

#	Source	Schedule Changed	Description	Adjustment Amount- Revenue and Expenses	Adjustment Amount- Rate Base	Change in Revenue Increase	Revenue Increase
			Original Filing				5,328,583
1	Staff 8-7	RR-3-03	Correct the Amortization of Pension Debit on Acquisition	42,585		42,971	5,371,554
2	Staff 10-14	RR-3-04	For Historic Year Insurance Expense, add amounts recorded in to Account 925 to the Account 924 expense	(685,417)		(691,622)	4,679,932
3	Staff 9-13	RR-3-04	Remove Workers Comp expense on RR 3-03 because it was already included on RR3-04.	(130,848)		(132,033)	4,547,899
4	Staff 12-10	RR-3-05	Historic Year 2015 Contractor expense is updated to correct amount	(20,626)		(20,813)	4,527,086
5	Staff 9-11	RR-3-03	The portion of Historic Year benefits costs capitalized was double-counted. It was computed on RR 3-03 and removed from expense, while also being part of the Credit balance in Account 922. This adjustment adds back the amount from Account 922.	1,078,098		1,087,859	5,614,945
6	Staff 10-28	RR-5-5	This adjustment corrects RR 5-5 to use the final 12/31/2015 book balance for ADIT applicable to Plant in service.		(664,742)	(79,928)	5,535,017
7	OCA 1-12	RR-5	Accumulated depreciation was corrected to include balances for Excess Accumulated Depreciation and Accumulated Amortization, which had been excluded inadvertently.		(191,142)	(22,983)	5,512,034
8	Staff 3-53	RR-5-3	Correct Lead / lag days from 27.50 days (7.53%) to 26.82 days (7.35%)		Lead / Lag	(10,774)	5,501,260
9	Staff 8-25	RR-3-10	Original filing used actual Historic Year for costs allocated from Algonquin / Liberty. This adjustment reflects 2016 actual for January-October and forecast for the rest of 2016.	(129,592)		(130,737)	5,370,523
10	Staff 9-5	RR-3-03	Adjust Pension and OPEB costs to reflect the August 2016 updates. The overall Pension change for each company was applied to the employees of that company; the overall OPEB change for each company also was applied to the employees of that company;	200,786		142,444	5,512,967
11	Staff 8-20	RR-3-02	Removes Social Security tax on the portion of 2016 salaries over the 2016 limit, that exceeds the portion of 2015 salaries over the 2015 limit.	(2,897)		(2,923)	5,510,044

#	Source	Schedule Changed	Description	Adjustment Amount- Revenue and Expenses	Adjustment Amount- Rate Base	Change in Revenue Increase	Revenue Increase
12	Staff 10-1 Staff 10-3 Staff 6-26	RR-3-01	Reflects new positions filled / to be filled in 2016, positions eliminated and changes in time charged to GS. Changes are computed as of 1/1/2016, to reflect run-rate costs. Also corrects computation on RR 3-03.	0		194,342	5,704,386
13	Audit	RR-3-06 RR-3-04	Audit adjustments- Expense	(60,739)		(61,067)	5,643,319
14	Audit	RR-3-08	Audit adjustments- Plant account reclass	Reclass		(10,526)	5,632,793
15	Staff 8-25	RR-3-10	Rent on Londonderry facility will be same as Historic Year.	52,053		52,513	5,685,306
16	Staff 3-34	RR-2-1	Adjust Accounts 365 / 368 to reflect FERC Form 1 balances 12/31/2015		(24,899)	0	5,685,306
Net Change in Revenue Requirement						<u>356,723</u>	

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

Index to Revenue Requirements Schedules

04/29/2016

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6	Summary of Adjustments	Schedule RR-3
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15	Historic and Projected ADIT on Acquisition Date Assets	Schedule RR-5-7
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18		
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20	Adjustment 01- Payroll Expense	Schedule RR-3-01
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22	Adjustment 03- Pension and Benefits Expense	Schedule RR-3-03
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24	Adjustment 05- Contract Labor Costs	Schedule RR-3-05
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28	Adjustment 09- Depreciation Reserve Deficiency Amortization	Schedule RR-3-09
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30	Adjustment 11- Property Taxes	Schedule RR-3-11
31	Adjustment 12- Concord Training Center	Schedule RR-3-12
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33	Adjustment 14- Adjustments to Normalize Distribution Revenue	Schedule RR-3-14
34	Adjustment 15- Income Tax Expense- Test Year Actual	Schedule RR-3-15
35		
36	Step Adjustment- 2016 Capital Budget	Schedule RR-Step

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
1	Rate Base	Schedule RR-5	96,585,330
2			
3	Target Rate of Return on Rate Base	Schedule RR-6	<u>8.3100%</u>
4			
5	Operating income requirement	Line 1 X Line 3	8,026,241
6			
7	Operating income at present rates	Schedule RR-2	<u>4,592,885</u>
8			
9	Operating income deficiency	Line 5 - Line 7	3,433,356
10			
11	Gross-up Factor for Income tax	Line 21	<u>1.6559</u>
12			
13	Revenue deficiency	Line 9 X Line 11	<u><u>5,685,306</u></u>
14			
15	Increase in Income tax expense	Line 13 X Line 9	2,251,950
16			
17	<u>Gross-up factor for Income Taxes</u>		
18	Federal income tax rate		34.00%
19	New Hampshire state income tax rate		8.50%
20	Combined income tax rate	Line 18 + Line - (Line 18 X Line 19)	39.61%
21	Total Gross-up Factor	1 / (1 - Line 20)	1.6559

RR-1-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Components of Revenue Deficiency**
RR **Present Case Compared to Prior Case**

Schedule RR-1-1

Tax Gross-up
1.6559

Line	Description	Present Case	DE 13-063	Difference	Revenue Requirement Effect
1	Intangible Plant	2,106,648	24,808	2,081,839	
2	Land and land rights	360 1,647,193	1,627,441	19,752	
3	Structures and improvements	361 1,951,256	369,982	1,581,274	
4	Station equipment	362 20,196,455	17,362,914	2,833,541	
5	Poles, towers and fixtures	364 34,318,797	25,627,618	8,691,179	
6	Overhead conductors, devices	365 46,108,011	34,849,460	11,258,551	
7	Underground conduit	366 5,987,416	4,577,090	1,410,326	
8	Underground conductors, device	367 11,449,006	9,726,252	1,722,753	
9	Line transformers	368 20,767,405	16,659,915	4,107,490	
10	Services	369 9,233,479	7,552,255	1,681,224	
11	Meters	370 4,666,193	4,558,214	107,979	
12	Leased Prop on Customers' Prem	372 1,163,798	1,170,298	(6,500)	
13	Street lighting, signal system	373 4,720,493	4,225,154	495,339	
14	In Service not classified	10,947,581	5,121,716	5,825,865	
15	General plant	15,794,566	5,939,716	9,854,850	
16	Included in Step in DE 13-063		0	0	
17	Plant in service	191,058,296	139,392,833	51,665,463	
18	Accumulated Depreciation	(66,179,242)	(55,560,458)	(10,618,784)	
19	ADIT	(33,690,583)	(21,166,812)	(12,523,771)	
20	Other rate base, net	5,396,859	5,403,927	(7,068)	
21	Rate base	96,585,330	68,069,490	28,515,840	
22	Return at DE 13-063 WACC	7.93%	7.93%		
23	Target return	7,659,217	5,397,911	2,261,306	3,744,504
24	Depreciation expense	5,756,073	3,678,440	2,077,634	3,440,360
25	Due to Capital spending- Rate base, Return, Depreciation			4,338,940	7,184,865
26					
27	Target rate of return on rate base	8.31%	7.93%	0.38%	
28	Rate base			96,585,330	
29	Due to Rate of Return on Rate base			367,024	607,757
30					
31	Property tax expense	4,414,278	3,512,216	902,062	1,493,727
32	All other Distribution expenses	20,533,609	21,559,894	(1,026,285)	(1,699,429)
33	(Revenue) at present rates	(35,296,845)	(34,148,461)	(1,148,384)	(1,901,613)
34	Due to Revenue and Expenses	(10,348,958)	(9,076,350)	(1,272,608)	(2,107,316)
35	Total Revenue Deficiency			<i>Sum lines 25, 29, 34</i>	5,685,306

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

Line	Account	Source		RR-2-1	RR-3	RR-1		From FERC Form 1		
		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	5,685,306	39,787,382	59,926,354	45,813,097
3	Commodity	53,571,120	(53,571,120)	0	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	5,685,306	40,982,151	113,626,525	85,757,252
6										
7	Operating Expenses									
8	Purchased Power	47,204,775	(47,204,775)	0	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	(253,638)	3,406,586		3,406,586	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	1,181,545	8,314,229		8,314,229	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	(297,649)	1,335,152	2,251,950	3,587,102	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	65,770	30,703,960	2,251,950	32,955,910	105,475,803	83,383,801
19										
20	Net operating income (loss)	4,553,883	(90,687)	4,463,196	129,688	4,592,885	3,433,356	8,026,241	8,150,722	2,373,451
21										
22	Rate Base			96,585,330		96,585,330		96,585,330		
23										
24	Rate of Return on Rate Base			4.62%		4.76%		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

Line	Account	Source Acct. No.	RR-2-2		RR-3	At Current Rates		
			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	<i>Total Intangible Plant</i>		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	Staff 3-34 (105,849)
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	Staff 3-34 80,950
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	<i>Total Distribution Plant</i>		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	<i>Total General / Common Plant</i>		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	<i>(A) Distribution of In service not classified</i>							
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	<i>Total Accum. Depr. & Amort.</i>		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

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

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

Line	Account	Source Acct. No.	<u>RR-2-2</u>		<u>RR-3</u>	<u>At Current Rates</u>	
			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	<i>Total Distribution O&M</i>		<u>7,047,479</u>	<u>0</u>	<u>7,047,479</u>	<u>177,208</u>	<u>7,224,687</u>
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	(266,637)	2,128,096
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	<i>Total Customer Accounting</i>		<u>3,660,224</u>	<u>0</u>	<u>3,660,224</u>	<u>(253,638)</u>	<u>3,406,586</u>
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	<i>Total Customer Service & Info.</i>		<u>254,232</u>	<u>0</u>	<u>254,232</u>	<u>7,291</u>	<u>261,522</u>
87	<i>Total Customer Accounts</i>		<u>3,914,456</u>	<u>0</u>	<u>3,914,456</u>	<u>(246,348)</u>	<u>3,668,108</u>
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	(34,617)	515,834
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

Line	Account	Source	Acct. No.	RR-2-2		RR-3	At Current Rates	
				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	<i>Total Administrative & General</i>			7,132,684	0	7,132,684	1,181,545	8,314,229
103	<i>Total O&M Expense</i>			84,383,742	(66,322,218)	18,061,523	1,112,405	19,173,929
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	<i>Total Depreciation Expense</i>			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	<i>Total General taxes</i>			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	(469,996)	1,048,639
119	SIT Expense			114,167		114,167	172,347	286,513
120	<i>Total Income Tax</i>			1,632,801	0	1,632,801	(297,649)	1,335,152
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

