		Y	ear 2016			
	2015 Test Year	Original Proposal	Update (11/21)	Staff Recomm.	Varianc 11/21 l	e From Jpdate
Depreciation & Amortization (Account 403-405)	\$ 6,773,256	\$ 5,756,074 \$	5,773,902	\$ 5,773,902	\$	-
Employee Pensions and Benefits	\$ 4,058,761	\$ 4,197,230 \$	4,360,746	\$ 3,617,808	\$ (7	742,939)
Total	\$ 10,832,017	\$ 9,953,304 \$	10,134,648	\$ 9,391,710	\$ (7	7 42,939)

DE 16-383 Liberty Utilities (Granite State Electric) Corp. Depreciation and Amortization Expense (Account 403-405)

	Staff Recommendation											
		31-Dec-15	Ad	justment for	Adjustment	Α	djustment for		Adjusted	Depreciation		
	F	lant Bal Per		Non-Dep	For NHPUC		GSEC Share	[Depreciable	and Amortiz	De	preciation
	F	ERC Form-1		Plant	Audit Report		DG 11-040	Р	lant Balance	Rates		Expense
tntangible Plant:												
301 Organization	\$	24,808	\$	(24,808)				\$	-	0%		•
303 Miscellaneous Plant	\$	8,273,417		•		\$	(6,172,095)		2,101,322	20%		420,264
Total	\$	8,298,225	\$	(24,808)		\$	(6,172,095)	\$	2,101,322		\$	420,264
Distribution Plant:												
200 Land and Land Diebte		4 600 040		/4 660 040\		ď						
360 Land and Land Rights	\$	1,662,249	Э	(1,662,249)		\$	-	5	0.500.404	0.50%		05.744
361 Structures and Improvements	\$	2,568,121				\$	•	\$	2,568,121	2.56%	-	65,744
362 Station Equipment	\$	21,382,737				\$	•	\$	21,382,737	2.80%		598,717
364 Poles Towers and Fixtures	\$	36,295,073				\$	-	\$	36,295,073	3.25%		1,179,590
365 Overhead Conductors and Devices	S	50,307,110				\$	-	\$	50,307,110	3.19%		1,604,797
366 Underground Conduits	\$	6,063,522				\$	-	\$	6,063,522	2.00%		121,270
367 Underground Conductors and Devices	\$	11,812,295				\$	-	\$	11,812,295	3.17%		374,450
368 Line Transformers	\$	21,223,129				\$	-	\$	21,223,129	3.51%	\$	744,932
369 Services	5	9,589,773				\$	-	\$	9,589,773	3.17%	\$	303,996
370 Meters	\$	4,706,087				\$	-	\$	4,706,087	5.23%	\$	246,128
372 Installations on Customer Premises	\$	1,185,883				\$	•	\$	1,185,883	4.17%	\$	49,451
373 Street Lighting and Signal Systems	\$	4,780,064				\$	-	\$	4,780,064	4.33%	\$	206,977
Total Distribution	\$	171,576,043	\$	(1,662,249)		\$	-	\$	169,913,794	3.20%	\$	5,496,051
General Plant:												
200 and and and Birks	\$	4 600 272		(4 620 272)		\$		\$				
389 Land and Land Rights	\$	1,620,372	Φ	(1,620,372)		5	•	\$	0.445.000	1.68%		158,176
390 Structures & Improvements		9,415,236				S	-	\$	9,415,236		-	
391 Office Furniture & Equipment	\$	928,249			004.000	-	-		928,249	4.00%	-	37,130
392 Transportation Equip. (Ref. RR 3-11)	\$	832,434			\$ 924,363	\$	•	\$	1,756,797	7.50%	-	131,760
393 Stores Equipment	\$	66,874				\$	•	\$	66,874	3.33%		2,227
394 Tools, Shop and Garage Equipment	\$	262,400				\$	•	5	262,400	4.17%		10,942
396 Power Operated Equipment	\$	259,623				\$	•	\$	259,623	3.03%		7,867
395 Laboratory Equipment	\$	2,149,957				\$	-	\$	2,149,957	8.23%		176,941
397 Communication Equipment	\$	1,713,137			\$ (924,363)		•	\$	788,774	4.55%		35,889
398 Misc. Eq. & Asset Retire Cost (\$21K)	_\$_	128,752		(21,000)		\$		\$	107,752	3.85%		4,148
Total General Plant	\$	17,377,034	\$	(1,641,372)		\$	-	\$	15,735,662	3.25%	\$	565,080
Total Plant	s	197,251,302	\$	(3,328,429)		S	(6.172.095)	S	187,750,778	3.29%	s	6,481,396
		FERC Form-1		FERC Form-1	NHPUC Audit		Staff 1-5 (att.)	_	,		-	-,,
		p. 204-207		p. 204-207	Issue No. 3 (att)		, , , , , , , , , , , , , , , , , , , ,					
Amortization of Depreciation Reserve Surplu	ıs fro	m DE 13-063 S	ettle	ement (ref. 11/2	21 Update Filing	at F	R-3-08, line 34,	Bat	ies 35)		\$	(706,686)
Staff Calculated Depreciation and Amortizati	ion E	xpense								_	\$	5,774,710
Staff Recommended Depreciation and An	nortiz	zation Expense	(Re	ounding to Up	date amount)					-	\$	5,773,902
			***	D						-	_	

