

Index **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Index to Revenue Requirements Schedules- Rebuttal**
IN **Historic Year Ended Dec. 31, 2015**

Index to Revenue Requirements Schedules- Rebuttal

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RR-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Computation of Revenue Deficiency and Revenue Requirement**
RR **Historic Year With Known and Measurable Changes**

Schedule RR-1

| Line | Description | Reference | Amount | From TS Filing | Difference |
|------|---|--------------------------------------|------------|----------------|------------|
| 1 | Rate Base | Schedule RR-5 | 96,812,407 | 96,585,330 | 227,077 |
| 2 | | | | | |
| 3 | Target Rate of Return on Rate Base | Schedule RR-6 | 8.3100% | 8.3100% | |
| 4 | | | | | |
| 5 | Operating income requirement | Line 1 X Line 3 | 8,045,111 | 8,026,241 | 18,870 |
| 6 | | | | | |
| 7 | Operating income at present rates | Schedule RR-2 | 4,615,778 | 4,592,885 | 22,893 |
| 8 | | | | | |
| 9 | Operating income deficiency | Line 5 - Line 7 | 3,429,333 | 3,433,356 | (4,023) |
| 10 | | | | | |
| 11 | Gross-up Factor for Income tax | Line 21 | 1.6559 | 1.6559 | |
| 12 | | | | | |
| 13 | Revenue deficiency | Line 9 X Line 11 | 5,678,644 | 5,685,306 | (6,661) |
| 14 | | | | | |
| 15 | Increase in Income tax expense | Line 13 X Line 9 | 2,249,311 | 2,251,950 | (2,639) |
| 16 | | | | | |
| 17 | <u>Gross-up factor for Income Taxes</u> | | | | |
| 18 | Federal income tax rate | | 34.00% | 34.00% | |
| 19 | New Hampshire state income tax rate | | 8.50% | 8.50% | |
| 20 | Combined income tax rate | Line 18 + Line - (Line 18 X Line 19) | 39.61% | 39.61% | |
| 21 | Total Gross-up Factor | 1 / (1 - Line 20) | 1.6559 | 1.6559 | |

RR-2 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement**
RR **Historic Year With Known and Measurable Changes**

Schedule RR-2

| Source | | RR-2-1 | | | RR-3 | RR-1 | | From FERC Form 1 | | |
|--------|-----------------------------|-----------------------------------|--------------------|-------------------------------|----------------------------------|---|-------------------|--|--------------------|--------------------|
| Line | Account | Historic Year Ended Dec. 31, 2015 | Flow-Through Items | Distribution Operating Income | Known and Measurable Adjustments | Pro Forma Test Year With Known and Measurable | Proposed Increase | Distribution Operating Income With Proposed Increase | Calendar Year 2014 | Calendar Year 2013 |
| 1 | Operating Revenue | | | | | | | | | |
| 2 | Distribution | 46,565,639 | (12,841,785) | 33,723,854 | 378,222 | 34,102,076 | 5,678,644 | 39,780,720 | 59,926,354 | 45,813,097 |
| 3 | Commodity | 53,571,120 | (53,571,120) | 0 | 0 | 0 | | 0 | 52,686,753 | 38,946,181 |
| 4 | Other operating revenue | 1,377,533 | 0 | 1,377,533 | (182,764) | 1,194,769 | | 1,194,769 | 1,013,418 | 997,974 |
| 5 | | 101,514,292 | (66,412,905) | 35,101,387 | 195,458 | 35,296,845 | 5,678,644 | 40,975,489 | 113,626,525 | 85,757,252 |
| 6 | | | | | | | | | | |
| 7 | Operating Expenses | | | | | | | | | |
| 8 | Purchased Power | 47,204,775 | (47,204,775) | 0 | 0 | 0 | | 0 | 52,686,753 | 38,946,181 |
| 9 | Transmission Expenses | 19,084,348 | (19,117,443) | (33,095) | 0 | (33,095) | | (33,095) | 19,771,278 | 16,963,671 |
| 10 | Distribution O&M | 7,047,479 | 0 | 7,047,479 | 177,208 | 7,224,687 | | 7,224,687 | 7,729,352 | 5,879,376 |
| 11 | Customer Accounting | 3,660,224 | 0 | 3,660,224 | (288,103) | 3,372,121 | | 3,372,121 | 3,434,962 | 2,599,174 |
| 12 | Customer Service & Info. | 254,232 | 0 | 254,232 | 7,291 | 261,522 | | 261,522 | 342,631 | 233,072 |
| 13 | Administrative & General | 7,132,684 | 0 | 7,132,684 | 1,182,045 | 8,314,729 | | 8,314,729 | 8,352,099 | 9,543,950 |
| 14 | Depreciation Expense | 6,773,256 | 0 | 6,773,256 | (1,017,182) | 5,756,073 | | 5,756,073 (a) | 5,367,531 | 5,085,045 |
| 15 | General Taxes | 4,146,082 | 0 | 4,146,082 | 268,195 | 4,414,278 | | 4,414,278 | 4,090,109 | 3,421,416 |
| 16 | Income Taxes | 1,632,801 | 0 | 1,632,801 | (286,577) | 1,346,224 | 2,249,311 | 3,595,535 | 3,701,088 | 711,916 |
| 17 | Interest on Cust. Dep. | 24,528 | 0 | 24,528 | 0 | 24,528 | | 24,528 | | |
| 18 | Total Expenses | 96,960,409 | (66,322,218) | 30,638,191 | 42,877 | 30,681,067 | 2,249,311 | 32,930,378 | 105,475,803 | 83,383,801 |
| 19 | | | | | | | | | | |
| 20 | Net operating income (loss) | 4,553,883 | (90,687) | 4,463,196 | 152,581 | 4,615,778 | 3,429,333 | 8,045,111 | 8,150,722 | 2,373,451 |
| 21 | | | | | | | | | | |
| 22 | Rate Base | | | 96,812,407 | | 96,812,407 | | 96,812,407 | | |
| 23 | | | | | | | | | | |
| 24 | Rate of Return on Rate Base | | | 4.61% | | 4.77% | | 8.31% | | |