Line	Account	Source	Acct. No.	<u>RR-2-2</u>			<u>RR-3</u>	<u>At Current Rates</u>
				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	65,770	30,703,960
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	129,688	4,592,885
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-2-2 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Flow Through Items**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-2-2		Expenses	Expenses	Revenue	Revenue	Revenue		Revenue
		Debit (Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)	
Line	Description	Purchased Power Costs	Electric Wheeling Costs	Distribution Revenue	Energy Revenue	Provision for Refunds	Net Income	Total
1	Balance in TB	47,204,775	19,117,443	(59,758,041)	(53,571,120)	13,192,402		100,136,759
2								
3	<u>Reclass Provision for Refunds:</u>							
4	Commodity o/u	1,518,741				(1,518,741)	0	1,518,741
5	Commodity unbilled	(2,095,593)				2,095,593	0	(2,095,593)
6	Prior year reversal	4,943,771				(4,943,771)	0	4,943,771
7	REC revenue	1,576,987				(1,576,987)	0	1,576,987
8	Working Capital- Commodity				121,354	(121,354)	0	0
9	Bad Debts- Commodity				446,908	(446,908)	0	0
10	Transmission o/u		7,020,897			(7,020,897)	0	7,020,897
11							0	0
12	Eliminate Commodity-related	(53,148,681)			53,002,858		145,822	(53,002,858)
13	Eliminate Transmission-related		(26,138,341)	26,105,245			33,096	(26,105,245)
14	Remove out-of-period amounts (2012-14)					497	(497)	(497)
15	Remove out-of-period amounts (2015)			(71,058)		71,058	0	0
16	Eliminate Step adjustment from DE 13-063					269,108	(269,108)	(269,108)
17	Total adjustments	(47,204,775)	(19,117,443)	26,034,187	53,571,120	(13,192,402)	(90,687)	(66,412,905)
18	<i>Posted to RR-2-1</i>	<i>Line 43</i>	<i>Line 46</i>	<i>Line 127</i>	<i>Line 128</i>	<i>Line 129</i>		
19	Adjusted balance	0	0	(33,723,854)	0	0	(90,687)	33,723,854
20	Street Lighting revenue over-accrued							(71,554)
21	Adjustment to Normalize Revenue							449,776
22	Distribution revenue in Revenue requirement							34,102,076

RR-3 Granite State Electric) Corp. d/b/a Liberty Utilities		Adjustment 01	Adjustment 02	Adjustment 03	Adjustment 04	Adjustment 05	Adjustment 06	Adjustment 07	Adjustment 08
Final Summary of Adjustments									
RR To Historic Year Ended Dec. 31, 2015	(129,688)	330,212	29,677	1,380,083	(211,357)	(416,847)	(38,705)	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		Adjustment 01	Adjustment 02	Adjustment 03	Adjustment 04	Adjustment 05	Adjustment 06	Adjustment 07	Adjustment 08
Final Summary of Adjustments									
RR To Historic Year Ended Dec. 31, 2015	(129,688)	330,212	29,677	1,380,083	(211,357)	(416,847)	(38,705)	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	(266,637)	53,471				(312,607)	(7,500)		
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>		<u>(253,638)</u>	<u>66,469</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(312,607)</u>	<u>(7,500)</u>	<u>0</u>	<u>0</u>
39											
40	Customer Service & Informatic										
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>		<u>7,291</u>	<u>7,291</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
45	<i>Total Customer Accounts</i>		<u>(246,348)</u>	<u>73,760</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(312,607)</u>	<u>(7,500)</u>	<u>0</u>	<u>0</u>
46											
47	Administrative & General										
48	A&G-Salaries	920	886,431	86,169				(53,753)	(54,000)		
49	A&G-Office Supplies	921	(34,617)	0				(28,500)	(6,117)		
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>		<u>1,181,545</u>	<u>86,169</u>	<u>0</u>	<u>1,380,083</u>	<u>(211,357)</u>	<u>(82,253)</u>	<u>(60,117)</u>	<u>0</u>	<u>0</u>
61	<i>Total O&M Expense</i>		<u>1,112,405</u>	<u>330,212</u>	<u>0</u>	<u>1,380,083</u>	<u>(211,357)</u>	<u>(416,847)</u>	<u>(38,705)</u>	<u>0</u>	<u>0</u>
62											

RR-3 Granite State Electric) Corp. d/b/a Liberty Utilities		Adjustment 01	Adjustment 02	Adjustment 03	Adjustment 04	Adjustment 05	Adjustment 06	Adjustment 07	Adjustment 08
Final Summary of Adjustments									
RR To Historic Year Ended Dec. 31, 2015	(129,688)	330,212	29,677	1,380,083	(211,357)	(416,847)	(38,705)	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		(469,996)								
77	SIT Expense		172,347								
78	Total Income Tax		<u>(297,649)</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>65,770</u>	<u>330,212</u>	<u>29,677</u>	<u>1,380,083</u>	<u>(211,357)</u>	<u>(416,847)</u>	<u>(38,705)</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>129,688</u>	<u>(330,212)</u>	<u>(29,677)</u>	<u>(1,380,083)</u>	<u>211,357</u>	<u>416,847</u>	<u>38,705</u>	<u>0</u>	<u>1,017,182</u>

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)	(297,649)	
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 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)	(297,649)	
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 & Informatic							
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	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)	(297,649)	
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	<i>Total Depreciation Expense</i>		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						(469,996)	1,518,635	
77	SIT Expense						172,347	114,167	
78	Total Income Tax		0	0	0	0	(297,649)	1,632,801	
79									
80	Interest on Customer Deposits							24,528	
81									
82	Total Expenses		(77,539)	238,518	146,559	0	0	(297,649)	120,734,740
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	101,514,292
94									
95	Net operating income (loss)		77,539	(238,518)	(146,559)	(182,764)	378,222	297,649	(19,220,448)

RR-3-01 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Final Adjustments to Test Year

AD Adjustment 01

Payroll Expense

Schedule RR-3-01

Line	Description	Operations- Union	Operations- NonUnion	Billing- Union	Billing- NonUnion	Gas- Union and Gas- Non-Union	A&G- NonUnion	Total
1	Labor Complement at 12/31/15							
2	Number of employees	30	48	50	19	6	54	207
3	Salary- 2015	2,719,662	4,386,625	1,932,029	1,508,643	578,846	5,281,197	16,407,003
4	Salary, OT, Incentive to GS Operations- 2016	1,468,627	1,487,497	1,123,892	685,012	41,986	1,974,626	6,781,640
5								
6	Salary- 2016	2,772,095	4,423,907	1,968,112	1,460,086	594,425	5,027,770	16,246,395
7	Salary, OT, Incentive- 2016	3,542,545	5,014,889	2,306,494	1,634,506	709,514	5,654,431	18,862,378
8								
9	Salary, OT, Incentive to GS- 2016	3,542,305	2,806,646	1,190,224	626,972	73,466	2,175,474	10,415,088
10	Amount Capitalized	(2,045,248)	(1,282,322)	(45,099)	(24,773)	(30,228)	(282,244)	(3,709,913)
11	Salary, OT, Incentive to GS Operations- 2016	1,497,058	1,524,324	1,145,126	602,198	43,238	1,893,231	6,705,174
12								
13	% Capitalized- 2015	57.7%	45.7%	3.8%	4.0%	41.1%	13.0%	35.6%
14	Salary, OT, Incentive to GS Operations / Salary- 2016	0.540	0.345	0.582	0.412	0.073	0.377	0.413
15								
16	New Hires For 2016							
17	Number of employees	0	6	0	19	0	0	25
18	Salary- 2016	0	710,700	0	827,046	0	0	1,537,746
19								
20	Salary, OT, Incentive to GS- 2016	0	450,887	0	355,140	0	0	806,027
21	Amount Capitalized	0	(206,005)	0	(14,033)	0	0	(220,037)
22	Salary, OT, Incentive to GS Operations- 2016	0	244,882	0	341,107	0	0	585,990
23								
24	All Employees During 2016							
25	Number of employees	30	54	50	38	6	54	232
26	Salary	2,772,095	5,134,607	1,968,112	2,287,133	594,425	5,027,770	17,784,141
27								
28	Salary, OT, Incentive to GS	3,542,305	3,257,533	1,190,224	982,111	73,466	2,175,474	11,221,114
29	Amount Capitalized	(2,045,248)	(1,488,327)	(45,099)	(38,806)	(30,228)	(282,244)	(3,929,951)
30	Total Salary, OT, Incentive to GS Operations- 2016	1,497,058	1,769,206	1,145,126	943,305	43,238	1,893,231	7,291,164
31	Salary charged to Operations in 2015							6,960,952
32	Increase Due to Known and Measurable						<i>To RR-3</i>	330,212

RR-3-02 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 02**

Payroll Taxes

Schedule RR-3-02

Line	Description	Ref.	Amount
1	Actual 2015		
2	Salary charged to Operations	RR-3-01 Ln 31	6,960,952
3	Payroll Tax Expense	RR-2-1 Ln 113	686,672
4	% of Applicable Salary	Line 3 / Line 2	9.9%
5			
6	Pro Forma		
7	Salary charged to Operations- Labor complement at 12/31/2015	RR-3-01 Ln 11	6,705,174
8	Salary charged to Operations- New Hires	RR-3-01 Ln 11	585,990
9			<u>7,291,164</u>
10	Payroll Taxes to O&M	Line 4 X Line 9	719,247
11	Increase in payroll over Soc Sec limit	72,579	
12	Social Security rate	6.2%	(4,500)
13	Portion capitalized	35.6%	1,603
14	Payroll Taxes to O&M, adjusted		<u>716,350</u>
15	Test Year Expense- Account 408.4	Line 3	686,672
16	Increase Due to Known and Measurable	<i>To RR-3</i>	29,677

18 Note:

19 This adjustment aligns Payroll taxes with the Labor costs reflected on RR-3-01

RR-3-03 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Final Adjustments to Test Year
AD Adjustment 03
Pension and Benefits Expense
Schedule RR-3-03