	1	Γest Year 2015	 Proposed	Fi	Updated ling (11/21)	R	Staff ecommend	•	Update versus Staff
Pensions	\$	356,000	\$ 450,772	\$	535,724	\$	535,724		\$
OPEBs	\$	566,000	\$ 208,351	\$	258,043	\$	258,043		\$ -
Workers Comp	\$	-	\$ 75,646	\$	76,379	\$	76,379		\$ -
All Other Employee Pensions and Benefits:									
Medical Costs			\$ 918,909	\$	901,548	\$	901,548		\$ -
Other Health Care Costs			\$ 189,980	\$	183,352	\$	183,352		\$ -
401-K			\$ 260,407	\$	266,069	\$	266,069		\$ -
Inactive Employees-Pension and OPEBs.			\$ 72,041	\$	78,464	\$	78,464		\$ -
NHPUC Audit Report			\$ •	\$	-	\$	(2,047)		\$ (2,047)
Other			\$ 6,989	\$	4,447	\$	4,447		\$ -
Sub-Total Medical, Other, 401-K, Inactive, NHPUC, Other	\$	2,136,064	\$ 1,448,326	\$	1,433,880	\$	1,431,833		\$ (2,047)
Liberty acquisition Debit									
Before Capital Charge	\$	2,014,135	\$ 2,014,135	\$	2,056,720	\$	2,056,720		\$ -
Capital Charge	\$	(961,547)	\$ -	\$	-	\$	(689,001)		\$ (689,001)
Net	\$	1,052,588	\$ 2,014,135	\$	2,056,720	\$	1,367,719		\$ (689,001)
NEES Acquisition Credit									
Before Capital Charge			\$ -	\$	_	\$	(78,031)		\$ (78,031)
Capital Charge			\$ -	Š	-	\$	26,140		\$ 26,140
Net	\$	(51,891) es	-	\$	•	\$	(51,891)		\$ (51,891)
Total Employee Pensions and Benefits	\$	4,058,761	\$ 4,197,230	s	4,360,746	\$	3,617,808		\$ (742,939)