(a) Includes Regulatory Debit

RR-2-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2015**
Historic Year With Known and Measurable Changes
Schedule RR-2-1

| | | Source | RR-2-2 | | RR-3 | At Current Rates | |
|------|---|-----------|-----------------------------------|--------------------|-------------------------------|----------------------------------|---|
| Line | Account | Acct. No. | Historic Year Ended Dec. 31, 2015 | Flow-Through Items | Distribution Operating Income | Known and Measurable Adjustments | Pro Forma Test Year With Known and Measurable |
| 1 | Intangible Assets | | | | | | |
| 2 | Organization | | 24,808 | | 24,808 (A) | (5,326) | 19,482 |
| 3 | Other Intangible assets | | 8,253,934 | | 8,253,934 | (6,172,095) | 2,081,839 |
| 4 | Total Intangible Plant | | 8,278,743 | 0 | 8,278,743 | (6,177,421) | 2,101,322 |
| 5 | | | | | | | |
| 6 | Distribution Plant | | | | | | |
| 7 | Land and land rights | 360 | 1,647,193 | | 1,647,193 (A) | 15,056 | 1,662,249 |
| 8 | Structures and improvements | 361 | 1,951,256 | | 1,951,256 (A) | 616,864 | 2,568,120 |
| 9 | Station equipment | 362 | 20,196,455 | | 20,196,455 (A) | 1,186,282 | 21,382,737 |
| 10 | Poles, towers and fixtures | 364 | 34,318,797 | | 34,318,797 (A) | 1,976,277 | 36,295,074 |
| 11 | Overhead conductors, devices | 365 | 46,108,011 | | 46,108,011 (A) | 4,199,099 | 50,307,110 |
| 12 | Underground conduit | 366 | 5,987,416 | | 5,987,416 (A) | 76,106 | 6,063,522 |
| 13 | Underground conductors, device | 367 | 11,449,006 | | 11,449,006 (A) | 363,290 | 11,812,296 |
| 14 | Line transformers | 368 | 20,767,405 | | 20,767,405 (A) | 455,724 | 21,223,129 |
| 15 | Services | 369 | 9,233,479 | | 9,233,479 (A) | 356,294 | 9,589,773 |
| 16 | Meters | 370 | 4,666,193 | | 4,666,193 (A) | 39,894 | 4,706,087 |
| 17 | Leased Prop on Customers' Prem | 372 | 1,163,798 | | 1,163,798 (A) | 22,084 | 1,185,882 |
| 18 | Street lighting, signal system | 373 | 4,720,493 | | 4,720,493 (A) | 59,571 | 4,780,064 |
| 19 | Total Distribution Plant | | 162,209,501 | 0 | 162,209,501 | 9,366,541 | 171,576,042 |
| 20 | | | | | | | |
| 21 | General / Common Plant | | | | | | |
| 22 | General plant | | 15,794,566 | | 15,794,566 (A) | 1,561,467 | 17,356,033 |
| 23 | Common plant | | 0 | | 0 | | 0 |
| 24 | Total General / Common Plant | | 15,794,566 | 0 | 15,794,566 | 1,561,467 | 17,356,033 |
| 25 | Total Plant in Service | | 186,282,810 | 0 | 186,282,810 | 4,750,587 | 191,033,397 |
| 26 | (A) Distribution of In service not classified | | | | | | |
| 27 | Accumulated Depreciation & Amortization | | | | | | |
| 28 | Accumulated Depr & Amort | 108 | 74,115,912 | | 74,115,912 | (1,354,410) | 72,761,502 |
| 29 | Accumulated Depreciation COR | 108.4 | (6,582,260) | | (6,582,260) | | (6,582,260) |
| 30 | Total Accum. Depr. & Amort. | | 67,533,652 | 0 | 67,533,652 | (1,354,410) | 66,179,242 |
| 31 | | | | | | | |

RR-2-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2015**
Historic Year With Known and Measurable Changes
Schedule RR-2-1

| Source | | RR-2-2 | | | RR-3 | | At Current Rates | |
|--------|--------------------------------------|-----------|-----------------------------------|--------------------|-------------------------------|----------------------------------|---|--|
| Line | Account | Acct. No. | Historic Year Ended Dec. 31, 2015 | Flow-Through Items | Distribution Operating Income | Known and Measurable Adjustments | Pro Forma Test Year With Known and Measurable | |
| 32 | Other Rate Base Items | | | | | | | |
| 33 | Materials and Supplies | 154 | 1,605,519 | | 1,605,519 | | 1,605,519 | |
| 34 | Prepayments | 165 | 1,188,847 | | 1,188,847 | | 1,188,847 | |
| 35 | Plant in service, Not classified | 106 | 10,947,581 | | 10,947,581 (A) | (10,947,581) | 0 | |
| 36 | ARO | 101 | 21,000 | | 21,000 | | 21,000 | |
| 37 | Accumulated Deferred FIT | ADIT | (3,623,355) | | (3,623,355) | | (3,623,355) | |
| 38 | Customer deposits | CustDep | (777,252) | | (777,252) | | (777,252) | |
| 39 | Total Other Rate Base Items | | 9,362,340 | 0 | 9,362,340 | (10,947,581) | (1,585,241) | |
| 40 | Total Rate Base | | 128,111,498 | 0 | 128,111,498 | (4,842,584) | 123,268,914 | |
| 41 | | | 128,111,498 | | | | | |
| 42 | | | | | | | | |
| 43 | Purchased Power | 555 | 47,204,775 | (47,204,775) | 0 | 0 | 0 | |
| 44 | | | | | | | | |
| 45 | Transmission- Open Access | | 530,732 | | 530,732 | 0 | 530,732 | |
| 46 | Elec Rev Wheeling | | 19,117,443 | (19,117,443) | 0 | 0 | 0 | |
| 47 | Trans Maint-Substation-Trouble-Labor | | 0 | | 0 | 0 | 0 | |
| 48 | Maint of Overhead lines-Labor | | (563,827) | | (563,827) | 0 | (563,827) | |
| 49 | Transmission Expenses-O&M | | 19,084,348 | (19,117,443) | (33,095) | 0 | (33,095) | |
| 50 | | | | | | | | |
| 51 | Distribution O&M | | | | | | | |
| 52 | Transmisison Other | 570 | 25,030 | | 25,030 | 949 | 25,979 | |
| 53 | Supervision & Eng | 580 | 1,652,625 | | 1,652,625 | 37,743 | 1,690,367 | |
| 54 | Load Dispatching | 581 | 626,072 | | 626,072 | 25,625 | 651,697 | |
| 55 | Substations | 582 | 123,875 | | 123,875 | 3,629 | 127,504 | |
| 56 | Overhead Lines | 583 | 478,091 | | 478,091 | 8,640 | 486,731 | |
| 57 | Underground Lines | 584 | 83,922 | | 83,922 | 184 | 84,106 | |
| 58 | Outdoor Lighting | 585 | 31,768 | | 31,768 | 534 | 32,303 | |
| 59 | Electric Meters | 586 | 128,354 | | 128,354 | 5,661 | 134,015 | |
| 60 | Customer Installation | 587 | 781 | | 781 | 27 | 807 | |
| 61 | Misc Expenses | 588 | 691,179 | | 691,179 | 152,443 | 843,622 | |
| 62 | Supervision & Eng | 590 | 43,868 | | 43,868 | 1,975 | 45,843 | |
| 63 | Structures | 591 | 2,509 | | 2,509 | 113 | 2,622 | |
| 64 | Substations | 592 | 243,763 | | 243,763 | 2,836 | 246,599 | |

