

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Annual Rate Changes
CY 2015 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)
<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
2 REP Capital Program	\$165,840	\$75,740	\$163,663	\$102,941	(\$18,005)	\$125,829	\$37,374	\$274,518	\$159,037
3 Total for Fiscal Year	\$165,840	\$189,572	\$1,211,433	(\$655,172)	(\$313,213)	\$73,748	(\$238,466)	\$63,932	\$505,221
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)	\$339,773	\$715,807

Notes:

Line 1 From Page 2 of 12, Line 7
Line 2 From Page 3 of 12, Line 62
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 2015 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)
<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
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
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

Line 2 Program budget reviewed with Staff pursuant to Section 3a of the Settlement Agreement in Docket No. DE 13-063

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 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
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
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%	2.88%	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
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	\$140,398	\$223,690
32 Cumulative Book Depreciation	\$35,150	\$89,090	\$175,394	\$285,039	\$409,113	\$538,222	\$658,155	\$798,553	\$1,022,243
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
35 less: Deferred Tax Reserve (State)	\$25,486	\$39,809	\$57,186	\$74,243	\$90,428	\$106,912	\$105,533	\$112,371	\$126,160
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
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	\$1,147,468	\$1,357,475
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
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	\$112,371	\$126,160
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
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
46 Accumulated Book Depreciation	(\$35,150)	(\$89,090)	(\$175,394)	(\$285,039)	(\$409,113)	(\$538,222)	(\$658,155)	(\$798,553)	(\$1,022,243)
47 Deferred Tax Reserve	(\$154,724)	(\$277,163)	(\$467,636)	(\$633,120)	(\$758,030)	(\$864,953)	(\$890,561)	(\$1,259,839)	(\$1,483,635)
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
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
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	\$504,338	\$603,837
54 Book Depreciation	\$35,150	\$53,940	\$86,304	\$109,645	\$124,074	\$129,109	\$119,933	\$140,398	\$223,690
55 Property Taxes (b)	\$21,773	\$27,218	\$66,676	\$89,904	\$110,318	\$118,343	\$149,961	\$212,090	\$188,335
56 Annual Revenue Requirement	\$147,438	\$210,209	\$353,415	\$439,960	\$492,575	\$542,536	\$582,307	\$856,825	\$1,015,862
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
59									
60 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
61									
62 Incremental Annual Rate Adjustment	\$147,438	\$62,771	\$143,205	\$86,545	(\$20,856)	\$125,829	\$37,374	\$274,518	\$159,037
63									
64									
65 Imputed Capital Structure (c)									
66									
67 Long Term Debt	Ratio	Rate	Weighted Rate	Pre Tax					
68 Common Equity	50.00%	7.54%	3.77%	3.77%					
69									
70									
71									
72 Imputed Capital Structure (d)									
73									
74 Long Term Debt	Ratio	Rate	Weighted Rate	Pre Tax					
75 Common Equity	45.00%	5.95%	2.68%	2.68%					
76									
77									

(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.

(e) Change in Revenue Requirement for Repairs Tax Deduction and Bonus Depreciation:

	7/1/2008	7/1/2009	7/1/2010	7/1/2011	7/1/2012	FY13 Total
1 Incremental Annual Rate Adjustment per Line 58	\$147,438	\$62,771	\$143,205	\$86,545	(\$20,856)	\$125,829
2 As Previously Filed	\$146,814	\$61,753	\$141,182	\$84,963	(\$18,005)	
3 FY13 Chg for Repairs Tax Deduction & Bonus Depreciation	\$624	\$1,018	\$2,023	\$1,582	(\$2,850)	\$2,397

FROM FY 2012 REP/VMP FILING

	7/1/2008	7/1/2009	7/1/2010	7/1/2011	7/1/2012
4 Incremental Annual Rate Adjustment	\$146,814	\$61,753	\$141,182	\$84,963	(\$18,005)
5 As Previously Filed	\$165,840	\$75,740	\$163,663	\$102,941	
6 FY12 Chg for Repairs Tax Deduction & Bonus Depreciation	(\$19,026)	(\$13,986)	(\$22,481)	(\$17,978)	(\$73,471)

