u>	(g) <u>CY2014</u>	(h) <u>CY2015</u>	(i) <u>CY2016</u>
1 <u>Capital Repairs Deduction</u>									
2 Plant Additions	\$500,000								
3 Capital Repairs Deduction Rate	32.74%								
4 Capital Repairs Deduction	\$163,700								
5									
6 <u>Bonus Depreciation</u>									
7 Plant Additions	\$500,000								
8 Less Capital Repairs Deduction	\$163,700								
9 Plant Additions Net of Capital Repairs Deduction	\$336,300								
10									
11 Percent of Plant Additions Eligible for Bonus Depreciation	100.00%								
12 Plant Additions Eligible for Bonus Depreciation	\$336,300								
13 Bonus Depreciation Rate	50%								
14 Bonus Depreciation	\$168,150								
15									
16 Bonus Depreciation	\$168,150								
17									
18 <u>Remaining Tax Depreciation (Federal)</u>									
19 Plant Additions	\$500,000								
20 Less Capital Repairs Deduction	\$163,700								
21 Less Bonus Depreciation	\$168,150								
22 Additions Subject to 20 YR MACRS Tax Depreciation	\$168,150	\$168,150	\$168,150	\$168,150	\$168,150	\$168,150	\$168,150	\$168,150	\$168,150
23 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%	6.177%	5.713%	3.964%	5.285%	4.888%	4.462%
24 Remaining Tax Depreciation	\$6,306	\$12,139	\$11,227	\$10,387	\$9,606	\$4,999	\$6,665	\$8,219	\$7,503
25									
26 <u>Remaining Tax Depreciation (State)</u>									
27 Plant Additions	\$500,000								
28 Less Capital Repairs Deduction	\$163,700								
29 Additions Subject to 20 YR MACRS Tax Depreciation	\$336,300	\$336,300	\$336,300	\$336,300	\$336,300	\$336,300	\$336,300	\$336,300	\$336,300
30 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%	6.177%	5.713%	3.964%	5.285%	4.888%	4.462%
31 Remaining Tax Depreciation	\$12,611	\$24,277	\$22,455	\$20,773	\$19,213	\$9,998	\$13,330	\$16,438	\$15,006
32									
33 Federal Tax Depreciation	\$338,156	\$12,139	\$11,227	\$10,387	\$9,606	\$4,999	\$6,665	\$8,219	\$7,503
34 State Tax Depreciation	\$176,311	\$24,277	\$22,455	\$20,773	\$19,213	\$9,998	\$13,330	\$16,438	\$15,006

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%

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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) CYS2013	(f) CY2014	(g) CY2015	(h) CY2016
1 <u>Capital Repairs Deduction</u>								
2 Plant Additions	\$876,243							
3 Capital Repairs Deduction Rate	22.64%							
4 Capital Repairs Deduction	\$198,381							
5								
6 <u>Bonus Depreciation</u>								
7 Plant Additions	\$876,243							
8 Less Capital Repairs Deduction	\$198,381							
9 Plant Additions Net of Capital Repairs Deduction	\$677,862							
10								
11 Percent of Plant Additions Eligible for Bonus Depreciation	100.00%							
12 Plant Additions Eligible for Bonus Depreciation	\$677,862							
13 Bonus Depreciation Rate	50%							
14 Bonus Depreciation	\$338,931							
15								
16 Bonus Depreciation	\$338,931							
17								
18 <u>Remaining Tax Depreciation (Federal)</u>								
19 Plant Additions	\$876,243							
20 Less Capital Repairs Deduction	\$198,381							
21 Less Bonus Depreciation	\$338,931							
22 Additions Subject to 20 YR MACRS Tax Depreciation	\$338,931	\$338,931	\$338,931	\$338,931	\$338,931	\$338,931	\$338,931	\$338,931
23 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%	6.177%	4.285%	5.713%	5.285%	4.888%
24 Remaining Tax Depreciation	\$12,710	\$24,467	\$22,630	\$20,936	\$10,892	\$14,522	\$17,913	\$16,567
25								
26 <u>Remaining Tax Depreciation (State)</u>								
27 Plant Additions	\$876,243							
28 Less Capital Repairs Deduction	\$198,381							
29 Additions Subject to 20 YR MACRS Tax Depreciation	\$677,862	\$677,862	\$677,862	\$677,862	\$677,862	\$677,862	\$677,862	\$677,862
30 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%	6.177%	4.285%	5.713%	5.285%	4.888%
31 Remaining Tax Depreciation	\$25,420	\$48,935	\$45,261	\$41,872	\$21,784	\$29,045	\$35,825	\$33,134
32								
33 Federal Tax Depreciation	\$550,022	\$24,467	\$22,630	\$20,936	\$10,892	\$14,522	\$17,913	\$16,567
34 State Tax Depreciation	\$223,801	\$48,935	\$45,261	\$41,872	\$21,784	\$29,045	\$35,825	\$33,134