	estimony o	
Page 14 of 27	estimony of Jim Cunningham Jr.	Docket No. DE 16-383

Liberty Utilities (Granite State Electric) Corp.													
a control to the control of the cont													
Account 926 - Employee Pensions and Benefits									Updated		Staff		
	2014			2015			P	Proposed	Filing (11/21)	- 1	Recommend	Derivation of Staff Recommend	
	2015 For	n.1	_	2015 Form-	4			RevReq3-03	i ming (zz) zz;		1400111114114		
					1		,	usavista-ma					
	P. 123	13		p. 123-13									
Pensions:													
Service Costs													
Interest Costs													
Expected Return on Plan Assets													
Amortization of Net Actuarial Gain													
Amortization of Prior Service Credits													
Sub-Total to Operations (net of cap charge)							\$		\$ 779,73		779,735		
Plus: 2016 New Hires (at est. 50% per RR-3-03 & Staff 9-6)						sst/Staff 9-6	\$	5,124	\$ 47,00	0 \$	47,000	11/21 (\$95,482 x 50%/Staff 9-6 rounded)	j
Total							\$	677,853	\$ 826,73	5 \$	826,735		
Less: Capital Charge agt 33.5% / 35.2%							S	(227,081)				35.2% per 11/21 Update	
Net Charge to Operations	\$ 37	7,000		356,	nnn		Š	450,772			535,724		
net charge to operations	3 31	1,000		, , , ,	000			400,712	9 000,12		333,724	•	
										\$	•		
									\$ 107,00	6			
OPEBs:									\$ 148,88	2			
Service Costs									, ,,,,,,,	_			
Interest Costs													
Expected Return on Plan Assets													
Amortization of Net Actuarial Gain													
Amortization of Prior Service Credits													
Sub-Total							\$	319,714	\$ 385,72	8 \$	385,728	•	
Plus: 2016 New Hires (at est. 20% per RR-3-03 & Staff 9-8)						st/Staff 9-8	5	1,815			20,000	11/21 (\$95,482 x 20%/Staff 9-6 rounded)	ı
Total							S		\$ 405,72		405,728		
Less: Capital Chartge						35.2%	-	(113,178)				36.4% per 11/21 Update	
Total Pensions and OPEBs to Operations		4,000		566,	000	33.276	\$		\$ 258,04		258,043	30.478 pc: 11121 opusio	
Total Perisions and OPEOS to Operations	3 0	4,000		3 300,	000		-	200,331	4 230,04	3 3	230,043		
								RevReg 3-03					
Workers Comp 12-31-2015 Coomplement							\$	75,124	\$ 73,91	1 2	72 011	Use 11/21 Update	
							-						
2016 New Hires			_				\$			8 \$		Use 11/21 Update	
	\$	-		\$	-		\$	75,646	\$ 76,37	9 \$	76,379		
Medical Costs 12-31-2015 Complement		3.31	l'Att.				\$	843,002	\$ 819,51	R R	819,516	\$ 901,548	
Medical Costs 2016 New Hires	\$	3-44	MIL.				Š		\$ 82,03		82,032	4 401,040	
	a a	•					-						
Other Health Care Costs 12-31-2015 Complement		3-21	FAIT.				\$		\$ 166,75		166,755	\$ 183,352	
Other Health Care Costs 2016 New Hires	\$	-					\$		\$ 16,59		16,597		
401-K 12-31-2015 Complement							\$		\$ 246,06	9 \$	246,069	\$ 266,069	
401-K 2016 New Hires (30%, Staff 9-	8) \$	-				Staff 9-0	\$	3,228	\$ 20,00	0 \$	20,000		
Inactive Employees-Pension and OPEBs.	•						\$	18,202	\$ 24,62	5 S	24,625	\$ 78,484	
Inactive Employees-Other Benefits (FAS 112)							Š		\$ 53,83		53,839		
NHPUC Audit Report							Š		\$ 55,55	5	(2,047)		
							~		•				
	\$ \$ 77	-			-		\$		\$ 4,44		4,447		
Other		7,161		2,136,	064		\$	1,448,326	\$ 1,433,88	0 \$	1,431,833	\$ (2,047)	
Other Sub-Total Medical, Other, 401-K, Inactive, NHPUC, Other				by deduction									
	by deduct	an											
		an											
			Staff 9-12			Staff 9-12							
		5	Staff 9-12			Slaff 9-12 2 D14 135						\$ 2,050,720	
Sub-Total Medical, Other, 401-K, Inactive, NHPUC, Other	by deduct	\$	2,014,135		5	2,014,135		0.044.40-			4 007 740	\$ 2,058,720	
	by deduct	5		1,052,	5	2,014,135	\$	2,014,135	\$ 2,056,72	0 \$	1,367,719		
Sub-Total Medical, Other, 401-K, Inactive, NHPUC, Other	by deduct	\$	2,014,135	1,052,	5	2,014,135	\$	2,014,135	\$ 2,056,72	0 \$	1,367,719		
Sub-Total Medical, Other, 401-K, Inactive, NHPUC, Other Liberty acquisition Debit	by deduct	s \$ 9,293 s	2,014,135 (204,842) 5 1,809,293		588 s 5	2,014,135 (961,547)	\$,	,			\$ (689,001) -33.5% \$ 1,367,719	
Sub-Total Medical, Other, 401-K, Inactive, NHPUC, Other	by deduct	s \$ 9,293 s	2,014,135 (204,842)		588 s	2,014,135 (961,547)		,	_	0 \$	1,367,719 (51,891)	\$ (889.001) -33.5% \$ 1,367,719 \$ (78,031)	
Sub-Total Medical, Other, 401-K, Inactive, NHPUC, Other Liberty acquisition Debit NEES Acquisition Credit	by deduct \$ 1,80	9,293 s s	2,014,135 (204,842) 5 1,809,293	(51,	588 \$ \$ \$ 891)	2,014,135 (961,547)	\$	-	s -	\$	(51,891)	\$ (689,001) -33.5% \$ 1,367,719 \$ (78,031) \$ 28,140 -33.5%	
Sub-Total Medical, Other, 401-K, Inactive, NHPUC, Other Liberty acquisition Debit	by deduct \$ 1,80	s \$ 9,293 s	2,014,135 (204,842) 5 1,809,293	(51,	588 \$ \$ \$ 891)	2,014,135 (961,547)		,	s -	\$		\$ (689,001) -33.5% \$ 1,367,719 \$ (78,031) \$ 28,140 -33.5%	
Sub-Total Medical, Other, 401-K, Inactive, NHPUC, Other Liberty acquisition Debit NEES Acquisition Credit	\$ 1,80 \$ 3,04	9,293 s s	2,014,135 (204,842) 5 1,809,293	(51, 4,058,	5588 s 891)	2,014,135 (961,547)	\$	-	\$ - \$ 4,360,74	5 8 \$	(51,891)	\$ (689,001) -33.5% \$ 1,367,719 \$ (78,031) \$ 28,140 -33.5%	

DE 16-383

1 Appendix A 2 **Educational and Professional Background** 3 James J. Cunningham, Jr. 4 5 I am a graduate of Bentley University, Waltham, Massachusetts, and I hold a 6 Bachelor of Science-Accounting Degree. I joined the Commission in 1988. In 7 1995, I completed the NARUC Annual Regulatory Studies Program and 8 Michigan State University, sponsored by the National Association of Regulatory 9 Utility Commissioners. In 1998 I completed the Depreciation Studies Program, 10 sponsored by the Society of Depreciation Professionals, Washington, D.C., of 11 which I am a member. I have reviewed and provided direct testimony on a 12 variety of topics pertaining to New Hampshire electric, natural gas, steam, and 13 water utilities. In 2008, I was promoted to my current position of Utility Analyst. 14 Prior to joining the Commission I was employed by the General Electric 15 Company (GE). While at GE, I completed the Financial Management Training 16 Program and held assignments in General Accounting, Government Accounting 17 & Contracts and Financial Analysis. 18 19 20 21 22 23