RR-2-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2015**
Historic Year With Known and Measurable Changes
Schedule RR-2-1

| Source | | | RR-2-2 | RR-3 | At Current Rates | | |
|--------|-----------------------------------|-----------|-----------------------------------|--------------------|-------------------------------|----------------------------------|---|
| Line | Account | Acct. No. | Historic Year Ended Dec. 31, 2015 | Flow-Through Items | Distribution Operating Income | Known and Measurable Adjustments | Pro Forma Test Year With Known and Measurable |
| 65 | Overhead Lines | 593 | 1,922,369 | | 1,922,369 | 82,471 | 2,004,840 |
| 66 | Underground Lines | 594 | 2,277 | | 2,277 | (187,105) | (184,829) |
| 67 | Line Transformers | 595 | 21,186 | | 21,186 | 838 | 22,024 |
| 68 | Outdoor Lighting | 596 | 65,209 | | 65,209 | 2,936 | 68,144 |
| 69 | Maint of meters | 597 | 360,315 | | 360,315 | 13,207 | 373,522 |
| 70 | Main Misc Distr Plant | 598 | 544,288 | | 544,288 | 24,503 | 568,791 |
| 71 | Total Distribution O&M | | 7,047,479 | 0 | 7,047,479 | 177,208 | 7,224,687 |
| 72 | | | | | | | |
| 73 | Customer Accounting | | | | | | |
| 74 | Supervision | 901 | 48,273 | | 48,273 | 2,173 | 50,446 |
| 75 | Meter Reading | 902 | 246,943 | | 246,943 | 10,825 | 257,769 |
| 76 | Customer Records & Collection | 903 | 2,394,732 | | 2,394,732 | (301,102) | 2,093,631 |
| 77 | Uncollectible Accounts | 904 | 928,309 | | 928,309 | 0 | 928,309 |
| 78 | Uncollectible Accounts- Commodity | 904 | 0 | | 0 | 0 | 0 |
| 79 | Misc Expenses | 905 | 41,967 | | 41,967 | 0 | 41,967 |
| 80 | Total Customer Accounting | | 3,660,224 | 0 | 3,660,224 | (288,103) | 3,372,121 |
| 81 | | | | | | | |
| 82 | Customer Service & Information | | | | | | |
| 83 | Cust Service-Supervision | 907 | 121,441 | | 121,441 | 5,344 | 126,785 |
| 84 | Cust Assistance Expenses | 908 | 84,226 | | 84,226 | 177 | 84,403 |
| 85 | Cust Service-Misc Expenses | 910 | 48,564 | | 48,564 | 1,770 | 50,334 |
| 86 | Total Customer Service & Info. | | 254,232 | 0 | 254,232 | 7,291 | 261,522 |
| 87 | Total Customer Accounts | | 3,914,456 | 0 | 3,914,456 | (280,813) | 3,633,643 |
| 88 | | | | | | | |
| 89 | Administrative & General | | | | | | |
| 90 | A&G-Salaries | 920 | 1,947,618 | | 1,947,618 | 886,431 | 2,834,049 |
| 91 | A&G-Office Supplies | 921 | 550,451 | | 550,451 | (34,117) | 516,334 |
| 92 | A&G-Transferred | 922 | (4,942,763) | | (4,942,763) | 4,443 | (4,938,320) |
| 93 | A&G-Outside Services | 923 | 582,946 | | 582,946 | (989,997) | (407,052) |
| 94 | Property Insurance | 924 | 1,565,273 | | 1,565,273 | (211,357) | 1,353,916 |
| 95 | Injuries & Damages Insurance | 925 | 800,379 | | 800,379 | 0 | 800,379 |
| 96 | Employee Pensions & Benefits | 926 | 4,058,761 | | 4,058,761 | 1,380,083 | 5,438,844 |
| 97 | Regulatory Comm Expenses | 928 | 375,750 | | 375,750 | 0 | 375,750 |

RR-2-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2015**
Historic Year With Known and Measurable Changes
Schedule RR-2-1

| Source | | | RR-2-2 | | RR-3 | At Current Rates | |
|--------|----------------------------------|-----------|-----------------------------------|--------------------|-------------------------------|----------------------------------|---|
| Line | Account | Acct. No. | Historic Year Ended Dec. 31, 2015 | Flow-Through Items | Distribution Operating Income | Known and Measurable Adjustments | Pro Forma Test Year With Known and Measurable |
| 98 | A&G-Misc Expenses | 930 | 20,469 | | 20,469 | 0 | 20,469 |
| 99 | Rent | 931 | 1,695 | | 1,695 | 146,559 | 148,254 |
| 100 | LU Costs | 920LU | 2,101,212 | | 2,101,212 | 0 | 2,101,212 |
| 101 | A&G Maint-General Plant-Elec | 932 | 70,893 | | 70,893 | 0 | 70,893 |
| 102 | Total Administrative & General | | 7,132,684 | 0 | 7,132,684 | 1,182,045 | 8,314,729 |
| 103 | Total O&M Expense | | 84,383,742 | (66,322,218) | 18,061,523 | 1,078,440 | 19,139,964 |
| 104 | | | 84,383,742 | | | | |
| 105 | Depreciation Expense | | | | | | |
| 106 | Intangible assets | 405 | 1,650,787 | | 1,650,787 | 0 | 1,650,787 |
| 107 | Distribution plant | 403 | 5,122,469 | | 5,122,469 | (1,017,182) | 4,105,287 |
| 108 | Amortization expense- Regulatory | | 0 | | 0 | 0 | 0 |
| 109 | Total Depreciation Expense | | 6,773,256 | 0 | 6,773,256 | (1,017,182) | 5,756,073 |
| 110 | | | | | | | |
| 111 | General Taxes | | | | | | |
| 112 | Municipal tax | 2.23% | 3,459,410 | | 3,459,410 | 238,518 | 3,697,928 |
| 113 | Payroll tax | | 686,672 | | 686,672 | 29,677 | 716,350 |
| 114 | Other tax | | 0 | | 0 | 0 | 0 |
| 115 | Total General taxes | | 4,146,082 | 0 | 4,146,082 | 268,195 | 4,414,278 |
| 116 | | | | | | | |
| 117 | Income Taxes | | | | | | |
| 118 | FIT Expense | | 1,518,635 | | 1,518,635 | (461,300) | 1,057,335 |
| 119 | SIT Expense | | 114,167 | | 114,167 | 174,723 | 288,889 |
| 120 | Total Income Tax | | 1,632,801 | 0 | 1,632,801 | (286,577) | 1,346,224 |
| 121 | | | | | | | |
| 122 | Interest on Customer Deposits | | 24,528 | | 24,528 | 0 | 24,528 |
| 123 | | | | | | | |