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

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

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

	(a) <u>2011</u>	(b) <u>2012</u>	(c) <u>2013</u>	(d) <u>CYS2013</u>	(e) <u>CY2014</u>	(f) <u>CY2015</u>	(g) <u>CY2016</u>
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 2011	37.22%						
17 Plant Additions Eligible for Bonus Depreciation for October 2010 - March 2011	\$159,079						
18 Bonus Depreciation rate October 2010 - March 2011	100%						
19 Bonus Depreciation for October 2010 - March 2011	\$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	\$134,161
28 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%	4.633%	6.177%	5.713%	5.285%
29 Remaining Tax Depreciation	\$5,031	\$9,685	\$8,958	\$4,662	\$6,215	\$7,665	\$7,090
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	\$427,401
35 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%	4.633%	6.177%	5.713%	5.285%
36 Remaining Tax Depreciation	\$16,028	\$30,854	\$28,538	\$14,850	\$19,800	\$24,417	\$22,588
37							
38 Federal Tax Depreciation	\$481,705	\$9,685	\$8,958	\$4,662	\$6,215	\$7,665	\$7,090
39 State Tax Depreciation	\$199,462	\$30,854	\$28,538	\$14,850	\$19,800	\$24,417	\$22,588

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%

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) 2012	(b) 2013	(c) CYS2013	(d) CY2014	(e) CY2015	(f) CY2016
1 Capital Repairs Deduction						
2 Plant Additions	\$398,239					
3 Capital Repairs Deduction Rate	31.00%					
4 Capital Repairs Deduction	\$123,454					
5						
6 Bonus Depreciation						
7 Plant Additions	\$398,239					
8 Less Capital Repairs Deduction	\$123,454					
9 Plant Additions Net of Capital Repairs Deduction	\$274,785					
10						
11 Percent of Plant Additions Eligible for Bonus Depreciation April 2011 - December, 2011	72.52%					
12 Plant Additions Eligible for Bonus Depreciation April 2011 - December, 2011	\$199,274					
13 Bonus Depreciation rate April 2011- December 2011	100%					
14 Bonus Depreciation for April 2011 - December 2011	\$199,274					
15						
16 Plant Additions Eligible for Bonus Depreciation for January 2012 - March 2012	25.04%					
17 Plant Additions Eligible for Bonus Depreciation for January 2012 - March 2012	\$68,806					
18 Bonus Depreciation rate January 2012 - March 2012	50%					
19 Bonus Depreciation for January 2012 - March 2012	\$34,403					
20						
21 Bonus Depreciation	\$233,677					
22						
23 Remaining Tax Depreciation (Federal)						
24 Plant Additions	\$398,239					
25 Less Capital Repairs Deduction	\$123,454					
26 Less Bonus Depreciation	\$233,677					
27 Additions Subject to 20 YR MACRS Tax Depreciation	\$41,108	\$41,108	\$41,108	\$41,108	\$41,108	\$41,108
28 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	5.008%	6.677%	6.177%	5.713%
29 Remaining Tax Depreciation	\$1,542	\$2,968	\$1,544	\$2,059	\$2,539	\$2,349
30						
31 Remaining Tax Depreciation (State)						
32 Plant Additions	\$398,239					
33 Less Capital Repairs Deduction	\$123,454					
34 Additions Subject to 20 YR MACRS Tax Depreciation	\$274,785	\$274,785	\$274,785	\$274,785	\$274,785	\$274,785
35 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	5.008%	6.677%	6.177%	5.713%
36 Remaining Tax Depreciation	\$10,304	\$19,837	\$10,320	\$13,761	\$16,973	\$15,698
37						
38 Federal Tax Depreciation	\$358,673	\$2,968	\$1,544	\$2,059	\$2,539	\$2,349
39 State Tax Depreciation	\$133,758	\$19,837	\$10,320	\$13,761	\$16,973	\$15,698
40						
41						
42 FY 2012 Safe Harbor True Up (Federal)	\$18,656					
43 FY 2012 Tax Depreciation (Federal)	\$377,329					
44 FY 2012 Safe Harbor True Up (State)	\$47,329					
45 FY 2012 Tax Depreciation (State)	\$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