1	Appendix B
2	Testimony of James J. Cunningham, Jr.
3	Footnote References
4	(1) NHPUC Audit Report, November 15, 2016, Audit Issue No. 2, p. 82
5	(2) Information is provided in the footnote.
6	(3) Order No. 25,638, March 17, 2014, Settlement Agreement, Attachment C.
7	(4) NHPUC Audit Report, November 15, 2016, Audit Issue No. 3, p. 83 and Audit
8	Issue No. 7, p. 90.
9	(5) Staff 3-34.
10	(6) Information is provided in the footnote.
11	(7) Staff 1-5.
12	(8) NHPUC Audit Report, November 15, 2016, Audit Issue No. 13, p. 102.
13	(9) Information is provided in the footnote.
14	(10) Information is provided in the footnote.
15	(11) Staff 9-12.
16	(12) Staff Testimony in DE 13-063, Staff 3-33.

Audit Issue #2 - page 10

Retirements

Background

Audit reviewed the FERC Form 1 detailed plant activity pages for the prior test year 2012 and each year through the end of the current test year 2015.

Issue

The Company reflected total additions, including the prior test year, \$62,602,777, retirements of \$(763,825), net increase adjustments of \$1,857,375 and a net transfer increase of \$3,457.

Audit requested clarification of the relatively small amount of retirements booked since the prior audit and was informed that a backlog had accumulated. While Audit notes that progress appears to have been made, the amount yet to be retired is unknown.

Recommendation

The Company must account for retirements in accordance with FERC, and in a timely manner. The value of the assets yet to be retired should be determined and the filing adjusted as appropriate. The book value of the assets retired will credit the respective plant in service account and debit the accumulated depreciation account.

Company Response

The Company concurs with Audit's recommendation. The Company notes that this issue does not impact rate base. Recently, the Company brought in a third plant accountant to assist with the large amount of plant-related transactions, including retirements.

Audit Conclusion

Audit appreciates the Company response. Audit cannot determine the rate base impact, as the amount of retirements yet to be posted is unknown. Audit also appreciates the hiring of a third plant accountant to address the backlog.

Granite State Electric Company

Depreciation Service Lives and Net Salvage Value

Docket No. DE 13-063

". A.C. = WYN. = E.J. = N .	Average Service Lives (Years)	Net Salvage Value (%)
Distribution Plant		
361 Structures and Improvements	41	-5.0
362 Station Equipment	41	-15.0
364 Poles Towers and Fixtures	40	-30.0
365 Overhead Conductors and Devices	40	-27.5
366 Underground Conduits	- 55	-10.0
367 Underground Conductors and Devices	41	-30.0
368 Line Transformers	37	-30.0
369 Services	45	-42.5
370 Meters	22	-15.0
372 Installations on Customers'	24	0.0
Premises 151	20	30.0
373 Street Lighting and Signal Systems	30	-30.0
General Plant		-
390 Structures and Improvements	64	-7.5
391 Office Furniture and Equipment	25	0.0
392 Transportation Equipment	12	10.0
393 Stores Equipment	30	0.0
394 Tools, Shop and Garage Equipment	24	0.0
395 Laboratory Equipment	33	0.0
397 Communication Equipment	22	0.0
398 Miscellaneous Equipment	26	0.0

of the particular profession

Audit Issue # 3-pages 13, 38

Capital Additions Booked to Incorrect FERC Account

Background

Audit reviewed the Fixed Asset system and continuing property records for the unitization of material handlers, bucket trucks, trailers, etc.

Issue

The Company booked the trucks and trailers to FERC account 396, Power Operated Equipment. The trucks and trailers should have been booked to FERC account 392, Transportation Equipment

Recommendation

Audit is aware that the digger derrick \$215,762 is properly booked in 396, but recommends the transfer of the bucket trucks and trailers to account 392, 1,934,195. The overall net plant does not change.

Company Response

The Company partially agrees and partially disagrees with the recommendation. The Company agrees with respect to the trailers (\$112,522.00) and some of what the Audit Staff has included in "bucket trucks" above (\$1,316,757). However, the "bucket trucks" referred to above include 3 material handlers (\$504,916.46) that each include a power operated lifting device that can lift up to 900 pounds. This information was provided to the Audit Staff in response to audit request #57. Pursuant to account 396, the account is to include "...power operated equipment used in construction or repair work.." including "...the tools and accessories acquired for use with such equipment and the vehicle on which such equipment is mounted." Thus, the Company disagrees with respect to the \$504,916.46 as those items are properly classified.