RR-2-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2015**
Historic Year With Known and Measurable Changes
Schedule RR-2-1

| | | <i>Source</i> | <i>RR-2-2</i> | | | <i>RR-3</i> | <i>At Current Rates</i> |
|------|------------------------------------|---------------|-----------------------------------|---------------------|-------------------------------|----------------------------------|---|
| Line | Account | Acct. No. | Historic Year Ended Dec. 31, 2015 | Flow-Through Items | Distribution Operating Income | Known and Measurable Adjustments | Pro Forma Test Year With Known and Measurable |
| 124 | Total Expenses | | 96,960,409 | (66,322,218) | 30,638,191 | 42,877 | 30,681,067 |
| 125 | | | | | | | |
| 126 | Operating Revenue | | | | | | |
| 127 | Residential, Commercial, Lighting | 440 | 59,758,041 | (26,034,187) | 33,723,854 | 378,222 | 34,102,076 |
| 128 | Commodity revenue | Comm | 53,571,120 | (53,571,120) | 0 | 0 | 0 |
| 129 | Prov. For Refunds | 449 | (13,192,402) | 13,192,402 | 0 | 0 | 0 |
| 130 | Forfeited discounts | | 0 | | 0 | 0 | 0 |
| 131 | Misc. service revenue | 451 | 453,063 | | 453,063 | (182,764) | 270,299 |
| 132 | Rent from Electric property | 454 | 327,565 | | 327,565 | 0 | 327,565 |
| 133 | Other revenue | 456 | 382,953 | | 382,953 | 0 | 382,953 |
| 134 | Sales for resale | 447 | 213,953 | | 213,953 | 0 | 213,953 |
| 135 | Total revenue | | 101,514,292 | (66,412,905) | 35,101,387 | 195,458 | 35,296,845 |
| 136 | | | | | | | |
| 137 | Net operating income (loss) | | 4,553,883 | (90,687) | 4,463,196 | 152,581 | 4,615,778 |
| 138 | | | | | | | |

Note: Differences between Revenue and Expense for flow-through items are timing differences.
The differences are normalized out so that Revenue and Expense for flow-through items offset completely.

RR-3 Granite State Electric) Corp. d/b/a Liberty Utilities

Final Summary of Adjustments

| RR | To Historic Year Ended Dec. 31, 2015 | (152,581) | 330,212 | 29,677 | 1,380,083 | (211,357) | (416,847) | (72,670) | 0 | (1,017,182) |
|---------------|--------------------------------------|-----------|---------|--------|-----------|-----------|-----------|----------|---|-------------|
| Schedule RR-3 | | | | | | | | | | |

| Line | Account | Acct. No. | Total | Payroll Expense | Payroll Taxes | Pension and Benefits Expense | Property and Liability Insurance | Contract Labor Costs | Other Known and Measurable Changes | Major Storm Reserve Fund | Depreciation Annualization and Rates |
|------|--------------------------------------|-----------|-----------|-----------------|---------------|------------------------------|----------------------------------|----------------------|------------------------------------|--------------------------|--------------------------------------|
| 1 | Purchased Power | 555 | 0 | 0 | | | | | | | |
| 2 | | | | | | | | | | | |
| 3 | Transmission- Open Access | | 0 | 0 | | | | | | | |
| 4 | Elec Rev Wheeling-Elim | | 0 | 0 | | | | | | | |
| 5 | Trans Maint-Substation-Trouble-Labor | | 0 | 0 | | | | | | | |
| 6 | Maint of Overhead lines-Labor | | 0 | 0 | | | | | | | |
| 7 | Transmission Expenses-O&M | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | | | | | | | | | | | |
| 9 | Distribution O&M | | | | | | | | | | |
| 10 | Transmission Other | 570 | 949 | 949 | | | | | | | |
| 11 | Supervision & Eng | 580 | 37,743 | 38,029 | | | | (287) | | | |
| 12 | Load Dispatching | 581 | 25,625 | 25,625 | | | | | | | |
| 13 | Substations | 582 | 3,629 | 3,629 | | | | | | | |
| 14 | Overhead Lines | 583 | 8,640 | 11,503 | | | | (2,863) | | | |
| 15 | Underground Lines | 584 | 184 | 184 | | | | | | | |
| 16 | Outdoor Lighting | 585 | 534 | 534 | | | | | | | |
| 17 | Electric Meters | 586 | 5,661 | 5,661 | | | | | | | |
| 18 | Customer Installation | 587 | 27 | 27 | | | | | | | |
| 19 | Misc Expenses | 588 | 152,443 | 26,196 | | | | (13,753) | 140,000 | | |
| 20 | Supervision & Eng | 590 | 1,975 | 1,975 | | | | | | | |
| 21 | Structures | 591 | 113 | 113 | | | | | | | |
| 22 | Substations | 592 | 2,836 | 2,836 | | | | | | | |
| 23 | Overhead Lines | 593 | 82,471 | 11,449 | | | | (5,084) | 76,107 | | |
| 24 | Underground Lines | 594 | (187,105) | 90 | | | | | (187,195) | | |
| 25 | Line Transformers | 595 | 838 | 838 | | | | | | | |
| 26 | Outdoor Lighting | 596 | 2,936 | 2,936 | | | | | | | |
| 27 | Maint of meters | 597 | 13,207 | 13,207 | | | | | | | |
| 28 | Main Misc Distr Plant | 598 | 24,503 | 24,503 | | | | | | | |
| 29 | | | 177,208 | 170,283 | 0 | 0 | 0 | (21,987) | 28,912 | 0 | 0 |
| 30 | | | | | | | | | | | |

RR-3 Granite State Electric) Corp. d/b/a Liberty Utilities

Final Summary of Adjustments

| RR | To Historic Year Ended Dec. 31, 2015 | (152,581) | 330,212 | 29,677 | 1,380,083 | (211,357) | (416,847) | (72,670) | 0 | (1,017,182) |
|---------------|--------------------------------------|-----------|---------|--------|-----------|-----------|-----------|----------|---|-------------|
| Schedule RR-3 | | | | | | | | | | |