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

	<u>2008</u>	<u>(a)</u> <u>2009</u>	<u>(b)</u> <u>2010</u>	<u>(c)</u> <u>2011</u>	<u>(d)</u> <u>2012</u>	<u>(e)</u> <u>2013</u>	<u>(f)</u> <u>CYS2013</u>	<u>(g)</u> <u>CY2014</u>	<u>(h)</u> <u>CY2015</u>
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
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%
29 Remaining Tax Depreciation	\$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	\$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
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%
36 Remaining Tax Depreciation	\$23,961	\$46,127	\$42,664	\$39,469	\$36,504	\$33,770	\$17,568	\$23,425	\$28,511
37									
38 Federal Tax Depreciation	\$429,887	\$39,010	\$36,081	\$33,379	\$30,872	\$28,559	\$14,858	\$19,810	\$24,112
39 State Tax Depreciation	\$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:

<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 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		\$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
23 20 YR MACRS Tax Depreciation Rates		3.750%	7.219%	6.677%	6.177%	5.713%	3.964%	5.285%	4.888%
24 Remaining Tax Depreciation		\$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		\$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
30 20 YR MACRS Tax Depreciation Rates		3.750%	7.219%	6.677%	6.177%	5.713%	3.964%	5.285%	4.888%
31 Remaining Tax Depreciation		\$12,611	\$24,277	\$22,455	\$20,773	\$19,213	\$9,998	\$13,330	\$16,438
32									
33 Federal Tax Depreciation		\$338,156	\$12,139	\$11,227	\$10,387	\$9,606	\$4,999	\$6,665	\$8,219
34 State Tax Depreciation		\$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

<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) 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			\$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
23 20 YR MACRS Tax Depreciation Rates			3.750%	7.219%	6.677%	6.177%	4.285%	5.713%	5.285%
24 Remaining Tax Depreciation			\$12,710	\$24,467	\$22,630	\$20,936	\$10,892	\$14,522	\$17,913
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
30 20 YR MACRS Tax Depreciation Rates			3.750%	7.219%	6.677%	6.177%	4.285%	5.713%	5.285%
31 Remaining Tax Depreciation			\$25,420	\$48,935	\$45,261	\$41,872	\$21,784	\$29,045	\$35,825
32									
33 Federal Tax Depreciation			\$550,022	\$24,467	\$22,630	\$20,936	\$10,892	\$14,522	\$17,913
34 State Tax Depreciation			\$223,801	\$48,935	\$45,261	\$41,872	\$21,784	\$29,045	\$35,825

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

<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 2011 - 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				\$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	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%

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					\$398,239				
3 Capital Repairs Deduction Rate					31.00%				
4 Capital Repairs Deduction					\$123,454				
5									
6 <u>Bonus Depreciation</u>									
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 <u>Remaining Tax Depreciation (Federal)</u>									
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
28 20 YR MACRS Tax Depreciation Rates					3.750%	7.219%	5.008%	6.677%	6.177%
29 Remaining Tax Depreciation					\$1,542	\$2,968	\$1,544	\$2,059	\$2,539
30									
31 <u>Remaining Tax Depreciation (State)</u>									
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
35 20 YR MACRS Tax Depreciation Rates					3.750%	7.219%	5.008%	6.677%	6.177%
36 Remaining Tax Depreciation					\$10,304	\$19,837	\$10,320	\$13,761	\$16,973
37									
38 Federal Tax Depreciation					\$358,673	\$2,968	\$1,544	\$2,059	\$2,539
39 State Tax Depreciation					\$133,758	\$19,837	\$10,320	\$13,761	\$16,973
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 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						\$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
28 20 YR MACRS Tax Depreciation Rates						3.750%	5.414%	7.219%	6.677%
29 Remaining Tax Depreciation						\$8,242	\$11,900	\$15,867	\$14,676
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
35 20 YR MACRS Tax Depreciation Rates						3.750%	5.414%	7.219%	6.677%
36 Remaining Tax Depreciation						\$14,126	\$20,395	\$27,193	\$25,151
37									
38 Federal Tax Depreciation						\$334,364	\$11,900	\$15,867	\$14,676
39 State Tax Depreciation						\$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)						(\$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 Company's REP/VMP program have been as