Audit Conclusion

Audit appreciates the Company's interpretation and understanding of account 396. The \$1,316,757 and the \$112,522 sum to the unitization test conducted by Audit on page 13. However, the fixed asset summary provided to Audit reflects two material handlers at a cost of \$173,248 each, or \$346,496, posted to plant 12/31/2013. The 2014 additions which sum to \$1,316,757 were acquired 6/30/2014 and represent four 55' bucket trucks and three 44' bucket trucks. Based on Audit's review and the Company's response, at least \$112,522 (trailers) should be moved from account 396 to account 392, and \$811,841 (trucks excluding the \$504,916 material handlers) should be moved from account 396 to account 396.

Audit Issue #7 - page 33

Plant in Service Account 372

Background

The filing schedule RR-2-1 line 17, Leased Property on Customers' Premises was verified to the general ledger account 8830-2-0000-10-1615-3720. The known and measurable adjustment of \$22,084 was identified in the filing as the reclassification of Account 1060 Plant in Service-not classified.

Issue

Audit reviewed the activity in 2013, which moved the balance of \$1,170,298 from the 101 to the appropriate 372 account. Accruals and reversals were noted. At year-end 12/31/2013, the balance of \$1,163,798 agreed with the FERC Form 1. There was no activity in the account in 2014 or 2015.

Audit requested clarification of the \$22,084, which appeared as an addition within the FERC Form 1 in 2014, but is noted as a known and measurable adjustment in the current filing.

The Company indicated that the \$22,084 relates to a water heater rental estimated distribution of the rentals in the Completed not Classified account 106 at the end of 2014. Because the Wennsoft "Water Heater Rental Program 2014" job has been used as an ongoing blanket job, rather than an annual job to be closed to plant, the Company indicated that there have been no water heaters closed to plant since 2013.

The known and measurable adjustment of \$22,084 was based on the same allocation estimate used in the FERC Form 1 in 2014. The Company noted that the water heaters currently in the CWIP account 107, \$172,064, does not accrue AFUDC, and that a review is currently underway to determine what portion of the \$172,064 should be closed to plant. In addition, a procedure is being determined to close water heaters to plant in service in a more timely manner.

Recommendation

Audit agrees with the Company's indication that procedures to close water heaters to plant in a more timely manner be adopted and implemented. Use of an allocation method to reflect plant in service balances should be part of that procedural review, as a more specific, accurate reflection of the true number of water heaters installed at customer premises should be included in the account 372.

Company Response

The Company has since determined the amount of water heaters in CWIP and that amount will be closed to plant by year end. Clear guidelines have been established and communicated to the water heater program administrators to ensure that the number of water heaters installed at customer's premises will be included in account 372. Going forward, the Company will open a new blanket job for water heaters at the beginning of each year and the job will be closed by year-end. Water heaters do not accrue AFUDC and the blanket job will be depreciated over its useful service life.

Audit Conclusion

Audit concurs with the Company response. If any update to the current rate filing is necessary, it should be provided in a timely manner. The response did not indicate what portion of the \$172,064 was closed to plant.

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

DE 16-383 Distribution Service Rate Case

Staff Data Requests - Set 1

Date Request Received: 5/27/16 Request No. Staff 1-5

Date of Response: 6/3/16 Respondent: Christian Brouillard Steven Mullen

REQUEST:

Re: Brouillard at 4, line 13. Explain the need, and provide itemized detail for, the \$2.5M investment in IT infrastructure and applications.

RESPONSE:

The Q&A that begins on page 3 (Bates 0183), line 19 of Mr. Brouillard's testimony and ends on page 4 (Bates 0184), line 14 discusses capital investments that are subject to cost recovery in this proceeding. As it relates to IT infrastructure and applications, the \$2.5 million is less than the total IT capital investment. Total IT capital investments since the last distribution rate case were \$8.6 million. See Attachment Staff 1-5.1.xlsx, which lists the specific IT projects, their capital costs and accumulated depreciation as of December 31, 2015.

In Docket No. DG 11-040, the proceeding whereby Liberty Utilities acquired Granite State Electric and EnergyNorth Natural Gas, the settlement agreement included a provision that limited the amount of IT capital investments that could be included in rate calculations related to the transition of ownership from National Grid to Liberty Utilities. As pertains to this proceeding, the \$2.5 million is an approximate amount representing the amount of IT capital costs subject to recovery by Granite State Electric. See Attachment Staff 1-5.1.xlsx for details of the calculations.

In EnergyNorth's recent rate case, Docket No. DG 14-180, a list of IT capital projects was presented along with the respective portions of the costs allocated to EnergyNorth and Granite State Electric. The IT capital projects listed in Attachment Staff 1-5.1.xlsx are identical¹, including updated cost information for Granite State Electric. A description of the individual projects was included in attachments to the testimony of John Lowson in DG 14-180 and descriptive information from those attachments pertinent to systems used by Granite State Electric has been included as Attachment Staff 1-5.2 to this response.