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) 2013	(b) CYS2013	(c) CY2014	(d) CY2015	(e) CY2016
1 <u>Capital Repairs Deduction</u>					
2 Plant Additions	\$545,916				
3 Capital Repairs Deduction Rate	31.00%				
4 Capital Repairs Deduction	\$169,234				
5					
6 <u>Bonus Depreciation</u>					
7 Plant Additions	\$545,916				
8 Less Capital Repairs Deduction	\$169,234				
9 Plant Additions Net of Capital Repairs Deduction	\$376,682				
10					
11 Percent of Plant Additions Eligible for Bonus Depreciation April 2012 - December, 2012	62.48%				
12 Plant Additions Eligible for Bonus Depreciation April 2012 - December, 2012	\$235,332				
13 Bonus Depreciation rate April 2012- December 2012	50%				
14 Bonus Depreciation for April 2012 - December 2012	\$117,666				
15					
16 Plant Additions Eligible for Bonus Depreciation for January 2013 - March 2013	20.83%				
17 Plant Additions Eligible for Bonus Depreciation for January 2013 - March 2013	\$78,444				
18 Bonus Depreciation rate January 2013 - March 2013	50%				
19 Bonus Depreciation for January 2013 - March 2013	\$39,222				
20					
21 Bonus Depreciation	\$156,888				
22					
23 <u>Remaining Tax Depreciation (Federal)</u>					
24 Plant Additions	\$545,916				
25 Less Capital Repairs Deduction	\$169,234				
26 Less Bonus Depreciation	\$156,888				
27 Additions Subject to 20 YR MACRS Tax Depreciation	\$219,794	\$219,794	\$219,794	\$219,794	\$219,794
28 20 YR MACRS Tax Depreciation Rates	3.750%	5.414%	7.219%	6.677%	6.177%
29 Remaining Tax Depreciation	\$8,242	\$11,900	\$15,867	\$14,676	\$13,577
30					
31 <u>Remaining Tax Depreciation (State)</u>					
32 Plant Additions	\$545,916				
33 Less Capital Repairs Deduction	\$169,234				
34 Additions Subject to 20 YR MACRS Tax Depreciation	\$376,682	\$376,682	\$376,682	\$376,682	\$376,682
35 20 YR MACRS Tax Depreciation Rates	3.750%	5.414%	7.219%	6.677%	6.177%
36 Remaining Tax Depreciation	\$14,126	\$20,395	\$27,193	\$25,151	\$23,268
37					
38 Federal Tax Depreciation	\$334,364	\$11,900	\$15,867	\$14,676	\$13,577
39 State Tax Depreciation	\$183,360	\$20,395	\$27,193	\$25,151	\$23,268
40					
41					
42 Effect of FY 2012 Safe Harbor True Up on FY 2013 Tax Depreciation (Federal)	(\$1,400)				
43 FY 2013 Tax Depreciation (Federal)	\$332,964				
44 Effect of FY 2012 Safe Harbor True Up on FY 2013 Tax Depreciation (State)	(\$3,550)				
45 FY 2013 Tax Depreciation (State)	\$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