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							\$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
20 Less Capital Repairs Deduction							\$0	\$0	\$0
21 Less Bonus Depreciation							\$208,378	\$208,378	\$208,378
22 Additions Subject to 20 YR MACRS Tax Depreciation							\$208,378	\$208,378	\$208,378
23 20 YR MACRS Tax Depreciation Rates							2.813%	3.750%	7.219%
24 Remaining Tax Depreciation							\$4,395	\$5,861	\$15,043
25									
26 <u>Remaining Tax Depreciation (State)</u>									
27 Plant Additions							\$416,755	\$416,755	\$416,755
28 Less Capital Repairs Deduction							\$0	\$0	\$0
29 Additions Subject to 20 YR MACRS Tax Depreciation							\$416,755	\$416,755	\$416,755
30 20 YR MACRS Tax Depreciation Rates							2.813%	3.750%	7.219%
31 Remaining Tax Depreciation							\$8,791	\$11,721	\$30,086
32									
33 Federal Tax Depreciation							\$212,773	\$5,861	\$15,043
34 State Tax Depreciation							\$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

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) <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>YS20</u>	(h) <u>CY 2014</u>	(i) <u>CY 2015</u>
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
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

<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%

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)
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>CYS2013</u>	<u>CY 2014</u>	<u>CY 2015</u>
1 <u>Capital Repairs Deduction</u>									
2 Plant Additions									\$1,321,456
3 Capital Repairs Deduction Rate									0.00%
4 Capital Repairs Deduction									<u>\$0</u>
5									
6 <u>Bonus Depreciation</u>									
7 Plant Additions									\$1,321,456
8 Less Capital Repairs Deduction									<u>\$0</u>
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									<u>\$1,321,456</u>
13 Bonus Depreciation rate									50%
14 Bonus Depreciation rate									<u>\$660,728</u>
15									
16 Bonus Depreciation									\$660,728
17									
18 <u>Remaining Tax Depreciation (Federal)</u>									
19 Plant Additions									\$1,321,456
20 Less Capital Repairs Deduction									<u>\$0</u>
21 Less Bonus Depreciation									<u>\$660,728</u>
22 Additions Subject to 20 YR MACRS Tax Depreciation									\$660,728
23 20 YR MACRS Tax Depreciation Rates									3.750%
24 Remaining Tax Depreciation									<u>\$24,777</u>
25									
26 <u>Remaining Tax Depreciation (State)</u>									
27 Plant Additions									\$1,321,456
28 Less Capital Repairs Deduction									<u>\$0</u>
29 Additions Subject to 20 YR MACRS Tax Depreciation									<u>\$1,321,456</u>
30 20 YR MACRS Tax Depreciation Rates									3.750%
31 Remaining Tax Depreciation									<u>\$49,555</u>
32									
33 Federal Tax Depreciation									<u>\$685,505</u>
34 State Tax Depreciation									<u>\$49,555</u>

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>
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) 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 June 1, 2016

(1)	Increase in Annual Revenue Requirement	\$55,605
(2)	Forecasted Base Distribution Revenues	\$34,634,065
(3)	Percentage of Adjustment to Distribution Rates	0.16%

(1)	Recalculated DE 16-277 CY2014 Rev. Req.	\$274,518
	Less DE 15-087 Approved Revenue Requirement	-\$377,950
	<u>Difference</u>	<u>-\$103,432</u>
	HMT-1, Page 3, Line 62	\$159,037
	<u>HMT-1, Page 3, Line 62 less Difference Above</u>	<u>\$55,605</u>
(2)	Forecasted Base Distribution Revenues for the period of June 1, 2016 - May 31, 2017	
(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 June 1, 2016

(1)	O&M Expense Above Base O&M Expense	\$346,184
(2)	Final Balance of Reconciliation of Refund of CY 2014 Incremental O&M Expense Above Base O&M Expense	<u>(\$11,214)</u>
(3)	Reliability Enhancement Program and Vegetation Management Plan Expense	\$334,970
(4)	Estimated Interest During Recovery Period	<u>\$10,046</u>
(5)	Reliability Enhancement Program and Vegetation Management Plan Expense, Including Interest	\$345,015
(6)	Estimated kWh deliveries June 1, 2016 - April 30, 2017	887,257,581
(7)	Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor	\$0.00038