Pro Forma Incurred for 2015											
Line	Description	Ref.	Operations- Union	Operations- NonUnion	Billing- Union	Billing- NonUnion	Gas- Union and Gas- Non-Union	A&G- NonUnion	Total	Capitalized	To Operations
1	Portion Capitalized	RR-3-01 Ln 13	57.7%	45.7%	3.8%	4.0%	41.1%	13.0%	35.6%		
2											
3	Labor Complement at 12/31/2015										
4	Salary, OT, Incentive to GS- 2016	RR-3-01 Ln 9	3,542,305	2,806,646	1,190,224	626,972	73,466	2,175,474	10,415,088	3,709,913	6,705,174
5											
6	Pension to GS		317,924	192,846	105,198	35,077	1,257	127,434	779,735	274,094	505,640
7	OPEB to GS		194,575	70,477	59,018	6,396	4,070	51,191	385,728	140,463	245,265
8	401K to GS		143,269	100,584	40,084	23,885	509	78,034	386,364	140,295	246,069
9	Workers Compensation to GS		86,206	14,350	18,541	2,235	1,868	7,584	130,784	56,873	73,911
10	<i>Salary-related Benefits</i>		<u>741,974</u>	<u>378,257</u>	<u>222,841</u>	<u>67,592</u>	<u>7,704</u>	<u>264,243</u>	<u>1,682,611</u>	<u>611,725</u>	<u>1,070,886</u>
11	Pension/OPEB / 401K % Salary paid	(Sum Lns 6-8)/ Ln 4	18.5%	13.0%	17.2%	10.4%	7.9%	11.8%	14.900%	15.0%	14.869%
12	WC % Salary, OT, Incent to GS	Ln 9 / Ln 4	2.4%	0.5%	1.6%	0.4%	2.5%	0.3%	1.3%	1.5%	1.1%
13											
14	Medical to GS		382,052	294,675	235,169	64,578	7,644	236,608	1,220,726	401,210	819,516
15	Other Health Care to GS		74,164	58,460	49,533	13,147	1,222	46,708	243,234	76,478	166,755
16	<i>Per FTE-related Benefits</i>		<u>456,216</u>	<u>353,135</u>	<u>284,702</u>	<u>77,725</u>	<u>8,867</u>	<u>283,316</u>	<u>1,463,960</u>	<u>477,689</u>	<u>986,271</u>
17	FTE Employees	RR-3-01 Ln 2	30	48	50	19	6	54	207	207	207
18	Medical Per FTE	Ln 14 / Ln 17	12,735	6,139	4,703	3,399	1,274	4,382	5,897	1,938	3,959
19	Other Health Care Per FTE	Ln 15 / Ln 17	2,472	1,218	991	692	204	865	1,175	369	806
20											
21	New Hires in 2016										
22	Salary, OT, Incentive to GS- 2016	RR-3-01 Ln 20	0	450,887	0	355,140	0	0	806,027	220,037	585,990
23											
24	Pension/ OPEB / 401K	Ln 11 X Ln 22	0	58,462	0	37,021	0	0	95,482	28,173	67,309
25	Workers Compensation	Ln 12 X Ln 22	0	2,305	0	1,266	0	0	3,571	1,103	2,468
26	<i>Salary-related Benefits</i>		<u>0</u>	<u>60,767</u>	<u>0</u>	<u>38,287</u>	<u>0</u>	<u>0</u>	<u>99,054</u>	<u>29,277</u>	<u>69,777</u>
27											
28	FTE Employees	RR-3-01 Ln 17	0	6	0	19	0	0	25		
29											
30	Medical	Ln 18 X Ln 28	0	36,834	0	64,578	0	0	101,412	19,381	82,032
31	Other Health Care	Ln 19 X Ln 28	0	7,308	0	13,147	0	0	20,455	3,858	16,597
32	<i>Per FTE-related Benefits</i>		<u>0</u>	<u>44,142</u>	<u>0</u>	<u>77,725</u>	<u>0</u>	<u>0</u>	<u>121,867</u>	<u>23,239</u>	<u>98,628</u>
33											

RR-3-03 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Final Adjustments to Test Year
AD Adjustment 03
Pension and Benefits Expense
Schedule RR-3-03

Pro Forma Incurred for 2015											
Line	Description	Ref.	Operations- Union	Operations- NonUnion	Billing- Union	Billing- NonUnion	Gas- Union and Gas- Non-Union	A&G- NonUnion	Total	Capitalized	To Operations
34	Pension and Benefits- Active Employees	Sum Lns 10, 16, 26, 32	1,198,189	836,301	507,543	261,330	16,571	547,559	3,367,492	1,141,929	2,225,563
35	Inactive employees- FAS 112										53,839
36	Inactive employees- Pension and OPEB			Pension	(131,100)	OPEB		155,725			24,625
37	Deferred items to Pension / OPEB expens	NEES Acquisition Credit		Expires in 2016							None
38		Liberty Acquisition Debit		Amount	21,636,697	Years		10.52	Annual expense		2,056,720
39	Rate Year Expense- Account 926										4,360,746
	Test Year Expense, Account 926								RR-2-1	4,058,761	
40	Net of Capitalized Benefits for 2015 Labor complement, included in Account 922								Staff 9-12a	(1,078,098)	2,980,663
41	Increase Due to Known and Measur To RR-3										1,380,083
42									Staff 9-12a		

43 Notes:

44 This adjustment aligns Pension and Benefits expense with the Labor costs reflected on RR-3-01

45 1) Lines 6-8, 14-15, 17 and 28 are costs incurred related to Labor complement at 12/31/2015

46 2) Pension, OPEB, 401K and Workers Compensation are related to salary; the % of applicable salary developed for Labor at 12/31/2015 (line 11) were applied to salary for New Hires (line 26).

47 3) Medical and Other health care are related to number of full-time employees; the cost per FTE developed for Labor at 12/31/2015 (line 19) were applied to FTE for New Hires (line 32).

48 4) Lines 37-38- Reflect amortization of Pension / OPEB adjustments at acquisition.

49 Balances are being amortized over 10.52 years from acquisition reflecting estimated service lives of the employees.

RR-3-04 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**
AD **Adjustment 04**
Property and Liability Insurance
Schedule RR-3-04

From RR-3-01 Line 13 35.62%

Line	Carrier	Policy # (Insurer)	Invoice Amount	Basis for Split	Granite State	Period Covered	GS Annual Premium	Capitalized	To Operations
1	Zurich	GLO 3792974-07	974,551	Revenue	\$115M revenue, 13.9335% of US total	12/01/2015-16	135,789		135,789
2	AIG	8842542	285,250	Revenue	Same as CGL	12/01/2015-16	39,745		39,745
3			24,612	Revenue	Same as CGL		3,429		3,429
4	AEGIS	XL5115703P	1,081,667	Revenue	Same as CGL	12/01/2015-16	150,714		150,714
5	EIM	253334-15GL	231,600	Revenue	Same as CGL	12/01/2015-16	32,270		32,270
6	AIG	CE 2424 0937	176,080	Revenue	Same as CGL	12/01/2015-16	24,534		24,534
7	Northbridge	CRX63245	62,408	Revenue	Same as CGL	12/01/2015-16	8,696		8,696
8	Ironhorse	C444670515	96,287	Revenue	Same as CGL	12/01/2015-16	13,416		13,416
9	Liberty Mutual	1000099093-03	84,697	Revenue	Same as CGL	12/01/2015-16	11,801		11,801
10	OIL Casualty	U920527-1215	78,162	Revenue	Same as CGL	12/15/2015-12/01/16	10,891		10,891
11	AIG	CE 2424 0938	67,340	Revenue	Same as CGL	12/15/2015-12/01/16	9,383		9,383
12		TLTOAA6XQ4001	16,677	Number of employees	154 employees, 14.02% of total	08/17/2015-08/17/2016	1,800	641	1,159
13		02-940-12-70	26,010	Number of employees	GSEC 154 employees, 14.02% of total	02/06/2015-02/06/2016	3,646	1,299	2,347
14		BAP0171285-00	558,781	Number of autos	61 autos, 6.56% of total	06/01/2015-06/01/2016	36,612	13,041	23,571
15		WC017128601	1,142,743	Risk-adjusted PR, with EN	12.2% of total PR, 21.4% of non-clerical PR	06/01/2015-06/01/2016	-	-	-
16		SU892	857,091	Insured value	\$47.5M insured assets, 6.38% of total	12/01/2015-12/01/2016	54,648		54,648
17		01850019	Coverage is in Property 4-factor ratio			7/3/12-12/1/12			
18			190,000		11.67%		16,940		16,940
19			<u>5,953,956</u>				<u>554,314</u>	<u>14,982</u>	<u>539,333</u>
20					Audit- Fiduc Liab	(581)			
21					Audit- Brok Fee	(5,233)	From RR-3-07 Line 3		1,500,000
22									2,039,333
23					Include insurance in Account 925	Staff 10-14	685,417		2,250,690
24							To RR-3		<u>(211,357)</u>

RR-3-05 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 05**

Contract Labor Costs

Schedule RR-3-05

				Staff 12-10		
Line	Description	Account	Charged to GSEC in 2015 (A)		To be Charged to GSEC in 2016	Known and Measurable Change
1	Supervision	580	287			(287)
2	OH Lines- Operations	583	2,863			(2,863)
3	Misc distribution expenses	588	13,753			(13,753)
4	OH Lines- Maintenance		5,084			(5,084)
5	Customer records & collection expenses	903	321,307	(B)	8,700	(312,607)
6	A&G Salaries	920	70,253	(C)	16,500	(53,753)
7	Outsided services	923	28,500			(28,500)
8	Total adjustment to expense		442,047		25,200	(416,847)
9						
10	<u>Charged to Balance Sheet</u>					
11	Construction WIP		101,935			
12	Stores		37,030			
13	Total charged to GSE in 2015		<u>581,012</u>			
14						

15 (A) Eliminate all costs

16 (B) 2 contractors for peak collection period (April-October). total costs \$29,000 30% to GSE = \$8,700. Continuing annual expense.

17 (C) 1 facility support resource, \$55,000 annually X 30% to GSE = \$16,500. Continuing annual expense.

18

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				
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	Other Known and Measurable Changes			(38,705)
16				

RR-3-07 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 07**

Major Storm Reserve Fund

Schedule RR-3-07

Line	Description	Amount					
1	Proposed in Base Rates	1,500,000					
2	Proposed in SRA	0					
3	Annual Storm Funding	1,500,000					
4	Storm costs in Test Year O&M	(1,500,000)					
5	Adjustment to Major Storm Reserve Fund	Account 924	0				
6							
7	Storm Fund Rollforward	Opening Balance	Collected-Base Rates	Collected-SRA	Storm Costs	Interest	Ending Balance
8	Balance 12/31/2011						6,722,965
9	Year 2012- From DE 13-196	6,722,965	(120,000)	(1,948,715)	2,046,499	207,541	6,908,290
10	Year 2013- From Storm Fund Report	6,908,290	(120,000)	(2,190,746)	402,200	200,847	5,200,591
11	Year 2014- From Storm Fund Report	5,200,591	(1,097,500)	(2,889,985)	483,254	118,012	1,814,372
12	Year 2015	1,814,372	(1,500,000)	(1,843,648)	119,216	3,731	(1,406,329)
13	Total Period	6,722,965	(2,837,500)	(8,873,094)	3,051,169	530,131	(1,406,329)
14	Balance in account 8830-2-0000-10-1930-1825						121,177
15	Balance in account 8830-2-0000-20-2142-2548						(1,527,505)
16	Storm Fund Balance per books at 12/31/2015						(1,406,329)
17					1.90%		
18	Storm Cost History	Date	Years to 12/31/2016	Nominal Cost	Inflate to 12/31/2016	Indexed Cost	
19	Ice Storm A 12/12/2008	12/12/2008	8.1	1,372,551	116.36%	1,597,156	
20	Windstorm 02/23-26/2010	02/26/2010	6.8	1,713,578	113.75%	1,949,185	
21	Halloween Snow 10/31/2011	10/31/2011	5.2	1,560,182	110.22%	1,719,603	
22	First Snow Storm 03/07/2011	03/07/2011	5.8	1,713,696	111.58%	1,912,110	
23	Hurricane Irene 08/20/2011	08/20/2011	5.4	993,267	110.63%	1,098,829	
24	Superstorm Sandy 10/29/2012	10/29/2012	4.2	1,628,452	108.17%	1,761,496	
25	Storms 2013	12/31/2013	3.0	402,200	105.81%	425,569	
26	Storms 2014	12/31/2014	2.0	483,254	103.84%	501,805	
27	Storms 2015	12/31/2015	1.0	119,216	101.90%	121,486	
28				<u>9,986,395</u>		<u>11,087,239</u>	
29	December 2016	12/31/2016					
30	Average Annual Major Storm Cost		8 years			1,385,905	
31							