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) CYS2013	(b) CY2014	(c) CY2015	(d) CY2016
1 <u>Capital Repairs Deduction</u>				
2 Plant Additions	\$416,755			
3 Capital Repairs Deduction Rate	0.00%			
4 Capital Repairs Deduction	\$0			
5				
6 <u>Bonus Depreciation</u>				
7 Plant Additions	\$416,755			
8 Less Capital Repairs Deduction	\$0			
9 Plant Additions Net of Capital Repairs Deduction	\$416,755			
10				
11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013	100.00%			
12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013	\$416,755			
13 Bonus Depreciation rate April 2013 - December 2013	50%			
14 Bonus Depreciation for April 2013 - December 2013	\$208,378			
15				
16 Bonus Depreciation	\$208,378			
17				
18 <u>Remaining Tax Depreciation (Federal)</u>				
19 Plant Additions	\$416,755	\$416,755	\$416,755	\$416,755
20 Less Capital Repairs Deduction	\$0	\$0	\$0	\$0
21 Less Bonus Depreciation	\$208,378	\$208,378	\$208,378	\$208,378
22 Additions Subject to 20 YR MACRS Tax Depreciation	\$208,378	\$208,378	\$208,378	\$208,378
23 20 YR MACRS Tax Depreciation Rates	2.813%	3.750%	7.219%	6.677%
24 Remaining Tax Depreciation	\$4,395	\$5,861	\$15,043	\$13,913
25				
26 <u>Remaining Tax Depreciation (State)</u>				
27 Plant Additions	\$416,755	\$416,755	\$416,755	\$416,755
28 Less Capital Repairs Deduction	\$0	\$0	\$0	\$0
29 Additions Subject to 20 YR MACRS Tax Depreciation	\$416,755	\$416,755	\$416,755	\$416,755
30 20 YR MACRS Tax Depreciation Rates	2.813%	3.750%	7.219%	6.677%
31 Remaining Tax Depreciation	\$8,791	\$11,721	\$30,086	\$27,827
32				
33 Federal Tax Depreciation	\$212,773	\$5,861	\$15,043	\$13,913
34 State Tax Depreciation	\$8,791	\$11,721	\$30,086	\$27,827

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

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) CY 2014	(b) CY 2015	(c) CY 2016
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	100.00%		
12 Plant Additions Eligible for Bonus Depreciation	\$2,201,899		
13 Bonus Depreciation rate	50%		
14 Bonus Depreciation rate	\$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	\$2,201,899
20 Less Capital Repairs Deduction	\$0	\$0	\$0
21 Less Bonus Depreciation	\$1,100,950	\$1,100,950	\$1,100,950
22 Additions Subject to 20 YR MACRS Tax Depreciation	\$1,100,950	\$1,100,950	\$1,100,950
23 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%
24 Remaining Tax Depreciation	\$41,286	\$79,478	\$73,510
25			
26 <u>Remaining Tax Depreciation (State)</u>			
27 Plant Additions	\$2,201,899	\$2,201,899	\$2,201,899
28 Less Capital Repairs Deduction	\$0	\$0	\$0
29 Additions Subject to 20 YR MACRS Tax Depreciation	\$2,201,899	\$2,201,899	\$2,201,899
30 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%
31 Remaining Tax Depreciation	\$82,571	\$158,955	\$147,021
32			
33 Federal Tax Depreciation	\$1,142,236	\$79,478	\$73,510
34 State Tax Depreciation	\$82,571	\$158,955	\$147,021

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

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%
January 1, 2014 to December 31, 2014	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) <u>CY 2015</u>	(b) <u>CY 2016</u>
1 <u>Capital Repairs Deduction</u>		
2 Plant Additions	\$1,321,456	
3 Capital Repairs Deduction Rate	0.00%	
4 Capital Repairs Deduction	\$0	
5		
6 <u>Bonus Depreciation</u>		
7 Plant Additions	\$1,321,456	
8 Less Capital Repairs Deduction	\$0	
9 Plant Additions Net of Capital Repairs Deduction	\$1,321,456	
10		
11 Plant Additions Eligible for Bonus Depreciation	100.00%	
12 Plant Additions Eligible for Bonus Depreciation	\$1,321,456	
13 Bonus Depreciation rate	50%	
14 Bonus Depreciation rate	\$660,728	
15		
16 Bonus Depreciation	\$660,728	
17		
18 <u>Remaining Tax Depreciation (Federal)</u>		
19 Plant Additions	\$1,321,456	\$1,321,456
20 Less Capital Repairs Deduction	\$0	\$0
21 Less Bonus Depreciation	\$660,728	\$660,728
22 Additions Subject to 20 YR MACRS Tax Depreciation	\$660,728	\$660,728
23 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%
24 Remaining Tax Depreciation	\$24,777	\$47,698
25		
26 <u>Remaining Tax Depreciation (State)</u>		
27 Plant Additions	\$1,321,456	\$1,321,456
28 Less Capital Repairs Deduction	\$0	\$0
29 Additions Subject to 20 YR MACRS Tax Depreciation	\$1,321,456	\$1,321,456
30 20 YR MACRS Tax Depreciation Rates	3.750%	7.219%
31 Remaining Tax Depreciation	\$49,555	\$95,396
32		
33 Federal Tax Depreciation	\$685,505	\$47,698
34 State Tax Depreciation	\$49,555	\$95,396