| Line | Account | Acct. No. | Total | Payroll Expense | Payroll Taxes | Pension and Benefits Expense | Property and Liability Insurance | Contract Labor Costs | Other Known and Measurable Changes | Major Storm Reserve Fund | Depreciation Annualization and Rates |
|------|---|-----------|-----------|-----------------|---------------|------------------------------|----------------------------------|----------------------|------------------------------------|--------------------------|--------------------------------------|
| 31 | Customer Accounting | | | | | | | | | | |
| 32 | Supervision | 901 | 2,173 | 2,173 | | | | | | | |
| 33 | Meter Reading | 902 | 10,825 | 10,825 | | | | | | | |
| 34 | Customer Records & Collection | 903 | (301,102) | 53,471 | | | | (312,607) | (41,965) | | |
| 35 | Uncollectible Accounts | 904 | 0 | 0 | | | | | | | |
| 36 | Uncollectible Accounts- Commodity | 904 | 0 | 0 | | | | | | | |
| 37 | Misc Expenses | 905 | 0 | 0 | | | | | | | |
| 38 | <i>Total Customer Accounting</i> | | (288,103) | 66,469 | 0 | 0 | 0 | (312,607) | (41,965) | 0 | 0 |
| 39 | | | | | | | | | | | |
| 40 | Customer Service & Information | | | | | | | | | | |
| 41 | Cust Service-Supervision | 907 | 5,344 | 5,344 | | | | | | | |
| 42 | Cust Assistance Expenses | 908 | 177 | 177 | | | | | | | |
| 43 | Cust Service-Misc Expenses | 910 | 1,770 | 1,770 | | | | | | | |
| 44 | <i>Total Customer Service & Info.</i> | | 7,291 | 7,291 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 45 | <i>Total Customer Accounts</i> | | (280,813) | 73,760 | 0 | 0 | 0 | (312,607) | (41,965) | 0 | 0 |
| 46 | | | | | | | | | | | |
| 47 | Administrative & General | | | | | | | | | | |
| 48 | A&G-Salaries | 920 | 886,431 | 86,169 | | | | (53,753) | (54,000) | | |
| 49 | A&G-Office Supplies | 921 | (34,117) | 0 | | | | (28,500) | (5,617) | | |
| 50 | A&G-Transferred | 922 | 4,443 | 0 | | | | | | | |
| 51 | A&G-Outside Services | 923 | (989,997) | 0 | | | | | | | |
| 52 | Property Insurance | 924 | (211,357) | 0 | | | (211,357) | | | 0 | |
| 53 | Injuries & Damages Insurance | 925 | 0 | 0 | | | | | | | |
| 54 | Employee Pensions & Benefits | 926 | 1,380,083 | 0 | | 1,380,083 | | | | | |
| 55 | Regulatory Comm Expenses | 928 | 0 | 0 | | | | | | | |
| 56 | A&G-Misc Expenses | 930 | 0 | 0 | | | | | | | |
| 57 | Rent | 931 | 146,559 | 0 | | | | | | | |
| 58 | LU Costs | 920LU | 0 | 0 | | | | | | | |
| 59 | A&G Maint-General Plant-Elec | 932 | 0 | 0 | | | | | | | |
| 60 | <i>Total Administrative & General</i> | | 1,182,045 | 86,169 | 0 | 1,380,083 | (211,357) | (82,253) | (59,617) | 0 | 0 |
| 61 | <i>Total O&M Expense</i> | | 1,078,440 | 330,212 | 0 | 1,380,083 | (211,357) | (416,847) | (72,670) | 0 | 0 |
| 62 | | | | | | | | | | | |

RR-3 Granite State Electric) Corp. d/b/a Liberty Utilities

Final Summary of Adjustments

| RR | To Historic Year Ended Dec. 31, 2015 | (152,581) | 330,212 | 29,677 | 1,380,083 | (211,357) | (416,847) | (72,670) | 0 | (1,017,182) |
|---------------|--------------------------------------|-----------|---------|--------|-----------|-----------|-----------|----------|---|-------------|
| Schedule RR-3 | | | | | | | | | | |

| Line | Account | Acct. No. | Total | Payroll Expense | Payroll Taxes | Pension and Benefits Expense | Property and Liability Insurance | Contract Labor Costs | Other Known and Measurable Changes | Major Storm Reserve Fund | Depreciation Annualization and Rates |
|------|--------------------------------------|-----------|--------------------|------------------|-----------------|------------------------------|----------------------------------|----------------------|------------------------------------|--------------------------|--------------------------------------|
| 63 | Depreciation Expense | | | | | | | | | | |
| 64 | Intangible assets | 405 | 0 | | | | | | | | |
| 65 | Distribution plant | 403 | (1,017,182) | | | | | | | | (1,017,182) |
| 66 | Amortization expense- Regulatory | 407 | 0 | | | | | | | | |
| 67 | <i>Total Depreciation Expense</i> | | <u>(1,017,182)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(1,017,182)</u> |
| 68 | | | | | | | | | | | |
| 69 | General Taxes | | | | | | | | | | |
| 70 | Municipal tax | | 238,518 | | | | | | | | |
| 71 | Payroll tax | | 29,677 | | 29,677 | | | | | | |
| 72 | Other tax | | 0 | | | | | | | | |
| 73 | Total General taxes | | <u>268,195</u> | <u>0</u> | <u>29,677</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 74 | | | | | | | | | | | |
| 75 | Income Taxes | | | | | | | | | | |
| 76 | FIT Expense | | (461,300) | | | | | | | | |
| 77 | SIT Expense | | 174,723 | | | | | | | | |
| 78 | Total Income Tax | | <u>(286,577)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 79 | | | | | | | | | | | |
| 80 | Interest on Customer Deposits | | <u>0</u> | | | | | | | | |
| 81 | | | | | | | | | | | |
| 82 | Total Expenses | | <u>42,877</u> | <u>330,212</u> | <u>29,677</u> | <u>1,380,083</u> | <u>(211,357)</u> | <u>(416,847)</u> | <u>(72,670)</u> | <u>0</u> | <u>(1,017,182)</u> |
| 83 | | | | | | | | | | | |
| 84 | Operating Revenue | | | | | | | | | | |
| 85 | Residential, Commercial, Lighting | 440 | 378,222 | | | | | | | | |
| 86 | Commodity revenue | Comm | 0 | | | | | | | | |
| 87 | Prov. For Refunds | 449 | 0 | | | | | | | | |
| 88 | Forfeited discounts | | 0 | | | | | | | | |
| 89 | Misc. service revenue | 451 | (182,764) | | | | | | | | |
| 90 | Rent from Electric property | 454 | 0 | | | | | | | | |
| 91 | Other revenue | 456 | 0 | | | | | | | | |
| 92 | Sales for resale | 447 | 0 | | | | | | | | |
| 93 | Total revenue | | <u>195,458</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 94 | | | | | | | | | | | |
| 95 | Net operating income (loss) | | <u>152,581</u> | <u>(330,212)</u> | <u>(29,677)</u> | <u>(1,380,083)</u> | <u>211,357</u> | <u>416,847</u> | <u>72,670</u> | <u>0</u> | <u>1,017,182</u> |

| | | | | | | | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|---------------|
| RR-3 Granite State Electric) Corp. d/b/a Liberty Electric | Adjustment 10 | Adjustment 11 | Adjustment 12 | Adjustment 13 | Adjustment 14 | Adjustment 15 | Hist Yr Total |
| Final Summary of Adjustments | | | | | | | |
| RR To Historic Year Ended Dec. 31, 2015 | (77,539) | 238,518 | 146,559 | 182,764 | (378,222) | (286,577) | |
| Schedule RR-3 | | | | | | | |