- (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
Calculation of Interest on CY 2015 Incremental O&M Expense Above 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	\$334,970		\$334,970	\$334,970	3.25%	\$894	\$894
February	\$335,864		\$335,864	\$335,864	3.25%	\$896	\$1,790
March	\$336,760		\$336,760	\$336,760	3.25%	\$899	\$2,689
April	\$337,659		\$337,659	\$337,659	3.50%	\$969	\$3,658
May	\$338,628		\$338,628	\$338,628	3.50%	\$972	\$4,631
June	\$339,600	(\$30,873)	\$308,728	\$324,164	3.50%	\$931	\$5,561
July	\$309,658	(\$30,966)	\$278,692	\$294,175	3.50%	\$845	\$6,406
August	\$279,537	(\$31,060)	\$248,477	\$264,007	3.50%	\$758	\$7,164
September	\$249,235	(\$31,154)	\$218,081	\$233,658	3.50%	\$671	\$7,835
October	\$218,752	(\$31,250)	\$187,501	\$203,126	3.50%	\$583	\$8,418
November	\$188,085	(\$31,347)	\$156,737	\$172,411	3.50%	\$495	\$8,913
December	\$157,232	(\$31,446)	\$125,786	\$141,509	3.50%	\$406	\$9,319
January 2017	\$126,192	(\$31,548)	\$94,644	\$110,418	3.50%	\$317	\$9,636
February	\$94,961	(\$31,654)	\$63,307	\$79,134	3.50%	\$227	\$9,863
March	\$63,534	(\$31,767)	\$31,767	\$47,651	3.50%	\$137	\$10,000
April	\$31,904	(\$31,904)	\$0	\$15,952	3.50%	\$46	\$10,046
Total		(\$345,015)					

- (a) Schedule HMT-2, Page 2, Line 3
 (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 June 1, 2016

Rate Class	Distribution Rate Component	Approved June 1, 2016 Base Distribution Charges (a)	Proposed June 1, 2016 Distribution % Increase/ % (Decrease) (b)	Proposed June 1, 2016 Base Distribution Charges (c)	June 1, 2016 Business Profits Surcharge (d)	June 1, 2016 Energy Service Cost Reclassification Distribution Credit (e)	Proposed June 1, 2016 REP/VMP O&M Adjustment Factor (f)	Proposed June 1, 2016 Total Distribution Charges (g)
D	Customer Charge	\$11.33	0.16%	\$11.34				\$11.34
	1st 250 kWh	\$0.03061	0.16%	\$0.03065	\$0.00057	(\$0.00017)	\$0.00038	\$0.03143
	Excess 250 kWh	\$0.04597	0.16%	\$0.04604	\$0.00057	(\$0.00017)	\$0.00038	\$0.04682
	Off Peak kWh	\$0.02923	0.16%	\$0.02927	\$0.00057	(\$0.00017)	\$0.00038	\$0.03005
	Farm kWh	\$0.03829	0.16%	\$0.03835	\$0.00057	(\$0.00017)	\$0.00038	\$0.03913
	D-6 kWh	\$0.03052	0.16%	\$0.03056	\$0.00057	(\$0.00017)	\$0.00038	\$0.03134
	Interruptible Credit IC-1	(\$6.64)	0.16%	(\$6.65)				(\$6.65)
	Interruptible Credit IC-2	(\$9.49)	0.16%	(\$9.50)				(\$9.50)
D-10	Customer Charge	\$11.48	0.16%	\$11.49				\$11.49
	On Peak kWh	\$0.08656	0.16%	\$0.08669	\$0.00057	(\$0.00008)	\$0.00038	\$0.08756
	Off Peak kWh	\$0.00073	0.16%	\$0.00073	\$0.00057	(\$0.00008)	\$0.00038	\$0.00160
G-1	Customer Charge	\$311.48	0.16%	\$311.97				\$311.97
	Demand Charge	\$6.64	0.16%	\$6.65				\$6.65
	On Peak kWh	\$0.00373	0.16%	\$0.00373	\$0.00057	\$0.00000	\$0.00038	\$0.00468
	Off Peak kWh	\$0.00073	0.16%	\$0.00073	\$0.00057	\$0.00000	\$0.00038	\$0.00168
	Credit for High Voltage Delivery > 2.4 k	(\$0.36)	0.16%	(\$0.36)				(\$0.36)
G-2	Customer Charge	\$51.94	0.16%	\$52.02				\$52.02
	Demand Charge	\$6.68	0.16%	\$6.69				\$6.69
	All kWh	\$0.00111	0.16%	\$0.00111	\$0.00057	\$0.00000	\$0.00038	\$0.00206
	Credit for High Voltage Delivery > 2.4 k	(\$0.36)	0.16%	(\$0.36)				(\$0.36)
G-3	Customer Charge	\$11.24	0.16%	\$11.25				\$11.25
	All kWh	\$0.03804	0.16%	\$0.03810	\$0.00057	(\$0.00017)	\$0.00038	\$0.03888
	Minimum Charge > 25 kVA	\$2.42	0.16%	\$2.42				\$2.42
M	Luminaire Charge							
	Description							
	LUM INC RWY 103W	\$100.41	0.16%	\$100.57				\$100.57
	LUM MV RWY 100W	\$72.66	0.16%	\$72.77				\$72.77
	LUM MV RWY 175W	\$88.37	0.16%	\$88.51				\$88.51
	LUM MV RWY 400W	\$167.15	0.16%	\$167.41				\$167.41
	LUM MV RWY 1000W	\$317.16	0.16%	\$317.66				\$317.66
	LUM MV FLD 400W	\$184.85	0.16%	\$185.14				\$185.14
	LUM MV FLD 1000W	\$319.21	0.16%	\$319.72				\$319.72
	LUM HPS RWY 50W	\$75.21	0.16%	\$75.33				\$75.33
	LUM HPS RWY 100W	\$91.19	0.16%	\$91.33				\$91.33
	LUM HPS RWY 250W	\$160.14	0.16%	\$160.39				\$160.39
	LUM HPS RWY 400W	\$208.67	0.16%	\$209.00				\$209.00
	LUM HPS FLD 250W	\$161.56	0.16%	\$161.81				\$161.81
	LUM HPS FLD 400W	\$223.04	0.16%	\$223.39				\$223.39
	LUM HPS POST 100W	\$105.02	0.16%	\$105.18				\$105.18
	Pole and Accessory Charge							
	Description							
	POLE – WOOD	\$88.63	0.16%	\$88.77				\$88.77
	POLE FIBER PT <25FT	\$91.78	0.16%	\$91.92				\$91.92
	POLE FIBER RWY <25FT	\$155.68	0.16%	\$155.92				\$155.92
	POLE FIBER RWY =>25	\$260.10	0.16%	\$260.51				\$260.51
	POLE METAL EMBEDDED	\$185.64	0.16%	\$185.93				\$185.93
	POLE METAL =>25FT	\$223.69	0.16%	\$224.04				\$224.04
	All kWh	\$0.00000	0.16%	\$0.00000	\$0.00057	\$0.00000	\$0.00038	\$0.00095
T	Customer Charge	\$11.45	0.16%	\$11.46				\$11.46
	All kWh	\$0.03374	0.16%	\$0.03379	\$0.00057	(\$0.00007)	\$0.00038	\$0.03467
	Interruptible Credit IC-1	(\$6.64)	0.16%	(\$6.65)				(\$6.65)
	Interruptible Credit IC-2	(\$9.49)	0.16%	(\$9.50)				(\$9.50)
V	Minimum Charge	\$11.28	0.16%	\$11.29				\$11.29
	All kWh	\$0.03894	0.16%	\$0.03900	\$0.00057	(\$0.00009)	\$0.00038	\$0.03986