¹ IT capital projects specific to EnergyNorth have not been included in this response.

Asset:ID	Asset Description	Acquisition Date	Sum of Acquisition Cost	Accum Depro12/31/15	17/	1/15 NSV
8830-ARC-EAST	8830-ARC FM SYSTEM	12/31/2014	5 753 844 667,11	0 \$	S	496,995
8830-COG5-0001	COGSDALE SYSTEM	12/31/2014	\$ 2,66317	4 15 730,596	5	1,932,578
8830-E&O-EAST	OTHER ENGINEERING & OPS SYSTEM	12/31/2014	\$42,32	7.1 5 40,326	5	102,001
BE30-EDI-EAST	ELECTRONIC DATA INTERCHANGE SYSTEM	12/31/2014	313,67	74 (54) 88,875	5	224,80
8830-ELE-EAST	ELECTRIC DISPATCH NH SYSTEM	12/31/2014	1\$ 9,90	0; 51 2;805	5	7,099
BB30-GIS-EAST	GIS STANDARD SYS IMPLEMENTATION	12/31/2014	582/32	157,759	5	424,570
BB30-INF-EAST	Infrastructure System Implementation	12/31/2013	399,26	0 (5782 2010 6 116,704)	\$	282,559
B830-ITRON-FCS	FIELD COLLECTION METER SYS	12/31/2014	(\$7,52-7) 11,63	3 15 3 295	\$	8,338
BESO-ITRON-MV90	ITRON MV90 METER SYS	12/31/2014	5 60,03	16,648	5	43,388
B830-IVR-EAST	INTERACTIVE VOICE RECOGNITION	12/31/2014	5 87,53	21 150	5	62,717
TZAS-DADI-DEBB	ELECTRIC LOAD RESEARCH & SETTLEMENT	12/31/2014	\$ 434/71	2 45	5	311,544
8830-OSI-EAST	SCADA OASYS SYSTEM	12/31/2014	926,46	239,499	5	686,966
B830-PH1-EAST	SOFTWARE ERP PHASE 1 IMPLEM	9/30/2013	406,36	156,674	5	249,690
8830-PH2-EAST	ERP Phase 2 implementation	12/31/2014	S 734,11	190,314	5	553,796
B830-RES-EAST	OMS RESPONDER SOFTWARE SYS Telvent	12/31/2014	S	279,688	5	730,481
8830-SER-EAST	ERP SYS IMPLEMENTATION	12/31/2014	\$1.5116	16,054	5	43,111
B830-TEL-EAST	Telecom System Implementation	12/31/2013	15	18,801	5	37,139
8830-WEB-EAST	WEB SITE DEVELOPMENT SYS	12/31/2014	IS 3819	10.821	S	27,370

Grand Total

Total (T Capital Costs Cap (DG 11-040)	8,100,000	(Pertains to both Granite State and En	ergyNarth)				
GSE portion	30%						
	2,430,000	72					
<u>65E</u>	"	Gross Plant (1994)	准备	NBV # 22 / // A	e unite pris		
Capital Costs for IT Transition Projects identified in	DG 14-180	8,602,095	100.00	6,225,137	2,376,958		
Less: GSE Portion of Cap		2,430,000	28.25%	1,758,601	671,399	. 10	
Plant Costs Excluded from Rate Base		6,172,095	71.75%	4,466,536	1,705,559	Attachment SEM/HSG-2 (permanent) Schedule RR-S-4, I	line 2
Annual Amertization Expense @ 20%		1,234,419 Attachment SEM/HSG-TEMP-1 (tempo	rary), p. 2 of 4, line 5	6			
1		Attachment SEM/HSG-2 (permanent) 5			rmanent)		
Attachment SEM/H5G-2 (permanent) Schedule RR					Ť		
•			Atta	chment SEM/HS	G-TEMP-1 (ten	nporary), p. 3 of 4, line 68	

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Audit Issue #13 – page 66

Overcharged

Background

Audit reviewed the Operations and Maintenance expense accounts and made selections of individual entries to review in detail.

Issue

Audit reviewed the December union Metlife invoices in which two appear to be overpaid. The total of the two invoices that were paid was \$13,642 in which only \$6,821, or half of the invoice, appear to be the current amount due. These invoices were booked to Liberty but would increase the amount allocated to GSE at the end of the month by approximately \$2,047.

Recommendation

Audit recommends adjusting the December Metlife allocation for the overpayment of \$2,047 in account 8830-2-0000-69-5044-9260 Group Benefits.

Company Response

When the December union Metlife invoice was received, it included the balance from the November invoice which had already been paid but not reflected on the December invoice due to timing. This resulted in an overpayment, with the GSE portion being \$2,027.50. Metlife credited the overpayment in 2016. The Company is providing the November and December 2015 bills for supporting documentation.

The Company will adjust its rate case filing to remove the \$2,027.50 overpayment.

Audit Conclusion

Audit reviewed the November and December Metlife invoices provided by GSE. The overpayment was made in the amount of \$2,027.50 and not the \$2,047 Audit originally estimated.