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

<u>Period</u>	<u>Rate</u>
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%
January 1, 2014 to December 31, 2014	50%
January 1, 2015 to December 31, 2015	50%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2016 - Per Tax Return
Using Capital Repairs Tax Return Rate

	(a) CY 2016
1 Capital Repairs Deduction	
2 Plant Additions	\$849,390
3 Capital Repairs Deduction Rate	0.00%
4 Capital Repairs Deduction	\$0
5	
6 Bonus Depreciation	
7 Plant Additions	\$849,390
8 Less Capital Repairs Deduction	\$0
9 Plant Additions Net of Capital Repairs Deduction	\$849,390
10	
11 Plant Additions Eligible for Bonus Depreciation for January 2014 - December	100.00%
12 Plant Additions Eligible for Bonus Depreciation for January 2014 - December	\$849,390
13 Bonus Depreciation rate January 2014 - December 2014	50%
14 Bonus Depreciation rate January 2014 - December 2014	\$424,695
15	
16 Bonus Depreciation	\$424,695
17	
18 Remaining Tax Depreciation (Federal)	
19 Plant Additions	\$849,390
20 Less Capital Repairs Deduction	\$0
21 Less Bonus Depreciation	\$424,695
22 Additions Subject to 20 YR MACRS Tax Depreciation	\$424,695
23 20 YR MACRS Tax Depreciation Rates	3.750%
24 Remaining Tax Depreciation	\$15,926
25	
26 Remaining Tax Depreciation (State)	
27 Plant Additions	\$849,390
28 Less Capital Repairs Deduction	\$0
29 Additions Subject to 20 YR MACRS Tax Depreciation	\$849,390
30 20 YR MACRS Tax Depreciation Rates	3.750%
31 Remaining Tax Depreciation	\$31,852
32	
33 Federal Tax Depreciation	\$440,621
34 State Tax Depreciation	\$31,852

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

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%
January 1, 2014 to December 31, 2014	50%
January 1, 2015 to December 31, 2015	50%
January 1, 2016 to December 31, 2016	50%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Docket No DE 17-xxx
Schedule HMT-2
Page 1 of 4

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Procedure for Adjusting Distribution Rates for Capital Investment Allowance
Calculation of Percentage Adjustment to Distribution Rates
Based on Rates Effective July 1, 2016

Rate Class	Distribution Rate Component	Current		
		Base Distribution	Forecasted	Forecasted
		Rates	Units	Revenues
		(a)	(b)	(c)
D	Customer Charge	\$ 12.12	413,052	\$ 5,006,190
	1st 250 kWh	\$ 0.03278	98,115,450	\$ 3,216,224
	Excess 250 kWh	\$ 0.04924	181,619,358	\$ 8,942,937
	Off Peak kWh	\$ 0.03130	1,553,262	\$ 48,617
	Farm kWh	\$ 0.04101	1,057,178	\$ 43,355
	D-6 kWh	\$ 0.03268	844,034	\$ 27,583
	Interruptible Credit IC-1	\$ (7.11)	1,670	\$ (11,874)
	Interruptible Credit IC-2	\$ (10.16)	315	\$ (3,200)
D-10	Customer Charge	\$ 12.28	5,193	\$ 765,240
	On Peak kWh	\$ 0.09272	1,846,551	\$ 171,212
	Off Peak kWh	\$ 0.00078	3,462,368	\$ 2,701
G-1	Customer Charge	\$ 333.68	1,681	\$ 560,916
	Demand Charge	\$ 7.11	981,764	\$ 6,980,342
	On Peak kWh	\$ 0.00398	172,899,682	\$ 688,141
	Off Peak kWh	\$ 0.00078	214,509,740	\$ 167,318
	Credit for High Voltage Delivery > 2.4 kv	(0.38)	354,650	\$ (119,955)
G-2	Customer Charge	\$ 55.64	10,491	\$ 583,719
	Demand Charge	\$ 7.15	522,041	\$ 3,732,593
	All kWh	\$ 0.00118	161,883,791	\$ 191,023
	Credit for High Voltage Delivery > 2.4 kv	\$ (0.38)	1,121	
G-3	Customer Charge	\$ 12.03	63,888	\$ 768,573
	All kWh	\$ 0.04075	93,578,891	\$ 3,813,340
	Minimum Charge > 25 kVA	\$ 2.42		
M	Luminaire Charge			\$ 931,821
	All kWh ¹		4,276,150	\$ -
T	Customer Charge	\$ 12.25	11,131	\$ 136,355
	All kWh	\$ 0.03614	15,018,041	\$ 542,752
	Interruptible Credit IC-1	\$ (7.11)	2,203	\$ (21,430)
	Interruptible Credit IC-2	\$ (10.16)	86	\$ (616)
V	Minimum Charge	\$ 12.07	173	\$ 2,088
	All kWh	\$ 0.04171	258,456	\$ 10,780
Total Forecasted Revenues				\$ 37,176,745