RR-3-08 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Final Adjustments to Test Year
AD Adjustment 08
Depreciation Annualization and Rates
Schedule RR-3-08

Line	Account	Acct. No.	Balance Historic Year Ended Dec. 31, 2015	Rates		Annual Depreciation Expense			Accum Depr
				Current		Historic Year Ended Dec. 31, 2015	At Current Rates	Pro Forma Adjustment	Historic Year Ended Dec. 31, 2015
1	Intangible Assets								
2	Organization	301	24,808						
3	Other Intangible assets	303	8,253,934	20.00%	1,650,787	1,650,787	0	2,357,933	
4	<i>Total Intangible Assets</i>		8,278,743		1,650,787	1,650,787	0	2,357,933	
5									
6	Distribution Plant								
7	Land and land rights	360	1,647,193						
8	Structures and improvements	361	1,951,256	2.56%	55,696	49,952	(5,744)	332,535	
9	Station equipment	362	20,196,455	2.80%	531,760	565,501	33,741	7,692,975	
10	Poles, towers and fixtures	364	34,318,797	3.25%	1,091,491	1,115,361	23,870	20,415,018	
11	Overhead conductors, devices	365	46,108,011	3.19%	1,738,539	1,470,846	(267,693)	15,077,753	
12	Underground conduit	366	5,987,416	2.00%	129,166	119,748	(9,418)	1,187,041	
13	Underground conductors, device	367	11,449,006	3.17%	347,931	362,933	15,002	3,424,865	
14	Line transformers	368	20,767,405	3.51%	683,858	728,936	45,078	11,739,137	
15	Services	369	9,233,479	3.17%	291,466	292,701	1,235	5,111,052	
16	Meters	370	4,666,193	5.23%	243,833	244,042	209	2,378,012	
17	Leased Prop on Customers' Prem	372	1,163,798	4.17%	7,337	48,530	41,193	1,163,798	
18	Street lighting, signal system	373	4,720,493	4.33%	203,893	204,397	504	3,805,165	
19	<i>Total Distribution Plant</i>		162,209,501	3.21%	5,324,970	5,202,948	(122,022)	72,327,351	
20									
21	General Plant								
22	Land	389	1,620,372						
23	Structures and Improvements	390	8,235,094	1.68%	155,047	138,350	(16,697)	1,052,946	
24	Office Furniture and Equipment	391	599,312	4.00%	20,584	23,972	3,388	59,010	
25	Transportation Equipment	392	2,261,713	7.50%	57,787	169,628	111,841	179,511	
26	Stores Equipment	393	66,874	3.33%	2,227	2,227	(0)	51,567	
27	Tools Shop and Garage Equipmen	394	250,854	4.17%	8,492	10,461	1,969	115,440	
28	Laboratory Equipment	395	259,623	3.03%	7,276	7,867	591	114,945	
29	Power Equipment	396	720,678	8.23%	176,942	59,312	(117,630)	403,650	
30	Communication Equipment	397	1,706,687	4.55%	73,179	77,654	4,475	756,335	
31	Miscellaneous Equipment	398	73,360	3.85%	2,651	2,824	173	3,593	

RR-3-08 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Final Adjustments to Test Year

AD Adjustment 08

Depreciation Annualization and Rates

Schedule RR-3-08

Line	Account	Acct. No.	Balance Historic Year Ended Dec. 31, 2015	Rates	Annual Depreciation Expense			Accum Depr
				Current	Historic Year Ended Dec. 31, 2015	At Current Rates	Pro Forma Adjustment	Historic Year Ended Dec. 31, 2015
32	Total General Plant		15,794,566	3.12%	504,185	492,295	(11,890)	2,736,997
33	Total		<u>186,282,810</u>		7,479,942	7,346,030	(133,912)	77,422,281
34	Excess depreciation			From RR-3-09	(706,686)	(706,686)	0	(3,533,430)
35	Depreciation expense computed, Plant assets as of 12/31/2015				<u>6,773,256</u>	<u>6,639,344</u>	(133,912)	
36	Depreciation expense recorded for Historic Year				<u>6,773,256</u>			
37	Depreciation expense, Assets In service but not closed to Plant as of 12/31/2015				From RR-5-4	351,149	351,149	
38	Ratemaking Adjustment per DG 11-040 (Acquisition)				From RR-5-4	(1,234,419)	(1,234,419)	
39	Depreciation expense adjustment				To RR-3	<u>5,756,074</u>	<u>(1,017,182)</u>	
40	Difference							(6,546,341)
41	Non-utility property	Non-util	32,086					
42	Total per GL		<u>186,314,896</u>					<u>67,342,510</u>
43								

RR-3-09 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Adjustments to Test Year**
AD **Adjustment 09**
Depreciation Reserve Deficiency Amortization
Schedule RR-3-09

Line	Account	Source	Amount
1	Accumulated Depreciation Historical (Over) Theoretical	<i>DE 13-063</i>	(3,533,430)
2	Annual (Credit) to depreciation expense	<i>DE 13-063</i>	(706,686) <i>To RR-3-08</i>
3	Monthly (Credit) to depreciation expense		(58,891)
4	Amortization period- months		60
5			
6	Effective date	04/15/2014	
7	Amortization through	12/31/2015	20.5
8	Accumulated amortization of regulatory liability		(1,207,255)
9	Balance remaining to credit to expense		(2,326,175)
10	Trial balance amount	<i>ExcDepr</i>	(2,326,175)
11	Amortization ends		04/14/2019
12			

RR-3-10 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**
AD **Adjustment 10**
Algonquin / Liberty Support Costs
Schedule RR-3-10

Line	Description	Account	Filed	Change	Update 11/14/16
			Historic 2015		Pro Forma
1	A&G-Salaries LU (A)	920LU	561,129	908,015	1,469,144
2	LU Capitalized (A)	922LU	(541,417)	4,443	(536,974)
3	LU Outside services	923LU	2,029,447	(989,997)	1,039,450
4	Rent- Intercompany	931LU	52,053	0	52,053
5	Adjustment		2,101,212	(77,539)	2,023,673
6					
7	<u>Factors that affect cost allocated to Granite State from Algonquin / Liberty:</u>				
8	Services provided	No change expected			
9	Costs incurred by Algonquin / Liberty	Expected to increase, not quantified			
10	Entities to which services are provided	More entities which reduces allocation to GSE, but not quantified			
11					
12	The Company will update this item as new information becomes available.				
13					

RR-3-11 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 11**

Property Taxes

Schedule RR-3-11

Line	Municipality	Parcel	Tax Year 2015			Tax Year 2015	
			Installment #1	Installment #2	Total Due	Assessed Value #1	Assessed Value #2
1	Acworth	999-00000-999D	6,335	11,550	17,885	603,600	786,835
2	Alstead	999-UTIL-001	30,488	45,750	76,238	2,840,100	3,152,600
3	Bath	00	957	1,074	2,031	121,700	121,700
4	Canaan	00UTIL-00ELEC-000001	57,786	71,606	129,392	4,589,800	4,671,200
5	Charlestown	119-033	1,439	1,534	2,973	99,200	99,200
6	Charlestown	000-003	72,550	230,315	302,865	5,000,000	10,105,600
7	Charlestown	103-050	887	927	1,814	56,330	56,351
8	Charlestown	103-051	5	6	11	330	341
9	Charlestown	107-001	19	21	40	1,200	1,238
10	Cornish	000UTL - 000UTL - 00ELEC	2,269	2,360	4,629	226,900	226,900
11	Derry	11-100	1,543	1,502	3,045	114,372	114,372
12	Enfield	33-034	850	1,008	1,858	82,200	82,200
13	Enfield	UTL-001	33,807	40,082	73,889	3,268,000	3,268,000
14	Grafton	000UTL-00001-00000	325	1,308	1,633	32,000	65,700
15	Hanover	0-11	88,958	97,700	186,658	10,161,000	10,161,000
16	Langdon	1-00000.-0	8,665	9,881	18,546	764,800	764,800
17	Lebanon	103-14	75,204	24,415	99,619	5,727,700	3,608,100
18	Lebanon	105-105	1,698	1,899	3,597	143,300	143,400
19	Lebanon	116-4	47	52	99	3,600	3,600
20	Lebanon	117-17	759	658	1,417	64,100	64,100
21	Lebanon	6-1	2,653	2,968	5,621	223,900	223,900
22	Lebanon	999-2	357,941	313,263	671,204	30,206,000	26,762,500
23	Londonderry	7-34-1	9,250	9,188	18,438	2,923,600	2,923,600
24	Marlow	U7C	276	498	774	24,385	33,740
25	Monroe	000000-000002-000000	3,664	2,493	6,157	761,800	762,000
26	Orange	00UTLS-000GSE-000000	1,448	0	1,448	91,600	0
27	Pelham	0-14-3	101,996	105,987	207,983	9,980,000	9,980,000
28	Plainfield	000233-000020-000000	23,382	23,101	46,483	1,878,100	1,878,100
29	Salem	67-9809	1,355	1,435	2,790	147,100	147,100

RR-3-11 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**
AD **Adjustment 11**
Property Taxes
Schedule RR-3-11

Line	Municipality	Parcel	Tax Year 2015			Tax Year 2015	
			Installment #1	Installment #2	Total Due	Assessed Value #1	Assessed Value #2
30	Salem	68-10101	174	184	358	18,900	18,900
31	Salem	68-10102	197	207	404	21,300	21,300
32	Salem	68-10103	99	106	205	10,800	10,800
33	Salem	89-1099	798	845	1,643	76,800	76,800
34	Salem	89-10115	924	977	1,901	100,300	100,300
35	Salem	114-10116	796	843	1,639	76,600	76,600
36	Salem	116-9915	12,607	13,335	25,942	1,212,800	1,212,800
37	Salem	116-9915-2	973	1,029	2,002	93,600	93,600
38	Salem	136-9903	1,360	1,438	2,798	147,600	147,600
39	Salem	157-9715	455,985	482,209	938,194	49,482,800	49,482,800
40	Surry	000UTL-000003-000GSE	1,279	1,393	2,672	120,100	120,100
41	Walpole	00UTIL-00UTIL-00001B	35,141	40,595	75,736	3,496,600	3,496,600
42	Walpole	00UTIL-00UTIL-00001A	11,899	13,195	25,094	996,600	996,600
43	Windham	00B-00000-02795	19,533	27,429	46,962	1,812,000	2,418,224
44	State of NH	NH DRA 1-2	131,299	131,299	262,598	79,575,115	79,575,115
45	State of NH	NH DRA 3-4	131,299	131,299	262,598	79,575,115	79,575,115
46			1,690,919	1,848,964	3,539,883	296,953,746	297,631,430
47	Property Tax % Assessed Value					0.57%	0.62%
48							
49	Pro Forma Property Tax Expense (Installment #2 X 2)				3,697,928		
50	Property Tax expense, Test Year				3,459,410		594,585,177
51	Increase in Property tax expense				238,518		
52							