Audit concurs with the Company's adjustment amount of \$2,027.50.

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

DE 16-383 Distribution Service Rate Case

Staff Data Requests - Set 9

Date Request Received: 10/6/16

Request No. Staff 9-12

Date of Response: 10/20/16 Respondent: Tisha Sanderson

REQUEST:

Reference RR 2-1, line 92 and 96. At the technical session on October 3, 2016, the Company indicated that Account 922 removes expenses related to capital charges.

- a. Please provide a reconciliation or analysis that shows the removal of the capitalized portion of "Pensions and Benefits" through Account 922.
- b. Please provide a reconciliation or analysis that shows the removal of the capitalized portion for "Additional Pension Amortization for GSE Only" through 922.
- c. Please indicate by year how much "Pension Amortization for GSE Only" has been capitalized each year from the start of the amortization through the end of 2015.

RESPONSE:

- a. Please see Attachment Staff 9-12.a.xlsx. This attachment displays the monthly pensions and benefits posted to the various pensions and benefits accounts 926X, which ties to Bates 0133, Schedule RR-2-1, line 96. The attachment also shows on line 7 the monthly offset for the capitalized portion of the Company's pensions and benefits posted to account 8830-2-0000-69-5200-9220, using the 37.0% component for pensions and benefits of the total 156.6% burden rate.
- b. Please see Attachment Staff 9-12.a.xlsx. Capitalized labor is burdened at 156.6% and this rate includes the additional pension amortization. The capitalized portion of the additional pension amortization is posted to account 8830-2-0000-69-5200-9220 and is shown on line 8 of the attachment, using the 33.0% component for the pension amortization of the total 156.6% burden rate.
- c. In 2014 and 2015 the Company capitalized \$204,842.35 and \$961,547.13 of the "Pension Amortization for GSE Only" respectively. The 2015 amount is shown on line 8 of the attachment.

Cap	italized Po	rtion
Sum	of Net Amous	nt

1	Sum of Net Amount	Colu	mn Labels																						
2	Row Labels		January	February		March		April	May		june		July		August	Sec	tember		October	Novem	ber	Der	cember	Gran	d Total
3	8830-2-0000-69-5010-9220	\$	(2,925.84)	\$ (26,901.01)	\$	(67,127.63)	5	(33,786.38)	\$ (32,605.35)	\$	(30,415.77)	\$	(24,122.02)	s	(24,298,49)	\$ (4	1,589,901	Ś	(26.251.05)						(379,785.04)
4	8830-2-0000-69-5200-9220	\$	(354,062.04)	\$ (254,014.84)	\$	(366,394.01)	\$ {4	401,560.04)	\$ (449,367.75)	\$	(336,389.13)	S	(313,455,31)	\$ (3	151.815.961	5 (42	4.039.071	\$ 14	110.612.331	\$ (464.9	46.24)	5 /42	36 321 47	1 5 14	1 562 978 191
5	Grand Total	\$	(356,987.88)	\$ (280,915.85	\$	(433,521.64)	5 (4	435,346.42)	\$ (481,973.10)	\$	(366,804.90)	5	(337,577.33)	\$ 13	76.114.45)	5 (46	5.628.971	5 14	136,863,381	\$ (495.5)	32.151	5 (47	75.527.16	1 5 14	1 942 763 231
																	,	• •	,,		,	. ,	-,,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
6	The capitalized portion of pension and benefits, and the additi	ional (pension amortiz	ation is include	d In 1	the grand tota	ıl abı	ove but calle	d out in more d	etall	l below:														
7	Capitalized Portion of Pensions & Benefits	5	(83,654.50)	\$ (60,016.28)	\$	(86,568.19)	\$.	(94,876.89)	\$ (106,172.46)	\$	(79,478.91)	\$	(74,060.32)	S	(83,123.82)	\$ {10	0.188.03)	s i	(97.015.68)	S (109.8)	i3.201	\$ (10	33.090.00	5 (1	.078.098.30)
В	Capitalized Portion of Additional Pension Amortization	\$	(74,610.77)	\$ (53,528.03)	\$	(77,209.47)	\$	(84,619.93)	\$ (94,694.35)	\$	(70,886.60)	\$	(66,053.80)	\$ 1	(74,137.46)	\$ (8	9,356.89)	\$ 1	(86,527,50)	\$ (97,9	77.18)	\$ (9	1.945.14	5 5	(961,547,13)
																								*	,,-
9	Pensions & Benefits																								
10	Sum of Net Amount	Colu	mn Labels																						
11	Row Labels		January	February		March		April	May		June		July		August	Seg	tember		October	Novem	ber	Dec	cember	Grano	d Total
12	8830-2-0000-69-5043-9260								\$ 2,549.17						_	•					23.94	S 1	LB,462.32		24,835.43
13	8830-2-0000-69-5043-9261	\$	5,000.00	\$ 5,000.00	\$	5,000.00	\$	5,000.00	\$ 5,000.00	\$	(67,174.00)									-,		-	-,	Š	(42,174.00)
14	8830-2-0000-69-5043-9262	\$	615.15	\$ 462.73	\$	449.46	\$	467.01	\$ 528.97	5	476.01	\$	657.45	\$	469.26	S	452.38	Ś	535.27	S 41	31.41	Ś	676.24	S	6,271.34
15	8830-2-0000-69-5043-9263								\$ 1,160.91	\$	1,019.38	\$	1,384.50	\$	1,010.90	Ś	1,052.51	Ś	1.182.29	\$ 1.09	7.38	Š	1.651.30	-	9.559.17
16	8830-2-0000-69-5043-9267	\$	324,904.90	\$ (14,363.00)	\$	151,742.05	\$ 1	171,048.38	\$ 151,154.78	\$	230,218.42	\$ ((423,674.07)	\$ 1	20,300.63	\$ 12	0.300.63	Ŝ 1	20.300.63	\$ 120.30			(4,549.32)		,067,684.66
17	8830-2-0000-69-5043-9268																	Ś	4.083.36				.,,	\$	4,083.36
18	8830-2-0000-69-5043-9269	\$	27,267,33	\$ 21,439.01	\$	22,790.26	\$	20,520.31	\$ 36,773.48	\$	21,497.46	\$	28,846.84	5	19,980.67	5 1	9.684.54	5	22,288,81	\$ 19.62	25.67	5 2	6.015.86	5	286,730.24
19	8830-2-0000-69-5044-9260	\$	55,128.16	\$ 148,613.37	\$	106,524.12	5 1	109,340.63	\$ 117,840.42	\$	78,143.57	5	78,210.89	5 1	11,752.15	5 9	5,208.53	· S 1	05,653,90	5 101.93	9.81	-	3.944.38	*	.212.299.93
20	8830-2-0000-69-5044-9262	\$	86,498.69	\$ 86,498.69	\$	86,498.69	\$	86,498.69	\$ 86,498.69	\$	(30,345.91)	5	560,945.60	Ś	85,204,56		5,204.56		85,204.56	\$ 85.20	4.56		3.941.96		.487.853.34
21	8830-2-0000-69-5044-9268											\$	1,617.86	\$	172			•	.,				-,	Ś	1,617.86
22	8830-2-0000-69-5045-9260													\$	26,127.00							5 12	6.127.001	Ś	
23	Grand Total	\$	499,414.23	\$ 247,650.80	\$	373,004.58	5 3	992,875.02	\$ 401,506.42	\$	233,834.93	\$	247,989.07	\$ 3	64,845.17	5 32	1,903.15	\$ 3	39,248.82	5 332,47	3.40	5 30	4,015.74	5 4	,058,761.33