- (a) Per approved June 1, 2016 tariff
(b) Schedule HMT-2, Page 1, 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 2, Line 6
(g) Column (c) + Column (d) + Column (e) + Column (f)

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Docket No DE 16-277

Schedule HMT-3

Page 1 of 1

Revised May 6, 2016

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities

Reconciliation of Refund of CY 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)
1 May 2014	\$178,351	57,033,130	(\$9,696)	\$168,655	\$173,503	3.25%	\$463	\$463
2 June	\$169,118	110,263,603	(\$18,745)	\$150,374	\$159,746	3.25%	\$426	\$889
3 July	\$150,800	82,616,869	(\$14,045)	\$136,755	\$143,778	3.25%	\$384	\$1,273
4 August	\$137,139	87,401,647	(\$14,858)	\$122,280	\$129,710	3.25%	\$346	\$1,619
5 September	\$122,627	82,570,434	(\$14,037)	\$108,590	\$115,608	3.25%	\$309	\$1,928
6 October	\$108,898	71,981,746	(\$12,237)	\$96,661	\$102,780	3.25%	\$274	\$2,202
7 November	\$96,936	62,404,131	(\$10,609)	\$86,327	\$91,631	3.25%	\$245	\$2,447
8 December	\$86,571	77,760,896	(\$13,219)	\$73,352	\$79,962	3.25%	\$213	\$2,660
9 January 2015	\$73,566	79,203,232	(\$13,465)	\$60,101	\$66,833	3.25%	\$178	\$2,838
10 February	\$60,279	73,627,678	(\$12,517)	\$47,763	\$54,021	3.25%	\$144	\$2,983
11 March	\$47,907	61,447,042	(\$10,446)	\$37,461	\$42,684	3.25%	\$114	\$3,097
12 April	\$37,575	85,556,865	(\$14,545)	\$23,030	\$30,302	3.50%	\$87	\$3,184
13 May	\$23,117	70,305,504	(\$11,952)	\$11,165	\$17,141	3.50%	\$49	\$3,233
14	Total Refund as of 4/30/16:		(\$170,369)					
15	Remaining Refund:		(\$11,214)					