RR-3-12 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 12**

Concord Training Center

Schedule RR-3-12

Line	Description	Source	Amount
1	Annual Costs of Ownership and Operations		
2	Cost of building on books	Per books	4,109,880
3	Accumulated depreciation- 12/31/2016		(118,365)
4			<u>3,991,515</u>
5	Rate of return on rate base- EN		7.05%
6	Return on rate base		<u>281,402</u>
7			
8	Annual Book Depreciation	Per books	118,364
9	Estimated Insurance on Bldg.	From Oakville and Insurer	1,500
10	Annual Electric Bill	Annualized 4 months of actuals	8,600
11	Property Taxes	From tax bill	30,210
12	Annual Gas Bill - Company Use	Annualized using 4 mo actuals	28,162
13	Routine Maintenance	Estimate	115,000
14	Water	Estimate	<u>3,000</u>
15	Total		<u>586,238</u>
16	Usage by Granite State		<u>25.0%</u>
17	Costs allocated to Granite State		<u><u>146,559</u></u>
18			

RR-3-13 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**
AD **Adjustment 13**
Other Revenue
Schedule RR-3-13

Line	Description	Actual		Adjustment	Adjusted
1	Forfeited discounts	0	(a)		0
2	Misc. service revenue	453,063	(b)	(182,764)	270,299
3	Rent from Electric property	327,565	(c)		327,565
4	Other revenue	382,953	(d)		382,953
5	Sales for resale	213,953	(e)		213,953
6		<u>1,377,533</u>		<u>(182,764)</u>	<u>1,194,769</u>
7				Adjustment	
8	(a) Not used				
9	(b) Remove incentive revenue for energy efficiency programs (\$125,153) and				
10	non-recurring charges to customers (\$57,611)				
11	(c) Pole attachment revenue, not affected by distribution rates				
12	(d) Represents CIAC and other revenue, which are not changing in this rate case				
13	(e) Customers and sales are not included in weather normalized sales				
14	Actual revenue is for October-December 2012; the adjustment is to add revenue for January-September				
15					

RR-3-14 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Adjustments to Test Year**
AD **Adjustment 14**
Adjustments to Normalize Distribution Revenue
Schedule RR-3-14

Line	Description	Ref.	Amount
1	Distribution revenue, Historic unadjusted	RR-2-1	59,758,041
2	Flow-through items	RR-2-2	(26,034,187)
3			
4	Street Lighting revenue over-accrued		(71,554)
5	Adjustment to Normalize Revenue		449,776
6			378,222
7			
8	Distribution revenue, Historic adjusted		<u>34,102,076</u>
9			
10			

[To RR-3](#)

RR-3-15 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 15**

Income Tax Expense- Test Year Actual

Schedule RR-3-15

Line	Description	Reference	Amount
1	Test Year Actual to Statutory Rates		
2	Normalized Revenue	<i>RR-2, line 5</i>	35,296,845
3	Normalized Expenses, excluding income tax	<i>RR-2, lines 8-15, line 17</i>	29,368,808
4	Income (loss) before interest and taxes		5,928,037
5			
6	Rate base	<i>RR-1</i>	96,585,330
7	Debt Portion	<i>RR-6</i>	45.00%
8	Debt Component		43,463,399
9	Debt cost	<i>RR-6</i>	5.88%
10	Synchronized Interest expense		2,557,291
11	Pre-tax income, New Hampshire		3,370,746
12			
13	New Hampshire Business tax rate		8.50%
14	New Hampshire synchronized tax expense	<i>Line 11 X Line 13</i>	286,513
15	Pre-tax income, Federal	<i>Line 11 - Line 14</i>	3,084,232
16			
17	Federal statutory rate		34.00%
18	Federal synchronized tax expense	<i>Line 15 X Line 17</i>	1,048,639
19			
20	Total Income tax expense at Statutory rates	<i>Line 14 + Line 18</i>	1,335,152
21	Income tax expense (credit) recorded	<i>RR-2, line 16</i>	1,632,801
22	Adjustment to Normalize Historic Test Year		(297,649)
23			
24	Adjustment to New Hampshire		172,347
25	Adjustment to Federal		(469,996)
26	Total Adjustment		(297,649)
27			
28	This adjustment normalizes income tax expense in the Test Year to reflect statutory rates.		
29			

RR-4 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Balance Sheets**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-4

Line	Description	<i>FERC Form 1</i>		
		Historic Year Ended Dec. 31, 2015	Calendar Year Ending Dec. 31, 2014	Calendar Year Ending Dec. 31, 2013
1	Assets			
2	Utility plant	186,282,810	175,044,238	145,769,570
3	Depreciation reserve	(67,533,652)	(12,365,954)	(10,991,637)
4	Plant in service, Not classified	10,947,581		
5	CWIP	3,785,584	14,988,689	15,091,829
6	GAAP Adjustment (not Regulatory)		(53,062,479)	(53,184,734)
7	Net Utility plant	<u>133,482,323</u>	<u>124,604,494</u>	<u>96,685,028</u>
8				
9	Other property & investments	<u>32,086</u>	<u>32,086</u>	<u>32,086</u>
10				
11	<u>Current assets</u>			
12	Cash	25,515	25,921	822,064
13	Accounts receivable	13,061,446	16,684,673	9,158,547
14	Due from affiliates	6,712,349	1,403,750	10,458,924
15	Materials and supplies	1,605,519	2,074,781	768,208
16	Prepayments	1,188,847	750,114	709,945
17	Accrued revenues and other	3,840,006	2,095,941	1,669,804
18	Total Current assets	<u>26,433,683</u>	<u>23,035,180</u>	<u>23,587,492</u>
19				
20	ADIT- Debits	407,623	22,979,602	9,224,939
21	Deferred Assets- Pension / OPEB	18,195,884	30,659,599	30,182,154
22	Deferred Assets- Storm	121,177		
23	Plant removal	0		
24	ARO	21,000		
25	Other Assets	<u>429,480</u>	<u>485,837</u>	<u>460,107</u>
26	Total Other assets	<u>19,175,163</u>	<u>54,125,038</u>	<u>39,867,200</u>
27				
28	Total Assets	<u>179,123,255</u>	<u>201,796,798</u>	<u>160,171,806</u>

RR-4 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Balance Sheets**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-4

Line	Description	Historic Year Ended Dec. 31, 2015	<i>FERC Form 1</i> Calendar Year Ending Dec. 31, 2014	<i>FERC Form 1</i> Calendar Year Ending Dec. 31, 2013
29				
30	Capitalization & Liabilities			
31	<u>Capitalization</u>			
32	Common stock	82,024,903	82,024,903	82,024,903
33	Other Paid-in capital	17,000,000		
34	Retained Earnings	(10,191,379)	6,808,621	(16,741,259)
35	Retained earnings- Current year	2,828,315		
36	Retained Earnings adjustments	(1,638,476)	(2,551,710)	5,039,801
37	Total Proprietary capital	<u>90,023,362</u>	<u>86,281,814</u>	<u>70,323,445</u>
38				
39	Long-term debt	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
40	Total Capitalization	<u>105,023,362</u>	<u>101,281,814</u>	<u>85,323,445</u>
41				
42	<u>Current & accrued liabilities</u>			
43	Notes payable to Affiliates	17,000,000	17,000,000	17,000,000
44	Accounts payable	6,104,613	38,142	7,130
45	Due to affiliates	2,374,192	6,513,434	11,693,202
46	Customer deposits	777,252	765,837	719,809
47	Accrued expenses	13,501,396	17,630,065	14,400,397
48	Total Current & accrued liabilities	<u>39,757,453</u>	<u>41,947,478</u>	<u>43,820,538</u>
49				
50	ADIT- Credits	4,030,979	24,886,881	11,572,309
51	Deferred Assets- Pension / OPEB	21,619,103	23,420,781	11,148,385
52	Deferred Assets- Storm/ Other	1,527,505	9,973,986	8,028,400
	Plant removal	4,823,421		
53	Other Non-current liabilities	2,326,175	285,858	278,729
54	Customer advances for construction	15,257		
55	Total Capitalization & Liabilities	<u>179,123,255</u>	<u>201,796,798</u>	<u>160,171,806</u>

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		4,775,486	191,058,296
3	Depreciation reserve	(67,533,652)	RR-5-4	In service Not 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	27.50 days	3,672,312	3,672,312
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			(37,656,064)	(28,293,724)
14	Rate Base	128,111,498			(31,526,168)	96,585,330
15		<i>128,111,498</i>				<i>96,585,330</i>
16						
17						

RR-5-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Rate Base Quarterly Balances**

RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-5-1

Line	Description	12/31/2014	03/31/2015	06/30/2015	09/30/2015	12/31/2015	5 Quarter Average
1	Materials and Supplies	2,074,781	1,643,269	1,654,641	1,717,265	1,605,519	1,739,095
2	Prepayments	750,114	374,611	957,734	510,321	1,188,847	756,325
3							
4	Customer deposits	(765,837)	(726,939)	(774,882)	(809,458)	(777,252)	(770,874)
5							

RR-5-2 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Materials & Supplies**

RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-5-2

Line	Description	5-Quarter Average		
		Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
1	Materials & Supplies	1,739,095	1,089,629	676,087
2		1,739,095	1,089,629	676,087
3				
4				
5				
6	December 31 (prior year)	2,074,781	768,208	415,932
7	March 31	1,643,269	816,479	633,537
8	June 30	1,654,641	842,742	675,676
9	September 30	1,717,265	945,933	887,082
10	December 31 (this year)	1,605,519	2,074,781	768,208
11	Average	1,739,095	1,089,629	676,087
12				

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	Adjustments, before income tax	Schedule RR-2	363,419
3	Adjustment for income tax	Schedule RR-2	(122,528)
4	Transmission expenses	Schedule RR-2	19,084,348
5			49,963,429
6			
7	Cash Working Capital Required- 26.82 days		7.35%
8	Cash Working Capital Required		3,672,312
9			

RR-5-4 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Rate Base Adjustments-Capital Additions**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-5-4

Line	Description	Reference	Cost	Book Depreciation		
				Rate	Expense	Accumulated
1	In service at 12/31/2015, Unclassified	<i>From RR-2-1</i>	10,947,581	3.21%	351,149	351,149
2	Ratemaking Adjustment per DG 11-040 (Acquisition)		(6,172,095)	20.00%	(1,234,419)	(1,705,559)
3						
4						
5	Total Capital Additions		\$4,775,486		(\$883,270)	(\$1,354,410)
6			<i>To RR-5</i>		<i>To RR-3-08</i>	<i>To RR-5</i>
7						
8						

RR-5-5 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Rate Base Adjustments- Plant-Related ADIT**

RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-5-5

Line	Description	Notes	Federal	State	Combined
1	ADIT on Acquisition Date Assets	<i>RR-5-6</i>	2015		\$21,960,571
2					
3	Post-Acquisition Capital Additions	Combined	Federal	State	
4	Plant in Service 12/31/2015	186,282,810			
5	Plant in Service 7/1/2012 (Acquisition)	134,515,402			
6	Additions Since Acquisition	51,767,408			
7					
8	For Additions Since Acquisition- ADIT per books				
9	Rate=	Basis Difference	34.00%	5.61%	
10	Capital Assets	(50,743,094)	17,252,652	2,846,688	20,099,340
11	CWIP	5,244,400	(1,783,096)	(294,211)	(2,077,307)
12	Goodwill	9,553,904	(3,248,327)	(535,974)	(3,784,301)
13	Cost of Removal	4,823,421	(1,639,963)	(270,594)	(1,910,557)
14	Adjustments from Staff 10-28				
15	Correct for NH Bonus depreciation:				
16	Bonus Tax depreciation				
17	Additional regular depreciation	10,644,617		(597,163)	(597,163)
18	ADIT Per Books at 12/31/2015 (Relates to Post-Acquisition Additions)				\$11,730,011
19	Total Accumulated Deferred Income Tax Adjustment to Rate Base, 12/31/2015				\$33,690,583
20					

RR-5-6 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Proposed ADIT on Acquisition Date Assets**
RR **As of December 31, 2015**

Schedule RR-5-6 [RR-5-7](#) NPV @ 8.31% NPV @ 8.31%
189,419 189,404

Line	Year	ADIT Computed	ADIT In Effect	ADIT Proposed
1	2011	21,137		
2	2012	22,009	21,137	21,137
3	2013	22,126	21,137	21,137
4	2014	22,172	21,137	21,137
5	2015	21,961	21,137	21,137
6	2016	21,497	21,137	21,137
7	2017	20,697	20,697	21,000
8	2018	19,626	20,697	21,000
9	2019	18,724	20,697	21,000
10	2020	17,937	17,937	21,000
11	2021	17,152	17,937	21,000
12	2022	16,372	17,937	21,000
13	2023	15,596	15,596	21,000
14	2024	14,834	15,596	21,000
15	2025	14,091	15,596	20,000
16	2026	13,353	13,353	19,000
17	2027	12,622	13,353	18,000
18	2028	11,897	13,353	17,000
19	2029	11,179	11,179	10,000
20	2030	10,468	11,179	7,415
21	2031	9,766	11,179	
22	2032	9,071	9,071	
23	2033	8,386	9,071	
24	2034	7,706	9,071	
25	2035	7,033	7,033	
26	2036	6,366	7,033	
27	2037	5,714	7,033	
28	2038	5,089	5,089	
29	2039	4,489	5,089	
30	2040	3,917	5,089	
31	2041	3,375	3,375	
32	2042	2,867	3,375	

RR-5-6 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Proposed ADIT on Acquisition Date Assets**
RR **As of December 31, 2015**

Schedule RR-5-6 [RR-5-7](#) NPV @ 8.31% NPV @ 8.31%
189,419 189,404

Line	Year	ADIT Computed	ADIT In Effect	ADIT Proposed
33	2043	2,398	3,375	
34	2044	1,957	1,957	
35	2045	1,545	1,957	
36	2046	1,183	1,957	
37	2047	891	891	
38	2048	666	891	
39	2049	491	891	
40	2050	360	360	
41	2051	280	360	
42	2052	231	360	
43	2053	190	190	
44	2054	154	190	
45	2055	123	190	
46	2056	98	98	
47	2057	79	98	
48	2058	62	98	
49	2059	46	46	
50	2060	33	46	
51	2061	23	46	
52	2062	16	16	
53	2063	12	16	
54	2064	9	16	
55	2065	7	7	
56	2066	5	7	
57	2067	4	7	
58	2068	3	3	
59	2069	2	3	
60	2070	1	3	
61	2071	1	1	
62	2072	1	1	
63	2073	0	1	
64	2074	0	0	

RR-5-7 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Historic and Projected ADIT on Acquisition Date Assets**
RR **As of December 31, 2015**
Schedule RR-5-7

Tax Rate=	39.61%
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Line	Year	Plant Adds	Plant EOY	Book Depreciation Expense	Book Accum Deprec	Tax Depreciation Allowance	Tax Accum Deprec	Cum Tax Allow - Accum Book Deprec	ADIT	
1	1995				0		0			
2	1996	56,412	56,412	22,202	22,202	22,886	22,886	684	271	
3	1997	3,715	60,127	1,485	23,687	2,520	25,406	1,719	681	
4	1998	2,921	63,048	1,570	25,257	7,116	32,522	7,265	2,878	
5	1999	3,025	66,073	1,647	26,904	2,967	35,489	8,585	3,400	
6	2000	3,869	69,942	1,734	28,638	3,183	38,672	10,034	3,975	
7	2001	5,128	75,070	1,845	30,483	3,469	42,141	11,658	4,618	
8	2002	5,120	80,190	1,984	32,467	3,902	46,043	13,577	5,378	
9	2003	3,241	83,431	2,104	34,571	4,199	50,242	15,672	6,208	
10	2004	3,311	86,742	2,191	36,762	4,237	54,479	17,717	7,018	
11	2005	5,669	92,411	2,306	39,067	6,446	60,925	21,858	8,658	
12	2006	8,495	100,906	2,486	41,553	8,974	69,899	28,346	11,228	
13	2007	7,966	108,872	2,692	44,245	9,192	79,091	34,845	13,802	
14	2008	6,145	115,017	2,873	47,119	8,669	87,759	40,641	16,098	
15	2009	5,156	120,173	3,020	50,139	8,344	96,104	45,965	18,207	
16	2010	8,296	128,469	3,194	53,332	9,004	105,107	51,775	20,508	
17	2011	5,085	133,554	3,369	56,701	6,585	111,692	54,991	21,782	
18	DE 13-063 Settlement Exh 5-5 at 3/31/2012					56,786		111,691	54,905	21,100
19	DE 13-063 Settlement Exh 5-5 at 7/01/2012									21,137
20										
21	2012			3,436	60,137	4,008	115,700	55,564	22,009	
22	2013			3,436	63,573	3,733	119,433	55,861	22,126	
23	2014			3,436	67,008	3,549	122,983	55,975	22,172	
24	2015			3,436	70,444	2,903	125,886	55,442	21,961	
25	2016			3,436	73,880	2,266	128,152	54,272	21,497	
26	2017			3,436	77,316	1,416	129,568	52,253	20,697	
27	2018			3,436	80,751	731	130,299	49,547	19,626	
28	2019			2,391	83,142	113	130,412	47,270	18,724	
29	2020			1,987	85,129	0	130,412	45,283	17,937	
30	2021			1,980	87,109	0	130,412	43,303	17,152	
31	2022			1,970	89,078	0	130,412	41,333	16,372	
32	2023			1,960	91,039	0	130,412	39,373	15,596	
33	2024			1,922	92,961	0	130,412	37,451	14,834	
34	2025			1,876	94,837	0	130,412	35,575	14,091	

RR-5-7 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Historic and Projected ADIT on Acquisition Date Assets**
RR **As of December 31, 2015**
Schedule RR-5-7

Tax Rate=	39.61%
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Line	Year	Plant Adds	Plant EOY	Book Depreciation Expense	Book Accum Deprec	Tax Depreciation Allowance	Tax Accum Deprec	Cum Tax Allow - Accum Book Deprec	ADIT
35	2026			1,862	96,699		130,412	33,712	13,353
36	2027			1,847	98,546		130,412	31,865	12,622
37	2028			1,829	100,376		130,412	30,036	11,897
38	2029			1,814	102,190		130,412	28,222	11,179
39	2030			1,793	103,983		130,412	26,428	10,468
40	2031			1,774	105,757		130,412	24,655	9,766
41	2032			1,753	107,510		130,412	22,901	9,071
42	2033			1,731	109,241		130,412	21,170	8,386
43	2034			1,715	110,956		130,412	19,455	7,706
44	2035			1,701	112,657		130,412	17,755	7,033
45	2036			1,684	114,340		130,412	16,071	6,366
46	2037			1,646	115,986		130,412	14,425	5,714
47	2038			1,578	117,564		130,412	12,847	5,089
48	2039			1,515	119,079		130,412	11,333	4,489
49	2040			1,445	120,524		130,412	9,888	3,917
50	2041			1,368	121,892		130,412	8,520	3,375
51	2042			1,282	123,174		130,412	7,238	2,867
52	2043			1,183	124,357		130,412	6,054	2,398
53	2044			1,113	125,470		130,412	4,941	1,957
54	2045			1,040	126,510		130,412	3,901	1,545
55	2046			913	127,424		130,412	2,988	1,183
56	2047			739	128,163		130,412	2,249	891
57	2048			566	128,729		130,412	1,682	666
58	2049			443	129,172		130,412	1,239	491
59	2050			330	129,502		130,412	909	360
60	2051			202	129,705		130,412	707	280
61	2052			124	129,828		130,412	583	231
62	2053			103	129,931		130,412	480	190
63	2054			91	130,022		130,412	389	154
64	2055			78	130,100		130,412	311	123
65	2056			64	130,164		130,412	248	98
66	2057			48	130,212		130,412	199	79
67	2058			43	130,255		130,412	157	62
68	2059			40	130,295		130,412	117	46
69	2060			34	130,329		130,412	83	33

RR-5-7 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Historic and Projected ADIT on Acquisition Date Assets**
RR **As of December 31, 2015**
Schedule RR-5-7

Tax Rate=	39.61%
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Line	Year	Plant Adds	Plant EOY	Book Depreciation Expense	Book Accum Deprec	Tax Depreciation Allowance	Tax Accum Deprec	Cum Tax Allow - Accum Book Deprec	ADIT
70	2061			25	130,354		130,412	57	23
71	2062			16	130,370		130,412	41	16
72	2063			11	130,381		130,412	30	12
73	2064			8	130,389		130,412	22	9
74	2065			6	130,395		130,412	16	7
75	2066			4	130,399		130,412	13	5
76	2067			2	130,401		130,412	10	4
77	2068			2	130,403		130,412	8	3
78	2069			2	130,406		130,412	6	2
79	2070			2	130,408		130,412	4	1
80	2071			1	130,409		130,412	2	1
81	2072			0	130,409		130,412	2	1
		133,554							
Less: Land		130,410		130,409	130,409	130,412	130,412		

RR-6 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Weighted Average Cost of Capital**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-6

Line	Description	Refer- ence	Actual Balance	Adjust- ments	Pro Forma Balance	Capital Structure per Order	Weight	Cost of Capital	Weighted Cost of Capital
1	Common stock	RR-4	82,024,903		82,024,903	55.00%	55.00%	10.30%	5.67%
2	Long-term debt	RR-4	15,000,000		15,000,000	45.00%	45.00%	5.88%	2.65%
3	Long-term debt Affiliate	RR-4	17,000,000	(17,000,000)	0		0.00%		
4			114,024,903	(17,000,000)	97,024,903	100.00%	100.00%		8.31%
5									
6									