(a) Approved rates effective July 1, 2016

(b) Company Forecast

(c) Column (a) x column (b)

¹Kilowatt-hour charge for streetlighting is \$0.00000

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, 2017

(1) Increase in Annual Revenue Requirement	\$120,019
(2) Forecasted Base Distribution Revenues	\$37,176,745
(3) Percentage of Adjustment to Distribution Rates	0.32%

- (1) HMT-1 Page 3 Line 60
- (2) Forecasted Base Distribution Revenues for the period of May 1, 2017 - April 30, 2018
- (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, 2017

(1)	O&M Expense Above Base O&M Expense	(\$76,104)
(2)	Final Balance of Reconciliation of CY 2015 Incremental O&M Expense Above Base O&M Expense	<u>\$31,484</u>
(3)	Reliability Enhancement Program and Vegetation Management Plan Expense	<u>(\$44,620)</u>
(4)	Estimated kWh deliveries May 1, 2017 - April 30, 2018	950,922,952
(5)	Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor	(\$0.00004)

- (1) Schedule HMT-1, Page 2
- (2) Schedule HMT-3, Page 1, Line 15
- (3) Line (1) + Line (2)
- (4) Schedule HMT-2, Page 3, Column (g)
- (5) Line (3) + Line (4)
- (6) Per Company forecast
- (7) Line (5) ÷ Line (6), truncated after 5 decimal places