| Line | Account | Acct. No. | Algonquin / Liberty Support Costs | Property Taxes | Other Revenue | Adjustments to Normalize Distribution Revenue | Income Tax Expense- Test Year Actual | Historic Rate Base and Operating Income By Type |
|------|--------------------------------------|-----------|---|----------------|---------------|--|--|--|
| 1 | Purchased Power | 555 | | | | | | 47,204,775 |
| 2 | | | | | | | | |
| 3 | Transmission- Open Access | | | | | | | 530,732 |
| 4 | Elec Rev Wheeling-Elim | | | | | | | 19,117,443 |
| 5 | Trans Maint-Substation-Trouble-Labor | | | | | | | 0 |
| 6 | Maint of Overhead lines-Labor | | | | | | | (563,827) |
| 7 | Transmission Expenses-O&M | | 0 | 0 | 0 | 0 | 0 | 19,084,348 |
| 8 | | | | | | | | |
| 9 | Distribution O&M | | | | | | | |
| 10 | Transmission Other | 570 | | | | | | 25,030 |
| 11 | Supervision & Eng | 580 | | | | | | 1,652,625 |
| 12 | Load Dispatching | 581 | | | | | | 626,072 |
| 13 | Substations | 582 | | | | | | 123,875 |
| 14 | Overhead Lines | 583 | | | | | | 478,091 |
| 15 | Underground Lines | 584 | | | | | | 83,922 |
| 16 | Outdoor Lighting | 585 | | | | | | 31,768 |
| 17 | Electric Meters | 586 | | | | | | 128,354 |
| 18 | Customer Installation | 587 | | | | | | 781 |
| 19 | Misc Expenses | 588 | | | | | | 691,179 |
| 20 | Supervision & Eng | 590 | | | | | | 43,868 |
| 21 | Structures | 591 | | | | | | 2,509 |
| 22 | Substations | 592 | | | | | | 243,763 |
| 23 | Overhead Lines | 593 | | | | | | 1,922,369 |
| 24 | Underground Lines | 594 | | | | | | 2,277 |
| 25 | Line Transformers | 595 | | | | | | 21,186 |
| 26 | Outdoor Lighting | 596 | | | | | | 65,209 |
| 27 | Maint of meters | 597 | | | | | | 360,315 |
| 28 | Main Misc Distr Plant | 598 | | | | | | 544,288 |
| 29 | | | 0 | 0 | 0 | 0 | 0 | 7,047,479 |
| 30 | | | | | | | | |

| | | | | | | | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|---------------|
| RR-3 Granite State Electric) Corp. d/b/a Liberty | Adjustment 10 | Adjustment 11 | Adjustment 12 | Adjustment 13 | Adjustment 14 | Adjustment 15 | Hist Yr Total |
| Final Summary of Adjustments | | | | | | | |
| RR To Historic Year Ended Dec. 31, 2015 | (77,539) | 238,518 | 146,559 | 182,764 | (378,222) | (286,577) | |
| Schedule RR-3 | | | | | | | |

| Line | Account | Acct. No. | Algonquin / Liberty Support Costs | Property Taxes | Other Revenue | Adjustments to Normalize Distribution Revenue | Income Tax Expense- Test Year Actual | Historic Rate Base and Operating Income By Type |
|------|---|-----------|---|----------------|---------------|--|--|--|
| 31 | Customer Accounting | | | | | | | |
| 32 | Supervision | 901 | | | | | | 48,273 |
| 33 | Meter Reading | 902 | | | | | | 246,943 |
| 34 | Customer Records & Collection | 903 | | | | | | 2,394,732 |
| 35 | Uncollectible Accounts | 904 | | | | | | 928,309 |
| 36 | Uncollectible Accounts- Commodity | 904 | | | | | | 0 |
| 37 | Misc Expenses | 905 | | | | | | 41,967 |
| 38 | <i>Total Customer Accounting</i> | | 0 | 0 | 0 | 0 | 0 | 3,660,224 |
| 39 | | | | | | | | |
| 40 | Customer Service & Information | | | | | | | |
| 41 | Cust Service-Supervision | 907 | | | | | | 121,441 |
| 42 | Cust Assistance Expenses | 908 | | | | | | 84,226 |
| 43 | Cust Service-Misc Expenses | 910 | | | | | | 48,564 |
| 44 | <i>Total Customer Service & Info.</i> | | 0 | 0 | 0 | 0 | 0 | 254,232 |
| 45 | <i>Total Customer Accounts</i> | | 0 | 0 | 0 | 0 | 0 | 3,914,456 |
| 46 | | | | | | | | |
| 47 | Administrative & General | | | | | | | |
| 48 | A&G-Salaries | 920 | 908,015 | | | | | 1,947,618 |
| 49 | A&G-Office Supplies | 921 | | | | | | 550,451 |
| 50 | A&G-Transferred | 922 | 4,443 | | | | | |
| 51 | A&G-Outside Services | 923 | (989,997) | | | | | 582,946 |
| 52 | Property Insurance | 924 | | | | | | 1,565,273 |
| 53 | Injuries & Damages Insurance | 925 | | | | | | 800,379 |
| 54 | Employee Pensions & Benefits | 926 | | | | | | 4,058,761 |
| 55 | Regulatory Comm Expenses | 928 | | | | | | 375,750 |
| 56 | A&G-Misc Expenses | 930 | | | | | | 20,469 |
| 57 | Rent | 931 | 0 | | 146,559 | | | 0 |
| 58 | LU Costs | 920LU | | | | | | |
| 59 | A&G Maint-General Plant-Elec | 932 | | | | | | 70,893 |
| 60 | <i>Total Administrative & General</i> | | (77,539) | 0 | 146,559 | 0 | 0 | 9,972,540 |
| 61 | <i>Total O&M Expense</i> | | (77,539) | 0 | 146,559 | 0 | 0 | 87,223,598 |
| 62 | | | | | | | | 20,934,475 |

| | | | | | | | | |
|---------------|--|-----------|---|----------------|---------------|--|--|--|
| RR-3 | Granite State Electric) Corp. d/b/a Liberty Electric | | | | | | | Hist Yr Total |
| Final | Summary of Adjustments | | | | | | | |
| RR | To Historic Year Ended Dec. 31, 2015 | | (77,539) | 238,518 | 146,559 | 182,764 | (378,222) | (286,577) |
| Schedule RR-3 | | | | | | | | |
| Line | Account | Acct. No. | Algonquin / Liberty Support Costs | Property Taxes | Other Revenue | Adjustments to Normalize Distribution Revenue | Income Tax Expense- Test Year Actual | Historic Rate Base and Operating Income By Type |
| 63 | Depreciation Expense | | | | | | | |
| 64 | Intangible assets | 405 | | | | | | 1,650,787 |
| 65 | Distribution plant | 403 | | | | | | 5,122,469 |
| 66 | Amortization expense- Regulatory | 407 | | | | | | 0 |
| 67 | Total Depreciation Expense | | 0 | 0 | 0 | 0 | 0 | 27,707,730 |
| 68 | | | | | | | | |
| 69 | General Taxes | | | | | | | |
| 70 | Municipal tax | | | 238,518 | | | | 3,459,410 |
| 71 | Payroll tax | | | | | | | 686,672 |
| 72 | Other tax | | | | | | | 0 |
| 73 | Total General taxes | | 0 | 238,518 | 0 | 0 | 0 | 4,146,082 |
| 74 | | | | | | | | |
| 75 | Income Taxes | | | | | | | |
| 76 | FIT Expense | | | | | | (461,300) | 1,518,635 |
| 77 | SIT Expense | | | | | | 174,723 | 114,167 |
| 78 | Total Income Tax | | 0 | 0 | 0 | 0 | (286,577) | 1,632,801 |
| 79 | | | | | | | | |
| 80 | Interest on Customer Deposits | | | | | | | |
| 81 | | | | | | | | |
| 82 | Total Expenses | | (77,539) | 238,518 | 146,559 | 0 | 0 | (286,577) |
| 83 | | | | | | | | |
| 84 | Operating Revenue | | | | | | | |
| 85 | Residential, Commercial, Lighting | 440 | | | | 378,222 | | 59,758,041 |
| 86 | Commodity revenue | Comm | | | | | | 53,571,120 |
| 87 | Prov. For Refunds | 449 | | | | | | (13,192,402) |
| 88 | Forfeited discounts | | | | 0 | | | 0 |
| 89 | Misc. service revenue | 451 | | | (182,764) | | | 453,063 |
| 90 | Rent from Electric property | 454 | | | 0 | | | 327,565 |
| 91 | Other revenue | 456 | | | 0 | | | 382,953 |
| 92 | Sales for resale | 447 | | | 0 | | | 213,953 |
| 93 | Total revenue | | 0 | 0 | 0 | (182,764) | 378,222 | 0 |
| 94 | | | | | | | | |
| 95 | Net operating income (loss) | | 77,539 | (238,518) | (146,559) | (182,764) | 378,222 | 286,577 |