(a) Schedule HMT-2, Page 2, Line 3 in Docket DE 15-087

(b) Company Billing Reports, Line 13 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 + Column (f)) ^ (1 ÷ 12) - 1]

(h) Prior month Column (h) + Current month Column (g)

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities
Bill Calculation

Usage	650	kWh	May 1, 2016 Current Rates	June 1, 2016 Approved Rates ¹	June 1, 2016 Proposed Rates ²	May 1, 2016 Current Bill	June 1, 2016 Approved Bill	June 1, 2016 Proposed Bill
Customer Charge			\$11.29	\$11.33	\$11.34	\$11.29	\$11.33	\$11.34
Distribution Charge								
1st 250 kWh			\$0.03073	\$0.03084	\$0.03143	\$7.68	\$7.71	\$7.86
excess of 250 kWh			\$0.04605	\$0.04620	\$0.04682	\$18.42	\$18.48	\$18.73
Storm Recovery Adjustment			\$0.00000	\$0.00000	\$0.00000	\$0.00	\$0.00	\$0.00
Transmission Charge			\$0.01361	\$0.01361	\$0.01361	\$8.85	\$8.85	\$8.85
Stranded Cost Charge			\$0.00040	\$0.00040	\$0.00040	\$0.26	\$0.26	\$0.26
System Benefits Charge			\$0.00330	\$0.00330	\$0.00330	\$2.15	\$2.15	\$2.15
Electricity Consumption Tax			\$0.00055	\$0.00055	\$0.00055	<u>\$0.36</u>	<u>\$0.36</u>	<u>\$0.36</u>
Subtotal Retail Delivery Services						\$49.00	\$49.13	\$49.53
Energy Service Charge			\$0.09221	\$0.09221	\$0.09221	<u>\$59.94</u>	<u>\$59.94</u>	<u>\$59.94</u>
Total Bill						\$108.94	\$109.07	\$109.47
						<u>May 1, 2016</u> <u>Rates vs.</u> <u>June 1, 2016</u> <u>Approved</u>	<u>June 1, 2016</u> <u>Approved</u> <u>vs. REP/VMP</u> <u>Request</u>	<u>May 1, 2016</u> <u>Rates vs.</u> <u>REP/VMP</u> <u>Request</u>
\$ increase in 650 kWh Total Residential Bill						\$0.13	\$0.41	\$0.53
% increase in 650 kWh Total Residential Bill						0.12%	0.37%	0.49%

¹"June 1 Approved Rates" are rates that will go into effect June 1, not including proposed REP/VMP changes.

²"June 1 proposed rates" include previously approved changes and the proposed REP/VMP changes.

*Numbers may not add due to rounding

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

	April 18, 2016 FERC Form 1 12/31/2014	May 18, 2016 FERC Form 1 12/31/2015	12/31/2015
1 Plant in Service, per Form 1, Page 200, Line 3 (+) Line 6	175,044	197,251	197,251
2 Depreciation Reserve, per Form 1, Page 200, Line 12 (+) Line 18	(65,428)	(71,683)	(67,534)
3 Net Plant	<u>109,616</u>	<u>125,568</u>	<u>129,718</u>
4 Average Net Plant			
5 Plant in Service	160,407	186,148	197,251
6 Depreciation Reserve	(64,802)	(68,556)	(69,609)
7 Net Plant	<u>95,605</u>	<u>117,592</u>	<u>127,643</u>
8 Municipal Taxes, Form 1, Page 262, Line 1	<u>3,557</u>	<u>3,540</u>	<u>3,540</u>
9 % Municipal Taxes to Net Plant	<u>3.72%</u>	<u>3.01%</u>	<u>2.77%</u>