RR-6-1 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Final Historical Capital Structure and Capitalization Ratios
RR Historic Year Ended Dec. 31, 2015

Schedule RR-6-1

Line	Description	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
1	Common stock	82,024,903	82,024,903	82,024,903
2	Retained earnings	9,636,936	6,808,621	(16,741,259)
3	Accumulated Other Comprehensive Income	(1,638,476)	(2,551,710)	5,039,801
4	Long-term debt	15,000,000	15,000,000	15,000,000
5	Long-term debt to affiliate	17,000,000	17,000,000	17,000,000
6		<u>122,023,363</u>	<u>118,281,814</u>	<u>102,323,445</u>
7				
8	Common stock	67.2%	69.3%	80.2%
9	Retained earnings / OCI	6.6%	3.6%	(11.4%)
10	Long-term debt	12.3%	12.7%	14.7%
11	Short-term debt (year-end)	13.9%	14.4%	16.6%
12		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

#	Source	Schedule Changed	Description	Adjustment Amount	Change in Step	Step Increase
1			Original Filing			2,420,717
2		RR-Step	Effect of Changes from Attachment SEM/HSG-2 (CU)		(9,847)	2,410,870
3		RR-Step	Update Capital Budget	3,969,982	686,783	3,097,653
4	Staff 10-23	RR-Step	Bonus depreciation in ADIT	(8,665,167)	(354,687)	2,742,966
5	Staff 10-20	RR-Step	Eliminate Maintenance of General Plant	(70,893)	(6,753)	2,736,213
6	Staff 10-22	RR-Step	Remove components of insurance expense	(3,561)	(340)	2,735,873
			Net Change in Step Increase		<u>315,156</u>	

RR-Ste **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Step Adjustment- 2016 Capital Budget**
RR

Schedule RR-Step

Line	Description	Substation	OH Conductors	UG Conductors	Transformers	Meters	Structures	Fleet	Other	IT	Total
	<u>FERC Account</u>	362	364	366	368	370	390	392	394 et al	303	
1	Deferred Tax Calculation										
2	Capital Spending	3,591,440	11,570,318	202,065	360,000	170,000	1,582,608	528,400	89,921	102,269	18,197,021
3											
4	Tax method	MACRS20	MACRS20	MACRS20	MACRS20	MACRS20	MACRS20	MACRS5	MACRS20	MACRS5	
5	Tax Depr. Rate, 20-year MACR	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	20.00%	3.75%	20.00%	
6											
7	Annual Tax Depreciation- Year	134,679	433,887	7,577	13,500	6,375	59,348	105,680	3,372	20,454	784,872
8	Bonus Year 1	1,728,380	5,568,215	97,244	173,250	81,813	761,630	211,360	43,275		8,665,167
9	Book Depreciation Rate- Year 1	2.80%	3.25%	2.00%	3.51%	5.23%	1.68%	4.33%	4.17%	20.00%	
10	Annual Book Depreciation	100,560	376,035	4,041	12,636	8,891	26,588	22,880	3,750	20,454	575,835
11	Tax over (under) Book- Fed	1,762,499	5,626,067	100,780	174,114	79,297	794,390	294,160	42,897	(0)	8,874,204
12	Tax over (under) Book- State	34,119	57,852	3,536	864	(2,516)	32,760	82,800	(378)	(0)	209,037
13	Deferred Tax Balance	601,164	1,916,108	34,464	59,247	26,820	271,930	104,660	14,564	(0)	3,028,956
14											
15	<u>Rate Base Calculation</u>										
16	Plant in Service	3,591,440	11,570,318	202,065	360,000	170,000	1,582,608	528,400	89,921	102,269	18,197,021
17	Accumulated Depreciation	(100,560)	(376,035)	(4,041)	(12,636)	(8,891)	(26,588)	(22,880)	(3,750)	(20,454)	(575,835)
18	Deferred Tax Balance	(601,164)	(1,916,108)	(34,464)	(59,247)	(26,820)	(271,930)	(104,660)	(14,564)	0	(3,028,956)
19	Rate Base	2,889,716	9,278,174	163,560	288,117	134,289	1,284,090	400,861	71,608	81,815	14,592,230
20											
21	<u>Revenue Requirement Calculation</u>										
22	Return on Rate Base @ 12.04%	347,892	1,116,997	19,691	34,686	16,167	154,591	48,260	8,621	9,850	1,756,754
23	Depreciation Expense	100,560	376,035	4,041	12,636	8,891	26,588	22,880	3,750	20,454	575,835
24	Property Tax, Insurance @ 2.22	79,594	256,422	4,478	7,978	3,768	35,074	11,710	1,993	2,267	403,284
25	Annual Revenue Requirement	528,046	1,749,455	28,210	55,301	28,826	216,253	82,850	14,363	32,570	2,735,873
26		528,046	1,749,455	28,210	55,301	28,826	216,253	82,850	14,363	32,570	2,735,873

RR-Ste **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Step Adjustment- 2016 Capital Budget**
RR

Schedule RR-Step

Line	Description	Substation	OH Conductors	UG Conductors	Transformers	Meters	Structures	Fleet	Other	IT	Total
27											
28	<u>Rate of Return Calculation</u>	<u>Portion</u>	<u>After-Tax Cos</u>	<u>WACC</u>				<u>Pre-Tax</u>			
29	Equity	55.0%	10.30%	5.67%				9.39%			
30	Debt	45.0%	5.88%	2.65%				2.65%			
31		<u>100.0%</u>		<u>8.32%</u>				<u>12.04%</u>			
32	Bad Debt adder										
33											
34	Municipal taxes										3,697,928
35	Injuries and Damage (Insurance expense)					RR-3-04	Filed				2,176,070
							Adjustments to RR3-04				(136,738)
36	Less: Storm Fund										(1,500,000)
37	Less: Fiduciary, Employment, Workers Comp, portion Brokerage						Eliminate	Staff 10-22			(3,561)
38	Maintenance of General Plant						Eliminate	Staff 10-20			0
39											<u>4,233,700</u>
40	Plant at Cost								191,058,296		191,033,397
41	As % of Plant Cost										2.22%
42											
43	Total Distribution with Step										8,421,179
44	% of distribution										23.86%
45	% total revenue										8.28%

Project #	Project_Description	Discipline	FERC	Blanket/ Specific /Program	Budget Class	Spending Rationale	Priority	LU FY2016 Capital Budget	% Complete	Spend thru 10/31/16	Forecasted 2016 Spend
8830-C13968	PS&I Activity - New Hampshire	E - Overhead	364	Blanket	E - Reliabil	LU CapEx	5. Discretic	10,000	100%	0	0
8830-C14646	IE-NN UG Structures and Equipment	E - Overhead	364	Program	E - Asset RLU	CapEx	2. Mandate	5,000	100%	0	0
8830-C18603	Bare Conductor Replacement Program	E - Overhead	REP	Program	E - Reliabil	LU CapEx	4. Regulatc	1,200,000	100%	437,980	600,000
8830-C18620	Charlestown 32 Dline	E - Overhead/Und	364	Specific	E - Asset RLU	CapEx	5. Discretic	5,000	0%	0	5,000
8830-C18630	Charlestown DSub	E - Substation	362	Specific	E - Asset RLU	CapEx	5. Discretic	15,000	0%	0	0
8830-C18710	RTU Installations - LU/NG Substations	E - Substation	362	Specific	E - Asset RLU	CapEx	5. Discretic	0	100%	5,683	5,683
8830-C18720	Refreshing Existing Buildings GSE(Capital	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	0	100%	(18,065)	(18,065)
8830-C18740	Customer Walk In Centers (Salem & Lebar	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	0	100%	6,941	6,941
8830-C18750	Security Conversion GSE	E - Non-Delivery	390	Specific	Facilities	LU CapEx	2. Mandate	25,000	50%	22,611	25,000
8830-C18780	Upfit Londonderry - GSE Allocation	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	0	100%	490	490
8830-C20473	IE - NN Recloser Installations	E - Overhead	REP	Program	E - Reliabil	LU CapEx	4. Regulatc	250,000	60%	148,761	250,000
8830-C21093	IE-NN Dist Transformer upgrades	E - Overhead/Und	364	Program	E - Load RLU	CapEx	5. Discretic	25,000	0%	1,268	12,500
8830-C21595	01663 GS Storm Program Proj	E - Overhead	364	Program	E - Damag	LU CapEx	2. Mandate	50,000	83%	149,082	175,000
8830-C22214	NN ERR/Pockets of Poor Perf	E - Overhead	364	Program	E - Reliabil	LU CapEx	5. Discretic	50,000	100%	82,623	87,383
8830-C26061	NH ARP Relay & related	E - Substation	362	Program	E - Asset RLU	CapEx	5. Discretic	5,000	100%	0	0
8830-C26263	NN D-Line Work Found by Insp.	E - Overhead	364	Program	E - Asset RLU	CapEx	2. Mandate	50,000	100%	40,161	50,000
8830-C31402	IE-NN URD Cable Replacement	E - Underground	366	Program	E - Reliabil	LU CapEx	5. Discretic	100,000	100%	7,079	7,079
8830-C32279	01757 NN ARP Breakers & Reclosers	E - Overhead	364	Program	E - Reliabil	LU CapEx	4. Regulatc	0	100%	709	709
8830-C33766	NEN-NH Electric Fence FY10	E - Overhead/Und	364	Program	E - Reliabil	LU CapEx	5. Discretic	25,000	100%	44,730	44,730
8830-C36423	Mt Support Sub- New LP Fdr Pos	E - Substation	362	Specific	E - Load RLU	CapEx	4. Regulatc	3,700,000	100%	2,673,725	3,000,000
8830-C36424	Mt Support-New 16L3 Feeder	E - Overhead/Und	364	Specific	E - Load RLU	CapEx	4. Regulatc	1,550,000	50%	822,028	1,550,000
8830-C36425	Mt Support-New 16L5 Feeder	E - Overhead/Und	364	Specific	E - Load RLU	CapEx	4. Regulatc	100,000	50%	63,000	1,300,000
8830-C36427	Feeder Getaway Cable Replacement	E - Underground	366	Program	E - Reliabil	LU CapEx	5. Discretic	100,000	100%	194,986	194,986
8830-C36430	Pelham Sub-Add 2nd Xfmr and Fdr Pos	E - Substation	362	Specific	E - Load RLU	CapEx	5. Discretic	600,000	5%	370,996	400,000
8830-C36431	Pelham-New 14L4 Fdr	E - Overhead/Und	364	Specific	E - Load RLU	CapEx	5. Discretic	350,000	0%	10,924	200,000
8830-C36433	Distribution Feeder Power Factor Correctio	E - Overhead	364	Program	E - Reliabil	LU CapEx	2. Mandate	25,000	100%	51,691	51,691
8830-C36435	Lebanon Area Low Voltage Mitigation	E - Overhead	364	Program	E - Load RLU	CapEx	2. Mandate	50,000	10%	19,404	120,000
8830-C42850	Relocate Distribution Dulak St Lebanon	E - Overhead	364	Specific	E - Load RLU	CapEx	2. Mandate	0	100%	(848)	(848)
8830-C42851	Enhanced Bare Conductor Replacement	E - Overhead	364	Program	E - Reliabil	LU CapEx	5. Discretic	500,000	50%	696,113	696,113
8830-C42852	Pelham-New 14L5 Fdr	E - Overhead/Und	364	Specific	E - Load RLU	CapEx	5. Discretic	150,000	0%	0	125,000
8830-C42901	Underperforming Feeder Program	E - Overhead/Und	364	Program	E - Reliabil	LU CapEx	5. Discretic	50,000	0%	108,273	175,000
8830-C42910	Cogsdale Modification - Cyrstal Report Bill	E - Non-Delivery	303	Specific	IT	LU CapEx	5. Discretic	0	100%	11,718	11,718
8830-C42911	Install CSC Cubicles and Furniture - GSE	E - Non-Delivery	391	Specific	Facilities	LU CapEx	5. Discretic	0	100%	(342)	1,980
8830-C42913	Golden Rock Damage Failure	E - Substation	362	Specific	E - Load RLU	CapEx	5. Discretic	0	100%	52,366	52,366
8830-C42915	Install CNG Dispenser in Salem Lowell Rd.	E - Non-Delivery	393	Specific	Facilities	LU CapEx	5. Discretic	0	100%	650	650
8830-C42917	Install AC Unit - 15 Buttrick Road	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	0	100%	75,902	75,902
8830-C42919	Install Server Room AC Units Londonderry	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	0	100%	32,073	32,073