RR-3-06 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 06**

Other Known and Measurable Changes

Schedule RR-3-06

| Line | Account | Description | Account | Amount |
|------|---|---|------------|--------------------------|
| 1 | Vegetation Management in base rates | Change from 5 year cycle to 4 year cycle | 588 | 140,000 |
| 2 | | | | |
| 3 | Maint of Overhead Lines | Remove adjustments to 2014 recorded 2015 | 593 | 43,903 |
| 4 | Maint of Overhead Lines-Veg Mgmt-Labor | Remove adjustments to 2014 recorded 2015 | 593 | 370 |
| 5 | Maint of Overhead Lines Labor | Remove adjustments to 2014 recorded 2015 | 593 | 2,673 |
| 6 | Maint of Overhead Lines-Veg Mgmt | Remove adjustments to 2014 recorded 2015 | 593 | 29,161 |
| 7 | | | | |
| 8 | Misc Distribution expenses | Remove Out-of-period costs | 594 | (187,195) |
| 9 | Customer Records & Collections Expense | Remove costs to reduce Billing Backlog | 903 | (34,465) Rebuttal |
| 10 | Customer Records & Collections Expense | Remove non-recurring data access charges from National Grid | 903 | (7,500) |
| 11 | Audit adjustment | Remove non-recurring expense | 920 | (54,000) |
| 12 | Remove Employee relocation costs | Remove Employee relocation costs | 921 | (4,020) |
| 13 | Admin Exp Transferred-Cr | Remove adjustments to 2014 recorded 2015 | 921 | (1,172) |
| 14 | Audit adjustment | Remove mileage expenses | 921 | (925) |
| 15 | Audit adjustment | Update | 921 | 500 Rebuttal |
| 16 | Other Known and Measurable Changes | | | <u>(72,670)</u> |
| 17 | | | | |

RR-5 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Rate Base**
RR **Balances at Dec. 31, 2015**

| Schedule RR-5 | | | | | | |
|----------------|----------------------------------|---|---------------|-----------------------|---------------------|------------------------|
| Line | Description | Balance Historic Year Ended Dec. 31, 2015 | Ref. | Description | Adjustments | Pro Forma Rate Base |
| <i>Source:</i> | | <i>RR-5-1</i> | | | | |
| 1 | Utility plant in service | | | | | |
| 2 | Utility plant | 186,282,810 | RR-5-4 | In service Not | 4,775,486 | 191,058,296 |
| 3 | Depreciation reserve | (67,533,652) | RR-5-4 | classified; Remove IT | 1,354,410 | (66,179,242) |
| 4 | Net Utility plant | 118,749,158 | | | 6,129,896 | 124,879,054 |
| 5 | | | | | | |
| 6 | Materials and Supplies | 1,605,519 | RR-5-1 | 5 quarter avg | 133,576 | 1,739,095 |
| 7 | Prepayments | 1,188,847 | RR-5-1 | 5 quarter avg | (432,522) | 756,325 |
| 8 | Cash Working Capital | | RR-5-3 | 33.10 days | 3,899,389 | 3,899,389 |
| 9 | Plant in service, Not classified | 10,947,581 | | Included on line 2 | (10,947,581) | 0 |
| 10 | ARO | 21,000 | | Remove | (21,000) | 0 |
| 11 | Accumulated Deferred FIT | (3,623,355) | RR-5-5 | Computed | (30,067,227) | (33,690,583) |
| 12 | Customer deposits | (777,252) | RR-5-1 | 5 quarter avg | 6,378 | (770,874) |
| 13 | Other Rate Base items | 9,362,340 | | | (37,428,987) | (28,066,647) |
| 14 | Rate Base | 128,111,498 | | | (31,299,091) | 96,812,407 |
| 15 | | <i>128,111,498</i> | | | | <i>96,812,407</i> |
| 16 | | | | | | |
| 17 | | | | | | |

RR-5-3 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Cash Working Capital**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-5-3

| Line | Description | Reference | Pro Forma Test Year With Known and Measurable | | | |
|------|--|----------------------|---|---------------------|--------------|--------------|
| 1 | Distribution, before adjustments | Schedule RR-2 | 30,638,191 | | | |
| 2 | Depreciation expense | Schedule RR-2 | (6,773,256) | Rebuttal | | |
| 3 | Adjustments, before income tax | Schedule RR-2 | 329,454 | | | |
| 4 | Adjustment for income tax | Schedule RR-2 | (286,577) | Rebuttal | | |
| 5 | Transmission expenses | Schedule RR-2 | 19,084,348 | | | |
| 6 | | | 42,992,160 | | | |
| 7 | | | | | | |
| 8 | Cash Working Capital Required- 33.10 days | | 9.07% | Rebuttal | 33.10 | 9.07% |
| 9 | Cash Working Capital Required | | 3,899,389 | Updated TS 11/18/16 | 26.82 | 7.35% |
| 10 | | | | Filed | 27.50 | 7.53% |

Received: January 6, 2017
Request Number: GSEC 1-47

Date of Response: January 20, 2017
Witness: Jim Cunningham

Request:

Reference Bates 000008, lines 12 – 13 and Bates 000024. Please confirm that the amount on line 13 should be \$2,027.50 and not \$2,047.

Response:

Yes. My testimony should have reflected \$2,027.50 (not \$2,047.00).

Received: January 6, 2017
Request Number: GSEC 1-51

Date of Response: January 20, 2017
Witness: Jim Cunningham

Request:

Reference Bates 000025-000026, which is the Company's response to Staff 9-12. Do you agree that the Company removed from the revenue requirement the capitalized portion of the Liberty Acquisition Adjustment, which was included in Account 922 and shown in that response as 'Capitalized Portion of additional Pension Amortization', in the amount of \$961,547? If not, please explain in detail why not.