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, 2017

Rate Class	Distribution Rate Component	Approved July 1, 2016 Base Distribution Charges (a)	Proposed May 1, 2017 Distribution % Increase/ % (Decrease) (b)	Proposed May 1, 2017 Base Distribution Charges (c)	May 1, 2017 Business Profits Surcharge (d)	Energy Service Cost Reclassification Distribution Credit (e)	Proposed May 1, 2017 REP/VMP O&M Adjustment Factor (f)	Proposed May 1, 2017 Total Distribution Charges (g)
D	Customer Charge	\$12.12	0.32%	\$12.15				\$12.15
	1st 250 kWh	\$0.03278	0.32%	\$0.03288	\$0.00057	(\$0.00017)	(\$0.00004)	\$0.03324
	Excess 250 kWh	\$0.04924	0.32%	\$0.04939	\$0.00057	(\$0.00017)	(\$0.00004)	\$0.04975
	Off Peak kWh	\$0.03130	0.32%	\$0.03140	\$0.00057	(\$0.00017)	(\$0.00004)	\$0.03176
	Farm kWh	\$0.04101	0.32%	\$0.04114	\$0.00057	(\$0.00017)	(\$0.00004)	\$0.04150
	D-6 kWh	\$0.03268	0.32%	\$0.03278	\$0.00057	(\$0.00017)	(\$0.00004)	\$0.03314
	Interruptible Credit IC-1	(\$7.11)	0.32%	(\$7.13)				(\$7.13)
	Interruptible Credit IC-2	(\$10.16)	0.32%	(\$10.19)				(\$10.19)
D-10	Customer Charge	\$12.28	0.32%	\$12.31				\$12.31
	On Peak kWh	\$0.09272	0.32%	\$0.09301	\$0.00057	(\$0.00008)	(\$0.00004)	\$0.09346
	Off Peak kWh	\$0.00078	0.32%	\$0.00078	\$0.00057	(\$0.00008)	(\$0.00004)	\$0.00123
G-1	Customer Charge	\$333.68	0.32%	\$334.74				\$334.74
	Demand Charge	\$7.11	0.32%	\$7.13				\$7.13
	On Peak kWh	\$0.00398	0.32%	\$0.00399	\$0.00057	\$0.00000	(\$0.00004)	\$0.00452
	Off Peak kWh	\$0.00078	0.32%	\$0.00078	\$0.00057	\$0.00000	(\$0.00004)	\$0.00131
	Credit for High Voltage Delivery > 2.4 k	(\$0.38)	0.32%	(\$0.38)				(\$0.38)
G-2	Customer Charge	\$55.64	0.32%	\$55.81				\$55.81
	Demand Charge	\$7.15	0.32%	\$7.17				\$7.17
	All kWh	\$0.00118	0.32%	\$0.00118	\$0.00057	\$0.00000	(\$0.00004)	\$0.00171
	Credit for High Voltage Delivery > 2.4 k	(\$0.38)	0.32%	(\$0.38)				(\$0.38)
G-3	Customer Charge	\$12.03	0.32%	\$12.06				\$12.06
	All kWh	\$0.04075	0.32%	\$0.04088	\$0.00057	(\$0.00017)	(\$0.00004)	\$0.04124
	Minimum Charge > 25 kVA	\$2.58	0.32%	\$2.58				\$2.58
M	Luminaire Monthly Charge							
	Description							
	LUM HPS RWY 50W	\$6.71	0.32%	\$6.73				\$6.73
	LUM HPS RWY 100W	\$8.14	0.32%	\$8.16				\$8.16
	LUM HPS RWY 250W	\$14.30	0.32%	\$14.34				\$14.34
	LUM HPS RWY 400W	\$18.63	0.32%	\$18.68				\$18.68
	LUM HPS POST 100W	\$9.38	0.32%	\$9.40				\$9.40
	LUM HPS FLD 250W	\$14.42	0.32%	\$14.46				\$14.46
	LUM HPS FLD 400W	\$19.91	0.32%	\$19.97				\$19.97
	LUM INC RWY 103W	\$8.96	0.32%	\$8.99				\$8.99
	LUM MV RWY 100W	\$6.49	0.32%	\$6.50				\$6.50
	LUM MV RWY 175W	\$7.89	0.32%	\$7.91				\$7.91
	LUM MV RWY 400W	\$14.92	0.32%	\$14.96				\$14.96
	LUM MV RWY 1000W	\$28.31	0.32%	\$28.40				\$28.40
	LUM MV FLD 400W	\$16.50	0.32%	\$16.55				\$16.55
	LUM MV FLD 1000W	\$28.50	0.32%	\$28.58				\$28.58
	Pole and Accessory Charge							
	Description							
	Pole -Wood	\$7.91	0.32%	\$7.93				\$7.93
	Pole Fiber PT<25FT	\$8.19	0.32%	\$8.21				\$8.21
	Pole Fiber RWT <25FT	\$13.90	0.32%	\$13.94				\$13.94
	Pole Fiber RWT =>25	\$23.22	0.32%	\$23.29				\$23.29
	Pole Metal Embedded	\$16.57	0.32%	\$16.62				\$16.62
	Pole Metal	\$19.97	0.32%	\$20.03				\$20.03
	All kWh	\$0.00000	0.32%	\$0.00000	\$0.00057	\$0.00000	(\$0.00004)	\$0.00053
T	Customer Charge	\$12.25	0.32%	\$12.28				\$12.28
	All kWh	\$0.03614	0.32%	\$0.03625	\$0.00057	(\$0.00007)	(\$0.00004)	\$0.03671
	Interruptible Credit IC-1	(\$7.11)	0.32%	(\$7.13)				(\$7.13)
	Interruptible Credit IC-2	(\$10.16)	0.32%	(\$10.19)				(\$10.19)
V	Minimum Charge	\$12.07	0.32%	\$12.10				\$12.10
	All kWh	\$0.04171	0.32%	\$0.04184	\$0.00057	(\$0.00009)	(\$0.00004)	\$0.04228

- (a) Per approved July 1, 2016 tariff
(b) Schedule HMT-2, Page 2, Line 3
(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 Energy Service Cost Reclassification Adjustment Provision
(f) Schedule HMT-2, Page 3, Line 5
(g) Column (c) + Column (d) + Column (e) + Column (f)

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Docket No DE 17-xxx
Schedule HMT-3
Page 1 of 1

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities
Reconciliation of CY 2015 O&M Expense