Project #	Project_Description	Discipline	FERC	Blanket/ Specific /Program	Budget Class	Spending Rationale	Priority	LU FY2016 Capital Budget	% Complete	Spend thru 10/31/16	Forecasted 2016 Spend
8830-C42921	INSTALL SPLICES - 6L2 & 6L4 DISTRIBUTION	E - Substation	362	Specific	E - Load R	LU CapEx	4. Regulatc	0	100%	82,207	82,207
8830-C42926	Slayton Hill Rd, Lebanon Pole Relocation	E - Overhead	364	Program	E - Reliabil	LU CapEx	5. Discretic	0	10%	1,953	144,500
8830-C42933	Vilas Bridge 12L1	E - Overhead	364	Program	E - Reliabil	LU CapEx	5. Discretic	0	1%	605	7,955
8830-CD0272	11255 Michael Ave Getaway	E - Substation	362	Specific	E - Load R	LU CapEx	4. Regulatc	0	100%	1,184	1,184
8830-CD0291	Sky View URD - Salem, NH	E - Overhead	364	Specific	E- New Bu	LU CapEx	3. Growth	10,000	0%	1,043	10,000
8830-CD0376	ENFIELD SUPPLY	E - Overhead	364	Program	E - Reliabil	LU CapEx	5. Discretic	0	100%	(4,560)	(4,560)
8830-CD0785	Whelen Engineering Charlestown, NH	E - Overhead	364	Program	E - Reliabil	LU CapEx	5. Discretic	0	100%	145	145
8830-CN4104	01659 Granite St Meter Purchases	E - Meters	370	Blanket	E- Meter In	LU CapEx	2. Mandate	250,000	94%	158,990	170,000
8830-CN4120	01660 Granite St Transformer Purchases	E - Transformers	368	Blanket	E- Transfor	LU CapEx	2. Mandate	350,000	78%	273,391	350,000
8830-CNN002	01737 GSE-Dist-Subs Blanket	E - Substation	362	Blanket	E - Damag	LU CapEx	2. Mandate	50,000	10%	5,022	50,000
8830-CNN004	GSE-Dist-Meter Blanket	E - Overhead/Und	364	Blanket	E- Meter In	LU CapEx	2. Mandate	20,000	0%	0	20,000
8830-CNN006	GSE-Dist-Genl Equip Blanket	G - Production	390	Blanket	E - Distribu	LU CapEx	5. Discretic	50,000	83%	19,228	25,000
8830-CNN007	GSE-Dist-Water Heater Blanket	E - Non-Delivery	390	Blanket	E - Damag	LU CapEx	2. Mandate	121,000	75%	40,053	75,000
8830-CNN009	GSE-Dist-Land/Land Rights Blanket	E - Overhead/Und	364	Blanket	E- Land & I	LU CapEx	2. Mandate	10,000	0%	0	0
8830-CNN010	GSE-Dist-New Bus-Resid Blanket	E - Overhead	364	Blanket	E- New Bu	LU CapEx	3. Growth	1,050,000	83%	671,936	1,050,000
8830-CNN011	GSE-Dist-New Bus-Comm Blanket	E - Overhead	364	Blanket	E - New Bu	LU CapEx	3. Growth	1,200,000	83%	1,308,564	1,500,000
8830-CNN012	GSE-Dist-St Light Blanket	E - Overhead	364	Blanket	E- Outdoor	LU CapEx	2. Mandate	225,000	75%	147,792	200,000
8830-CNN013	GSE-Dist-Public Require Blanket	E - Overhead	364	Blanket	E - Public F	LU CapEx	2. Mandate	400,000	83%	527,617	600,000
8830-CNN014	Dist-Damage&Failure Blanket	E - Overhead	364	Blanket	E - Damag	LU CapEx	2. Mandate	800,000	83%	1,695,481	2,000,000
8830-CNN015	GSE-Dist-Reliability Blanket	E - Overhead	364	Blanket	E - Reliabil	LU CapEx	2. Mandate	400,000	83%	679,280	850,000
8830-CNN016	GSE-Dist-Load Relief Blanket	E - Overhead	364	Blanket	E - Load R	LU CapEx	2. Mandate	75,000	83%	32,100	75,000
8830-CNN017	GSE-Dist-Asset Replace Blanket	E - Overhead	364	Blanket	E - Asset R	LU CapEx	2. Mandate	400,000	83%	305,347	400,000
8830-CNN020	Dist-Transf/Capac Install Blanket	E - Transformers	368	Blanket	E- Transfor	LU CapEx	2. Mandate	10,000	0%	0	10,000
8830-CNN021	GSE-Dist-Telecomm Blanket	E - Telecommunic	397	Blanket	E- Telecorr	LU CapEx	2. Mandate	10,000	0%	(947)	5,000
8830-CNN022	GSE-Dist-3rd Party Attach Blanket	E - Overhead	364	Blanket	E - 3rd Par	LU CapEx	2. Mandate	110,000	83%	67,292	110,000
8830-CNN023	GSE Distributed Generation Blanket	E - Overhead	364	Blanket	E - Load R	LU CapEx	2. Mandate	75,000	75%	9,464	15,000
8830-CNN025	IT Systems & Equipment Blanket	E - Non-Delivery	390	Blanket	IT	LU CapEx	5. Discretic	25,000	0%	704,972	704,972
8830-CNN026	Misc Capital Imprvmnts GSE Facilities Blar	E - Non-Delivery	390	Blanket	Facilities	LU CapEx	5. Discretic	100,000	25%	1,369	22,369
8830-CNN027	Transportation Fleet & Equip. Blanket	E - Non-Delivery	390	Blanket	Vehicles	LU CapEx	5. Discretic	250,000	36%	86,831	239,438
8830-CRSRVARS_	Reserve for Sub Asset Repl Specifics	E - Substation	362	Specific	E - Asset R	LU CapEx	5. Discretic	25,000	0%	0	0
8830-CRSRVDF_0	Reserve for Damage/Failure Unidentified S	E - Overhead/Und	364	Specific	E - Damag	LU CapEx	5. Discretic	75,000	0%	0	0
8830-CRSRVLRL_	(Reserve for Load Relief Unidentified Specif	E - Overhead/Und	364	Specific	E - Load R	LU CapEx	5. Discretic	25,000	0%	0	0
8830-CRSRVNBC_	Reserve for New Business Residential	E - Overhead/Und	364	Specific	E- New Bu	LU CapEx	3. Growth	50,000	0%	0	0
8830-CRSRVNBC_	Reserve for New Business Commercial Un	E - Overhead/Und	364	Specific	E - New Bu	LU CapEx	3. Growth	100,000	0%	0	0
8830-CRSRVPR_0	Reserve for Public Requirements Unidentifi	E - Overhead/Und	364	Specific	E - Public F	LU CapEx	5. Discretic	50,000	0%	0	0
8830-CRSRVRL_0	Reserve for Reliability Unidentified Specific	E - Overhead/Und	364	Specific	E - Reliabil	LU CapEx	5. Discretic	100,000	0%	0	0
8830-IT	IT System Oakville	E - Non-Delivery	303	Specific	IT	LU CapEx	5. Discretic	0	100%	81,551	81,551

Project #	Project_Description	Discipline	FERC	Blanket/ Specific /Program	Budget Class	Spending Rationale	Priority	LU FY2016 Capital Budget	% Complete	Spend thru 10/31/16	Forecasted 2016 Spend
8830-MISC EQUIP	Misc Discretionary Purch Equipment	E - Non-Delivery	394	Specific	E - Asset	RLU CapEx	5. Discretic	0	100%	(454)	(454)
8830-OTH-002	Salem WIC Security Upgrade	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	88,824	100%	5,553	77,546
8830-OTH-003	Lebanon WIC Security Upgrade	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	81,180	100%	4,165	85,378
8830-OTH-004	Londonderry WIC Security Upgrade	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	26,035	100%	0	30,988
8830-OTH-005	SHELVING IN SALEM WAREHOUSE	E - Non-Delivery	394	Specific	Facilities	LU CapEx	5. Discretic	0	100%	11,277	11,277
8830-OTH-006	SALEM MAIN GATE	E - Non-Delivery	394	Specific	Facilities	LU CapEx	5. Discretic	0	100%	4,529	4,956
8830-OTH-007	Salem Server Room AC Replacement	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	0	100%	9,676	10,632
8830-OTH-008	Salem Security Cameras	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	0	75%	0	85,200
8830-OTH-009	ETRACK Electronic Vendor Invoicing	E - Non-Delivery	303	Specific	IT	LU CapEx	5. Discretic	0	50%	0	9,000
8830-OTH-110	Londonderry Office Renovation	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	0	90%	0	31,680
8830-OTH-111	Install Customer Drop Boxes	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	0	25%	0	13,553
8830-OTH-112	Salem NH Pole Pile	E - Non-Delivery	394	Specific	Facilities	LU CapEx	5. Discretic	0	10%	0	66,512
8830-OTH-113	Replacement Windows for Lebanon Wareh	E - Non-Delivery	390	Specific	Facilities	LU CapEx	5. Discretic	0	0%	0	58,512
8830-OTH-114	Salem Electric Fleet	E - Non-Delivery	392	Specific	Vehicles	LU CapEx	5. Discretic	0	0%	0	512,500
8830-OTH-120	EH&S Facility Vehicle	E - Non-Delivery	392	Specific	Vehicles	LU CapEx	5. Discretic	0	10%	14,171	15,900
	Underground cables and splices		367					75,000			
								15,677,039	53	13,059,539	19,047,021
	Less: REP		REP					1,450,000		586,741	850,000
	Capital Budget							14,227,039	53	12,472,798	18,197,021