Response:

With respect to the 2016 rate year in the Updated Filing, the revenue requirement for the Liberty Acquisition Adjustment is \$2,056,720 (ref. RevReq-3-03, line 38). The Updated Filing clearly shows that the amount is not reduced by capital charges; thus, I do not agree that the Company removed from the revenue requirement the capitalized portion of the Liberty Acquisition Adjustment.

With respect to account 922 for the 2015 test year, I have not analyzed this entire account as part of my testimony. However, based on Staff 9-12, a portion of this account (i.e., \$961,547) pertains to the Capitalized Portion of Additional Pension Amortization. Accordingly, my testimony removes this amount from the revenue requirement for the 2015 test year. With respect to account 922 in the 2016 rate year, my testimony removes a similar amount (i.e., \$689,001) from revenue requirements (ref. Staff Testimony, Schedule JJC-3).

Distribution Service Rate Case
GSEC Set 1 Information Requests

Received: January 6, 2017
Request Number: GSEC 1-49

Date of Response: January 20, 2017
Witness: Jim Cunningham

Request:

Reference Bates 000009, line 15 through Bates 000010, line 8 and Bates 000027.

- a. Please identify the items on each of the lines on the document that is included on Bates 000027.
- b. Please refer to your testimony in Docket No. DE 13-063.
 - i. Please identify the amount of annual amortization you recommended for the NEES Acquisition Credit in that proceeding.
 - ii. To your knowledge, was your recommended annual amortization amount included in the calculation of the revenue requirement that was part of the settlement agreement in that proceeding?
 - iii. Please point to anywhere in that testimony where you recommended a stepped amortization of the NEES Acquisition Credit.
 - iv. Does the Company's unadjusted test year in this case include annual amortization of the NEES acquisition credit in an amount equal to the amount you recommended in DE 13-063?

Response:

- a. Please see Attachment Staff 1-49 which identifies each of the line items for the NEES Acquisition Credit on Bates 000027. Because this document has a large number of columns, the attachment is truncated to make it readable. The amount on the first line on Bates 000027 (i.e., \$1,003,115) is identified as "Non-union FAS 106-Net Transition". The other amounts can be similarly identified.
- b. With respect to my testimony in the previous docket, DE 13-063:
 - i. The amount of annual credit amortization I recommended in my testimony for the NEES Acquisition Credit amortization was credit \$355,353.
 - ii. The revenue requirement in the prior case was the result of a compromise and settlement; thus, the precise credit amount pertaining to the amortization of the NEES

Acquisition Credit was not specifically identified. However, to my knowledge, the settlement agreement did not change the number of months over which the NEES Acquisition Credit was scheduled for amortization. Therefore, I'm using the same amortization schedule in the instant case.

- iii. In the prior case, the data that the Company provided was "fiscal year" data – i.e., April – Mar time period. I converted the FY data to "calendar year" data in order to be in alignment with the filing which was prepared on a CY basis. In this instant docket, my recommended amount is developed in the same manner – i.e., a portion of the FY 2016 data (Jan-Mar 2016) and a portion of FY 2017 data (Apr-Dec 2016) is combined to develop the CY 2016 amount (i.e., Jan-Dec 2016).
- iv. My testimony does not reconcile the amount in the 2015 test year; however, if I had calculated the 2015 test year amount, I would have used the amortization schedule that was used in DE 13-063 since, to my knowledge, that schedule was reflected in the DE 13-063 Settlement Agreement.

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

Docket No. DE 16-383

Docket No. DE 16-383

Distribution Service Rate Case

Attachment SEM/HSG-5-Rebuttal

GSEC Set 1 Information Requests

Received: January 6, 2017
Request Number: GSEC 1-42

Date of Response: January 20, 2017
Witness: Richard Chagnon

Request:

Reference Bates 000004, line 16 through Bates 000005, line 2. Please provide the stand-alone impact on cash working capital of including \$5,766,507 of depreciation expense at zero lead/lag days.

Response:

Zero.

Received: January 6, 2017
Request Number: GSEC 1-90

Date of Response: January 20, 2017
Witness: Donna H. Mullinax

Request:

Reference Bates 000014.

- a. Does Ms. Mullinax agree that the Company gives an interest credit on the balance in the Storm Fund, as shown on Exhibit RR-3-07?

Response:

Yes.

- b. Ms. Mullinax agrees that an average amount of storm costs should be in the revenue requirement but claims “the Company did not address the issue that it will pay for these storm repair costs with funds it has already received through the ratepayers’ annual funding of the Storm costs. The Company has a balance established with ratepayer funds to pay for any costs associated with storm repairs.” Does Ms. Mullinax agree that the interest credit on the Storm Fund balance does address this issue, and therefore the Company should include the Storm Fund expense amount in the CWC? If not, please explain in detail why not.

Response:

The payment of interest on the balance in the Storm Funds does not change Staff’s position that the storm cost accrual should not be included in cash working capital. The costs incurred for storm costs are reimbursed through the ratepayer provided Storm Fund and are not funded through the Company’s internal cash resources.

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

Docket No. DE 16-383

Docket No. DE 16-383

Distribution Service Rate Case

Attachment SEM/HSG-7-Rebuttal

GSEC Set 1 Information Requests

Received: January 6, 2017
Request Number: GSEC 1-96

Date of Response: January 20, 2017
Witness: Donna H. Mullinax

Request:

Reference Bates 000022. Please identify any Commission order, rule, or state law that precludes the recovery of the cost of employee appreciation luncheons.

Response:

Staff is not aware of any Commission order, rule, or state law that precludes the recovery of the cost of employee appreciation luncheons.

Received: January 6, 2017
Request Number: GSEC 1-99

Date of Response: January 20, 2017
Witness: Donna H. Mullinax

Request:

Reference Bates 000033 and Bates 000035. Does Ms. Mullinax agree that terminating employees for unsatisfactory job performance, making desirable leadership changes, and terminating misbehaving and underperforming employees are in the interest of customers? If not, please explain in detail why not.

Response:

Yes. Staff's recommendation is that those costs not be included in future rates as these expenses are either non-recurring or incurred due to insufficient supervision.

Received: January 6, 2017
Request Number: GSEC 1-97

Date of Response: January 20, 2017
Witness: Donna H. Mullinax

Request:

Reference Bates 000025, lines 1 - 8. Please provide Ms. Mullinax's understanding of what comprises the \$16.7 million referenced payroll amount. Please also provide Ms. Mullinax's knowledge at the time the testimony was written of the questions asked by the Audit Staff to attempt to verify the \$16.7 million amount.

Response:

Mrs. Mullinax reviewed the Commission Audit report dated November 14, 2016 and the Company's response. The audit conclusion for Audit Issue #15 Payroll Registers-Revised stated, "Audit reiterates that the payroll amount of \$16,671,979 noted in filing Schedule RR-03-1 could not be verified." Mrs. Mullinax has no separate knowledge of the questions asked by the Audit Staff to attempt to verify the \$16.7 million.