		Beginning Balance With Interest (a)	Delivery Sales (b)	(Credit)/ Charge (c)	Ending Balance (d)	Balance Subject to Interest (e)	Effective Interest Rate (f)	Interest (g)	Cumulative Interest (h)
1	May-16	\$23,117	64,584,095	(\$10,979)	\$34,096	\$28,607	3.50%	\$82	\$82
2	June-16	\$345,015	76,995,713	\$29,258	\$315,757	\$330,386	3.50%	\$949	\$1,031
3	July-16	\$316,706	86,482,993	\$32,864	\$283,842	\$300,274	3.50%	\$862	\$1,893
4	August-16	\$284,704	88,443,073	\$33,608	\$251,096	\$267,900	3.50%	\$769	\$2,662
5	September-16	\$251,865	83,129,676	\$31,589	\$220,276	\$236,070	3.50%	\$678	\$3,340
6	October-16	\$220,953	70,587,250	\$26,823	\$194,130	\$207,542	3.50%	\$596	\$3,935
7	November-16	\$194,726	64,782,484	\$24,617	\$170,109	\$182,417	3.50%	\$524	\$4,459
8	December-16	\$170,632	74,840,466	\$28,439	\$142,193	\$156,413	3.50%	\$449	\$4,908
9	January-17	\$142,642	79,542,988	\$30,226	\$112,416	\$127,529	3.75%	\$392	\$5,300
10	February-17	\$112,807	68,567,497	\$26,056	\$86,752	\$99,780	3.75%	\$307	\$5,607
* 11	March-17	\$87,058	75,555,820	\$28,711	\$58,347	\$72,703	3.75%	\$223	\$5,830
* 12	April-17	\$58,571	71,281,140	\$27,087	\$31,484	\$45,027	3.75%	\$138	\$5,968
13			(Over)/Under Recovery:	\$31,484					

- (a) Schedule HMT-2, Page 3, Line 5 in Docket DE 16-277
(b) Company Billing Reports, Line 11 & 12 estimated
(c) Column (b) x rate
(d) Column (a) + Column (c)
(e) Average of Column (a) and Column (d)
(f) Interest rate on customer deposits
(g) Column (e) x $[(1 + \text{Column (f)})^{(1 \div 12)} - 1]$
(h) Prior month Column (h) + Current month Column (g)
* Estimate

073

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Docket No DE 17-xxx
Schedule HMT-5
Page 1 of 1

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities
Municipal Taxes as a Percentage of Net Plant

	<u>12/31/2014</u>	<u>12/31/2015</u>
1 Plant in Service, per Form 1, Page 200, Line 3 (+) Line 6	175,044	197,251
2 Depreciation Reserve, per Form 1, Page 200, Line 12 (+) Line 18	<u>(65,428)</u>	<u>(67,534)</u>
3 Net Plant	<u>109,616</u>	<u>129,718</u>
4 Average Net Plant		
5 Plant in Service	160,407	178,829
6 Depreciation Reserve	<u>(64,802)</u>	<u>(66,168)</u>
7 Net Plant	<u>95,605</u>	<u>112,661</u>
8 Municipal Taxes, Form 1, Page 262, Line 1	<u>3,557</u>	<u>3,540</u>
9 % Municipal Taxes to Net Plant	<u>3.72%</u>	<u>3.14%</u>

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Book Depreciation Calculation Using 2015 FERC Form 1 Data Filed May 18, 2016

	Depreciation Expense		Depreciable Plant Balances		Average Depreciable Plant	Depreciation Rate
	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015
1 Distribution	4,191,146	4,631,462	154,281,058	169,913,794	162,097,426	2.86%
2 General	374,785	491,007	9,989,463	15,756,662	12,873,063	3.81%
3 Total - Granite	4,565,931	5,122,469	164,270,521	185,670,456	174,970,489	2.93%
4 Depreciation Expense per Form 1:						
5 FERC Form 1, Page 114						
6 Depreciation Expense (403) Line 6	4,565,931	5,122,569				
7 Depreciation Expense for ARO (403.1) Line 7	-	-				
8 Total per Form 1, Page 114	4,565,931	5,122,569				
9 FERC Form 1, Page 336						
10 Distribution (incl ARO) Line 8	4,191,146	4,631,462				
11 General Line 10	374,785	491,007				
12 Total per Form 1, Page 336	4,565,931	5,122,469				
13 Depreciable Plant Balances per Form 1:						
14 FERC Form 1, Page 204-207						
15 Distribution Plant Page 207 Line 75	155,946,965	171,576,043				
16 Land & Land Rights Page 207 Line 60	1,665,907	1,662,249				
17 Total	154,281,058	169,913,794				
18 General Plant Page 207 Line 99	11,609,835	17,377,034				
19 Land & Land Rights Page 207 Line 86	1,620,372	1,620,372				
20 Total	9,989,463	15,756,662				
21 Total, excluding Land & Land Rights	164,270,521	185,670,456				