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46		1,003,115	-151,770	851,345	-151,770	699,575	-151,770	547,805	-151,770	366,035	-151,770	244,285	-151,770	02,495	-82,495	ol	0
15 49		781,049	-110,283	850,788	-110,283	540,483	-110,283	430,200	-110,283	319,917	-110,283	209,634	-110,283	99,351	-110,283	-10,932	10.932
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62		-923,962	78,031	-845,931	78,031	-787,900	75,031	-689,670	78,031	-611,639	78,031	-533,808	78,031	-455,778	75,031	-377,747	78,031
99		-964,399	68,268	-896,131	66,265	-827,863	68,268	-759,595	68,268	-691,327	68,268	-823,059	66,268	-554,791	65,268	-486,523	68,268
33		-124,197	-115,754	-239,952	-115,754	-385,706	-115,764	-471,480	-115,754	-587,215	-115,754	-702,969	-115,754	-818,723	-66,479	-875,203	157,231
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69		-1,173,369	131,904	-1,041,465	131,904	-909,561	131,904	-777,657	131,904	-845,753	131,904	-613,849	131,904	-381,945	131,904	-250,041	131,904
80		-2,401,703	292,225		292,225		292,225	-1,525,028	292,225	-1,232,803	292,225	-940,578	292,225	-548,353	292,225	-358,128	237,991
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.54	_	12,054	-2,251	9,783	-2,251	7,532	-2,261	5,271	-2,281	3,010	-2,281	749	-749			0	0
113	-	23,547	-4,934	18,613	-4,834	13,679	4,934	8,745	-4,934	3,811	-3,081	750	-749	1	- 0	- 1	
61	⊣	-2,502,354	171,637	-2,330,817	171,537	-2,159,281	171.537	-1,987,744	171 837	-1,816,207	173.410	-1,642,797	176,722	-1,467,076	238 746	-1,231,330	398,222
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					\$ 292,225		\$ 292,225		\$ 292,225		S 292,225		\$ 292,225		S 292,225		8 237,991
					(4,934)		(4,834)		(4,934)		(3,081)		(749)		•		-
					(115,754)		(115,754)		(115,754)		(115,754)		(115,754)		(56,479)	_	157,231
					\$ 171,537		\$ 171,537		\$ 171,537		\$ 173,410		\$ 175,722		\$ 235,748		\$ 395,222